

THREE ZERO THREE

303 CAPITAL PARTNERS, LLC

Part 2A of Form ADV: Firm Brochure

Date: March 22, 2012

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This brochure provides information about the qualifications and business practices of Three Zero Three Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 312-432-6550 or www.303capital.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 Three Zero Three Capital Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Three Zero Three Capital Partners, LLC is a SEC Registered Investment Adviser. Please note that "registration" does not imply a certain level of skill or training.

Material Changes

Item 2 Material Changes

In this section of the brochure we will only describe material changes that have occurred since the last time the ADV was updated. The last **annual update** of the ADV for Three Zero Three Capital Partners, LLC (“Three Zero Three” or the “Firm”) was prepared in March 2011. The material changes that have occurred since March 2011 are as follows:

- Three Zero Three closed 303 Quantitative Trading, LLC as of March 30, 2011
- Three Zero Three closed 303 Opportunities, LLC as of September 30, 2011.
- Three Zero Three closed the 303 Volatility Management, LLC fund as of December 31, 2011.
- Three Zero Three closed Three Zero Three Capital Fund SPC.
- On December 22, 2011, Three Zero Three closed and terminated the broker dealer registration of 303 Equity Trading Group II, LLC, the wholly owned subsidiary of 303 Equity Trading Group, LLC.
- TSJ Holding, LLC withdrew its ownership in Three Zero Three Capital Partners, LLC effective March 14, 2012.
- Three Zero Three withdrew its ownership in KCM Management, LLC effective March 20, 2012.

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Advisory Business

Three Zero Three Capital Partners, LLC (“Three Zero Three” or the “Firm”) is a registered investment advisor managing private investment funds for qualified and accredited investors. The Firm was organized under the laws of the State of Illinois in March 1999, and was originally named TJM Capital Partners, LLC. On July 19, 2004 the Articles of Organization were amended and name was changed to Three Zero Three Capital Partners, LLC.

Three Zero Three is a wholly owned subsidiary of MARS Asset Management, LLC (“**MARS**”). The principal owners of MARS are Jeffrey H. Kaplan and Michael J. Rane. The principal owners of Three Zero Three (Jeffrey H. Kaplan and Michael J. Rane) are referred to as the “**Board of Managers**”.

Three Zero Three provides discretionary investment advice and management services, in its capacity as manager of several funds (the “303 Funds”) listed below. These funds are all privately held pooled investment vehicles (“Funds”) exempt from registration as an investment companies under the Investment Company Act of 1940. The 303 Funds are the Firm’s “Clients”.

303 Equity Trading Group, LLC (“303 Equity”)
National Trading II, LLC (“National”)
Endurance Investments, LLC (“Endurance”)

303 Equity’s investment objective is to generate gains and income principally by allocating its capital among Trading Advisors which actively trade in equities and equity derivative products through managed accounts and privately held pooled investment vehicles. At this time all capital has been allocated to KCM Management, LLC.

National’s investment objective is to generate gains and income principally by allocating its capital among Trading Advisors (including Trading Advisors exempt from CFTC registration) and Investee Pools which actively trade futures, and futures options, OTC and physical products through managed accounts and privately held pooled investment vehicles. At this time all capital has been allocated to Irish Exchange, L.P.

Endurance Investments investing objective is to achieve risk-adjusted returns trading a diversified portfolio of investments contracts, using quantitative models and systems licensed from a third party.

The Firm serves as the managing member of 303 Equity, National, and Endurance, and also the CPO of National, and Endurance (the “Pools”). These Pools products listed on organized exchanges in the United States and regulated foreign markets.

The Firm is currently managing the following assets for the respective clients on a discretionary basis.

Client (Fund)	Assets Under Management (Discretionary)	Date
303 Equity	\$9.6 MM	March 1, 2012
National	\$41.8 MM	March 1, 2012
Endurance	\$949 K	March 1, 2012

The Firm also serves as the managing member of 303 Proprietary Trading, LLC, a CME 106 J member firm. \

Fees and Compensation

The Firm is compensated for its management through fees on the net asset value of the various funds and a percentage of the net profits (Managers Allocation). The details of the compensation for management of each 303 Fund are explained below.

303 Equity

Management Fee

Three Zero Three receives 70% of the annual management fee (“Management Fee”) of 2% of the net asset value of 303 Equity, payable in quarterly installments of 1/4th of 2.0% in arrears as of the last business day of each month. A pro rata Management Fee is charged on any amount invested or withdrawn during any calendar quarter. Three Zero Three may waive or reduce the Management Fee as to a particular investor in certain circumstances.

Manager’s Allocation

Three Zero Three also receives 30% of the Manager’s Allocation equal to 20% of 303 Equity’s net new profits, paid quarterly (“Manager’s Allocation”). The Manager’s Allocation is calculated separately in respect of each investor’s capital account. The Manager’s Allocation is calculated on a “high water mark” basis, *i.e.*, only to the extent that the increase in net asset value recognized by an investor’s capital account (net of additions and withdrawals) exceeds the highest cumulative level of such increase in net asset value as of the most recent calendar month-end for which an allocation was made with respect to such capital account (or, if no increase in net asset value has been recognized, only to the extent that such increase causes an investor’s capital account to exceed the investor’s net capital contributions). Three Zero Three may waive or reduce the Manager’s Allocation as to a particular investor in certain circumstances.

The Manager’s Allocation is a performance based fee arrangement which complies with Rule 205-3 of the Investment Adviser’s Act of 1940. The Manager’s Allocation may create an incentive to Three Zero Three to make investments that are riskier or more speculative than would be the case in the absence of the allocation to Three Zero Three.

