

A.R.T. ADVISORS, LLC
PART 2A OF FORM ADV: FIRM BROCHURE

A.R.T. ADVISORS, LLC
500 PARK AVENUE
NEW YORK, NEW YORK 10022
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This brochure provides information about the qualifications and business practices of A.R.T. Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 418-8324 or amehra@art-llc.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Additional information about A.R.T. Advisors, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

A.R.T. Advisors, LLC is registered with the SEC under the Investment Advisors Act of 1940 as an investment adviser. Registration with the SEC as a registered investment adviser does not imply a certain level of skill or training.

ITEM 2 – MATERIAL CHANGES

This brochure, dated March 30, 2012, is the initial disclosure document for A.R.T. Advisors, LLC, prepared according to the requirements of the SEC. After the initial filing of this brochure, on an annual basis, this Item will be used to update, identify and discuss any material changes to the brochure since the last update.

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ITEM 4 – ADVISORY BUSINESS

Item 4.A.

A.R.T. Advisors, LLC (“**A.R.T.**”), is a privately held, New York-based trading and investment firm formed in 2001 as a limited liability company under the laws of the State of Delaware. A.R.T. has operated as an independent trading advisor to private investment funds since 2002.

A.R.T. is controlled by Mr. Aaron Sosnick who is the founder and the primary owner of A.R.T. Caxton Alternative Management LP (“**CAM**”) holds a 25% equity interest in A.R.T. and a less than 25% equity interest in an affiliate of A.R.T. that receives the performance-based allocation discussed in this brochure. The activities of A.R.T. are supervised by Mr. Sosnick, who has approximately 23 years of investment-related experience, including in his current positions as Chairman and Manager of A.R.T.

Item 4.B.

A.R.T.’s primary business is to manage client and proprietary capital through hedge fund strategies. Assets are managed via a broad mandate to trade in a diversified portfolio of publicly traded securities and related instruments, in the U.S. and abroad, using as a primary tool a proprietary statistical arbitrage trading system (the “**Trading System**”) which electronically generates specific trading recommendations as adapted to the investments and markets in which A.R.T.’s clients trade. A.R.T. also may invest its clients’ assets in futures contracts traded in the U.S., Japan or Europe, U.S.-traded derivative investments that represent interests in one or more investments traded in Japan or Europe (such as American Depositary Receipts and Exchange Traded Funds), and/or foreign currency forward contracts and other instruments. A.R.T. may also expand the focus of its clients’ portfolios to include investments or other instruments traded in other Pacific Rim markets, and potentially other non-U.S. markets.

Investment and trading activities of A.R.T. generally are conducted pursuant to its trading advisory contractual arrangements with a private fund organized under the laws of the British Virgin Islands (“**Master Fund**”), and such private fund’s wholly-owned subsidiary, that is offered to investors through a master-feeder structure. Separate feeder funds (each a “feeder fund”) are each organized to permit investors the opportunity to participate in the investment and trading activities engaged in by the Master Fund. Pursuant to such trading advisory arrangements, A.R.T. exercises discretionary authority over all investment decisions of the Master Fund and supervises the Master Fund’s daily investment and trading activities. Currently, the Master Fund and one of its feeder funds are A.R.T.’s only clients. An affiliate of A.R.T. serves as the managing member to a U.S.-based feeder fund, which also invests into the Master Fund.

Investment Objective and Approach

A.R.T.’s primary investment objective is to achieve superior long-term investment returns for its clients over various market cycles. A.R.T., for the most part, invests the assets of the Master Fund in a diversified portfolio of publicly-traded investments and related instruments, in the U.S. and abroad, using as a primary tool the Trading System as adapted to the investments and markets in which the Master Fund trades.

The Master Fund’s portfolio consists primarily of equity investments that are publicly-traded in the United States, Japan and Europe, as well as equity swap and/or similar

derivative instruments based on the returns of such equity investments. The Master Fund's portfolio may also include futures contracts traded in the U.S., Japan or Europe, U.S.-traded derivative investments that represent interests in one or more investments traded in Japan or Europe (such as American Depositary Receipts and Exchange Traded Funds), and/or foreign currency forward contracts and other instruments. A.R.T. may expand the focus of the portfolio to include investments or other instruments traded in other Pacific Rim markets, and potentially other non-U.S. markets.

A.R.T. has absolute discretion to determine any given market's relative weighting in the Master Fund's portfolio, and it may from time to time or at any time employ strategies other than the Trading System, as it deems appropriate to achieve A.R.T.'s investment objectives.

