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# AMPLITUDE CAPITAL INTERNATIONAL LIMITED

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**This Brochure provides information about the qualifications and business practices of Amplitude Capital International Limited (“Amplitude”). If you have any questions about the contents of this Brochure, please contact us at +(345) 640-2295. 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.**

**Amplitude is an investment adviser registered with the SEC. Registration with the SEC does not imply any level of skill or training.**

**Additional information about Amplitude also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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## **ITEM 2 – MATERIAL CHANGES**

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There are no material changes to report.

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### ITEM 3 – TABLE OF CONTENTS

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#### **ITEM 4 – ADVISORY BUSINESS**

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Amplitude is an exempted company incorporated in the Cayman Islands on 19 August 2004.

Amplitude has been registered with the Commodity Futures Trading Commission (“CFTC”) as a commodity trading advisor and has been a member of the National Futures Association (“NFA”) since January 21, 2010. Star Bird Holdings Limited, a Guernsey company wholly owned by the Deutsche Bank Group International Pension Plan, a trust of which BWCI Pension Trustees Ltd. is the sole trustee, is the principal owner of Amplitude and owns in excess of 25% of the outstanding shares of Amplitude.

Amplitude’s primary investment strategies involve trading and investing in long and short positions in exchanged-traded equity index futures and options, fixed income, interest rate and bond futures and options, currency futures, commodities and derivatives through managed accounts and private investments funds pursuant to Amplitude’s proprietary systematic trading systems. Amplitude also provides discretionary investment management services regarding securities portfolios (primarily U.S. government securities, cash and cash equivalents, which may include treasuries, money market mutual funds, bank deposits, certificates of deposits and similar bank instruments) to certain private investment fund advisory clients (each, a “Fund” and together with Amplitude’s managed account clients, the “Clients”).

Information about the Funds, including information about investment strategies, fees, risks and other material information, is contained in each Fund’s respective offering documents (collectively, “Memorandum”).

Amplitude generally pursues the same investment strategy for each of its Clients. Clients generally come to Amplitude seeking exposure to Amplitude’s investment program having determined its suitability to their overall investment objectives. Accordingly, Amplitude’s advisory services are generally not tailored to each Client, although in limited circumstances Clients may impose investment restrictions that limit the financial instruments and securities or types of investments which Amplitude may make on their behalf. Any specific investment guidelines and restrictions are approved by the Client prior to implementation. The investment guidelines and restrictions applicable to the Funds are set forth in each Fund’s Memorandum.

As of March 1, 2012, Amplitude managed approximately \$190 million of securities portfolio assets on a discretionary basis, and approximately \$1.1 billion in the aggregate, including assets managed pursuant to its primary futures and commodities-related strategies for managed account clients.

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#### **ITEM 5 – FEES AND COMPENSATION**

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Amplitude does not have a standardized fee schedule with respect to its securities advisory Clients. Amplitude charges both management fees based on the net asset value of a Client’s account and performance-based fees equal to a percentage of the net realized and unrealized trading gains in a Client’s account above a “high water mark” (i.e., the previous highest net asset

value at which performance-based fees were paid). Management fees generally are 1 - 3% per annum of the net asset value of a Client's account, and performance-based fees generally are 20-35% per annum of the net realized and unrealized trading gains in a Client's account subject to a high water mark. Management fees generally are charged monthly in arrears and performance-based fees generally are charged quarterly in arrears. Performance-based compensation will be in conformity with Rule 205-3 under the Investment Advisers Act of 1940 (the "Advisers Act"), as applicable. Fees may be negotiable depending upon, among other factors, the relationship between Amplitude and the Client, the amount of assets the Client has under management and the type of advisory services being provided (including whether Amplitude also is providing non-securities advisory services).

Fees are generally deducted from Client assets, not billed separately. The specific manner in which fees are charged by Amplitude is set forth in a Client's written agreement with Amplitude or, in the case of a Fund, its governing Memorandum. Generally, management fees are computed before taking into account any redemptions or withdrawals made at the end of the applicable calculation period.

Client advisory agreements are generally terminable upon 1 - 30 days' prior written notice to Amplitude, without penalty. Upon termination of any account, for any partial period, fees charged to Clients in arrears will be prorated. Redemptions by investors in a Fund are governed by such Fund's Memorandum.

Amplitude's fees do not include brokerage and transaction fees, costs and charges, and other costs and expenses related to the trading and maintenance of Client accounts, including, but not limited to commissions, custodial fees and taxes. All such fees, costs and charges are borne by the Client. Such fees, costs and charges are exclusive of and in addition to Amplitude's fee, and Amplitude does not receive any portion of these fees, costs and charges.

Item 12 further describes the factors that Amplitude considers in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their compensation (e.g., commissions).