303 Equity investors may generally withdraw all or any part of their investment at the end of each calendar quarter on forty-five days prior written notice.

National

Management Fee

Three Zero Three receives a quarterly “Management Fee” in an amount not to exceed 0.50% of the Fund’s Net Asset Value, determined as of the end of each quarter (Net Asset Value for such purposes to be calculated on a prorated basis for any mid-quarter subscriptions and redemptions, and without reduction for accrued Management Fees or accrued Managing Member Allocations as of such date). Three Zero Three may, in its sole discretion, charge an investor a reduced Management Fee.

Endurance

Management Fee

Three Zero Three receives 20% of the quarterly “Management Fee” equal to .5% of the Fund’s Net Asset Value, determined as of the end of each quarter (Net Asset Value for such purposes to be calculated on a prorated basis for any mid-quarter subscriptions and redemptions, and without reduction for accrued Management Fees or accrued Managing Member Allocations as of such date). The Managing Member may, in its sole discretion, charge an investor a reduced Management Fee.

Manager’s Allocation

Three Zero Three receives 20% of the “Managing Member Allocation” which equals 20% of the New Net Profits. The Manager’s Allocation is distributed on a quarterly basis. Three Zero Three may, in its sole discretion, charge an investor a reduced Manager Allocation.

Performance-Based Fees and Side-By-Side Management

Three Zero Three receives a Manager's Allocation which is also referred to as an "Incentive Fee". This fee is specifically addressed for each of the Funds in the "Fees and Compensations" section.

Type of Clients

Three Zero Three provides discretionary investment advice and management services, in its capacity as manager to privately held pooled investment vehicles ("Funds") exempt from registration as investment companies under the Investment Company Act of 1940. Three Zero Three is the managing member of each Fund and the Funds are its Clients.

Methods of Analysis, Investment Strategies and Risk of Loss

Three Zero Three provides the management services to various privately held pooled investment vehicles Funds, and the various Funds are its Clients. Additional details of the investments for each Fund are provided below.

303 Equity

The Fund seeks to generate gains and income principally by allocating its capital to KCM Management, LLC ("KCM"), which deploys a model-based trading strategies which actively trade equities and equity derivative products. The strategies are based upon KCM's developed multiple integrated models which trade an equity volatility relative value approach. The models capture mispricings across listed equity and ETF options which are delta hedged using underlying shares. The various models are differentiated based upon volatility forecasting, hedging mechanisms, underlying product (stocks, ETFs), and option/underlying liquidity.

The Fund's business objective is to seek significant capital appreciation and income regardless of the phase of economic or investment market cycles. The Fund will seek to achieve this objective by allocating capital to KCM which may actively buy and sell (and sometimes hold for longer periods of time) a broad range of equity options and equity securities, including but not limited to, exchange traded U.S. equities, equity and index options, foreign equities and equity and index options, U.S. and foreign equity index futures and futures options, U.S. and foreign single stock futures, U.S. and foreign exchange-traded-funds ("ETFs"), U.S. and foreign over-the-counter traded equities and equity derivatives, U.S. and foreign debt securities, U.S. and foreign debt derivative instruments and restricted and other illiquid securities, over time frames ranging from intra-day to several or more months.

KCM's investments and trading are not without risks. Fluctuations in performance could occur and money lost in any given period.

KCM's model-based trading may subject the Fund's to certain risks. Certain, but not all, of these techniques and the risks that they entail are summarized below. The Fund in any event is not designed to correlate to the broad equity market, and should not be viewed as a substitute for equity investments.

Trading in Options, Warrants and Convertible Bonds. KCM will purchase and sell options, and may purchase or sell warrants or convertible bonds. In buying an option or warrant, the Fund pays a "premium" representing the market value of the option or warrant. If the price of the securities underlying the option or warrant does not change so that it becomes profitable for the Fund to exercise the option or warrant prior to its expiration, the Fund will lose the entire premium. Similarly, the Fund may pay a premium representing the market value of the convertibility feature on a convertible bond. If the price of

the securities interest into which the bond is convertible does not change such that it becomes profitable for the Fund to convert the bond prior to its maturity, the Fund will lose the entire premium.

Options. In seeking to enhance performance or hedge assets, KCM will purchase and sell call and put options on securities, and perhaps stock indexes. Purchasing put and call options and writing such options are highly specialized activities and entail greater than ordinary investment risks. Because option premiums paid or received by an investor are small in relation to the market value of the investments underlying the options, buying and selling put and call options can result in large amounts of leverage. As a result, the leverage offered by trading in options could cause the value of a Member's capital account to be subject to more frequent and wider fluctuations than would be the case if the Fund did not invest in options.

The Fund expects that KCM will trade in standardized options which trade on an exchange. There is no guarantee that such exchanges will provide liquidity at all times to holders and writers of options. Lack of investor interest could adversely affect the liquidity for a particular option or series of options and an exchange may discontinue trading of a particular option or options generally.

Non-U.S. Securities or Options. Although the Fund intends to focus primarily on U.S. securities and options, KCM may also trade and invest in non-U.S. securities and options. Trading and investing in securities and options of non-U.S. governments and companies which are generally denominated in non-U.S. currencies, and utilization of currency forward contracts and options on currencies involve certain considerations comprising both risks and opportunities not typically associated with investing in securities of United States issuers. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes, less liquid markets and less available information than are generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Small Cap Stocks. At any given time, the Fund, through KCM, may have significant investments or option positions in smaller-to-medium sized companies of a less seasoned nature. These securities are traded in the over-the-counter market or recognized stock exchanges. These "secondary" securities often involve significantly greater risks than the securities of larger, better-known companies.