The Trading System

The Trading System is largely automated and quantitative in nature. It is based on years of economic and market research and analysis and the use of advanced mathematical modeling and pattern recognition techniques. It consists of proprietary software and databases and live data feeds designed to track and analyze a multitude of factors including return and risk fluctuations. The software attempts to identify issuers whose returns can be statistically predicted, either separately or when correlated as pairs ("pair trading") or as components of larger sets ("basket trading" or "multi-equity patterning"). The software combines pre-designated risk/return parameters with predictions of return and risk based on market data and complex algorithms to generate recommended trades.

The Trading System is currently programmed to be generally "market neutral." Based on its evaluation of the recommendations generated by the Trading System, A.R.T. generally takes both long and short investment positions in a variety of market sectors. A.R.T. frequently invests long in investments it has identified as likely to be subject to near term appreciation while simultaneously taking correlated short positions in investments identified as likely to have near-term depreciation. In other cases, long and short positions are established where the Trading System is predicting a change in the spread between positions. Because the Trading System is designed to exploit short-term volatility patterns and pricing anomalies, the Master Fund typically generates a relatively high volume of trading activity and portfolio turnover.

A.R.T. expects to continue to modify and enhance the Trading System, and possible modifications and enhancements may include those deemed appropriate to expand the geographic focus of the portfolio. In addition, the Trading System may be modified and new systems or discretionary trading strategies developed to add additional markets and other categories of investments to the Master Fund's portfolio (e.g., debt investments, options, warrants, futures, and/or other instruments). Although A.R.T. generally trades the Master Fund's assets based upon recommendations generated by the Trading System, it has discretion to diverge. For example, A.R.T. may depart from Trading System recommendations because of transaction execution issues, for liquidity or timing purposes, to accommodate legal, regulatory or tax considerations, or for other factors that A.R.T. may consider appropriate under the circumstances.

Leverage and Borrowing

A.R.T. utilizes leverage on behalf of the Master Fund extensively on a continuing basis to enhance potential returns from its trading activities, and also causes the Master Fund to borrow on margin where available to purchase and hold investments, to the extent A.R.T. deems

prudent, subject only to any borrowing limits imposed by regulatory authorities or lenders in the markets in which the Master Fund trades. Additionally, A.R.T. may cause the Master Fund to employ leverage through its use of derivative instruments. In the case of certain derivative instruments, such as equity swaps and other over-the-counter products, the Master Fund's ability to employ leverage may be subject only to the collateral requirements imposed by its counterparties in such markets. There are no fixed limits on the extent of margin borrowings or other forms of leverage which A.R.T. may cause the Master Fund to employ.

Portfolio Liquidity

The Master Fund's portfolio generally consists of liquid equity investments and derivative instruments based on such equity securities. The Master Fund may hold investments in issuers with relatively small or moderate capitalization as compared to investments of so-called large capitalization issuers. Investments of issuers with more modest market capitalization tend to be less liquid and subject to more abrupt or erratic market movements than those of issuers with larger market capitalizations. This is because such investments typically are traded in lower volume and with less frequency. Such investments, together with any other investments of a less liquid nature in which the Master Fund may trade or invest, are not expected to constitute a significant portion of the Master Fund's portfolio.

Management Outlook

The A.R.T. name is an acronym reflecting A.R.T.'s dedication to Analytics, Research, and Trading. The firm believes that superior investment returns in all market conditions are achievable via systematic trading driven by continually researched analytics (including mathematical and statistical models). Continual research into new and improved methods and technology for using data to predict risk and return and to trade is crucial to the firm's success given dynamic markets and fierce competition. The firm's research and analytics are focused on its real world trading. The firm works on practical models, pays attention to how its trading could impact the market, and works to have the best trading and execution capability practicable. The firm's trading desk maintains relationships with numerous trading counterparties and is skilled in seeking optimum trading executions.

The firm's trading, especially in its day-to-day aspect, is systematic and process driven to the maximum extent possible. However, A.R.T.'s management is aware of the inadequacy of any model to completely explain reality. They reserve a role for human judgment in adjusting or turning off the firm's models when they become aware that the models miss important market dynamics or otherwise malfunction. The firm's principal focus to date has been in liquid, listed equities traded on exchanges in developed markets and derivative investments related to such equities. The firm is doing research into currency and futures markets and is optimistic that its approach can eventually lead to proven systems in those and other markets as well.

