

Firm Brochure

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of IPOX Capital Management, LLC ("IPOX"). If you have any questions about the contents of this brochure, please contact us at: 312-612-6935, or by email at: josef@ipoxschuster.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 IPOX is available on the SEC's website at www.adviserinfo.sec.gov

July 25, 2012

Material Changes

Material Changes since the Last Update

IPOX has discontinued its sub advisory relationship with Direxion funds and at this time does not provide advisory services to any other investment company. The Firm has sought to withdraw its SEC registration. Once the Firm's registration is withdrawn by the SEC any continuation of advising will be done pursuant to an available exemption to registration provided in federal securities law and/or Illinois securities laws, until such time the Firm is required to register as an investment adviser under either federal or state law.

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Item 4. Advisory Business

Firm Description

IPOX Capital Management, LLC, (IPOX or "the Firm") has been an investment adviser since 2009. Josef Schuster is the principal owner of the Firm. IPOX provides investment advisory services related to long-only, long/short and market-neutral strategies related to the IPOX® Indexes. The IPOX® Indexes classify global IPOs and spin-offs as a distinct asset class for investing.

IPOX does not act as a custodian of client assets. The client always maintains asset control.

As of July 23, 2012, the Firm does not currently manage any assets but is anticipating managing assets according to strategies related to the IPOX® Indexes for high-net worth individuals, institutional investors, pooled investment vehicles, and investment companies.

Tailored Relationships

The goals and objectives for each client are documented. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

Termination of Agreement

A Client may terminate the advisory agreement at any time by notifying IPOX in writing and paying the fee for the investment advisory services prior to notification of termination. If the client made an advance payment, IPOX will refund any unearned portion of the advance payment.

IPOX may terminate the advisory agreement at any time by notifying the client in writing. If the client made an advance payment, IPOX will refund any unearned portion of the advance payment.

Item 5. Fees and Compensation

Description

IPOX bases its fees on a percentage of assets under management, and when allowable, may charge a performance based fee to those clients who meet the qualified investor standard required under federal securities law when charging performance fees.

The advisory fee is based on a percentage of the investable assets according to the following schedule:

1.50% on assets under management;

Fees are negotiable.

IPOX, in its sole discretion, may waive its minimum fee and/or charge a lesser or greater investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Fee Billing

Investment management fees are billed monthly, in *ARREARS*, meaning that we invoice you *AFTER* the one-month billing period has *ENDED*. Performance fees, if applicable, are calculated and billed semi-annually (December 31st and June 30th) in each applicable year. Payment in full is expected upon invoice presentation. Fees may be deducted from a designated client account to facilitate billing or may be paid directly to the Firm by the client. The client must consent in advance to direct debiting of their investment account.

Other Fees

In addition to IPOX's fee the client is responsible for certain additional expenses, which include brokerage commissions and other costs in connection with the purchase or sale of securities or other investment instruments for the client's account, and custodian fees and expenses.

Item 6. Performance-Based Fees

Sharing of Capital Gains

Fees may be based on a share of the capital gains or capital appreciation of managed securities. This is an optional method to clients who meet the Firm's and SEC qualifications. For those that do, and that elect this fee, the fee is generally a percentage of the profits earned, sometimes only after a certain minimum return has been achieved. Clients should review the pertinent client agreement for more specifics about how this fee is charged.

The Firm may manage accounts that are charged a performance based fee and accounts that are charged an asset based fee. A conflict of interest may exist when the Firm manages both these types of accounts at the same time due to an incentive to favor accounts for which the Firm receives a performance based fee. However, the Firm believes it has adequate measures in place to mitigate and address any material conflict of interest in performance of its advising duties to various clients.

Item 7. Types of Clients

Description

IPOX may provide investment advisory services to high-net worth individuals, institutional investors, pooled investment vehicles, and hedge funds, among others. Client relationships vary in scope and length of service.

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

Methods of Analysis

An affiliate of IPOX, IPOX Schuster, LLC ("IPOX Schuster") created and maintains the IPOX Indexes, a global index group initiated in 2004 which encompasses a proprietary and patented index technology allowing for asset-allocation focused exposure to the going public effect of global initial public offers ("IPOs") and spin-offs. Pursuant to a licensing agreement with IPOX Schuster, IPOX employs the IPOX Indexes in implementing long-only, long/short or market neutral strategies.