High Growth Industry Related Risks. The Fund, through KCM, may buy and sell options on or invest in the securities of high growth companies (e.g., healthcare and technology companies). These options and securities may be very volatile. In addition, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses, have limited ability to protect their rights to certain patents, copyrights, trademarks and other trade secrets, or be otherwise adversely affected by the extremely competitive markets in which many of their competitors operate.

Short Sales. Certain accounts in which or through which the Fund may engage in short sales by selling equity securities that it does not own at the time of sale. By doing so, the Fund will become obligated to purchase and deliver equity securities against the short position. In the event that the price of an equity security increases between the short sale and the Fund's subsequent purchase of shares of that security,

the Fund will suffer a loss on that transaction and the value of the Members' investments will decrease accordingly. There can be no assurance that the Fund will not suffer such losses. In theory, a short sale has the potential for unlimited loss. In connection with short sales, the Fund will have to deliver cash or United States Treasury securities or other securities to brokers to assure delivery of equity securities against short positions. The Fund will be able to keep only a negotiated percentage of the yield of such United States Treasury or other securities.

The investment strategy to be employed by KCM will result in the portfolio having a high degree of turnover which will result in higher transaction costs than would be the case if the Fund employed a buy-and-hold strategy. The transaction costs associated with an active trading strategy may lower returns. This strategy may also generate significant amounts of short-term capital gain, which is taxed at higher rates than long-term capital gain.

National

Nation Trading II, LLC (the "Fund") is an investment fund with a concentration in energy futures, futures options, forwards and related cash contracts (and possibly securities and related options of companies in the energy sector). Organized as an Illinois limited liability company, the Fund may engage in the speculative trading of futures, futures options, forwards and related cash contracts, securities, securities and index options, foreign exchange, and other commodity-related contracts and financial interests traded on both domestic and foreign markets (such contracts are sometimes hereinafter referred to collectively as "investment contracts").

The types of interests which may be traded are: domestic and foreign futures, futures options, forwards and cash contracts; exchange for physical contracts, exchange for swap contracts; securities and securities options. There is no fixed percentage or amount of Fund's assets to be used to trade various types of commodities or market sectors, or types of securities. However, at this time, the Fund's Managing Member has decided to allocate substantially all of the Fund's trading assets to energy products, including, but not necessarily limited to, natural gas and oil products. The Fund may finance inter-exchange energy contract spread positions where interexchange margins are not available, or for the purpose of entering into cash energy contracts. Such financing may have the effect of increasing the leverage.

The Fund may trade in securities on domestic and foreign exchanges which are publicly traded, such as stocks (common and preferred), U.S. Government and repurchase agreement securities, convertible securities, rights and warrants on stocks, bonds, debentures and other forms of debt securities, options (including securities options and index options), and may also trade in non-public securities (although this is not the emphasis of the Fund). In addition, the Fund may invest in repurchase contracts, swaps and currencies, as well as other financial instruments and derivatives currently or hereafter existing.

At this time, the Fund will concentrate substantially all of its assets in futures, futures options, forwards, securities, securities options, and related cash contracts in the energy markets, including, without limitation, natural gas and oil contracts. A risk of the Fund is its lack of diversity in other products.

All investment contracts, including futures contracts, securities, options on futures contracts and securities, foreign exchange, cash and forward investments, other commodity-related contracts and financial interests are highly volatile. Price movements of these investment contracts are influenced by, among other things, changing supply and demand relationships; climate; government agricultural, trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; crop diseases; the purchasing and marketing programs of different nations; and changes in interest rates. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and gold. Such intervention is often intended to influence

prices directly. None of these factors can be controlled by the Trading Advisors and no assurances can be given that their advice will result in profitable trades for the Fund or that the Fund will not incur substantial losses.

The low margin deposits normally required in futures trading permit an extremely high degree of leverage; margin requirements for futures trading being in some cases as little as 2% of the face value of the contracts traded. For example, if at the time of purchase 10% of the price of the futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract was then closed out, result in a total loss of the margin deposit before any deduction for the trading commission. A decrease of more than 10% would result in a loss of more than the total margin deposit. Accordingly, a relatively small price movement in a futures contract may result in immediate and substantial loss to the investor. Like other leveraged investments, any trade may result in losses in excess of the amount invested. In addition to the leverage obtained through margin, some Trading Advisors or Investee Pools in which the Fund may invest funds of the Fund employ additional techniques to increase leverage, such as the use of “notional” funds. This might involve a situation, for example, where the Fund utilizes a Trading Advisor to manage \$1,000,000 in funds, but the Trading Advisor trades as if there were actually \$2,000,000 under management.

The Fund may finance inter-exchange energy contract spread positions where inter-exchange margins are not available, or for the purpose of entering into cash energy contracts. Such financing may have the effect of increasing the leverage.

United States commodity exchanges impose “daily limits” on the amount by which the price of most futures contracts traded on such exchanges may vary during a single day. Daily limits prevent trades from being executed during a given trading day at a price above or below the daily limit. Once the price of a futures contract has moved to the limit price, it may be difficult, costly or impossible to liquidate a position. Such limits could prevent a Trading Advisor from promptly liquidating unfavorable positions and restrict its ability to exercise or offset commodity options held in the Fund’s account. In addition, even if futures prices have not moved the daily limit, a Trading Advisor may be unable to execute trades at favorable prices if the liquidity of the market is not adequate. Daily limits have been applicable to bond futures for some time and have recently been imposed on stock index futures (although none exist on actual stocks) as a result of the market turbulence of October 1987. It is also possible for an exchange or the CFTC to suspend trading in a particular contract (as, in fact, occurred in the case of stock index futures on October 20, 1987), order immediate settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only.