Item 4.C.

A.R.T. has a broad mandate to select the financial instruments and markets in which the Master Fund may invest, as well as the investment techniques it will use. Generally, each client's investment mandate is described in its applicable private placement or confidential offering memorandum (the "Memorandum"), investment guidelines or contractual documents. A.R.T.'s clients do not have the ability to impose restrictions on the types of investments that it may select for investment.

Item 4.D.

A.R.T. does not presently participate in wrap fee programs.

Item 4.E.

A.R.T. manages assets only on a discretionary basis. As of January 31, 2012, A.R.T. managed approximately \$1.7 billion in assets on a discretionary basis. See Item 10 for further information about A.R.T.'s affiliates.

ITEM 5 – FEES AND COMPENSATION

Item 5.A.

Management fees may vary with each client. The base annual fee is equal to 3% of the client's assets under management. Advisory compensation is payable monthly in arrears according to the terms of the relevant agreement with each client.

A.R.T. or an affiliate may receive a performance-based allocation in addition to management fees. Such performance-based allocation is in amounts of up to one-third (1/3) of the net profits, as defined and calculated in each client's Memorandum or agreement. With respect to the one-third (1/3) performance allocation, such amounts are calculated and allocable as of the end of each fiscal year (or any applicable shorter period), to the extent such net profits represent "new appreciation." "New appreciation" is measured from a "high water mark" in the net asset value allocable to each of such client's underlying investors and therefore excludes any portion of appreciation in such net asset value that merely represents a recovery of prior reductions in the net asset value (with appropriate adjustments for intervening distributions and withdrawals).

A.R.T. will only receive performance-based allocation where the receipt of such allocation will comply with Rule 205-3 under the Investment Advisers Act of 1940, if applicable. Management fees are prorated for partial periods, while the performance-based allocation generally is charged to investors at year-end or upon redemption at the full annual rate.

A.R.T.'s clients do not have the ability to negotiate or select the fee methodology. A.R.T. reserves the right to enter into different terms, including the full or partial waiver or modification of the base annual management fee and any performance allocation, and the modification of withdrawal terms on an investor-by-investor basis. However, to date fees and allocations have only been modified for a fund managed by Caxton Associates LP ("*Caxton Associates*") and certain A.R.T. principals, employees, affiliates, and members of their families and trusts established for their benefit.

Item 5.B.

Management fees are deducted from each client's assets and payable monthly in arrears according to the terms of the client's Memorandum or agreement. A.R.T. or an affiliate may receive annual performance allocations, deducted from a client's assets, in accordance with the client's Memorandum or agreement.

Item 5.C.

Clients bear brokerage and other transaction costs. Please see Item 12 for more information.

In addition, A.R.T.'s clients may incur other ongoing expenses (including, but not limited to, routine ongoing legal, auditing and accounting expenses, fees payable to the client's administrator, printing and mailing costs, all fees and taxes, and the client's allocable share of the

costs and expenses relating to potential and actual investments) and early redemption fees, as described in the client's Memorandum or agreement.

Item 5.D.

A.R.T. does not require its clients to pay fees in advance.

Item 5.E.

Neither A.R.T. nor its supervised persons accept compensation for the sale of securities or other investment products.

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

A.R.T.'s clients are subject to both management fees, based on a percentage of assets under management, and performance-based allocations, based upon net profits, as each is described more fully in the Memorandum or client agreement. A.R.T. does not manage any assets other than the assets of its clients, which include investments by affiliates or related persons of A.R.T. and a U.S.-based feeder fund, for which an affiliate of A.R.T. serves as managing member.

ITEM 7 – TYPES OF CLIENTS

A.R.T. currently serves as the trading advisor to a single private investment fund (the “**Master Fund**”) and a foreign feeder fund that invests in the Master Fund (collectively, the Master Fund and its feeder fund, are currently A.R.T.’s “clients”). Also, as noted earlier, an affiliate of A.R.T. serves as the managing member to a U.S.-based feeder fund, which also invests into the Master Fund. As described in Item 4.B., trading activities occur through a master-feeder structure.

