



GRAHAM CAPITAL MANAGEMENT, L.P.

40 Highland Avenue
Rowayton, Connecticut 06853
Tel: (203) 899-3400
<http://www.grahamcapital.com>

February 13, 2012

This brochure provides information about the qualifications and business practices of Graham Capital Management, L.P. (“Graham”). If you have any questions about the contents of this brochure, please contact us at (203) 899-3400 or info@grahamcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Graham also is available on the SEC’s website at www.adviserinfo.sec.gov.

REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT GRAHAM OR ANY PRINCIPALS OR EMPLOYEES OF GRAHAM POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY BUSINESS OR ANY OTHER BUSINESS.

Table of Contents

Advisory Business	3
Fees and Compensation	3
Performance-Based Fees and Side-By-Side Management	4
Types of Clients	5
Methods of Analysis, Investment Strategies and Risk of Loss.....	5
Disciplinary Information.....	8
Other Financial Industry Activities and Affiliations	8
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	8
Brokerage Practices	9
Review of Accounts.....	11
Client Referrals and Other Compensation	11
Custody	11
Investment Discretion	12
Voting Client Securities.....	12
Financial Information.....	12
Requirements for State-Registered Advisers	12

Supplement: Biographies of Key Personnel

Advisory Business

Graham is a limited partnership organized under the laws of Delaware in May 1994. The principal owners of Graham are KGT, Inc., a Delaware corporation which serves as the general partner of Graham and of which Kenneth G. Tropin is the president and sole shareholder, and KGT Investment Partners, L.P., a Delaware limited partnership in which Kenneth G. Tropin is the principal investor.

Graham currently offers investors 7 different trading strategies that trade in global currency, commodity and other financial markets. Graham utilizes both quantitative and discretionary strategies. Graham's quantitative trading strategies are generally based on computerized mathematical models and primarily use technical information as the basis of trading decisions. The quantitative strategies seek to identify trends which allow Graham to participate selectively in potential profit opportunities that can occur during periods of price trends in a diverse number of U.S. and international markets. Graham's quantitative investment strategies also may be based on various other systems, including high-frequency systems, counter-trend systems and non-trend systems. Graham's discretionary trading strategies are diversified among highly liquid global macro markets and are generally non-correlated with traditional and other alternative investments. The discretionary strategies trade actively in both U.S. and foreign markets, primarily on major futures exchanges as well as in inter-bank currency and swaps markets.

Graham is generally granted broad investment authority with respect to the management of the accounts of its clients, which include investment vehicles and managed futures accounts intended for sophisticated institutional investors. Graham tailors its advisory services to the specific investment objectives of each client. Graham may agree in the investment management agreement or similar document with each client to investment restrictions or guidelines with respect to the types or amounts of securities or other financial instruments that may be purchased or sold for the client's account. Graham may pursue different investment strategies for different clients.

As of January 3, 2012, Graham provides discretionary investment advisory services to certain private investment funds and managed futures accounts with aggregate net assets of approximately \$7,283,500,000. Graham has been a registered commodity pool operator and commodity trading advisor under the Commodity Exchange Act and a member of the National Futures Association ("NFA") since July 27, 1994. Graham serves as investment adviser to 9 commodity pools sponsored by Graham and 16 separately managed futures accounts collectively representing approximately \$3,023,400,000 of the approximately \$7,283,500,000 in net assets. This brochure generally does not address matters related to Graham's managed futures business. Graham may in the future provide advisory services, either on a discretionary or non-discretionary basis, to other funds or managed accounts on behalf of clients. Graham does not participate in any wrap fee programs.

Fees and Compensation

Investors in funds managed by Graham are typically charged a monthly management fee equal to a percentage of net assets, typically at an annual rate of 1.5 to 4%, payable monthly in arrears, and a quarterly performance fee or allocation equal to a percentage, typically 20%, of the amount

by which the net value of each account as of the end of each calendar quarter exceeds the net value of the account as of the beginning of the quarter. Certain private investment funds managed by Graham are also charged a transactional fee, typically at an annual rate of 1.7 to 2%, in each case payable monthly in arrears and calculated as a percentage of the net asset value of the fund.