The Fund may engage in trading in contracts in the “cash” market. These contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. Neither the CFTC nor any banking authority regulates trading in these contracts, and there is no limitation on the daily price movements of these contracts. Speculative position limits are also not applicable to cash trading.

A Trading Advisor may engage in trading in futures options contracts. Although successful trading in futures options contracts requires many of the same skills required for successful futures trading, the risks involved are somewhat different. Although the purchaser of an option cannot lose more than the purchase price of the option, the seller of a futures option has no such protection and is subject to unlimited liability.

A Trading Advisor may engage in trading on commodity markets outside the United States on behalf of the Fund. Trading on such markets is not regulated by any United States government agency and may involve certain risks not applicable to trading on United States exchanges. For example, some foreign markets, in contrast to United States exchanges, are “principals’ markets” similar to the cash markets in which performance is the responsibility only of the individual member with whom the trader has entered into a futures contract and not of any exchange or clearing corporation. In a number of foreign markets, a

substantial volume of trades which in the United States could only be executed on a regulated exchange are executed wholly off-exchanges, in privately negotiated transactions. In some cases, the intermediaries through whom the Fund may deal on foreign markets may in effect take the opposite side of trades made for the Fund. The Fund may not have the same access to certain trades as do various other participants in foreign markets. Furthermore, as the Fund will determine its net assets in United States dollars, with respect to trading in foreign markets the Fund will be subject to the risk of fluctuations in the exchange rate between the local currency and dollars as well as the possibility of exchange controls. Certain futures contracts traded on foreign exchanges are treated differently for federal income tax purposes than are domestic contracts.

The risk in a short sale of a security such as a stock is that the price of the security can increase. The amount of the price increase is theoretically unlimited. The risk in the short sale of a stock option (or security index option) is essentially the same as that of a short stock position (except that a short put option risk is limited by the underlying position going to zero, which constitutes a substantial and significant risk).

Short equity and index options have a theoretical risk which is similar to short futures options contracts. Most equity options allow for early exercise, and there are no maximum daily price limits. In addition, index options settle to cash. The minimum regulatory margin for short stock and index options are in some cases higher than futures options contracts, and securities broker dealers often require their customers to cover any daily mark-to-market loss on stock or stock index options by the opening of the ensuing trading day. Typically, long equity and index options are paid for in full upon initiation of the position, and the risk of loss is theoretically limited to the purchase price (plus commissions and any other transactional costs).

Leverage in securities trading allows the trader to acquire larger positions than would be the case of immediate full cash payment. The primary risk inherent in leverage is that the Fund will not be able (or the Managing Member will not deem it appropriate) to continue holding a leveraged position when called for further funds for margin and therefore will have to prematurely close that position (and perhaps others associated with that position) at a loss. Another significant risk in leverage is that margin requirements can change adversely to the investment, reducing the amount of marginability of the investment, resulting in calls for further funds. Further, interest rates available to the Fund may change adversely due to any number of reasons. The Fund's investment results depend upon the use of leverage. Leverage can improve the return on Fund investments. However, leverage necessarily increases the potential for loss on Fund investments.

The Fund may have interests to pursue its investment objectives on a global basis. There are risks in investments in offshore companies that are not inherent in U.S. companies. Among them are the changing political climate of the foreign jurisdictions in which a company is domiciled to engage in business, currency restrictions, embargoes, tax laws, changing administrations and governments, changing monetary or other policies, unfavorable treatment of foreign investments, currency exchange rates, insufficient government regulation of company activities and disclosures, irregular accounting practices, insufficient standards of audit, and no reporting standards. Further, companies in foreign countries can be restricted in their dealings with other countries, including the United States. In addition, many foreign countries have no organized stock exchanges and no regulatory supervision of securities transactions. Even organized and regulated foreign securities markets are often less liquid, more volatile and less supervised than in the United States. Also, many foreign jurisdictions have no adequate mechanism for prosecuting customer complaints regarding investments. Further, to the extent that the Fund invests in domestic companies or other investments which are not listed on a U.S. exchange or actively traded in the U.S. organized over-the counter markets, there may be no liquid market for the security.

The Fund's investments which require foreign currency are exposed to the risk of adverse changes of value of that currency in relation to other currencies including the U.S. dollar. The currency of any

country continuously fluctuates in value in relation to other currencies, due to a vast array of factors including interest rates, political developments, government deficits, balances of trade, economic developments, and governmental policies. Although the Fund may attempt to moderate the currency risks in its investments, by such techniques as forwarding contracts, commodities futures or options on commodities futures, and investments in foreign currencies, there is no assurance that to the extent it does so any such attempt will have any success.

The Fund may invest in interest rate instruments and other securities which have low credit ratings or which would be given low credit ratings if given a credit rating by any services. These securities are subject to a greater risk of loss, both as to interest or dividends and as to principal, than are securities with higher credit ratings, and are also more volatile. The market for such securities is generally not liquid, and the price accorded to investors seeking to buy or sell such securities is less favorable than would be the case of an actively traded market. Practically, these investments often temporarily lose value due to unfavorable commentary published by analysts, the media, and other parties as opposed to reasons relating purely with the issuer and economic considerations.

Although it is not the emphasis of the Fund's trading program, it is possible that the Fund may invest in privately offered securities. Such securities are illiquid. Typically, it is impossible for the holder of such a security to determine its value.

