



**FH International Asset Management, LLC**

**550 Mamaroneck Avenue, Harrison, NY 10528-1614**

**CRD Number 137755**

**June 2012**

This Brochure provides information about the qualifications and business practices of FH International Asset Management, LLC (“**FH**”). If you have any questions about the contents of this Brochure, please contact us at +1 914 698 7300 or by email at [contact@fhinternational.com](mailto:contact@fhinternational.com). You may also visit our website at [www.fhinternational.com](http://www.fhinternational.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

FH is a registered investment adviser. Registration of an Investment Adviser does not imply that FH or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about FH International Asset Management, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 - Material changes**

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There have been no material changes to this Brochure since our last annual update in March 2011.

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**Item 4 - Advisory Business**

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FH International Asset Management, LLC (“**FH**”), is a limited liability company formed under the laws of the State of Delaware in 2005. FH provides investment advisory services on a discretionary basis to commingled investment vehicles (each a “Client”) intended for institutional and other sophisticated investors (each an “Investor”). Compensation for investment advisory services is based on a percentage of assets under management and on a percentage of annual profits, as described in more detail below.

Currently, FH provides discretionary investment advisory services to the following 8 Clients (each an “FH Fund” and collectively, the “FH Funds”):

1. FH Emerging Markets Debt Fund LP,
2. FH Emerging Markets Debt Fund Onshore, L.P.,
3. FH Emerging Markets Debt Fund Offshore, Ltd.,
4. FH Emerging Markets Short Term Debt Master Fund, LP,
5. FH Emerging Markets Short Term Debt Fund, LP and
6. FH Emerging Markets Short Term Debt Fund, Ltd.
7. Nordic Fund for Emerging Market Debt, which is a sub-fund of Nordic Focus Funds II, an umbrella unit trust domiciled in Dublin, Ireland (the “Nordic Fund”), and
8. Nordic Emerging Markets Debt Ltd., a special purpose vehicle that holds certain assets, including loans of the Nordic Fund (the “Nordic EM Fund” and, collectively with the Nordic Fund, the “Nordic Funds”).

As of 12/31/2011, FH managed Client assets, on a discretionary basis, of approximately \$97,574,296.

FH is 100% owned by FH International Financial Services, Inc. FH International Financial Services, Inc. is 100% owned by Eric R. Hermann.

**Item 5 - Fees and Compensation**

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The management fee schedule is as follows:

**FH Emerging Markets Debt Fund, LP**  
**FH Emerging Markets Debt Fund Onshore, L.P.**  
**FH Emerging Markets Debt Fund Offshore, Ltd.:**

- 1.5% management fee per annum
- payable quarterly in arrears
- based on the end of quarter value of each Investor's capital account, before reflecting any redemptions or repurchases made as of such date.

**FH Emerging Markets Short Term Debt Master Fund, L.P.**  
**FH Emerging Markets Short Term Debt Fund, L.P.**  
**FH Emerging Markets Short Term Debt Fund, Ltd.:**

- 1.0% management fee per annum
- payable monthly in advance
- based on the end of month value of each Investor's capital account, before reflecting any redemptions or repurchases made as of such date.

FH, in its sole discretion, may waive or reduce the management fee for Investors in the above listed FH Funds that are employees or affiliates of FH and for certain large or strategic Investors.

**The Nordic Funds**

- 1.75% management fee per annum
- payable monthly in arrears
- based on the net asset value of each of the Nordic Funds

Fees are deducted from the Client accounts. Expenses of the FH Funds are paid directly by the FH Funds, including brokerage fees, custody fees and other fund expenses. FH and its employees do not accept compensation, including sales charges or service fees, from any person for the sale of securities or other investment products.

**Item 6 - Performance Fees**

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FH also receives a performance based allocation with respect to the FH Funds. The typical performance allocation structure is as follows:

**FH Emerging Markets Debt Fund, LP**  
**FH Emerging Markets Debt Fund Onshore, L.P.**  
**FH Emerging Markets Debt Fund Offshore, Ltd.:**

- 15% of the net profits for each fiscal year (including unrealized net gains).
- performance compensation is subject to a “**loss carry-forward**” provision, which means that FH receives performance compensation only on increases in the net asset value (NAV) of the fund in excess of the highest net asset value it has previously achieved.
- Investments also are subject to a “**hurdle**” rate; FH will not receive performance compensation until the fund's annualized performance exceeds a benchmark rate.