The management and transactional fees charged to funds managed by Graham are deducted directly from the assets of each fund as such fees become payable, which is generally monthly in arrears. The performance allocation is typically payable quarterly in arrears, or upon withdrawal of capital from a fund.

In exchange for the transactional fees payable by certain funds managed by Graham, Graham pays all or a portion of the brokerage commissions and exchange, clearing and regulatory fees related to certain trading strategies that would otherwise be incurred by such funds. If the amount of the transactional fees received by Graham from a fund exceeds the amount of the transactional costs that Graham pays on behalf of such, then Graham will retain and not rebate the excess. As a result, the transactional fee could be considered to be equivalent to an additional management fee payable to Graham.

Funds that do not pay a transactional fee are responsible for all costs and expenses incurred in connection with the investments in their accounts, including brokerage commissions and exchange, clearing and regulatory fees. See “Brokerage Practices” below for more information about the brokerage expenses incurred by the funds.

Funds managed by Graham are responsible for all of their own operating expenses, which typically include the fees and expenses of a fund administrator, custodians, banks, withholding, transfer or similar taxes, directors, auditors, legal and tax advisors, fees in connection with the listing of the shares of certain funds on The Irish Stock Exchange Limited, insurance costs, any applicable registration, license, membership or similar fees payable to any government, exchange, or regulatory or self-regulatory organization and the costs of maintaining the registered office of each fund.

Performance-Based Fees and Side-By-Side Management

Graham ordinarily receives a performance-based fee or a special allocation of profits from each fund it manages as described above under “Fees and Compensation.” Different funds may be subject to different performance-based compensation arrangements. If Graham is entitled to receive a higher percentage of the net profits of one fund than the percentage that Graham receives from another fund, then Graham may have an incentive to favor, or to allocate certain riskier or more speculative investments to, the fund that is subject to the higher percentage.

Graham will allocate all investment opportunities among the funds that it manages in a manner that it considers fair and equitable to all funds, considering all factors potentially applicable to each fund. Among the factors that may be considered by Graham in allocating trades among the funds are investment policies, guidelines or restrictions applicable to each account; tax considerations; actual and targeted cash availability; liquidity requirements for payment of redemptions or other purposes; risk tolerances; restrictions under the Employee Retirement Income

Security Act of 1974 or other applicable laws or regulations; available credit lines; counterparty arrangements; account size; and benchmark weightings.

Types of Clients

Graham provides advice to private investment funds. The funds have minimum investment amounts as described in the offering materials for each fund, subject to waiver or modification at the discretion of Graham or the board of directors of the relevant fund. In particular, each investor in each of the funds generally must be an “accredited investor” as defined in Regulation D under the Securities Act of 1933, as amended (the “Securities Act”), and, depending on the fund, either a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “Investment Company Act”), or a “qualified eligible person” under Commodity Futures Trading Commission (“CFTC”) Rule 4.7.

Methods of Analysis, Investment Strategies and Risk of Loss

Graham’s quantitative strategies seek to identify trends which allow Graham to participate selectively in potential profit opportunities that can occur during periods of price trends in a diverse number of U.S. and international markets. Graham’s quantitative strategies also may be based on various other systems, including high-frequency systems, counter-trend systems and non-trend systems. Graham, through its various quantitative strategies, may trade actively in both U.S. and foreign markets (primarily in futures contracts, forward contracts, spot contracts and associated derivative instruments such as options and swaps) and take long and short positions in equity securities, fixed income securities, hybrid instruments, options, warrants, customized contractual agreements and other financial instruments. Graham may trade certain instruments as a substitute for futures or options traded on futures exchanges, and may also engage in exchange for physical (EFP) transactions, which involve the exchange of a futures position for the underlying physical commodity without making an open, competitive trade on an exchange. Instruments and contracts not traded on any organized exchange may be entered into with banks, brokerage firms or other financial institutions or commodity firms as counterparties.

