

**Part 2A of Form ADV: *Firm Brochure***

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**This brochure provides information about the qualifications and business practices of Traxis Partners LP. If you have any questions about the contents of this brochure, please contact us at (212)-332-5177 or at [ajaffe@traxispartners.com](mailto:ajaffe@traxispartners.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Traxis Partners LP is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Traxis Partners LP is 126486.**

## **Item 2. Summary of Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission (“SEC”) published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss specific material changes that are made to the Brochure and provide clients with a summary of such changes.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

*As of the date of this Firm Brochure, there are no material changes to disclose.*

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#### **Item 4. Advisory Business**

Traxis Partners LP (“Traxis,” or “Firm”) is an investment management firm with its principal place of business in Manhattan, New York. The firm has been in business and a registered adviser with the U.S. Securities and Exchange Commission since 2003. Traxis is owned by Traxis Management Holdings LP, and managed by Barton Biggs, Cyril Moulle-Berteaux and Amer Bisat as Managing Partners.

Currently, Traxis manages over \$1.4 billion in client assets.

#### **Investment Management Services**

Traxis is the investment manager for the following:

##### ***Private Investment Funds***

- Traxis Fund LP (“Traxis Fund”), a limited partnership formed under the laws of the State of Delaware;
- Traxis Emerging Markets Equity Fund L.P. (“TEMEF”), a limited partnership on-shore feeder fund formed under the laws of the State of Delaware;
- Traxis Emerging Markets Opportunities Fund LP (“TEMOF”), a limited partnership formed under the laws of the Cayman Islands;
- Traxis Global Equity Macro Fund L.P. (“TGEMF”), a limited partnership formed under the laws of the Cayman Islands;
- Traxis Multi-Asset Macro Fund L.P. (“TMAMF”), a limited partnership formed under the laws of the Cayman Islands; and
- Traxis Global Credit Opportunities Fund L.P. (“TGCOF”).

The Traxis Private Investment Funds are collectively referred to as the “Partnerships” in this Firm Brochure.

The Partnerships are privately offered only to “qualified purchasers”, as defined in the Investment Company Act of 1940 (the “1940 Act”) and certain Knowledgeable Employees as defined in Rule 3c-5 of the 1940 Act. All investors in the Partnerships must also be “accredited investors” as defined in the Securities Act of 1933.

Each Partnership serves as a master fund in a master-feeder structure, in which substantially all of the assets of the onshore and offshore feeder funds within the structure will be invested in return for limited partner interests in the Partnership. Each master fund and its feeder funds have identical investment programs and objectives, and the performance, gross of fees and expenses, of the feeder funds is entirely dependent on the portfolio investment performance of the master fund.

### *Separately Managed Accounts*

Traxis also advises and sub-advises, with discretion, various separately managed accounts (the “Separately Managed Accounts”). Barton Biggs, a Traxis Managing Partner, provides the discretionary investment advice for a number of Separately Managed Accounts, which include primarily friends, foundations, institutions and other clients with whom he has had a long standing relationship. Where Traxis is serving as sub-adviser to certain Separately Managed Accounts, Morgan Stanley Private Wealth Management (“MSPWM,” formerly, Morgan Stanley Investment Management), a company formed under the State of Delaware and registered as an investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”), serves as Investment Adviser.

### Traxis Partnerships

The following summaries describe each of the Partnerships.

#### Traxis Fund

The Traxis Fund was launched on June 2, 2003 in collaboration with Morgan Stanley Absolute Return Strategies, formerly Morgan Stanley Hedge Fund Partners LP (an affiliate of Morgan Stanley), Traxis Fund’s initial investment adviser, who was responsible for providing certain administrative, operational, information technology, trading operations, risk measurement, legal and compliance services to the Traxis Fund. Traxis served as sub-adviser, providing the day-to-day advisory services of the Traxis Fund, including identifying investment opportunities and making investments, as well as managing and disposing of investments made by the Traxis Fund. On November 12, 2007, Traxis and its affiliates replaced Morgan Stanley Absolute Return Strategies and its affiliates as general partner and investment adviser for the Traxis Fund. On this date, MSIM acquired a minority equity stake in Traxis, while Traxis continued to manage the Traxis Fund’s investment program as investment manager and assumed all other management responsibilities previously provided by Morgan Stanley.

The Traxis Fund’s investment objective is to achieve high positive returns with limited correlation to equity or bond markets over a full investment cycle. Traxis Fund seeks to achieve this objective by exploiting mispricings among and within global asset classes by taking long/short and directional positions in global equity and fixed income markets at country, sector and thematic levels and in currencies and commodities.

Traxis Fund Onshore LP, Traxis Fund Offshore LP and Traxis Fund Offshore II LP are offered as feeder funds for the Traxis Fund. Prior to investing in the Traxis Fund through one of its feeder funds, investors receive a confidential private placement offering memorandum, which contains a more detailed description of the types of investments Traxis may cause the Traxis Fund to invest in and the corresponding risks associated with those investments, fees, service providers, conflicts, tax considerations, trading and other information.

## TEMOF

TEMOF was launched on July 9, 2007. TEMOF's investment objective is to achieve high positive returns through investments, directly and indirectly, in emerging markets fixed-income securities and foreign exchange with limited correlation to equity or bond markets. TEMOF seeks to achieve this objective by exploiting mispricings among and within primarily emerging markets fixed-income and foreign exchange, while tactically managing the overall portfolio exposure across various asset classes. TEMOF also will opportunistically take moderate exposures in non-traditional emerging markets investments including, without limitation, loans, corporate bonds and restructured or soon-to-be restructured debt. In addition, from time to time, TEMOF may take moderate positions in developed countries' fixed-income and currencies, generally for hedging purposes, but also for speculation.