For example, the IPOX Global Long/Short Strategy classifies IPOs and spin-offs as a distinct asset class for a substantial period of time in aftermarket trading. It is based on the concept that non-fundamental institutional frictions (such as short-selling constraints, lack of analyst coverage or the "quiet period") drive positive short-term IPO returns. However, the Strategy also is based on the belief that, while a large number of global companies go public over market cycles, relatively few such companies will perform well over the long-term due to a gradual correction of an initial overvaluation. Under the Strategy, IPOX recommends primarily equity securities issued in connection with IPOs and spin-offs of domestic and foreign issues, and financial instruments that provide exposure to these companies. Pursuant to the Strategy, IPOX constructs a long/short portfolio of initial public offerings ("IPO") stocks using a well-defined quantitative index calculation procedure proprietary to IPOX. The portfolio includes approximately +100% of IPOs from a dedicated IPOX Global Sequential Portfolio (representing the Strategy's Long Component) and approximately -100% of IPOs from another dedicated IPOX Global Calendar Time Portfolio (representing the Strategy's Short Component.) Selected stocks in the Long Component must have: (1) greater than a 15 percent float at the IPO date; and (2) a minimum 20 day average daily equity turnover exceeding \$2 million. After identifying a universe of potential securities based on the Strategy, IPOX applies a quantitative screening process to decide which securities to recommend for purchase.

Risk of Loss

All investment programs have certain risks that are borne by the investor. The principal risks of an investment include but is not limited to, the Strategy might

not achieve positive results. There can be risk from active and frequent trading, adverse market conditions, counter party risk, credit risk, currency exchange risk, high portfolio turnover risk, and IPO risk.

Item 9. Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Item 10. Other Financial Industry Activities and Affiliations

Affiliations

As stated above IPOX is affiliated with IPOX Schuster, which created and maintains the IPOX Indexes. Pursuant to a licensing agreement, IPOX employs the IPOX Indexes in implementing its Strategy. Thus, this relationship is material to IPOX's advisory business. However, the Firm does not believe this relationship poses a material conflict of interest.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

IPOX has committed to a Code of Ethics that sets forth the standards of conduct expected of its personnel and is available for review by clients and prospective clients upon request. The Code states that IPOX personnel owe duties of loyalty to the firm and its clients that require personnel to act in the best interest of the client. IPOX personnel is to report their personal securities holdings and transactions to the Chief Compliance Officer along with an annual acknowledgement and certification stating that the individual will comply with the Code. IPOX keeps copies of the Code and records relating to the Code.

Participation or Interest in Client Transactions

IPOX and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades and must avoid actions or activities that allow (or appear to allow) them or their family members to profit or benefit from their relationship with IPOX.

Personal Trading

The Firm's Code requires IPOX personnel to report their personal securities holdings and transactions and requires the Chief Compliance Officer to pre-

approve certain investments. Personnel are required to submit quarterly transaction reports that detail the individual's securities transaction for the quarter.

Item 12. Brokerage Practices

Selecting Brokerage Firms

IPOX does not recommend or suggest brokers to clients and does not have any affiliation with product sales firms. Because the Firm permits the client to direct brokerage the Firm may not be able to achieve the most favorable execution of client transactions due to, for example, the Firm not being able to aggregate orders to reduce transactions costs.

Item 13. Review of Accounts

Reviews

IPOX reviews the investments on an ongoing basis to ensure the account will correlate to the applicable IPOX Indexes. Generally, IPOX may rebalance the account on a periodic (monthly, quarterly) basis at the time the IPOX Indexes are adjusted.

Item 14. Client Referrals and Other Compensation

Incoming Referrals

IPOX has been fortunate to receive many client referrals over the years. The firm does not compensate referring parties for these referrals.

Referrals Out

IPOX does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Item 15. Custody

Account Statements

All assets will be held at the client's chosen qualified custodian, which means the custodian will provide account statements directly to clients at their address of record at least quarterly.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to any performance report statements provided by IPOX.

Item 16. Investment Discretion

Discretionary Authority for Trading

IPOX has full discretion to recommend a portfolio of securities and to rebalance the accounts as it deems necessary. IPOX has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

IPOX does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Item 17. Voting Client Securities

Proxy Votes

Unless the client designates otherwise, IPOX votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. A copy of IPOX's proxy voting policy is available upon request.

Item 18. Financial Information

Financial Condition

IPOX does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.