Endurance

Three Zero Three allocates all of the Fund's assets to the Trading Advisor, Endurance Investment Advisors, ("EIA" or the "Trading Advisor"). The Trading Advisor's objective is to achieve risk-adjusted returns trading a diversified portfolio of investment contracts, using quantitative models and systems developed in collaboration with a third party. The Trading Advisor will deploy multiple systematic trading strategies: long term trend following; currency long/short; fixed income versus equity; and global bond relative value. Each strategy is intended to have a low correlation to the others, and each applies a profit/loss management trigger. The systematic strategies, which have undergone considerable testing and limited trading, will be continuously evaluated and further developed, as will other strategies which may be deployed.

Long Term Trend Following. This momentum-based strategy applies a buy/sell signal based on lagging moving averages which dictate a long or short position, and a volatility measure which determines position size.

Currency Long/Short. Based upon a weighted yield ranking of short term rates, short positions are taken in the currencies with the highest yielding rates and long position are taken in the currencies with the lowest yielding rates. Re-weighting is undertaken based on volatilities and the relative yield of USD short term rates.

Fixed Income versus Equity. This strategy values equities relative to interest rates, "normalizing" the relationship over rolling long term periods. Position size is determined by relative historic volatilities of stocks and bonds and by the normalized stock bond relationship.

Global Bond Relative Value. This strategy, comparable to a currency carry trade, position long bond futures of countries with a steep yield curve against short bond futures of countries with relatively flatter curves.

Interest Rate Risk Hedge. This strategy dynamically analyzes and applies a binary scoring technique to various factors, including: rich/cheap based on money supply growth and industrial activity, yield curve shape, and market technicals. Trading the US Ten-Year Note futures, a binary scoring technique is applied to the factors in order to determine the position direction, and an analysis of recent market volatility is applied to determine position size.

All investment contracts, including futures contracts, options on futures contracts, foreign exchange, cash and forward investments, other commodity-related contracts and financial interests are highly volatile. Price movements of these investment contracts are influenced by, among other things, changing supply and demand relationships; climate; government agricultural, trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; crop diseases; the purchasing and marketing programs of different nations; and changes in interest rates. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and gold. Such intervention is often intended to influence prices directly. None of these factors can be controlled by the Trading Advisors and no assurances can be given that their advice will result in profitable trades for the Fund or that the Fund will not incur substantial losses.

The low margin deposits normally required in futures trading permit an extremely high degree of leverage; margin requirements for futures trading being in some cases as little as 2% of the face value of the contracts traded. For example, if at the time of purchase 10% of the price of the futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract was then closed out, result in a total loss of the margin deposit before any deduction for the trading commission. A decrease of more than 10% would result in a loss of more than the total margin deposit. Accordingly, a relatively small price movement in a futures contract may result in immediate and substantial loss to the investor. Like other leveraged investments, any trade may result in losses in excess of the amount invested.

United States commodity exchanges impose “daily limits” on the amount by which the price of most futures contracts traded on such exchanges may vary during a single day. Daily limits prevent trades from being executed during a given trading day at a price above or below the daily limit. Once the price of a futures contract has moved to the limit price, it may be difficult, costly or impossible to liquidate a position. Such limits could prevent the Trading Advisor from promptly liquidating unfavorable positions and restrict its ability to exercise or offset commodity options held in the Fund’s account. In addition, even if futures prices have not moved the daily limit, the Trading Advisor may be unable to execute trades at favorable prices if the liquidity of the market is not adequate. Daily limits have been applicable to bond futures for some time and have recently been imposed on stock index futures (although none exist on actual stocks) as a result of the market turbulence of October 1987. It is also possible for an exchange or the CFTC to suspend trading in a particular contract (as, in fact, occurred in the case of stock index futures on October 20, 1987), order immediate settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only.

The Fund may engage in trading in contracts in the “cash” market. These contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. Neither the CFTC nor any banking authority regulates trading in these contracts, and there is no limitation on the daily price movements of these contracts. Speculative position limits are also not applicable to cash trading.

The Trading Advisor may engage in trading in futures options contracts. Although successful trading in futures options contracts requires many of the same skills required for successful futures trading, the risks involved are somewhat different. Although the purchaser of an option cannot lose more than the purchase price of the option, the seller of a futures option has no such protection and is subject to unlimited liability.

The Trading Advisor may engage in trading on commodity markets outside the United States on behalf of the Fund. Trading on such markets is not regulated by any United States government agency and may involve certain risks not applicable to trading on United States exchanges. For example, some foreign markets, in contrast to United States exchanges, are “principals’ markets” similar to the cash markets in which performance is the responsibility only of the individual member with whom the trader has entered into a futures contract and not of any exchange or clearing corporation. In a number of foreign markets, a

substantial volume of trades which in the United States could only be executed on a regulated exchange are executed wholly off-exchanges, in privately negotiated transactions. In some cases, the intermediaries through whom the Fund may deal on foreign markets may in effect take the opposite side of trades made for the Fund. The Fund may not have the same access to certain trades as do various other participants in foreign markets. Furthermore, as the Fund will determine its net assets in United States dollars, with respect to trading in foreign markets the Fund will be subject to the risk of fluctuations in the exchange rate between the local currency and dollars as well as the possibility of exchange controls. Certain futures contracts traded on foreign exchanges are treated differently for federal income tax purposes than are domestic contracts.

The Trading Advisor will use trend-following trading techniques, which seeks to identify significant price trends soon after they begin and participate in such trends until soon after they have begun to reverse. The profitability of any trend-following strategy depends upon the occurrence of major price moves in some futures contracts traded. There is no guarantee that there will actually be such trends in the future. The best trend-following strategy, whatever elements it may contain, is unlikely to be profitable if there are no trends of the kind it seeks to identify. Furthermore, a strategy which is successful in the case of upward price trends may not be successful in downward trends and vice versa. Any factor which may lessen the prospect of major trends in the future (such as increased government control of, or participation in, the markets) may reduce the prospect that any trend-following strategy will be profitable.