**FH Emerging Markets Short Term Debt Master Fund, L.P.**  
**FH Emerging Markets Short Term Debt Fund, L.P.**  
**FH Emerging Markets Short Term Debt Fund, Ltd.:**

- 10% of the net profits for each fiscal year (including unrealized net gains).
- performance compensation is subject to a “loss carry-forward”.

FH, in its sole discretion, may waive or reduce the performance compensation for Investors in the above listed FH Funds that are employees or affiliates of FH and for certain large or strategic Investors.

**The Nordic Funds**

- 20% annual performance compensation (including unrealized net gains).
- performance compensation is subject to a “loss carry-forward” provision.
- performance compensation is subject to a “hurdle rate”.

In measuring Investor or Client account assets for the calculation of performance-based fees, FH shall include realized and unrealized capital gains and losses.

*NOTE: Investors should refer to each FH Fund’s Offering Memorandum, Subscription Agreements and other offering documents for addition/supplementary information regarding the FH Funds as well as the fees and expenses paid by the FH Funds.*

**Item 7 - Types of Clients**

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As stated, FH’s Clients are the FH Funds.  
Investors in the FH Funds generally include:

- Qualified Individuals
- Fund of funds
- Pension and profit-sharing plans
- Trusts, estates, foundations/endowments and other charitable organizations
- Corporations and business entities other than those listed

The required minimum investment in the FH Funds ranges from \$250,000 - \$500,000; however, we have the authority to accept subscriptions for a lesser amount. Additionally, unless FH consents, partial withdrawals may not be made if they would reduce an Investor’s account balance below \$100,000. Investors should refer to each FH Fund’s Offering Memorandum for additional information regarding account investment minimums.

**Item 8 - Methods of Analysis, Sources of Information, Investment Strategies, Risk of Loss**

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FH uses both fundamental and technical analysis to offer advice on sovereign and corporate loans and various other debt instruments.

**For the FH Emerging Markets Debt Fund, LP, the FH Emerging Markets Debt Fund Onshore, L.P. and the FH Emerging Markets Debt Fund Offshore, Ltd.:**

The above listed FH Funds primarily seek capital appreciation, with current income as the secondary objective, by investing in a variety of debt instruments issued by borrowers in emerging markets, including performing and distressed debt, primarily denominated in OECD currency but also in emerging market currencies. They may use leverage, invest in derivatives and take short positions.

**For the FH Emerging Markets Short Term Debt Master Fund, L.P., the FH Emerging Markets Short Term Debt Fund, L.P. and the FH Emerging Markets Short Term Debt Fund, Ltd.:**

The above listed FH Funds primarily seek current income, with capital appreciation as a secondary investment objective, by investing in a wide variety of performing interest bearing debt instruments issued by borrowers in emerging markets, denominated primarily in OECD currencies but also in emerging markets currencies, primarily bonds, but also including, but not limited to other debt instruments. They may utilize leverage and a variety of derivatives,

including, but not limited to, credit linked notes, credit default swaps, futures, options, and indices to establish positions.

### **For the Nordic Funds**

The Nordic Funds primarily seek capital appreciation through its investments in a wide variety of emerging market debt obligations primarily denominated in OECD currency but also in emerging market currencies, including sovereign and corporate loans, bonds, notes, convertible bonds, global depository receipts, promissory notes, bills of exchange, which may be direct, syndicated, restructured, current, or in default. They may use leverage, invest in derivatives and take short positions.

### **Risk Factors**

*All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk, and general economic risk. Although we manage the assets in a manner consistent with risk tolerances, there can be no guarantee that our efforts will be successful. The Investor should be prepared to bear the risk of loss.*

*Some risks material to FH strategies include:*

#### **Investment Risks**

The FH Funds invest their capital principally in emerging market debt securities. The FH Funds may use leverage and may invest in derivatives, and take short positions. Markets for such instruments fluctuate and the market value of any particular investment may vary substantially. In addition, such securities may be issued by unseasoned companies or sovereigns rated below investment grade and may be highly speculative. The FH Funds' portfolios may not generate any income or appreciate in value.

#### **Valuation**

The FH Funds' investments may include thinly traded and relatively illiquid securities. As a result, the FH Funds' investments may be difficult to accurately value. If the value of certain investments is higher than the value designated by the FH Funds, an Investor who redeems all or part of his investment may be paid an amount less than he would otherwise be paid. Similarly, there is a risk to the other Investors in the FH Funds that such Investor might, in effect, be overpaid if the value of investments is lower than the value designated by the FH Funds. In addition, there is a risk that an investment in the FH Funds by a new Investor (or an additional investment by an existing Investor) could dilute the value of existing Investors if the overall portfolio(s) value designated by the FH Funds is below the true value of such portfolio(s).