Graham performs extensive ongoing research and development relating to the computerized mathematical models that are the basis of its quantitative strategies. Such strategies generally are based on computerized mathematical models and rely primarily on technical (i.e., historic price and volume data) rather than fundamental (i.e., general economic, interest rate and industrial production data) information as the basis for their trading decisions. The strategies establish positions in markets where the price action of a particular market signals the computerized systems underlying the strategies that a potential move in prices is occurring. The systems are designed to analyze mathematically the recent trading characteristics of each market and to statistically compare such characteristics to the historical trading patterns of the particular market. The systems also employ proprietary risk management and trade filter strategies that seek to benefit from price moves while reducing risk and volatility exposure.

Graham’s discretionary trading strategies are diversified among highly liquid global macro markets and are generally non-correlated with traditional and other alternative investments. These strategies trade actively in both U.S. and foreign markets, primarily on major futures exchanges as well as the inter-bank cash currency and swaps markets. Discretionary strategies

also engage in exchange for physical (EFP) transactions and may use other derivatives in addition to swaps. Graham may also trade other financial instruments such as emerging market securities and distressed corporate debt as it endeavors to achieve superior results for investors and enhanced portfolio diversification. Trading positions taken may be both long and short.

Using a proprietary asset allocation model, Graham's Investment Committee determines the appropriate discretionary trading strategies to be included in a fund portfolio and the weighting of each in the portfolio. At the individual strategy level, Graham works closely with each discretionary trader to design an appropriate investment profile, including return objective and volatility level. Through continuous monitoring and an active dialogue with every discretionary trader, Graham seeks to identify and minimize any deviations from the investment profile. In addition, Graham has implemented a uniform set of risk guidelines for all discretionary traders designed to reduce a strategy's downside risk potential.

The investment strategies employed by Graham on behalf of the funds that it manages involve significant risks. Investors in the funds should refer to the confidential private placement memorandum and other governing documents for each private investment fund managed by Graham for more complete information on the investment strategies employed by each fund and the corresponding risks associated with such investment strategies. Many of the investment strategies employed by Graham may incorporate high frequency trading, which raises unique issues, including that such trading strategies involve greater brokerage and related trading costs that can affect a fund's performance. The following summary of certain risks does not purport to be complete, but includes some of the potential risks generally associated with Graham's investment strategies:

Futures and Options Trading Is Speculative and Volatile. Futures and options prices are highly volatile. Such volatility may lead to substantial risks and returns, generally much larger than in the case of equity or fixed-income investments. Price movements for futures are influenced by, among other things: changing supply and demand relationships; weather; agricultural, trade, fiscal, monetary, and exchange control programs and policies of governments; macro political and economic events and policies; changes in national and international interest rates and rates of inflation; currency devaluations and revaluations; and emotions of other market participants.

Highly Leveraged Trading. Graham typically trades futures, options and other instruments on a leveraged basis due to the low margin deposits normally required for trading. As a result, a relatively small price movement in a contract may result in immediate and substantial gains or losses.

In Times of Market Stress, a Portfolio Might not be Diversified. When markets are subject to exceptional stress, trading strategies and programs may become less diversified and more highly correlated as the stress may cause diverse and otherwise unrelated markets all to act in a similar manner. Efforts by Graham to diversify trading strategies and investment exposure may not succeed in protecting against significant losses in the event of severe market disruptions.

Trading on Non-U.S. Exchanges May Present Greater Risks than Trading on U.S. Exchanges. Trading on non-U.S. exchanges is not subject to the same regulation and may be subject to greater risks than trading on U.S. exchanges. For example, some non-U.S. exchanges

are “principals’ markets” in which no common clearing facility exists and a trader may look only to the broker for performance of the contract.

Over-The-Counter Foreign Currency Markets Have Counterparty Risks that Do Not Exist in Trading on Exchanges. Forward currency contracts with banks, financial institutions or dealers acting as principal may not be liquid in all circumstances, so that in volatile markets, Graham may not be able to close out a position by taking another position equal and opposite to such position on a timely basis or without incurring a sizeable loss. There are no limitations on daily price moves in forward contracts, and banks are not required to continue to make markets in forward contracts. Forward contracts are subject to the risk of bank failure and the inability of, or refusal by, a bank to perform with respect to such contracts.