In order to invest in A.R.T.’s clients, an investor must be (i) an accredited investor as defined by Regulation D under the Securities Act of 1933 (for all funds), (ii) a “Professional Investor” as defined in the BVI Mutual Funds Act (for foreign funds only), (iii) a qualified purchaser or knowledgeable employee as defined in Section 2(a)(51) of the Investment Company Act of 1940 and the rules thereunder (for all funds), and (iv) a qualified client as defined by Section 205 of the Investment Advisers Act of 1940 and Rule 205-3 thereunder (if applicable). Additionally, unless A.R.T. agrees otherwise, investors must invest at least \$5,000,000 in a client.

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

Item 8.A.

A.R.T.'s primary investment strategy is a hedge fund strategy utilizing the proprietary Trading System, which encompasses a broad investment mandate and trading in a variety of global markets and investments, as discussed above in Item 4.B. The Trading System electronically generates trading recommendations. Although A.R.T. generally trades client assets based upon the recommendations generated by the Trading System, it has discretion to diverge from such recommendations. For example, A.R.T. may depart from Trading System recommendations because of transaction execution issues, for liquidity or timing purposes, to accommodate legal, regulatory or tax considerations, or for other factors that A.R.T. may consider appropriate under the circumstances.

Investing in investments and other financial instruments involves risk of loss, which investors or clients should be prepared to bear, including a complete loss of principal.

Items 8.B. and C.

Set out below is a description of the material risks of A.R.T.'s significant strategies. For a more complete discussion of risks applicable to a client that is a private fund or for a strategy that is implemented through a private fund, please see the Memorandum for that fund.

Investment and Trading Risks in General. All investments involve a risk of loss of capital. An investment in an A.R.T. client involves significant risks, including the risk that the entire amount invested may be lost. The extensive use of leverage by A.R.T. is likely to cause its clients' net assets to appreciate or depreciate to a greater extent than if leverage were not used. A.R.T.'s clients are subject to the risk of broad market movements that may adversely affect the clients' results. While it is not anticipated that a client's portfolio will be concentrated in investments or other instruments of a single issuer or issuers in a single industry or geographical area, to the extent that a portion of a client's portfolio becomes so concentrated, the risk of loss would be augmented. No guarantee or representation or assurance can be made as to the future success or profitability of the investment program of A.R.T. or that A.R.T.'s investment program will have a significant correlation with any market or index.

A.R.T.'s trading activities also give rise to liquidity risk. As one recent example, the summer of 2007 witnessed the beginning of a mortgage-related liquidity crisis in the United States and Europe that has had a continuing adverse impact on economic conditions and financial markets worldwide. During the early phases of this crisis, both single-strategy and multi-strategy participants in markets that would not ordinarily be expected to be correlated to the mortgage market, such as the primary equity markets in which A.R.T.'s clients trade, are believed to have liquidated positions in substantial volumes in order to, among other things, shore up their cash reserves. Although the U.S. Federal Reserve System and the European Central Bank have infused liquidity into financial markets, elevated levels of market stress and impaired liquidity persist. Market shifts of this nature or of lesser nature may in the future result in unexpectedly rapid losses in the value of a client's portfolio or positions. Although the recent

U.S. liquidity crisis appears to have abated somewhat, it is uncertain how long and to what extent the effects of the crisis or a subsequent crisis, such as the current European debt crisis, will continue to be felt, what side effects it may have on markets and client operations, and what may be the impact on the clients of future liquidity crises and the increased regulation imposed as a result of the recent crisis.

Dependence on the Trading System. The success of A.R.T.'s trading activities for clients depends in large measure on the effectiveness of the Trading System as utilized in the various markets in which the clients invest. The Trading System has been used to assess and predict price movements of investments in investment markets outside the United States only in certain specific markets and only for limited periods of time. Prior performance of A.R.T. using the Trading System or any other methodology in trading investments in U.S. or Japanese markets should not be relied upon as an assurance or prediction of future results of use of the Trading System or such other methodology in trading investments or other instruments in those or any other markets. There is no assurance that the Trading System's assessments and predictions of price movements of investments or other instruments will be accurate or will be consistent over periods of time or that trading in reliance on recommendations generated by the Trading System will achieve a client's investment objectives or avoid material losses. Errors in operating of the Trading System may occur and could materially distort resulting recommendations and incorrectly influence trading decisions based on those recommendations and result in harm to A.R.T.'s clients. The Trading System seeks to comply with applicable federal and non-U.S. laws, and rules and regulations (including, as applicable, those of the exchanges and networks of which the broker-dealer wholly-owned by the Master Fund is a member or participant), but there can be no assurance that the Trading System does so comply or will comply with applicable laws, rules and regulations in the future. Any non-compliance could have an adverse effect on the client's operating results. PAST PERFORMANCE BY A.R.T. BASED ON THE TRADING SYSTEM OR OTHERWISE (INCLUDING THE PERFORMANCE RESULTS REFLECTED IN THE PERFORMANCE SUPPLEMENT TO A MEMORANDUM) MAY NOT BE RELIED UPON AS AN INDICATION OF FUTURE PERFORMANCE BY A CLIENT. NO REPRESENTATION IS MADE OR ASSURANCE IS GIVEN, AND NO INFERENCE MAY BE DRAWN, THAT FUTURE PERFORMANCE OF A CLIENT WILL BE COMPARABLE TO PRIOR PERFORMANCE.