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## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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As set forth in Item 5 above, Amplitude's performance-based compensation is generally 20-35% per annum of the net realized and unrealized trading gains in a Client's account above a high water mark and generally is charged quarterly in arrears. Please see Item 5 for more information.

Performance-based fee arrangements may create an incentive for Amplitude to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Managing accounts that are charged performance-based compensation and accounts that are not may give rise to a potential conflict of interest, as a manager may have an incentive to favor the accounts of clients for which such manager receives performance-based compensation over accounts for which it receives only an asset-based fee or no fee. In general, such a conflict is not applicable with respect to Amplitude because all Clients

generally receive the same investment advisory services through Amplitude's proprietary systematic trading system.

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## **ITEM 7 – TYPES OF CLIENTS**

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Amplitude generally provides investment advice to pension funds, sovereign funds and other pooled investment vehicles, institutional Clients and high net worth qualified individual investors. Amplitude does not have a standard minimum account size; however, the Funds have a minimum investment requirement for investors of \$1,000,000, which may be waived by a Fund's directors, but in no event can any investment in a Fund be less than \$100,000. Minimum managed account client investments must generally be at least \$10,000,000.

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## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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Amplitude provides discretionary investment management services regarding securities portfolios (primarily U.S. government securities, cash and cash equivalents, which may include treasuries, money market mutual funds, bank deposits, certificates of deposits and similar bank instruments).

Amplitude's investment analysis utilizes a number of systematic, technical analysis-driven trading strategies which work in parallel but on different time scales. In this way, Amplitude seeks to identify different medium-term market movements and enable Clients to exploit non-random effects that can be captured in the markets to achieve profitable trades. Instructions to place orders to open and close positions are generally generated by systematic analytical computer trading models rather than at the personal discretion of the individual trader. However, Amplitude may act on a discretionary basis to widen the basket of markets traded and in unforeseen circumstances such as systems failure, may execute against signals generated by the model or close out open positions. Amplitude may also override on a discretionary basis the signals generated by the model or close out open positions in certain other circumstances.

There can be no assurances that a Client will achieve its investment objective or that the strategy pursued and methods utilized by Amplitude will be successful under all or any market conditions.

Investing in securities involves risk of loss that Clients should be prepared to bear. A brief explanation of the material risks associated with Amplitude's principal investment strategies and methods of analysis follows. Additional risk factors are set forth in the Memorandum of a Fund.

There is no assurance that any program will provide an acceptable return to investors or will not incur substantial losses. Amplitude's securities trading system trades in a limited amount of securities and therefore does not reflect a fully diversified portfolio. Investments may be made in securities including U.S. government obligations (such as U.S. Treasury Bills and similar instruments). U.S. government securities are debt securities (including bills, notes, and bonds) that are subject to interest rate and market risks. The prices of government securities tend to fall

as interest rates rise. In addition, securities that have longer maturities tend to fluctuate more in price in response to changes in market interest rates than do securities with shorter maturities.

Amplitude's trading methods are based on systematic, technical analysis-driven trading strategies, and do not consider fundamental factors such as weather, supply, demand and political or economic events except to the extent that such fundamental factors are reflected in technical input data analyzed by the system. Thus, there is a risk that technical methods like Amplitude's systems may be unable to respond to fundamental causative events until after their impact has ceased to influence the market, and positions dictated by such methods may be incorrect in light of the fundamental factors then affecting the market. A further limitation inherent in technical strategies like Amplitude's systems is the need for price trends or relative value developments sufficient to dictate an entry or exit decision. If there is no substantial price movement, or if a price movement is erratic or ill-defined, the systems may not be able to identify a trend on which to act, or may react to a minor price movement in establishing a position contrary to the overall price trend.

The foregoing does not purport to be a complete explanation of the risks involved in trading securities or with respect to any trading system.

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#### **ITEM 9 – DISCIPLINARY INFORMATION**

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Amplitude does not have any disciplinary or legal events to report.

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#### **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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Amplitude is also a commodity trading advisor registered with the CFTC and is a member of the National Futures Association. See also Item 4.

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#### **ITEM 11 – CODE OF ETHICS**

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Amplitude has adopted a Code of Ethics (the "Code") which sets forth the ethical and fiduciary principles and related compliance requirements under which Amplitude operates and the procedures for implementing those principles. The Code includes provisions which govern fiduciary duty, Client opportunities, insider trading, personal trading, gifts and entertainment, political contributions, outside business activities and confidentiality.

With respect to personal trading by its principals, employees and related accounts (collectively, "Employees"), Employees may be permitted to invest in Amplitude sponsored investment vehicles with the prior permission of the Chief Compliance Officer and Chief Executive Officer.