Swaps and Derivatives Markets Involve Counterparty Risks that Do Not Exist in Trading on Exchanges. Swap contracts and other forms of derivative instruments with banks and other counterparties are not guaranteed by an exchange or clearing house. The default of a counterparty to a swap or other derivative may result in the loss of unrealized profits and force an investor to cover its resale commitments, if any, at the then current market price. It may not be possible to dispose of or close out a swap or other derivative position without the consent of the counterparty, and an investor may not be able to enter into an offsetting contract in order to be able to cover its risk.

Debt Securities. Bonds and other fixed income securities may be adversely affected by the inability of the borrower to make principal and interest payments (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer, and general market liquidity risk (market risk).

Equity Securities. Investments in long and short positions in equity securities may fluctuate in value, often based on factors unrelated to the value of the issuer of the securities. The market price of equity securities may be affected by general economic and market conditions, such as a broad decline in stock market prices, or by conditions affecting specific issuers, such as changes in earnings forecasts.

Emerging Markets. The risks of foreign investments are usually much greater for emerging markets, including increased currency, information, liquidity, market, political and valuation risks. Investments in emerging markets may be considered speculative.

Distressed Securities. Graham may invest in distressed securities, including loans, bonds and notes, many of which are not publicly traded and may involve a substantial degree of risk. Distressed securities include securities of companies that are in financial distress and that may be in or about to enter bankruptcy. In certain periods, there may be little or no liquidity in the markets for these securities or instruments. In addition, the prices of such securities may be subject to periods of abrupt and erratic market movements and above-average price volatility.

Short Sales. Short sales of securities involve the sale of securities which are borrowed from a third party lender (such as a brokerage firm). Borrowed securities must be returned by delivering either securities received in an exchange transaction or securities purchased in the market. Although short selling permits an investor to profit from declines in the price of securities, the investor will

experience a loss (which is potentially unlimited) if the investor is required to replace borrowed securities by purchasing them in the market at a time when the market price has increased over the price received at the time of the short sale.

Disciplinary Information

Graham and, to its knowledge, its principals have not been the subject of any material legal proceeding required to be disclosed in response to this item.

Other Financial Industry Activities and Affiliations

Graham has been registered as a commodity pool operator and commodity trading advisor under the Commodity Exchange Act and a member of the NFA since July 27, 1994. Members of Graham's Investment Committee are registered with the NFA as principals and associated persons of Graham.

None of Graham or, to its knowledge, its principals are registered as a broker-dealer or futures commission merchant or a registered representative or associated person of a broker-dealer or futures commission merchant or affiliated with any broker-dealer or bank.

Graham relies in part upon investment advice received from Graham Capital LLP, a limited liability partnership registered in England and Wales. Graham Capital LLP is an affiliate of Graham.

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

Graham has adopted a Code of Ethics as required by Rule 204A-1 under the Investment Advisers Act of 1940 (the "Advisers Act") that requires all employees to conduct business consistent with the level of ethical standards and fiduciary duties owed by Graham to its clients. Graham has appointed a Chief Compliance Officer ("CCO") who is responsible for maintaining and enforcing the Code.

The Code of Ethics contains policies and procedures with respect to personal securities transactions by employees and related accounts that are designed to prevent front-running, scalping, the misuse of inside information and other improper activities. Employees must obtain the prior approval of the CCO for personal securities transactions in covered securities, and must report or affirm all personal transactions to the CCO (or a designee) on at least a quarterly basis. Employees are limited in the number of personal securities transactions they may execute over any twelve-month period and are subject to minimum holding period requirements. The CCO (or a designee) monitors all transactions by employees in order to identify any pattern of conduct that may evidence conflicts or potential conflicts with the principles and objectives of the Code of Ethics, or other inappropriate behavior.

Graham will provide a copy of the Code of Ethics to any client or prospective client upon request. For purposes of fulfilling the delivery requirement for the Code of Ethics as well its proxy voting policies and procedures and voting record, the term "client" shall refer to the funds

that Graham manages as confirmed in the SEC's "Staff Responses to Questions About Part 2 of Form ADV."