Reliability of Computer-Generated Recommendations. A.R.T. directs the purchase or sale of investments for clients primarily based on computer-generated trading recommendations derived from statistical analysis of data selected and supplied by A.R.T. or other vendors based on publicly and/or commercially available sources of information. The use of electronic data processing technology in collating information or in developing and operating a trading method does not assure the success of the method, since the processing serves primarily only to compile and organize the data supplied to it, which may be inaccurate or incomplete or fail to timely reflect fundamental market-moving events. The reliability of the trading recommendations generated by the Trading System is materially dependent on the accuracy of information supplied and the reliability in processing that information by A.R.T.'s proprietary software, which is constantly being revised and updated. Errors in the input of data or in the programming of the software may occur and can materially distort the resulting recommendations and incorrectly influence trading decisions based on those recommendations. Detection of such data and programming errors may be difficult and such errors may remain unidentified for extended periods. No assurance can be or is given that trading decisions based on the use of the Trading

System or other computer-generated recommendations will produce profits or avoid losses for clients or may act as expected or intended.

Reliance on Key Personnel. A.R.T. is reliant upon Mr. Sosnick, the founder of the Trading System, and the other personnel who monitor and administer the Trading System. The loss of one or more of such personnel could have a significant adverse impact on the Trading System and/or the operating results of a client. No assurances can be given that each of such personnel will continue to be affiliated with the A.R.T.

Non-U.S. Investments. At present, A.R.T.'s clients' portfolios consist primarily of equity securities that are publicly traded in the United States, Japan or Europe, as well as equity swap and/or similar derivative instruments based on the returns of such equity securities. Although it is anticipated that the clients' trading activities will continue to focus on relatively large, stable markets, investing in non-U.S. markets and non-U.S. issuers may involve considerations not usually associated with investing in U.S. markets and U.S. issuers. These considerations include, but are not limited to, greater risks of: (i) change in monetary policy and confiscatory taxation; (ii) repatriation taxes on interest, capital gain, or other income; (iii) difficulties stemming from general social, political or economic instability; (iv) lack of liquidity, price volatility, market manipulation and limited regulation associated with small securities markets and low trading volume; and (v) fluctuations in the rates for currency exchange, currency conversion costs and restrictions on currency conversions. In addition, accounting and financial reporting standards outside the United States may be less rigorous than those in the United States. As a result, there may be less information available to A.R.T. concerning issuers whose investments trade only in non-U.S. markets as compared to issuers whose investments trade in U.S. markets. Transaction costs of investing outside the United States may be higher than in the United States. Non-U.S. markets have different clearance and settlement procedures that in some markets have failed at times to keep pace with the volume of transactions, resulting in delays and settlement failures that could affect adversely a client's performance.

To the extent that any A.R.T. client may trade and invest in emerging markets, such trading will require increased consideration of all of the risks described in the preceding paragraph as well as consideration of risks not typically associated with investing in more developed countries and markets. Such additional risks include (i) political and economic uncertainty, including the risk of nationalization, expropriation and war; (ii) higher rates of inflation and greater governmental intervention or instability; (iii) limitations on foreign investment and on repatriation of invested capital; and (iv) acute price, market and currency volatility.

Any A.R.T. client is also exposed to risks with respect to the valuation of any non-U.S. investment for the reasons discussed above and due to potentially limited reliable information available to value foreign investments as compared to U.S. publicly-traded investments.