Investments in the various funds that Three Zero Three manages involve significant risk and is suitable only for investors of substantial net worth who are willing and have the financial capacity to purchase a high risk investment which may not provide any immediate cash return (if any return). An investor in these funds should be able to bear the complete loss of an investment in the fund.

Disciplinary Information

None

Other Financial Industry Activities and Affiliations

Three Zero Three is a wholly owned subsidiary of MARS Asset Management, LLC (“MARS”). The principal owners of MARS are Jeffrey H. Kaplan and Michael J. Rane. Other officers of the Firm include Edward J. Donnellan, Principal; Michael Schwaeber, Chief Financial Officer, and Peter Dorenbos, Compliance Officer.

Three Zero Three is registered with the NFA and CFTC as a Commodity Pool Operator (“CPO”) and Commodity Trading Advisor (“CTA”). The Firm serves as the managing member and CPO of National and Endurance (the “Pools”).

Three Zero Three co-owns with On Trading LLC the Registered Investment Advisor **OnThree Management, LLC** which provides discretionary investment advice and management services to OnThree Fund, LLC, a privately held pooled investment vehicle exempt from registration as an investment company under the Investment Company Act of 1940. This affiliate advisor was organized in May 2010 and officially began functioning in July 2010. OnThree Fund, is the parent company of a broker dealer, **OnThree Fund Subsidiary, LLC**. The following Three Zero Three principals and officers are also registered with OnThree Fund Subsidiary, LLC: Edward Donnellan, Michael Schwaeber and Peter Dorenbos.

Various principals and officers (Edward J. Donnellan, Michael Schwaeber, and Peter Dorenbos) are registered with the above referenced affiliated broker-dealer as registered representatives (as they maintain a Series 7 License) due to their capacity as indirect owners of the broker-dealer, or due to their

function at the broker-dealer. The following is a summary of the Three Zero Three Principals and officers and their registrations with the various broker dealer affiliates:

<u>Individual</u>	<u>Names of Broker Dealer maintaining Individuals Registration</u>
Edward Donnellan	OnThree Fund Subsidiary LLC
Michael Schwaeber	OnThree Fund Subsidiary LLC
Peter Dorenbos	OnThree Fund Subsidiary LLC, *TJM Investments, LLC

*Mr. Dorenbos also functions as the Chief Compliance Officer at TJM Investments, LLC, a registered broker-dealer and a FINRA member. TJM was formally an affiliate through its principal's ownership in Three Zero Three. Although TJM is no longer a legal affiliate, it continues to act as the introducing broker for 303 Equity, National, Endurance, OnThree Fund, LLC and OnThree Fund Subsidiary, LLC. TJM receives commissions which are competitive but not the lowest commissions available.

As previously mentioned, Three Zero Three is registered with the NFA and CFTC as a CPO and CTA. The following is a summary of the registrations of the Three Zero Three Principal persons and entities that are registered with the NFA:

<u>Individual</u>	<u>Title</u>
Edward Donnellan	Principal
Jeffery Kaplan	Manager MARS-LLC
Michael Rane	Manager MARS-LLC
Michael Schwaeber	Chief Financial Officer
Mars Asset Management, LLC	

The 303 Funds and the Three Zero Three (the Manager of the Funds) are not represented by separate counsel in connection with the transactions and activities described herein. Counsel to the Fund, and other experts who perform services for the Fund, may also perform services for affiliates of, and other partnerships, limited liability companies or other entities sponsored by, the Manager. It is anticipated that such multiple representation will continue in the future. However, should a dispute arise between the Fund and the Manager or should it be necessary in the future to negotiate and prepare contracts and agreements between the Fund and the Manager, other than those existing on the effective date hereof, the Manager will consider the need to cause the Fund to retain separate counsel for such matters.

Conflicts related to 303 Equity

The Fund, 303 Equity is subject to actual and potential conflicts of interest arising out of the operation and management of the Fund. These conflicts include:

Three Zero Three may form a Trading Advisor in the future to whom 303 Equity will allocate capital. The terms of the fee arrangement with any such Trading Advisor will not likely be negotiated on an arms' length basis. Any such arrangement could create an incentive to allocate Fund assets to such fund or trading group.

The Firm and the Principals may develop or acquire trading support systems and programs which they may use in connection with 303 Equity's business. However, these systems will not be the property of the 303 Equity.

The Principals will devote a substantial amount of time to their other business activities, including trading equities, options and futures for their own accounts and for the account of other managed pools, and will not devote their entire energies to the 303 Equity.

One of the principals of the Firm, Jeffrey Kaplan, also assists and collaborates with the traders at 303 Proprietary Trading, LLC, an investment vehicle that is also managed by the Firm. In this capacity as an assistant/collaborator to 303 Proprietary Trading, LLC, he engages in the trading of futures, options on futures and other products. This results in a potential conflict of interest because Mr. Kaplan, as a principal of the Firm, has access to non-public information regarding the trading activities and positions of the funds and the other trading and investment vehicles managed by the Firm, including 303 Equity, and they may have an incentive to use that information in their trading activities. The Firm does not, however, permit its principals and employees to trade for their own account (or for any other account) using such non-public information, and the compliance officer of the Firm reviews trading account activity to monitor and enforce compliance with such prohibition and its procedures.