#### **Counterparty and Settlement Risk**

The FH Funds may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the FH Funds and hence the

FH Funds should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this and there may be practical or time problems associated with enforcing the FH Funds' rights to its assets in the case of an insolvency of any such party.

Many emerging market countries have different clearance and settlement procedures than developed countries. For many emerging markets' instruments, there is no central clearing mechanism for settling trades and no central depository or custodian for the safe keeping of securities. The registration, record-keeping and transfer of instruments may be carried out manually, which may cause delays in the recording of ownership. Increased settlement risk may increase counter-party and other risk. Certain markets have experienced periods when settlement dates are extended, and during the interim, the market value of an instrument may change. Moreover, certain markets have experienced periods when settlements did not keep pace with the volume of transactions resulting in settlement difficulties. Because of the lack of standardized settlement procedures, settlement risk is more prominent in emerging markets than in more mature markets.

#### Emerging Market Debt Securities and Other Financial Instruments

The FH Funds' assets will be primarily invested in emerging market debt securities and other financial instruments, including short-term and long-term financial instruments denominated in various currencies. These securities and other financial instruments may be unrated or rated in the lower rating categories by the various credit rating agencies. These securities and other financial instruments are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally subject to greater risk than securities and other financial instruments with higher credit ratings in the case of deterioration of general economic conditions. Additionally, evaluating credit risk for non-U.S. debt securities and other financial instruments involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparisons across countries difficult. Because investors generally perceive that there are greater risks associated with lower-rated securities, the yields or prices of such securities and other financial instruments may tend to fluctuate more than those for higher-rated securities and other financial instruments. The markets for emerging market debt securities and other financial instruments is thinner and less active than that for higher-rated securities or other financial instruments, which can adversely affect the prices at which investments are sold. In addition, adverse publicity and investor perceptions about emerging market debt securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such investments.

#### Custody Risk

The FH Funds and/or the custodians may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the FH Funds. Custody services in certain non-U.S. jurisdictions remain undeveloped and accordingly there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. The FH Funds' custodians may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the FH Funds as a result of the bankruptcy or insolvency of any such sub-custodian. The FH Funds may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections which would normally be provided to a fund by a custodian will not be available to the FH Fund. Given the undeveloped state of regulations on custodial activities and bankruptcy in certain non-U.S. jurisdictions, the ability of the FH Funds to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy would be in doubt.

*Lack of Diversification*

The FH Funds' portfolios may not be widely diversified among sectors, industries, geographic areas or types of securities. Further, the FH Funds' portfolios may not necessarily be diversified among a wide range of issuers. Accordingly, the portfolios may be subject to more rapid change in value than would be the case if the FH Funds were required to maintain a wide diversification among companies or industry groups.

*Lack of Liquidity*

The FH Funds may invest in thinly traded and relatively illiquid securities. The FH Funds also may acquire significant positions in some securities. In such cases and in the event of extreme market activity, the FH Funds may not be able to liquidate investments promptly if necessary. In addition, the FH Funds' sales of thinly traded securities could depress the market value of those securities and thereby reduce the FH Funds' profitability or increase its losses. Such circumstances or events could affect the FH Funds' gain or loss materially and adversely. Additionally, because of limitations on Investor ability to withdraw capital from the FH Funds and the fact that investments in the FH Funds are not tradable, an investment in the FH Funds is illiquid and involves a high degree of risk.

*Reliance on Management and Key Personnel*

Investors have no right or power to take part in the management of FH. Accordingly, no Investor should invest in the FH Funds unless such Investor is willing to entrust all aspects of management to FH. The investment performance of the FH Funds depends largely on the skill of key personnel of FH. If key personnel were to leave FH, it might not be able to find equally desirable replacements and the performance of the FH Funds could, as a result, be adversely affected.

*Performance Fees*

Performance Fees may create an incentive for FH to make investments that are riskier than they otherwise would in the absence of the Performance Fees. Moreover, since the Performance Fee is based on realized and unrealized appreciation of assets, the Performance Fee may be greater than if it were based solely on realized appreciation. FH may, in its sole discretion, and without the consent or knowledge of any other Investors, waive or reduce its Performance Fee as to any Investor, and may otherwise vary the terms of the Performance Fee as to an Investor by agreement. Any variation in the terms of the Performance Fee as to one Investor may adversely affect the return on their investment to the other Investors.