Short Selling. Short selling is an integral part of A.R.T.'s investment strategy. Short-selling involves selling borrowed securities (which may be identical to securities owned by the seller) and undertaking an obligation to the lender to replace the borrowed securities at a later date. A.R.T. has no policy that limits the amount of a client's capital that it may deposit with a lender as collateral to secure the client's obligation to replace the borrowed securities. Short-selling allows the investor to profit from declines in market prices or hedge long portfolio positions. When a client engages in short selling, it may realize gains to the extent the security declines in price between the date of the short sale and the date on which the client covers its short position by replacing the borrowed security. Any gain in the case of such a decline will be

the amount realized in excess of the costs incurred in effecting the short sale (as described below). Conversely, a client will incur a loss as a result of a short sale if the price of the security rises during the period of the short position or the costs of effecting the short sale exceed the amount of any decline in the price of the security during that period. Potential loss from a short sale can exceed the amount of the initial investment and is theoretically unlimited. Attempting to purchase securities to close a short position can itself cause the price of the securities to rise, thereby exacerbating the loss. There is also a risk that securities borrowed by a client to effect a short sale would have to be returned to the securities lender on short notice. If a request for return of securities occurs at a time when other short sellers of the same securities are receiving similar requests, a “short squeeze” may develop, forcing a client to replace securities sold short by open market purchase at a disadvantageous time.

Transaction costs related to short sales generally include brokerage commissions on sales and on replacement purchases, and may include premiums and interest paid to the lender of the securities. Until the borrowed security is replaced, a short seller is generally required to pay the lender amounts equal to any dividends or interest that accrue on the borrowed securities during the period of the loan.

Enhanced Scrutiny of High Frequency and Quantitative Trading. In recent years, there has been heightened regulatory scrutiny of high frequency or quantitative-based traders, such as the strategy utilized by A.R.T. Such enhanced scrutiny could result in the diversion of time and resources of A.R.T. from the administration of its trading strategy or could result in changes to A.R.T.’s trading strategy. Any such actions could have an adverse affect on a client’s operating results.

Leverage and Borrowing. A.R.T.’s clients are permitted to finance or leverage their operations through margin and other secured and unsecured borrowing to the maximum extent allowable under applicable credit regulations and legal restrictions. Clients also may employ leverage through A.R.T.’s use of swap agreements, futures contracts, forward contracts and other forms of derivative transactions in which the value of the asset or other commodity that is the subject of the transaction may far exceed the value of the transaction-specific credit support that the client is required to furnish to its broker or counterparty. The use of these and other methods of employing leverage can enhance the risk of capital loss in the event of adverse changes in the market prices of the assets being financed. Generally, the overall level of interest rates and the rates at which a client can borrow will affect the client’s operating results.

In general, a client’s use of short-term margin borrowings will result in certain additional risks to the client. For example, should the investments pledged to brokers to secure the client’s margin accounts decline in value, the client could be subject to “margin calls,” pursuant to which the client must either deposit additional funds with such brokers or suffer mandatory liquidation of the pledged investments to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the client’s assets, the client might not be able to liquidate assets quickly enough to pay off their margin debt. Additionally, the banks and brokers that provide financing to clients can apply essentially discretionary margin, haircut, financing and collateral valuation policies. Changes by lending banks and brokers in any of these policies may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. Similar requirements and risks apply to derivative transactions in which clients may engage.

Swap Transactions. A.R.T.’s clients also engage in swap transactions involving investments and other financial instruments. Swaps are individually negotiated transactions in

which each party agrees to make one-time or periodic payments to the other party. The parties to a swap typically do not obligate themselves to make “principal” payments, but rather pay agreed-upon rates as applied to an agreed-upon “notional” amount. Because swaps generally, at this time, are privately negotiated principal-to-principal contracts that are not traded on exchanges, they typically are not subject to the same type or degree of government regulation and oversight as are transactions in exchange-traded instruments. As a result, many of the protections afforded to participants in transactions executed on organized exchanges and in a regulated environment are not available in connection with these transactions, including but not limited to protections against losses that may be incurred upon the default of the client’s swap counterparties.

Forward Contracts. A.R.T.’s clients may enter into forward contracts in respect of foreign currencies or otherwise. Forward contracts entail the purchase and sale of a specific quantity of a commodity (such as foreign currency), security or other instrument, with a specific counterparty at a particular time in the future. Each contract is specifically negotiated rather than uniform, and generally involves the extension of credit by a financial institution to those with whom it trades, thereby allowing trading to be conducted on a leveraged basis. Since forward contracting is conducted on a principal-to-principal basis, the contracts are not guaranteed by an exchange or clearinghouse. Consequently, forward contracting may involve less protection against defaults than trading on futures exchanges with organized clearinghouses, and may entail risks relating to delivery failures.