Certain Principals have been and from time to time may continue to invest in various interest bearing vehicles and accounts, some of which the Firm may determine to invest in on behalf of the 303 Equity. This may give rise to conflicts of interest if the Principals determine to make or pull an investment in a position contrary to the Fund. Additionally, the Firm, the Principals and their affiliates may sponsor or manage other entities, or engage in other business ventures, for their own account or for the account of others, and neither 303 Equity nor any Member is entitled to any interest therein.

Conflicts may develop in the event the Firm or its affiliates fail to adequately perform their obligations to the Fund. The Manager may face further conflicts in enforcing 303 Equity's rights against non-performing affiliates.

Conflicts related to National

Trading Own Accounts. The Managing Member, MARS Asset Management, LLC and the principals of the foregoing, and the Trading Advisor and its principals may invest in accounts managed by them, and may trade commodity interest contracts, securities, and other products for their own accounts. For such accounts, the above entities and individuals may use trading approaches which are different from the trading approaches they utilize on behalf of the Fund. There are no Investee Pools in the Fund as of the date of this document; however, the Fund reserves the right in the future to add Investee Pools and other Trading Advisors. It is possible that the above entities and individuals may, from time to time, be competing with the Fund's account for similar commodity interest contract or securities positions in one or several markets or may take positions in their proprietary accounts which are opposite, or ahead of, the positions taken in the Fund's account. The records of such trading will not be made available to investors of the Fund.

Trading Other Customer Accounts. Trading Advisors and Investee Pools to which the Managing Member may allocate funds of the Fund and their affiliates may manage and trade additional accounts, including commodity pools, and may have an incentive to favor such accounts over the Fund's account.

Conflicts related to Endurance

Managing Member. The Managing Member currently acts as the Managing Manager of the Fund, and is also the managing member several other investment funds in addition to the Fund. The Managing Member does not devote its exclusive efforts to the Fund.

Trading Advisor. The owner of the Trading Advisor, Michael Murphy, is also an associated person of TJM Institutional Services, L.L.C. ("TJM Institutional"). TJM Institutional was formally an affiliate through its principal's ownership in Three Zero Three. Although TJM Institutional is no longer an affiliate, Murphy renders services to both the Trading Advisor and to TJM Institutional. Mr. Murphy does not devote his energies exclusively to the Trading Advisor. In addition, the Trading Advisor may manage and trade additional accounts, including commodity pools, and may have an incentive to favor such accounts over the Fund's account.

Selling Agents. The selling agents (if any) may have an incentive to advise the person they solicited for the Fund to remain as investors since the selling agents' compensation may depend on the continuation of the solicitee as an investor. TJM Investments, LLC, a licensed broker-dealer regulated by the FINRA and an affiliate of TJM Institutional, may also be a non-exclusive selling agent for the Fund. TJM Investments, LLC is an affiliate of TJM Institutional. The Managing Member, not the Fund, will be solely responsible for paying selling agent fees to any selling agents except as provided in the next sentence. Although the Fund does not contemplate utilizing other selling agents as of the date this document was prepared, to the extent a broker-dealer, investment advisor or other selling agent sells Interests in the Fund in the future, any fees charged by such selling agents will be disclosed to the extent the fee is paid by the investor or the Fund.

Trading Own Accounts. The Managing Member, MARS Asset Management, LLC and the principals of the foregoing, and the Trading Advisor and their respective principals may invest in accounts managed by them, and may trade investment contracts for their own accounts. For such accounts, the above entities and individuals may use trading approaches which are different from the trading approaches utilized by the Trading Advisor utilized by the Fund. It is possible that the above entities and individuals may, from time to time, be competing with the Fund's account for similar investment contracts in one or several markets or may take positions in their proprietary accounts which are opposite, or ahead of, the positions taken in the Fund's account. The records of such trading will not be made available to investors of the Fund.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

As a registered investment adviser, Three Zero Three has adopted a Code of Ethics which has to facilitate compliance with applicable law and to protect the interests of the Firm, the 303 Funds and 303 Fund investors. The Code of Ethics includes the following:

- Standards of business conduct for employees that require them to comply with applicable federal securities laws;
- Provisions to require "access persons" to report and have the Chief Compliance Officer ("CCO") review, their personal trading activities and holdings;
- Provisions to require employees to report any violations of the firm's Code of Ethics to the CCO; and
- The CCO to provide each Access Person with a copy of the firm's Code of Ethics and any amendments and requiring Access Persons to provide the CCO with a written acknowledgment of their receipt of the code and any amendments.
- Provide ethics training for its employees and maintain these records of ethics training.

The Code of Ethics is reviewed annually and updated as necessary to set forth the standards of conduct and areas of responsibility for each Access Person of the Firm. The Code of Ethics is distributed annually to Access Persons.

Three Zero Three makes its "Code of Ethics" available to any investor or prospective investor of our funds upon request.

The Firm maintains "Personal Accounts and Investments Policy" and with that Firm requires that within 10 days of employment or association with the Firm, each access person is required to acknowledge that they have read and understood the policy, and personally disclose any of accounts that they beneficially own and/or exercise control over the activities of the account. The policy requires that each access person notify each brokerage firm, investment adviser, bank, or financial institution at which the person

maintains an account that s/he is affiliated with an SEC regulated entity. Three Zero Three also requires that prior to opening any new account the person makes notification to the Firm. The Firm also requires each access person to annually verify the accuracy of their disclosure of personal accounts, and attest that they have read and understand the policy.

The Firm obtains reviews and maintains duplicate confirmations and statements for all accounts disclosed by its access persons. The Firm encourages long term investments and generally expects equity positions to be held for 30 days. The Firm believes that the requirements of this policy generally addresses most potential trading issues related to conflicts involving investing by an access person in the same security that the Fund invests in, and the timing of that investment.