**Item 9 - Disciplinary Information**

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We are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our business or the integrity of our management. FH has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to such action.

**Item 10 - Other Financial Industry Activities and Affiliations**

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In addition to the FH Funds, Eric R. Hermann and Steven Landis have a relationship with two other investment advisors – Montreux Advisors, LLC and Montreux Investments, LLC. Montreux Advisors, LLC is the investment adviser of Montreux Partners, L.P., a closed-end limited partnership that invests in deeply distressed sovereign emerging market debt. Mr. Eric R. Hermann is a principal of Montreux Capital Management, LLC, the managing member of Montreux Advisors, LLC and the general partner of Montreux Partners, L.P. and Mr. Landis is a director of Montreux Capital Management, LLC.

Montreux Investments, LLC is the investment adviser of Montreux Partners II, L.P., a closed-end limited partnership that also invests in deeply distressed sovereign emerging market debt. Mr. Eric R. Hermann is also a principal of Montreux Partners II (GP), LLC, the Managing Member of Montreux Investments, LLC and the general partner of Montreux Partners II, L.P.

FH recognizes that conflicts may arise as a result of these relationships and has established policies to ensure that its Clients are treated fairly and equitably. The foundation of these policies is the commitment by FH to always put the Client's interest first.

Mr. Hermann is also a director of Luxonen SA, an investment company registered in Luxembourg and listed on the Stockholm Stock Exchange; Luxonen SA has a relationship with the Nordic Funds. In addition, Mr. Hermann is a director of two biotechnology companies: Curemark, LLC, based in Rye, NY and Calregen, LLC, based in Harrison, NY.

**Item 11 - Code of Ethics, Participation/Interest in Client Transactions/Personal Trading**

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**Code of Ethics Pursuant to Rule 204A-1**

FH recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of its Clients; (ii) its long-term business interests are best served by adherence to the principle that the interests of Clients come first; and (iii) it has a fiduciary duty to its Clients to act solely for their benefit. All FH employees must put the Clients' interests before their own personal interests and must act honestly and fairly in all respects in dealings with Clients. All FH employees must also comply with all federal securities laws.

FH has adopted an Employee Investment Policy and Code of Ethics (together, the "Code") governing personal trading by its employees. Among other requirements, the Code requires employees who have access to Client portfolio information or FH's non-public securities recommendations to report their personal securities transactions and holdings to FH, and FH is required to review such reports. All FH employees are required to pre-clear (receive authorization before trading) certain personal trades and the CCO shall conduct a quarterly review of such trades.

Additionally, all FH employees must complete an Initial Holdings Report and Annual Holdings Report confirming the existence and location of any personal trading account.

**Participation or Interest in Client Transactions**

FH and its related persons may invest their personal funds in the FH Funds, and, therefore, such persons may hold the same securities as other Investors in the FH Funds. In addition, certain employees of FH may own securities in their personal accounts that are also recommended by FH to the FH Funds. FH has established procedures intended to limit

conflicts of interest in cases where FH, a related person or any of their employees, buys or sells securities recommended by FH to its Clients.

*Investors may obtain a copy of the Code by contacting FH by email at [contact@fhinternational.com](mailto:contact@fhinternational.com), or by telephone at +1 914 698 7300.*

## **Item 12 - Brokerage Practices**

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### **Brokerage Discretion**

FH has complete discretion over the selection of the broker to be used and the commission rates to be paid. In selecting brokers and negotiating commission rates, FH will take into account the financial stability and reputation of brokerage firms, referrals of Investors (consistent with best execution), and the brokerage and research and related services provided by such brokers.

### **Best Execution**

FH as a fiduciary has an obligation to seek best execution of “Client” transactions under the circumstances of the particular transaction. To fulfil this duty, FH must execute securities transactions for the FH Funds in such a manner that the FH Funds’ total costs or proceeds in each transaction are the most favorable under the circumstances.

Best execution is determined on a trade-by-trade basis, and should result in the best qualitative execution, not necessarily the best possible commission cost. A key element of the duty of best execution is obtaining the best price at which securities transactions are executed. Best price is considered to be the highest price that a Client can sell a security and the lowest price that a Client can purchase a security. Other components of best execution are timeliness of having a transaction executed by a broker, the value of research provided, the responsiveness of the broker to FH, and the financial responsibility of the broker.