Traxis Emerging Markets Opportunities Onshore Fund LP and Traxis Emerging Markets Opportunities Offshore Fund Ltd. are offered as feeder funds for TEMOF. Prior to investing in TEMOF through one of its feeder funds, investors receive a confidential private placement offering memorandum, which contains a more detailed description of the types of investments Traxis may cause TEMOF to invest in and the corresponding risks associated with those investments, fees, service providers, conflicts, tax considerations, trading and other information.

## TEMEF

TEMEF was launched on November 3, 2008. TEMEF's investment objective is to achieve consistent and high positive returns through investments primarily in emerging markets equity securities. TEMEF seeks to achieve its investment objective by using a research-intensive, top-down thematic approach to identify and exploit investment opportunities by taking long/short and directional positions in emerging market equities at the country, industry sector and theme levels with limited investments in individual stock positions. In addition, from time to time, TEMEF may take positions in developed countries' equities, generally for hedging purposes, but also to express a directional view.

Traxis Emerging Markets Equity Onshore Fund L.P. is offered as a feeder fund for TEMEF. Prior to investing in TEMEF through its feeder fund, investors receive a confidential private placement offering memorandum, which contains a more detailed description of the types of investments Traxis may cause TEMEF to invest in and the corresponding risks associated with those investments, fees, service providers, conflicts, tax considerations, trading and other information.

## TGEMF

TGEMF was launched on August 3, 2009. TGEMF's investment objective is to achieve consistent and high positive returns through investments primarily in global financial assets. TGEMF seeks to achieve its investment objective by using a top-down macro-driven approach, with a discretionary strategy to take directional and long/short positions in major asset classes depending on the strategic outlook of Traxis. Investment horizons will principally be long term (typically, one year or more), but opportunistic investment decisions will be made. Traxis believes asset allocation is the crucial decision driving the vast majority of performance in a portfolio, and the emphasis of TGEMF will be on taking positions at the country, industry sector and theme levels, with very limited investments in individual stock positions. By the nature of its investment process, TGEMF will be very conscious of and oriented towards the creation of long term capital gains. Generally, futures, ETFs, proprietary baskets and options will be used to implement equity investments; fixed income investments will be bought or sold outright in most cases; and long or short positions in currencies and commodities may be taken on a limited basis.

Traxis Global Equity Macro Onshore Fund L.P. and Traxis Global Equity Macro Offshore Fund, LTD are offered as a feeder funds for TGEMF. Prior to investing in TGEMF through its feeder funds, investors receive a confidential private placement offering memorandum, which contains a more detailed description of the types of investments Traxis may cause TGEMF to invest in and the corresponding risks associated with those investments, fees, service providers, conflicts, tax considerations, trading and other information.

## TMAMF

TMAMF was launched on August 3, 2009. TMAMF's investment objective is to achieve consistent and high positive returns, with limited correlation to broad market indices. TMAMF seeks to achieve its investment objective by using a research intensive top-down approach to make market-neutral investments within asset classes and take directional positions in developed and emerging market equities and fixed income, commodities and currencies. Traxis' investment process combines fundamental research and quantitative analysis with rigorous risk management and portfolio manager judgment. In general, the investment portfolio contains investments with a two to six month holding period, and with a balanced mix among sub-strategies and limited market beta to any single asset class.

Traxis Multi-Asset Macro Onshore Fund L.P. is offered as a feeder fund for TMAMF. Prior to investing in TMAMF through its feeder fund, investors receive a confidential private placement offering memorandum, which contains a more detailed description of the types of investments Traxis may cause TMAMF to invest in and the corresponding risks associated with those investments, fees, service providers, conflicts, tax considerations, trading and other information.

## TGCOF

TGCOF was launched on October 1, 2009. TGCOF's investment objective is to achieve high positive returns through investments, directly and indirectly, in credit with limited correlation to broad market indices. TGCOF will seek to achieve this objective by exploiting mispricings within the global credit space by combining a macro-driven approach with micro-level credit expertise to make long/short as well as directional investments in the credit space. In addition, from time to time, TGCOF may take moderate positions in local rates and currencies, generally for hedging purposes, but also for speculation.

Traxis Global Credit Opportunities Onshore Fund L.P. is offered as a feeder fund for TGCOF. Prior to investing in TGCOF through its feeder fund, investors receive a confidential private placement offering memorandum, which contains a more detailed description of the types of investments Traxis may cause TGCOF to invest in and the corresponding risks associated with those investments, fees, service providers, conflicts, tax considerations, trading and other information.

### **Item 5. Fees and Compensation**

#### Partnerships

Traxis is paid a management fee earned for providing advisory services to the Partnerships (the “Management Fee”). The Management Fee is generally calculated as a specific percentage of each investor’s indirect proportionate share of a Partnership (as a limited partner in a feeder fund). Specifically, the total amount of the Management Fee is calculated separately with respect to each feeder fund and paid directly to Traxis. The Management Fee with respect to each limited partner will be calculated as follows: (i) at an annual rate of 2% with respect to limited partner capital accounts of the feeder fund having less than \$5 million; and (ii) at an annual rate of 1.5% with respect to limited partner capital accounts of the feeder fund having \$5 million or more. The Management Fee is payable on a monthly basis in arrears. The Management Fee may be lowered or waived for certain investors of the feeder funds, which include but are not limited to, significant investors and employees of Traxis or its affiliates.