Brokerage Practices

Uses of soft dollars fall generally into two categories:

Soft Dollar Arrangement: investment adviser on behalf of its discretionary clients, directs an amount of portfolio brokerage commissions to a broker-dealer in return for services or research used in making investment decisions; or

Directed Brokerage Arrangement: investment advisory client instructs the investment adviser to direct a portion of their brokerage transactions to a particular broker-dealer. In return, the broker-dealer provides services to the client rather than the Company.

Although Three Zero Three does not receive services that qualify as soft dollar services, the Firm allocates 303 Fund's capital among trading advisors. Three Zero Three allocates the 303 Funds capital to one or more trading advisors who invest in a broad range of securities and these trading advisors execute transactions on behalf of the 303 Funds have discretion over the selection and amount of securities to be bought or sold. They also have discretion over the selection of the broker-dealers used to execute transactions on behalf of the 303 Funds, and the commission rates to be paid regarding such investments for the 303 Funds, and in such cases comply with their own internal policies and procedures for governing the selection of brokers, allocation of trades and the use of research and research related services received from such broker-dealers. To the extent the trading advisor is trading on behalf of the 303 Funds, Three Zero Three has the authority to select the clearing broker, correspondent broker, introducing broker and/or JBO Clearing Broker/Participant.

Review of Accounts

Three Zero Three undertakes two distinct but interrelated reviews of account processes: Risk Management and Portfolio Allocation. As it relates to Risk Management, Three Zero Three's designated person reviews each managed account and private fund's portfolio as well as general market conditions throughout the trading day. To the extent established risk parameters (e.g., standard deviation limits) and loss triggers (e.g., daily mark-to-market p/l) are breached, conversations and corrective actions are initiated. Michael Rane a principal of Three Zero Three is currently responsible for risk management analysis for each managed account and privately held pooled investment vehicle (the 303 Funds). As it relates to portfolio allocation, Three Zero Three's Board of Managers reviews potential trading advisors as well as the managed accounts and private funds portfolios of existing trading advisors which have received allocations from the 303 Funds. The reviews, which inform the Board's allocation decisions, are on-going and focus on: salient performance metrics, portfolio constitution and correlation to benchmarks and amongst other trading advisors. The Board of Managers also considers the risk management review of accounts. The Board of Managers meets at least monthly and its members are Jeffrey H. Kaplan and Michael J. Rane.

Investors in the 303 Funds receive monthly capital account statements showing the value of their capital account and a monthly investor newsletter describing the performance for the applicable period. In

addition, investors in the 303 Funds receive audited financial statements on a yearly basis within 120 days of fiscal year end.

Client Referrals and Other Compensation

Three Zero Three has a policy with regard to the compensation of solicitors for new business designed to comport with Rule 206(4)-3 under the Investment Advisers Act of 1940 pursuant to which persons introducing new investor accounts to Three Zero Three may receive compensation for such referrals. Three Zero Three's referral arrangements are also in compliance with any other applicable federal and/or state regulations and the solicitation/referral fee is paid pursuant to a written agreement retained by both Three Zero Three and the solicitor and a copy of which is provided to the client prior to or at the time of investment in any of the 303 Funds. Under these arrangements, investors do not pay higher fees than the normal fees associated with investing in any of the 303 Funds.

Custody

Because Three Zero Three is the managing member of the 303 Funds, it is deemed to have custody of investor assets. As such, Three Zero Three has adopted the following procedures:

1. Three Zero Three has appointed a custodian that is a "qualified custodian" as that term is defined by Rule 206(4)-2. The custodian maintains and administers accounts on behalf of the 303 Funds subject to the direction of Three Zero Three. The legal documents for the 303 Funds provide disclosures that include the identity of the custodian and the manner in which the accounts are maintained.
2. Each month the accountant/administrator for each 303 Fund prepares and distributes investor capital account statements and the investors of the Fund should carefully review those statements.
3. Each year the 303 Funds are audited and each investor receives an audited financial report which includes a balance sheet of the 303 Fund as of the end of the fiscal year, a statement of income and expenses, a statement of changes in the investor's capital account(s) and statements with respect to the status of the 303 Fund and the allocation of profits and losses as necessary to advise all investors properly regarding their respective investments in a 303 Fund. The audited annual financials are distributed during the first quarter of the following year.

Investment Discretion

Three Zero Three, as the managing member of our various Funds (Clients) and as the Manager of the Fund it maintains the right to utilize discretion in trading the accounts of the various funds (Clients), however, as a practice it does not engage in the buying or selling of securities for the various accounts of our funds (Clients). The Firm allocates the capital of the funds to Constituent Trading Advisors ("Constituent Advisors"), and these Constituent Advisors are authorized to buy and sell securities for the accounts of the Funds pursuant to the trading advisory agreements. However, Three Zero Three reserves the right to trade the Funds under certain circumstances, including for instance, for the purpose of balancing or limiting the risk.

Voting Client Securities

While recognizing proxy voting is its right as a shareholder, Three Zero Three has chosen to relinquish such right and generally will not vote proxies given the short holding duration of the strategies employed by trading advisors it might engage to manage its accounts. Should it be decided to undertake any voting, the Board of Managers would do so by majority vote and in a manner reasonably designed to ensure that the proxy is voted in the best interests of the client, addressing any material conflicts of interests that might arise between an the Investment Adviser's interests and those of its clients.

Financial Information

As the managing member of the 303 Funds, Three Zero Three is paid fees on a quarterly basis, not a pre-paid basis, and there is no current financial condition that is reasonably likely to impair our ability to meet the Firm's contractual commitments to clients (the 303 Funds).