Graham and its principals and employees may buy and sell securities and other financial instruments for themselves that are also invested in by the funds that it manages. The Code of Ethics contains policies and procedures designed to prevent improper practices with respect to such transactions, and compliance with the Code of Ethics by Graham, its principals and employees is the primary method employed by Graham to address the conflicts of interest that arise with respect to these transactions. The principals and employees of Graham are required to obtain prior written approval of the CCO before executing a personal securities transaction in a security in which any client of Graham has a position. Graham and its principals and employees are investors in some of the funds managed by Graham.

Brokerage Practices

Research and Other Soft Dollar Benefits. Graham selects brokers and dealers to execute transactions for the funds that it manages based on the benefits and costs of their services as compared to others in the marketplace. Graham generally seeks to achieve best price and execution. Graham may take into account special expertise or capacities of a particular broker as well as research and other services provided to Graham by brokers. Graham considers such factors as price, the ability to effect the transactions, the brokers' or dealers' facilities, reliability and financial responsibility, special execution capabilities, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, efficiency of execution and error resolution, quotation services, the availability of stocks to borrow for short trades, custody, recordkeeping and similar services, and any research or investment management-related services and equipment provided by such brokers or dealers. Graham does not necessarily solicit competitive bids and does not have an obligation to seek the lowest available commission cost; however Graham will ordinarily use only broker-dealers who provide service at competitive institutional commission rates.

Graham may cause a higher commission to be paid to a broker or dealer that furnishes research, services or equipment than might be charged by another broker or dealer for effecting the same transaction, provided that Graham determines in good faith that the amount of commissions charged is reasonable in relation to the value of the brokerage and research or investment management-related services and equipment provided by such broker or dealer.

Research services provided to Graham by brokers may include written information and analyses concerning specific securities, companies or sectors (whether produced by the broker or a third party); market, financial and economic studies and forecasts (whether produced by the broker or a third party); statistics and pricing services; discussions with research personnel; data bases; and other news, technical and telecommunications services utilized by Graham in the investment management and execution process, accounting fees and legal fees. Graham will not receive any benefits from brokers that are outside the safe harbor under Section 28(e) of the Securities Exchange Act of 1934, as amended, for the use of commissions or "soft dollars" to obtain "research and execution" services. Research services provided by brokers may be used for the benefit of all funds that it manages. Funds may pay higher commissions than are obtainable

from other brokers as a result of the consideration of research services as a factor in selecting brokers in addition to commission cost and best execution.

Graham's use of brokerage commissions to obtain research services is a benefit to Graham because Graham does not have to produce or pay for such research services. This may result in an incentive for Graham to select or recommend a broker-dealer based, in part, on the interest of Graham in receiving such research services, rather than exclusively on the interest of the funds in receiving most favorable execution.

Graham and its affiliates may have other business arrangements with brokers and dealers used to execute transactions for the funds that it manages. Brokerage firms and their affiliates and representatives may invest in funds managed by Graham, and may provide financing or other services to Graham or other accounts managed by Graham. Brokerage firms and their employees may offer gifts to employees of Graham, and may invite employees of Graham to entertainment and social events. It is Graham's policy that factors such as gifts and entertainment that do not benefit fund accounts should not be considered when selecting brokers and counterparties to execute transactions for the funds.

Certain private investment funds managed by Graham are charged a transactional fee in exchange for Graham paying all or a portion of the brokerage commissions and exchange, clearing and regulatory fees related to certain trading strategies for the account of such funds. For additional information about transaction fees, see "Fees and Compensation" above.

Brokerage for Client Referrals. Subject to seeking best execution, Graham may consider referrals of potential investors in the funds that it manages as a factor in the selection of brokers. Graham may have an incentive to select or recommend a broker-dealer based on its interest in receiving referrals of investors in such funds, rather than on the interest of the funds in receiving most favorable execution.

Aggregation of Orders. Graham has established allocation and aggregation procedures for the allocation of portfolio investment transactions among the funds that it manages. The allocation and aggregation procedures are designed to ensure that each fund is treated fairly and that transactions are allocated in a manner that is fair and equitable to each fund relative to the other funds, taking into account all relevant facts and circumstances. Graham will always take into account each fund's investment objectives and the investment allocation policy in the allocation process.