Affiliates of Traxis are entitled to receive performance allocations equal to 20% of any net profits (subject to a high-water mark) allocable to each investor in the feeder funds (the “Performance Allocation”). For purposes of calculating the Performance Allocation, the amount of net profits shall appropriately take into account any fees or expenses (including the Management Fee) paid by the feeder funds’ investors.



Any Performance Allocation received will conform to the requirements of Section 205 of the Investment Advisers Act of 1940 (the “Advisers Act”) and Rule 205-3 under the Advisers Act. The Performance Allocation may be lowered or waived for certain investors of the feeder funds, which include but are not limited to, significant investors and employees of Traxis or its affiliates. The Performance Allocation is payable in arrears at the end of each Investment Period, defined as, with respect to an investor’s interest, the period that will close upon the occurrence of either (a) the last business day of each fiscal year; (b) the date immediately prior to the effective date of any investor’s withdrawal of all or a portion of its interest, or (c) the date of the partnership’s dissolution.

#### Separately Managed Accounts

Traxis may enter into investment advisory and sub-advisory agreements with Separately Managed Account clients. Under these agreements, Traxis has the discretion to provide day-to-day portfolio management and perform the investment decision-making activities in accordance with each account’s investment objectives and policies.

As compensation for all services rendered and expenses borne by Traxis to the Separately Managed Accounts, Traxis may receive an advisory fee of up to 2% of assets under management per annum and for certain accounts receives an incentive fee ranging up to 20% of net profits. Management fees and incentive fees for Separately Managed Account clients are separately negotiated. Such fees will generally be paid quarterly, in arrears.

As appropriate, Separately Managed Account clients of Traxis may be solicited to invest in one or more of the Partnerships. Under these circumstances, the portion of the client's account invested in the Partnership(s) is excluded from the advisory fee calculation. With respect to the investment in the Partnership(s), however, the client will incur a pro rata share of fees and expenses, including a performance-based fee, as set forth in the applicable Partnership offering documents. Separately Managed Account clients are under no obligation to invest in any of the Partnerships. Any investment in a Partnership will be made only after the client has received the proper offering and subscription documentation and has had ample opportunity to review such documentation and to ask questions, if necessary.

Because investment in these types of entities may involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability. While these individuals endeavor at all times to put the interest of the client first as part of Traxis' fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest and may affect the judgment of the individuals making recommendations.

## **Additional Information**

### **Partnerships**

Investors who wish to participate in the Traxis Fund through the feeder funds are generally required to invest an initial minimum amount of \$500,000. Additional subscriptions by existing investors will be accepted in minimum amounts of \$100,000. The minimum initial and additional investments may be reduced by the feeder funds, or its general partner, with respect to certain investors or classes of investors. Investors will be required to certify that the interest in the Partnership subscribed for through the feeder funds is being acquired directly or indirectly for the account of an “accredited investor” as defined in Regulation D under the Securities Act of 1933 and a “qualified purchaser” as defined in section 2(a)(51) of the 1940 Act.

**Modification of Fees for Certain Investors:** The management fees and the performance allocations payable with respect to investor interests owned by investors who are principals or “knowledgeable employees” of Traxis or its affiliates, members of the immediate families of such persons, significant investors or seed investors may be waived, reduced, or calculated differently than the management fee or performance allocation payable by other investors with the same investor interests.

**Side Letters:** The Partnerships reserve the right to waive or impose different fees or otherwise modify the fee arrangements, transparency, liquidity or terms of the offering of an existing limited partner with the consent of such limited partner.

As noted above, Traxis fees may be negotiable in certain circumstances. More specifically, Traxis may enter into "side letters" with certain investors that lower or waive a fund's management and/or incentive fees. The side letters also may provide certain investors with more favorable liquidity terms, as well as more frequent and detailed reporting of the securities and other financial instruments held by a fund.

**Custodian; Direct Debiting of Fees:** The Partnerships’ assets shall be maintained by one or more qualified custodians (referred to collectively as the “Custodian”), in accounts in the name of the Partnerships (or in the name of Traxis, as agent or trustee of the Partnerships), as required under SEC Rule 206(4)-2. The Custodian is authorized to pay the management fees and performance allocations upon receipt of Traxis' invoice, without further inquiry and without prior notice to or consent of any investor. All account assets, transactions, and fees will be shown on the monthly or quarterly account statements provided by the Custodian to the Partnerships.

**Termination of Advisory Relationship:** The investment management agreements for the Partnerships are generally terminable by either party upon notice to the other party. Upon termination of any investment management agreement, any prepaid, unearned fees will be promptly refunded.

Withdrawals from a Fund: Investors in each Traxis feeder fund are directed to the applicable Offering Documents for information regarding withdrawals of their investment. Typically, Traxis requires prior written notice for withdrawal of all or a portion of an investor's investment. Withdrawals are permitted only on or after a specific date (sometimes referred to as the Redemption Date in the Offering Documents) and on the anniversary of each Redemption Date. Withdrawals may be subject to investors maintaining a capital account retention amount, which requirement may be waived or reduced by the General Partner.

Expenses: In consideration for the management fee, Traxis provides to the Partnerships office space, utilities, news, quotation, and computer equipment and services, and secretarial, clerical and other personnel. Each Partnership bears its own expenses, as described in the Offering Documents.