Because forward contracts are not generally regulated by any governmental agencies, such contracts are not subject to regulations and limitations such as limitations on the number and size of open positions, restrictions on concentration in the markets and leverage or other financial responsibility requirements. In particular, no regulatory scheme currently exists in relation to the foreign currency forward market, except for regulation of general banking activities and exchange controls in the various jurisdictions where trading occurs or in which the currency originates. The imposition or relaxation of credit, exchange or currency controls or fixing of currency exchange rates by governmental authorities could significantly affect or eliminate such forward trading. Moreover, financial institutions are not required to continue to make markets in foreign currencies, and in the event a client’s counterparties and others should cease to make markets for foreign currencies in which a client holds a forward contract position, A.R.T. may have little or no ability to close-out all or any portion of its client’s positions by way of entering into an offsetting forward contract position.

Futures Trading. A.R.T. may employ client assets to engage in futures trading in U.S. and various non-U.S. markets. Futures contracts are typically non-negotiated, standardized exchange-traded contracts providing for the delivery or receipt of a specified type and amount of a commodity at a specified price and delivery point on a specified date. Futures trading in non-U.S. jurisdictions presents risks similar to the risks associated with trading investments on a global basis, as described above. In addition, the low margin deposits normally required in futures trading (typically between 2% and 15% of the value of the futures contract purchased) permit an extremely high degree of leverage. Accordingly, a relatively small change in the market price of a futures contract can produce a disproportionately large profit or loss, and it is therefore possible to gain or lose substantially more than the initial margin on a trade. It may not always be possible to execute a buy or sell at a desired price or to close out an open position, either due to market conditions, daily price fluctuation limits or speculative position limits, among other things. It is also possible for an exchange or other regulator to suspend trading in a

particular contract, order immediate settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. Futures trading in non-U.S. markets may entail further risk insofar as certain futures exchanges operate as “principals markets,” wherein the obligation to assure performance rests solely with the individual member effecting the trade, and not with any exchange or clearinghouse.

Use of Options. A.R.T. may employ client assets to engage in options trading in various markets. Because options represent leveraged investments, a relatively small move in the price of the investment underlying an option can result in a significant impact on the price of the option.

Impact of Dodd-Frank Act. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “***Dodd-Frank Act***”) was signed into U.S. law in July 2010 in response to the adverse economic events occurring in the United States. As part of the Dodd-Frank Act, the SEC and CFTC are required to promulgate rules and regulations that, among other items, impact the regulation of derivative instruments, specifically swaps and security-based swaps. Pursuant to the Act, all swap transactions will be required to be cleared through a clearinghouse, unless the swap is exempt. Additionally, A.R.T. or its clients may be required to register as a swap dealer. If either is required to register as a swap dealer, it will be subject to regulatory obligations, including capital and margin requirements, reporting and record keeping, business conduct standards, documentation standards, trading duties and an obligation to segregate collateral for uncleared swaps. These potential regulations are still in development and it is uncertain what final regulations may be adopted or whether additional regulations may be adopted. Such regulations could have an adverse impact on the execution of A.R.T.’s or its clients trading strategies.

Small Market Capitalization Companies. A.R.T. may invest client assets in investments of issuers with small market capitalizations. The risks relating to investment in investments of issuers having relatively small market capitalization, as compared to risks of investment of issuers with relatively large market capitalization, include without limitation: (i) the tendency of the investments of such issuers to be less liquid and more subject to abrupt or erratic market movements, because investments of such smaller issuers typically are traded in lower volume and with less frequency; (ii) the relatively greater likelihood that such issuers may be subject to changes in earnings and prospects; (iii) the relatively greater likelihood that such issuers may have limited financial resources, limited product lines and markets, and fewer management resources; (iv) the relatively greater likelihood that such issuers may be involved in reorganizations or restructurings which may, among other risks, present difficulty in obtaining information as to their financial condition; (v) the greater susceptibility of such issuers to poor economic or market conditions and to changes in interest rates and borrowing costs; and (vi) the relative uncertainty of any dividend performance of such issuers.