Typically, to achieve best execution, an adviser may aggregate or batch Client orders for a transaction that is to be allocated amongst various accounts. If aggregation of trading is not utilized or available in such situations, FH is required to disclose to Clients that it will not aggregate transactions and the fact that Clients may pay higher commissions as a result of trades not being aggregated.

### **Soft Dollars**

Although FH does not currently utilize soft dollars, the term “soft dollars” is generally used to describe an arrangement or agreement that involves a transaction between an investment adviser with discretion over clients’ accounts and a broker-dealer, whereby, a broker-dealer provides the discretionary investment adviser with research or other services or products in return for commission dollars paid for executing transactions for discretionary client accounts. In providing research services, the broker-dealer may produce these “in-house” or obtain them externally from third parties.

Section 28(e) of the Exchange Act provides a safe harbor for persons who exercise investment discretion over accounts to pay for research and brokerage services with commission dollars generated by account transactions. The controlling principle to be used to determine whether something is “research” is *whether it provides lawful and appropriate assistance to the money manager in the performance of his or her investment decision making responsibilities*. Therefore, Section 28(e) prevents such person from being deemed to have

acted unlawfully or to have breached a fiduciary duty as long as such person has determined in good faith that the amount of the commission was reasonable in relation to the value of the brokerage and research services provided.

If FH were to utilize soft dollars, all arrangements would be within the safe harbor provisions of 28(e).

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**Item 13 - Review of Accounts**

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Mr. Andy Wong, Chief Financial Officer of FH, monitors each Client account continuously on a daily basis. Prior to deciding whether to purchase or sell a particular security on behalf of a Client account, each Client account holding such security will be reviewed in full by Mr. Steven Landis, Managing Director. Additionally, Mr. Eric Hermann, will review all Client accounts on a periodic basis to confirm adherence to investment objectives.

Generally, each Investor in the FH Funds will receive monthly unaudited performance reports and audited annual financial statements. In the case of the Nordic Funds, the unaudited reports will be provided semi-annually.

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**Item 14 - Client Referrals and Other Compensation**

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FH may pay third parties a fee or compensation for the referral of an Investor to FH.

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**Item 15 - Custody**

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Although FH does not maintain direct custody or possession of any of its Client's funds or securities, it is deemed to have custody based on Rule 206(4)-2 under the Advisers Act.

To ensure compliance with Rule 206(4)-2 FH will be required to reasonably believe that all Investors will be provided with audited financial statements for the FH Funds prepared by an independent accounting firm that is registered with and subject to review by the Public Company Account Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 or 180 days, **as required**, of the end of such FH Fund's fiscal years. Investors should carefully review these audited financial statements.

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**Item 16 - Investment Discretion**

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FH has exclusive and absolute discretion and authority in managing and controlling the investments and affairs of the FH Funds, subject only to specific and express limitations in any Investment Management Agreement or provided by the law notwithstanding the Agreement.

FH has authority to determine the following without obtaining specific Client consent:

- Securities to be bought or sold
- Amount of the securities to be bought or sold
- Broker or dealer to be used
- Commission rates paid

From time to time FH may recommend that one FH Fund or account buy a security from, or sell a security to, another FH Fund or account, when such a trade is consistent with the investment objectives and strategies of both FH Funds and accounts. When FH acts as adviser for both FH Funds and accounts in a cross trade, FH will not receive any

compensation from the transaction. FH will attempt to locate an independent broker-dealer to execute cross trades.

### **Item 17 - Voting Client Securities**

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In managing the FH Funds, FH generally invests in debt instruments issued by borrowers in emerging markets (including performing and distressed debt, primarily denominated in OECD currency but also in emerging markets currencies and may use leverage, invest in derivatives, and take short positions) and does not own an equity position and therefore would be unlikely to be in a position to vote a proxy.

FH has, however, adopted a Corporate Action & Proxy Voting Policy and has outlined Procedures that are designed to ensure that in cases where FH votes corporate actions or proxies with respect to Client securities, such corporate actions or proxies are voted in the best interests of its Clients.

Investors may obtain a copy of FH's Procedures and information about how FH voted any proxies by contacting us by email at [contact@fhinternational.com](mailto:contact@fhinternational.com) or by telephone at +1 914 698 7300.

### **Item 18 - Financial Information**

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FH has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding. We do not require or solicit pre-payment of any type of Client fees in advance.