Mutual Fund / ETF Fees and Expenses: It is anticipated that money market funds and exchange-traded funds (ETFs) will be typically included as investments within the Partnerships. It is expected that money market mutual funds may be used to 'sweep' unused cash balances until they can be appropriately invested, and from time to time, clients should recognize that all fees paid to Traxis for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or ETFs to their shareholders. These fees and expenses are described in each mutual fund's or ETF's prospectus or summary disclosure.

These fees will generally include a management fee, other fund expenses, and a possible distribution fee. Additionally, mutual funds may impose a contingent deferred sales charge (CDSC) or redemption fee if shares are redeemed within a short time period, usually within 30, 60 or 90 days from the date of purchase. The CDSC or redemption fee is generally one percent.

A Traxis Partnership could invest in mutual funds or ETFs directly, without the services of Traxis. In that case, the Partnership would not receive the services provided by Traxis, which are designed, among other things, to identify mutual funds or ETFs, which are more appropriate in light of the Partnership's objectives, needs, and circumstances. Accordingly, investors should review the fees charged by the funds and ETFs in which Traxis invests in evaluating the costs of the services being provided.

Advisory Fees Generally: Similar advisory services may (or may not) be available from other investment advisers for similar or lower fees.

Valuation of Investments: The market value of investments held by the Traxis Partnerships is determined as provided in each Partnership's feeder funds' Offering Documents. Market value is generally determined by the general partner or board of directors of each Partnership or feeder fund. The Traxis Partnerships and feeder funds have adopted detailed procedures relating to the valuation of their investments, and investors and prospective investors should review the relevant Offering Documents for complete information. The general partner or board of directors of each Partnership or feeder fund has overall responsibility for the valuation of assets; however, the general partner or board of directors has delegated its responsibilities related to the calculation of net asset value and the pricing of Partnership or feeder fund assets to an administrator.

Generally, equity and ETF securities that are listed on a securities exchange (including such securities when traded in the after-hours market) will be valued at their last sales prices on the date of determination on the primary securities exchange on which such securities will have traded on such date, or if trading in such securities on the primary securities exchange on which such securities shall have traded on such date was reported on the consolidated tape, their last sales prices on the consolidated tape (or, in the event that the date of determination is not a date upon which a securities exchange was open for trading, on the last prior date on which such securities exchange was so open).

Equity securities that are not listed on an exchange but are traded over-the-counter will generally be valued at last trade, if applicable, or mid-market unless included in the NASDAQ National Market System, in which case they will be valued based upon their last sales prices (if such prices are available). Securities not denominated in U.S. dollars will be translated into U.S. dollars at prevailing exchange rates as the administrator, general partner or board of directors may reasonably determine.

Securities that are not listed on an exchange, are not traded over-the-counter and for which external pricing sources are not readily available shall be valued by the administrator, general partner or board of directors at fair value based on a relative value assessment process that incorporates current market conditions and capital structures of other securities where data is more readily available or other information that the administrator, general partner or board of directors deems appropriate.

Securities for which no such market prices are available (including without limitation, Special Investments) will be carried on the books of the Partnerships or feeder funds at fair value (which may be cost or other amount) as determined by the administrator, general partner or board of directors.

If the general partner or board of directors determines that the valuation of any investment pursuant to the valuation procedures set forth above does not fairly represent market value, the general partner or board of directors will value such investment as it determines in its discretion and will set forth the basis of such valuation in writing in the Partnerships or feeder funds' records.

Personal Investments in Partnerships: Certain executive officers and/or other employees of Traxis have invested or may invest a portion of their personal net worth in one or more of the Partnerships.

Different Fee Schedules: Traxis, and any affiliate's fees, including any performance fee, may be discounted or waived with respect to any investor for any particular period of time at the sole discretion of Traxis or any general partner, as applicable. This discounted rate or waiver is not available to all or even most investors in the Partnerships.

General: Prospective investors should refer to the appropriate offering and organizational documents for additional important information, terms, conditions and risks involved with investing in the Partnerships.

## **Item 6. Performance-Based Fees and Side-By-Side Management**

### *Performance Based Fees*

With respect to any private investment fund, all incentive fees and profit reallocations described above are based on the net realized and unrealized gains, income and appreciation of the respective account over a twelve-month period. In general, pursuant to the loss carry forward provision, if the account value depreciates in any such period, no incentive fee or profit reallocation may be earned or made in subsequent periods unless and until the account is restored to its former value (less the advisory fees previously paid and adjusting for new deposits into and withdrawals from the account). All incentive fees and profit reallocations are charged in compliance with all applicable requirements of Section 205(b) of the Investment Advisers Act of 1940, as amended, and Rule 205-3 promulgated by the Securities and Exchange Commission.

Clients should be aware that performance fee arrangements may create an incentive for an investment adviser to make investments that are more speculative than would otherwise be the case in the absence of a performance fee and that, under Traxis' performance fee arrangements, the adviser may receive increased compensation with respect to unrealized appreciation as well as actual, realized capital gains.

Clients should also be aware that investment management fees lower than those offered by Traxis may be available from other sources.