Graham may place block orders with brokers on behalf of multiple accounts, including accounts in which Graham and its principals have an interest. Because a block order may be executed at different prices, one or more of the accounts may receive more favorable fills and some less favorable fills. Unless an average price of split fills is allocated to an order or unless fills are allocated according to a non-discretionary computer-based allocation methodology, split fills generally are allocated to accounts on a "high to low" basis: Accounts are ranked based on commencement of trading, and the highest split fill prices are allocated to the highest ranked accounts. Any advantage a high ranked account enjoys on the sell order generally is offset by a disadvantage on the buy order. Consistent application of this allocation methodology satisfies

regulatory requirements of objectivity and fairness such that no account or group of accounts receives consistently favorable or unfavorable treatment. Allocations made according to this methodology will be deemed equitable even though under certain market conditions a trade may be more favorable to some accounts than others.

Review of Accounts

All fund accounts are reviewed by Graham's Risk Committee, which meets on a daily basis to review each strategy's position-level information and discuss risks related to the strategy and to the funds in general as well as market developments. The Risk Committee is comprised of Graham's senior management, including Graham's Chairman, Chief Risk Officer, Chief Executive Officer, Chief Investment Officer, Chief Operating Officer and Chief Financial Officer. Investors in funds managed by Graham receive various reports, including a monthly statement of valuation, a monthly investor letter, daily and monthly risk reports available through Graham's website and annual audited financial statements.

Client Referrals and Other Compensation

Graham or its affiliates may enter into arrangements with unaffiliated placement agents or other third parties to introduce investors to funds managed by Graham. Any such compensation arrangements will be disclosed to the extent required by Rule 206(4)-3 under the Advisers Act.

As described above, Graham may also consider referrals of investors in determining its selection of broker-dealers for securities transactions for the funds that it manages. A potential conflict of interest may arise between the interests of the funds in obtaining best price and execution and Graham's interest in receiving such referrals. However, Graham will only consider referrals of investors in determining its selection of broker-dealers when Graham believes that the selection of the relevant broker is consistent with the obligation of Graham to seek best execution for all transactions on behalf of the funds, taking into account all relevant factors including, but not limited to, execution quality, price, the level of service offered, reliability, and such other factors as Graham deems relevant.

Custody

All funds and securities in the accounts of funds managed by Graham will be held by a qualified custodian, except that certain privately offered, uncertificated securities may be recorded on the books of the issuer or its transfer agent in the name of the relevant fund and are not required to be maintained with a qualified custodian.

It is Graham's policy to cause each private fund with assets over which Graham is deemed to have "custody" to be audited annually and to distribute audited financial statements to investors no later than 120 days after the end of each fiscal year.

Investment Discretion

Graham has discretionary authority to manage the account of each fund. Graham generally enters into a written investment management agreement with each fund granting it such discretionary authority.

Unless otherwise agreed to between Graham and each fund, Graham will not ordinarily be responsible for losses in fund accounts, whether caused by the actions of Graham or unrelated third parties; Graham does, however, bear the costs of correcting trade errors in fund accounts as set forth in Graham's trade error policy.

Voting Client Securities

Graham has adopted policies and procedures regarding the voting of proxies as required under Rule 206(4)-6 under the Advisers Act. These policies and procedures are designed to ensure that proxies received with respect to securities in fund accounts are voted in the best interests of the funds and that Graham maintains records of its proxy voting in compliance with the Advisers Act.

After taking into account those factors it believes to be relevant to establishing an appropriate proxy voting policy which is in the best interests of the funds that it manages, including but not limited to potential costs to the funds for Graham properly to research the merits of and vote on proxies versus the relatively limited benefit (if any) to the funds in voting proxies, Graham has determined that it generally shall not vote proxies. Although it does not expect to do so, in certain circumstances and in its sole discretion, Graham may choose to vote proxies, subject to the general principle that it shall do so in a manner that it considers to be in the best interests of the funds.

Graham will provide a copy of its voting policies and procedures to any client upon request. Graham will provide to any client upon request information regarding how proxies have been voted in the past for securities in such client's account.

Financial Information

Not applicable.

Requirements for State-Registered Advisers

Not applicable.