Employees are permitted to maintain personal securities and futures accounts provided that such accounts are disclosed to Amplitude and that any personal trading is consistent with applicable law and with the Code. Subject to compliance with the Code, Employees and Amplitude may buy, sell or hold, for their own respective personal or proprietary trading accounts, securities that

Amplitude also may buy, sell or hold for Clients, although it is not expected that Employees will generally do so to any great extent, which will help to mitigate any potential conflict of interest. Certain Amplitude proprietary accounts may trade in the same securities with Client accounts on an aggregated basis when consistent with the Client's investment objectives. Given the liquid nature and availability of such securities, Employee and Amplitude proprietary trading does not present a material conflict of interest.

The Code contains policies and procedures that, among other things:

- prohibit Employees from taking personal advantage of opportunities belonging to Clients;
- prohibit trading on the basis of material nonpublic information;
- place limitations on personal trading by Employees and impose preclearance (in certain cases) and reporting obligations with respect to trading; and
- require initial and annual reports of securities holdings and monthly transaction reports by Employees.

Amplitude's Code of Ethics is available upon request to any Client or prospective client by contacting Amplitude at +1 (345) 640-2295.

Consistent with a Clients' investment objectives and in accordance with applicable law, Amplitude may cause accounts it manages to effect, and will recommend to Clients or prospective clients, the purchase or sale of securities in which Amplitude, directly or indirectly, has a position or interest. The potential conflict of interest regarding such relationship is disclosed to investors and prospective investors in a Fund prior to their making an investment in a Fund. See also Items 4 and 10.

Amplitude does not engage in principal transactions with Client accounts and if it did so, it would secure applicable Client consent. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated Fund and another Client account.

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## **ITEM 12 – BROKERAGE PRACTICES**

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Amplitude has the authority to determine, without obtaining Client consent, (1) securities to be bought and sold, (2) amount of securities to be bought and sold, (3) the broker or dealer to be used, and (4) commission rates paid. Limitations on Amplitude's authority are guided by, among other things, (i) its responsibility to act as a fiduciary when handling Clients' accounts, (ii) the investment strategies and objectives of its Clients, and (iii) with respect to a Fund, the Fund's Memorandum.

Amplitude recommends and effects transactions through various brokerage firms, which may include futures commission merchants (collectively, "Brokers") which are considered reputable



and financially secure to execute its trades, and which it believes can offer best execution, on an overall or transaction basis. In selecting Brokers to execute transactions a number of factors are also considered, including, among others, financial strength, quality and depth of services, price, reliability, execution, commission rate and responsiveness to Amplitude. The commissions and/or fees charged by Brokers are exclusive of, and in addition to, Amplitude's fees.

In selecting Brokers to execute transactions, Amplitude need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost to be charged by the Brokers it selects. Based on the nature of its advisory activities, trading system and investment strategies, Amplitude does not utilize research products or services from Brokers and does not intend to enter into any soft dollar arrangements with, or receive any soft dollar benefits from, Brokers. Amplitude does not consider Client referrals when selecting or recommending Brokers, and does not engage in directed brokerage arrangements.

From time to time, Amplitude may aggregate Fund orders with respect to securities to achieve a more timely execution and potentially better pricing than would be possible if orders were submitted separately for each Fund.

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### **ITEM 13 – REVIEW OF ACCOUNTS**

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Client accounts, including portfolio positions, are generally reviewed quarterly by Amplitude's Chief Executive Officer, Karsten Schroeder. Fund investors are provided with written monthly unaudited reports that include information regarding such Fund's performance and the current balance of the investor's investment in such Fund, and annual audited fiscal year-end financial information.

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### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

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Amplitude does not compensate third parties for Client referrals and does not receive an economic benefit for providing advice to its Clients from anyone other than its Clients.

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### **ITEM 15 – CUSTODY**

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Amplitude does not have actual custody of any Client assets. Notwithstanding, in accordance with Rule 206(4)-2, audited financial statements are furnished annually to all investors in the Funds. Clients are urged to carefully review all statements and contact Amplitude if they have any questions.

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### **ITEM 16 – INVESTMENT DISCRETION**

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Amplitude has the authority to determine, without obtaining Client consent, (1) securities to be bought and sold and (2) the amount of securities to be bought and sold. Limitations on

Amplitude's authority are guided by, among other things, (i) its responsibility to act as a fiduciary when handling Clients' accounts, (ii) the investment strategies and objectives of its Clients, and (iii) with respect to a Fund, the Fund's Memorandum. Amplitude abides by the investment guidelines and restrictions set forth in each Client's investment advisory agreement or Memorandum, as applicable.

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#### **ITEM 17 – VOTING CLIENT SECURITIES**

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Amplitude does not advise on equity securities which involve the potential for voting proxies and therefore does not vote proxies.

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#### **ITEM 18 – FINANCIAL INFORMATION**

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Amplitude has no financial condition that impairs its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy proceeding.