Traxis also offers sub-advisory services to clients who do not pay performance-based fees, and therefore, we may have an incentive to favor performance-based fee accounts over non-performance-based fee accounts. However, in theory, we could also have an incentive to favor a Partnership paying higher aggregate performance-based fees than one paying less or a Partnership in which officers and employees of the firm may have more of their personal assets invested. Since we endeavor at all times to put the interests of our clients first as part of our fiduciary duty as a registered investment adviser, we take the following steps to address these conflicts:

1. We disclose to investors and prospective clients the existence of material conflicts of interest, including the potential for our firm and its employees to earn more compensation from some clients than others;
2. We collect, maintain and document accurate, complete and relevant investor background information to ensure that investment in the subscribed fund is appropriate for the investor's financial goals, objectives and risk tolerance and that the investor is qualified to invest;
3. We have implemented policies and procedures for fair and consistent allocation of investment opportunities among all funds or other client accounts, subject to the fund's/client's underlying strategy, cash availability, availability of interests in the underlying funds and other appropriate considerations;
4. We periodically compare holdings and performance of all accounts with similar strategies to identify significant performance disparities indicative of possible favorable treatment;
5. We educate our employees regarding the responsibilities of a fiduciary, including the equitable treatment of all clients, regardless of the fee arrangement.

Performance-based fees will only be charged in accordance with the provisions of Rule 205-3 of the Investment Advisers Act of 1940 and/or applicable state regulations.

#### *Side-by-Side Management*

Side-by-Side Management refers to multiple client relationships where an adviser manages advisory client relationships and portfolios on a simultaneous basis for individuals, businesses, institutions and also mutual funds and/or hedge funds. In such circumstances, potential conflicts of interest may arise by and between the clients and the mutual and hedge funds, e.g., performance fee arrangements as disclosed above in this Item 6.

#### **Item 7.       Types of Clients**

Traxis provides investment advice to the Partnerships and Separately Managed Accounts. Investors in the Partnerships and the Separately Managed Accounts advised by Traxis may include: individuals; pension and profit sharing plans; trust, estates and charitable organizations and corporations or other business entities other than those listed above.

## **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

### *Methods of Analysis*

**Idea Generation:** One of the most valuable assets which the Traxis Team has developed with decades of investment experience is a network of professional contacts involved in all facets of global markets. These daily interactions are an important means of processing and filtering macroeconomic data, and the implications of that data on global asset classes, which are important inputs into the generation of investment ideas. Investment ideas also result from daily conversations with the Traxis research team and Morgan Stanley. These internal conversations are a systematic way for macroeconomic data, policies, and news, to be interpreted within the context of the firm's constantly evolving macroeconomic framework.

**Macroeconomic Research:** The core of the macroeconomic research effort is to identify macroeconomic imbalances and dislocations by understanding and forecasting a country's growth prospects, and understanding the impact of those growth prospects on corporate earnings, credit default rates, and inflation. This analysis will yield insights into a country's fiscal and monetary policies, and the impact of those policies on the valuation and pricing of financial assets across OECD and emerging market economies.

The analysis provided by the Traxis Research Team, begins with a daily processing of overnight market movements, currency movements, changes in interest rates, sentiment indicators, and other factors relevant to the analysis of emerging and OECD country's economies, markets, and monetary policies. These daily events are reported broadly to all investment professionals during a morning meeting, where they are discussed and evaluated against historical trends and in relation to the current macroeconomic landscape.

In addition to the daily research meeting, the research team also produces weekly reports tracking and charting global macroeconomic indicators, trends, valuations, yield spreads, estimates and correlations, to highlight changes in trends which may signal macroeconomic inflection points. The Traxis research team is a vital component of the firm's ability to collect, process and interpret large amounts of global macroeconomic and fundamental data. The research team consists of three dedicated researchers, three trader/analysts who also support the funds, a global economist, global credit specialist, and the four partner/portfolio managers of each of the Traxis funds.

Leveraging the macroeconomic inputs supplied by the Traxis Research Team, as well as those of Morgan Stanley, and decades of experience analyzing global markets, the fund's portfolio manager, Barton Biggs, formulates views on the relative competitiveness of a country, and the pricing and valuation of sectors and industries within those countries. The fund's positions will generally be value oriented diversified equity instruments, either positively or negatively exposed to broader macroeconomic investment themes.

**Investment Themes:** Although investment themes are generally qualitative interpretations of the global competitive landscape, they are based on rigorous research, and supported by macroeconomic and fundamental data. Themes can take a variety of forms, from being top level in nature, focused on relative competitive position of a country, and the ripple effects of that country's position on neighboring economies, and asset classes. Or themes can also be more granular in nature, based on strategic advantages, sentiment, or valuation of a particular industry within a country, or region. In general, the identification of an investment theme will often result in the identification of multiple investment opportunities either positively or negatively leveraged to the theme.

**Country Views:** Directional views on the relative growth prospects of a country are generally expressed through total return swaps to achieve a diversified exposure, limit transaction costs, and preserve liquidity. Directional positions at the country level are generally used to express a view on an anticipated incremental change in the global competitiveness of that country, relative to the macroeconomic dynamics of the global economy.

**Sector/Industry Views:** Positions in global equity sectors and industries are the dominate views expressed in the fund. The fund will express both long and short views based on the pricing and valuation of the industries in relation to their exposure to a broader macroeconomic backdrop or investment theme. In general, long positions will be in value oriented areas where the positive fundamental macroeconomic or thematic influence has not been fully priced in by the market place. In contrast, short positions will be concentrated in areas trading at historically high valuations, where the fundamental dynamics are deteriorating, or susceptible to deterioration.

**Portfolio Construction:** Position sizes in countries, sectors, or industries, are qualitatively determined based on the portfolio managers level of conviction, and daily and weekly liquidity levels. In general, positions sizes will be pared back if the position becomes too large, or if a determination is made that the fundamental dynamics are at risk of deterioration, or experience deterioration.

### *Investment Strategies*

#### *PARTNERSHIPS*

The fund's investment strategy is rooted in a rigorous macroeconomic research process which is designed to identify incremental changes in a countries growth rates, and the corresponding effects on corporate earnings, credit default rates and inflation. These macroeconomic research derived insights, when filtered through the lens of Barton Biggs' four decades of experience investing in global markets, will lead to value oriented investment views on countries, sectors, and industries, which are generally expressed through diversified equity instruments. Investments candidates will generally be supported by at least two of three primary indicators: fundamental dynamics, sentiment indicators, and valuation extremes.



Fundamental dynamics are macroeconomic based models and indicators, used to identify inflection points indicating changes in macro trends, which are the fundamental drivers of asset prices. Sentiment indicators are used to identify situations in which market perception and investor behavior provide investment opportunities not fully realized by the market. Lastly, valuation extremes are situations where the price of an asset is out of alignment with fundamentals and historical precedent, enabling a higher return potential.

#### *SEPARATELY MANAGED ACCOUNTS*

The investment strategy is rooted in a rigorous macroeconomic research process which is designed to identify incremental changes in a country's growth rates, and the corresponding effects on corporate earnings, credit default rates and inflation. These macroeconomic research derived insights, when filtered through the lens of Barton Biggs' four decades of experience investing in global markets, will lead to value oriented investment views on countries, sectors, and industries, which are generally expressed through diversified equity instruments. Investment candidates will generally be supported by at least two of three primary indicators: fundamental dynamics, sentiment indicators, and valuation extremes. Fundamental dynamics are macroeconomic based models and indicators, used to identify inflection points indicating changes in macro trends, which are the fundamental drivers of asset prices. Sentiment indicators are used to identify situations in which market perception and investor behavior provide investment opportunities not fully realized by the market. Lastly, valuation extremes are situations where the price of an asset is out of alignment with fundamentals and historical precedent, enabling a higher return potential.

Risks in General: Securities investments are not guaranteed and clients and investors may lose money on your investments.

#### **Item 9. Disciplinary Information**

Our firm and its principals have no reportable disciplinary, regulatory or legal events to disclose.

#### **Item 10. Other Financial Industry Activities and Affiliations**

One of the Managing Partners at Traxis, Barton Biggs, may from time-to-time author publications pertaining generally to the financial services industry.

Barton Biggs also participates on the Investment Committee of an outside global investment company. In his role on the Investment Committee, he may recommend simultaneous investments in the same or similar securities for on one hand, the Traxis Partnerships and Separately Managed Accounts and on the other hand, the outside global investment company. In addition, Mr. Biggs also serves as an outside director to the Board of a Washington D.C. based asset management firm.

One of the Managing Partners of Traxis, Amer Bisat, may from time-to-time teach graduate level courses on finance or economics.

These Traxis professionals devote substantially all their efforts and time to the activities of Traxis, the Partnerships and the Traxis clients.

None of these outside financial industry or academic activities require significant time and resources and will not detract from the responsibilities of these Principals or the management of the investments advised or sub-advised by Traxis.

In these outside activities and affiliations, the individuals receive separate and distinct compensation in their capacities as members, owners, officers or board members.

Certain principals of Traxis participate on investment committees of unaffiliated advisory firms, or act as directors, trustees of other entities where he/she may recommend to a client associated with such entities that they buy or sell securities or investment products in which the principal or Traxis may have a financial interest. In these situations, the principals of Traxis are bound by the Code of Ethics of Traxis not to misuse any confidential or inside information obtained either as managing principals of Traxis or investment committee members, directors or trustees of these other entities for the benefit of either party. As directors, officers, or trustees of these other entities, these Traxis principals are also subject to the duties and policies of these outside entities not to misuse or disclose any confidential or inside information that may be obtained in those capacities.

Traxis has claimed an exemption from commodity pool operator and commodity trading advisor registration in connection with its acting as the investment manager of the Partnerships.

#### **Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading**

Traxis has adopted a Code of Ethics, which sets the highest standards of ethical conduct for all Traxis professionals with a primary principle of always placing clients' interests first and avoiding or disclosing any actual or potential conflicts of interests.

Our firm's Code of Ethics also requires compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons.

Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code provides for oversight, enforcement and recordkeeping. Further, the Code of Ethics includes the firm's Insider Trading Policy which prohibits the misuse of material nonpublic information, i.e., inside information.

As disclosed at Item 5 of this brochure, certain executive officers and/or other employees of Traxis have invested or may invest a portion of their personal net worth in one or more of the Partnerships.

It is the expressed policy of our firm that no person employed by us may appropriate an investment opportunity which may be appropriate for one or more of the funds without prior review and approval, particularly when there is limited availability for participation in the opportunity.

As these situations represent a conflict of interest, we have established the following additional restrictions in order to ensure its fiduciary responsibilities:

1. No officer or employee of our firm may prefer his or her own interest to that of an advisory client.
2. We maintain records of securities holdings and transactions for our firm and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by the Chief Compliance Officer.
3. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
4. Any individual not in observance of the above may be subject to disciplinary action up to and including termination.

## **Item 12. Brokerage Practices**

### ***Selection of Broker-Dealers***

Traxis is responsible for the placement of the portfolio transactions of the Partnerships and the negotiation of any commissions or spreads paid on such transactions. Portfolio securities normally will be purchased through brokers on securities exchanges or directly from the issuer or from an underwriter or market maker for the securities. Purchases of portfolio instruments through broker-dealers involve a commission to the broker-dealers. Purchases of portfolio securities from broker-dealers serving as market makers include the spread between the bid and the asked price. Securities transactions will be executed by broker-dealers selected by Traxis in its sole discretion. In appointing additional prime brokers or broker-dealers, Traxis may select such broker-dealers on the basis of a variety of factors, including the following: the ability to effect prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected; the financial strength, integrity and stability of the broker; the quality, the competitiveness and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying Traxis' other selection criteria.

### *Research and Brokerage / Soft Dollar Practices*

In addition, Traxis may execute trades with broker-dealers with whom the Partnerships have other business relationships, including prime brokerage, credit relationships and capital introduction relationships or with broker-dealers that have invested, either directly or through affiliates, in the Partnership or in another entity managed by Traxis. Traxis is authorized to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with investment and research information or to pay higher commissions to such firms if Traxis determines such prices or commissions are reasonable in relation to the overall services provided. A portion of the commissions generated on the Partnerships' brokerage transactions may generate "soft dollar" credits that Traxis will be authorized to use to pay for research or brokerage services used by Traxis consistent with the "safe harbor" provisions of Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended (the "1934 Act").

Research services furnished by broker-dealers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services, as well as discussion with research personnel. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self regulatory organization such as comparison services, electronic confirms or trade affirmations.

Research or brokerage services provided by broker-dealers used by the Partnerships may be utilized by Traxis or its affiliates in connection with its investment services for other accounts and, likewise, research or brokerage services provided by broker-dealers used for transactions of other accounts may be utilized by Traxis in performing its services for the Partnerships.

In certain cases, Traxis may deem research or brokerage services provided by or through the broker-dealer to be an important consideration when executing a trade. Subject to Section 28(e) of the 1934 Act, Traxis may cause the Partnerships to pay higher commissions than would be obtainable for execution by other broker-dealers where such research or brokerage service is not obtainable in recognition of the value of the useful information or service provided by such brokerage firms. In paying the higher commissions, Traxis will make a good faith determination that the higher commission is reasonable in relation to the value of the research and brokerage services provided taking into account Traxis' overall responsibilities with respect to the Partnerships or other clients.

Traxis' receipt of research from broker-dealers and compliance with Section 28(e) of the 1934 Act will be monitored by the Chief Compliance Officer and the Best Execution and Commission Review Committee, comprised of Trading Desk employees and other investment personnel.

#### *Brokerage for Separately Managed Accounts*

Where Traxis acts as sub-adviser to certain Separately Managed Accounts where MSPWM is the adviser, all portfolio transactions are reviewed and executed by MSPWM. Commission rates paid and the broker-dealers selected for the execution of transactions for these Separately Managed Accounts are determined by MSPWM.

#### *Aggregation of Transactions*

Traxis may from time-to-time aggregate transactions across its Partnerships and Separately Managed Accounts, where Traxis executes orders directly. Where Traxis executes orders directly for its advisory clients, Traxis has implemented a process to enter client orders received contemporaneously by the Trading Desk on a concurrent, rotational or other basis for fairness to its advisory clients. Where Traxis acts as sub-adviser to certain Separately Managed Accounts where MSPWM is the adviser, the MSPWM trading desk is responsible for order entry, allocation and management. In addition, no personal transactions for any Traxis employees are ever aggregated with Traxis client transactions.

#### *Allocation of Investments*

Traxis' policy is to treat clients fairly and equitably. Therefore, Traxis seeks to allocate investment opportunities and transactions on a fair and equitable basis over time for all advisory clients and to not favor one client over another. When allocating orders completed contemporaneously for multiple clients, Traxis will allocate on a pro rata basis, based on account size, using an average price methodology, or other equitable methodology.

In the event limited investment opportunities or transactions would need to be allocated between the Partnerships, the Separately Managed Accounts or any other advisory client of Traxis, Traxis would allocate the investments or transactions fairly and equitably.

#### *Initial Public Offerings*

From time to time as permitted by applicable Partnership documents, Traxis may purchase securities that are part of an initial public offering ("IPOs") or new issues in accordance with applicable Financial Industry Regulatory Authority ("FINRA") rules. FINRA rules prohibit certain "Restricted Persons" from participating in IPOs or new issues. Therefore, the profits and losses from IPOs or new issues will generally be allocated to Investors in the Partnerships that are not Restricted Persons. Nevertheless,

Traxis may avail itself of a "de minimis" exemption pursuant to which a portion of any new issue profits and losses may be allocated to Restricted Persons.

Accordingly, the rate-of-return experienced by investors who participate fully in the profits and losses from IPOs or new issues may differ materially from that of investors who are Restricted Persons. Investors should review the respective offering document(s) of their respective Partnership(s) for complete information on new issues restrictions.

In addition, although Traxis considers MSPWM to be its client with respect to the Separately Managed Accounts where Traxis acts as sub-adviser, Traxis' policy is to allocate investment opportunities among these Separately Managed Accounts fairly and equitably.

### **Item 13. Review of Accounts**

#### *Portfolio Reviews*

##### Partnerships

Traxis' investment and risk management process is designed to help ensure, to the extent practicable, that the Partnerships will minimize potential losses during market events when prices, correlations, liquidity, credit spreads and volatility change dramatically. Traxis actively monitors and manages market risk utilizing various tools. For instance, one or more value-at-risk methodologies may be used to monitor risk levels of the Partnerships' actual positions, such as parametric modeling, historic modeling and Monte Carlo simulations. Traxis regularly measures the impact on each individual position, as well as each Partnership's total portfolio, of changes in key market variables such as price levels, interest rates, currencies and FX rates, credit spreads, volatilities and correlations between positions. Traxis also simulates specific market shock events (both hypothetical and historical) to measure the potential impact of such events on individual positions and the portfolio in aggregate.

The current principals of Traxis, along with respective investment, risk and operations personnel, meet regularly to ensure that the Partnerships are operating under the investment, risk management and operating guidelines outlined in the offering documents of each Partnership.

##### Separately Managed Accounts

A principal or principals of Traxis regularly reviews all Separately Managed Accounts, and may involve investment, risk and operations personnel in these reviews. Accounts are reviewed for, but not limited to, performance, sector, country and asset allocation and adherence to specific client objectives and guidelines (where provided). The Separately Managed Accounts for which Traxis acts as sub-adviser are also reviewed by MSPWM, as investment adviser for these client relationships.

## ***Client Reports***

### **Partnerships**

Traxis and/or its service providers provide investors in the Partnerships, through their associated feeder funds, written reports regarding each Partnership's operations and performance. Currently, Traxis provides a year-end audited financial statement for each Partnership, monthly investment letters, year-end tax information and interim communications pertaining to performance and valuation of each investor's account. Traxis, from time-to-time, communicates with, and answers questions from, prospective and existing investors of the Partnerships, the feeder funds or any other funds established by Traxis for the purpose of investing substantially all of their assets in the Partnerships, including providing monthly or more frequent commentary on each Partnership's performance.

Additionally for the Traxis Fund, Traxis will provide a semi-annual unaudited financial statement to current investors.

### **Separately Managed Accounts**

Traxis furnishes certain reports or information to its clients from time to time concerning the strategy and outlook of the Separately Managed Accounts in a form that is mutually agreed upon. The Separately Managed Accounts may receive additional reports including but not limited to capital account statements, brokerage/custody statements and performance reports.

## **Item 14. Client Referrals and Other Compensation**

The Partnerships have retained placement agents to assist the Partnerships in offering and selling interests. Placement agents may charge the investors who purchase interests through them initial and/or ongoing placement agent fees. In addition, Traxis may pay certain placement agents a portion of its management fees and/or the General Partner may pay such placement agents a portion of its incentive allocations with respect to interests sold by such placement agents. The amount of the initial placement fee, if any, will be added to a prospective investor's subscription amount and paid by the investor and will not be applied towards the interest issued to that investor. The management fees paid by an investor are not increased as a result of any placement agent arrangement. Additional disclosures about the placement agent arrangement are included in the offering documents for the Partnerships. The Partnerships have retained affiliates of MSPWM as placement agents to the Partnerships and may retain other placement agents in the future.

## **Item 15. Custody**

Because we act as investment adviser and manager to the Partnerships and because we may have an affiliated party who acts as general partner to other Partnerships, Traxis is deemed to have custody of client assets under current applicable regulatory interpretations. As an adviser with custody, we seek to have each of the Partnerships audited on an annual basis by an independent public accountant that is both registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB). For each Partnership we seek to send the audited financials to each investor within 120 days of each fund's fiscal year end.

In addition, Traxis is deemed to have "constructive custody" under regulatory guidelines to the extent certain separately managed account clients authorize Traxis to directly debit the firm's advisory fees from the client's independent custodian consistent with industry practices and regulatory guidelines.

These individual account clients receive monthly statements from their independent brokerage or bank qualified custodians. Clients are urged to carefully review each statement in order to ensure that all account transactions, holdings and values are correct and current.

## **Item 16. Investment Discretion**

As investment manager to the Partnerships and separately managed account clients, Traxis is granted the discretionary authority in the relevant organizational documents and/or investment management / sub-advisory agreements to determine which securities and amounts of securities that are bought or sold, the broker-dealers to be used and the commission rates for transactions for the Partnerships and clients.

Reasonable limitations may be set in consultation with clients on our Firm's authority to determine the securities to be bought or sold and the amount of such securities by limiting total amount of money to be invested, the amount to be invested in any one security and the general level of risk that is acceptable to the client.

## **Item 17. Voting Client Securities & Legal Proceedings**

### *Proxy Voting*

Traxis has a Proxy Policy (the "Traxis Proxy Policy") which provides for the firm's proxy voting policy and practices and recognizes the firm's duty and responsibility for the voting of client proxies in the best interests of its clients, for any relationship where Traxis has been provided the proxy voting authority and responsibility.



For the Partnerships and Separately Managed Accounts where proxy services are provided, Traxis has retained the RiskMetrics Group to provide research, recommendations, recordkeeping and proxy voting services according to the proxy voting guidelines stipulated for Traxis client proxies. The Traxis Proxy Policy provides procedures for the disclosure of conflicts of interest, and the retention of appropriate records, among other things. There may be instances where Traxis refrains from voting if it determines such action is in the advisory clients' best interests generally for reasons pertaining to costs and/or cumbersome voting procedures in foreign markets. Additional information about the Traxis Proxy Policy, related practices and information about how client proxies were voted are available upon request to Traxis.

Where Traxis is serving as sub-adviser to MSPWM for certain separately managed accounts, MSPWM is responsible for the proxy voting policy and practices for these accounts.

### *Legal Proceedings*

Investors should note that Traxis may advise or act on behalf of any Partnership or Investor in legal proceedings involving companies whose securities are held or previously were held by a Partnership, including, but not limited to, the filing of "Proofs of Claim" in class action settlements.

### **Item 18. Financial Information**

As a matter of firm policy and practice, our firm will not charge or earn advisory fees in excess of \$1,200 more than six months in advance of the services rendered.

Also, our firm and its principals have no financial events or proceedings to disclose.