Clearing, Settlement, and Custody. A.R.T.’s clients currently execute transactions in various markets which may be cleared and settled through various clearinghouses, custodians, depositories, brokers and dealers throughout the world. Although A.R.T. attempts to execute, clear, and settle client transactions through, and otherwise place client assets in the custody of, responsible parties that A.R.T. believes are reliable, there can be no assurance that a failure by any such party will not lead to a loss to the client. For example, if a clearing broker acting for the client fails to maintain assets in a segregated account (which is not required in many jurisdictions), such assets may be subject to a risk of loss in the event of such clearing broker’s bankruptcy. In the case of such bankruptcy or loss, a client may be able to recover only, if any, a

pro rata share of any property available for distribution to the clearing broker's customers, and could incur various consequential losses if, by virtue of the clearing broker's failure, a client were unable to fulfill its obligations to one or more of its own creditors or counterparties. In addition, regulatory organizations and exchanges in the jurisdictions in which a client trades may be authorized to take extraordinary actions in the event of market emergencies. Such action could lead to a client loss as a result of a delay or failure in performance of settlement obligations or in other circumstances.

Increased Cost of Frequent Trading. Frequent purchases and sales are required to implement A.R.T.'s investment program. More frequent purchases and sales tend to increase commission costs and certain other expenses involved in client operations. These costs are borne by the client regardless of the profitability of the client's investment and trading activities.

Geopolitical and Natural Events. A volatile geopolitical climate coupled with ongoing threats of terrorism could materially affect general economic and market conditions, as well as market liquidity. Moreover, pandemics, natural disasters or oil supply shocks periodically could and do cause severe disruptions in global and local economies. Any resulting deterioration in economic fundamentals and consumer confidence may negatively affect market value, increase volatility and reduce liquidity, thereby adversely affecting client performance.

ITEM 9 – DISCIPLINARY INFORMATION

Neither A.R.T. nor a management person (as defined) of either has been subject to legal or disciplinary events as described in this Item.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Item 10.A.

A.R.T. is not registered, nor does it have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. None of A.R.T.'s management persons, other than Mr. Sosnick and Ajay Mehra, are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer. As discussed below, each of Mr. Sosnick and Mr. Mehra are registered representatives of a broker-dealer, which is wholly-owned by the Master Fund.

Item 10.B.

A.R.T. is currently an exempt commodity pool operator (“**CPO**”) under the Commodity Exchange Act (the “**CE ACT**”). A.R.T. also is a CPO member of the National Futures Association (the “**NFA**”).

Additionally, Caxton Corporation (“**Caxton Corp.**”), the general partner of CAM, is registered under the CE Act as a CTA and CPO and is a member of the NFA in such capacities. Mr. Bruce Kovner, the sole shareholder of Caxton Corp., is individually registered pursuant to the CE Act as a CTA. Mr. Peter D’Angelo, the President of Caxton Corp., is individually registered pursuant to the CE Act as a CTA. As discussed below in Item 10.C., A.R.T. has an arrangement with Caxton Associates and/or CAM, under which these entities, singularly or jointly, provide office space and certain accounting, administrative and other facilities and services, including daily back-office processing support for A.R.T.

Item 10.C.

A.R.T., as the trading advisor to the Master Fund, also advises the Master Fund’s wholly-owned subsidiary, GDK, Inc. (“**GDK**”), a company organized under laws of the British Virgin Islands that is registered with the SEC as a broker-dealer. GDK engages solely in proprietary trading on behalf of the Master Fund and does not have any customers.

To address potential conflicts of interest in connection with such ownership of GDK by the Master Fund, A.R.T. and the Master Fund have adopted the following operating policies with respect to trading activities conducted by GDK on behalf of the Master Fund:

- None of GDK, A.R.T. or their respective affiliates receive any commissions with respect to GDK’s trading activities.
- GDK will not engage in brokerage activities on behalf of persons other than the Master Fund and its affiliates, unless investors in the funds are given at least 180 days prior notice. Investors who elect to redeem their interests within the 180-day period following delivery of such notice will not be subject to any redemption fee, if applicable.

- GDK will clear all of its trading activities through third parties which are not affiliates of GDK or A.R.T., unless the investors in the funds are given at least 180 days prior notice. Investors who elect to redeem their interests within the 180-day period following delivery of such notice will not be subject to any redemption fee, if applicable.

As referenced earlier, A.R.T. has entered into an arrangement with Caxton Associates, under which Caxton Associates and/or CAM, singularly or jointly, provide office space and certain accounting, administrative and other facilities and services, including daily back-office processing support, for A.R.T. Caxton Associates is registered pursuant to the CE as a CPO and CTA, and is a CPO and CTA member of the NFA.

Mr. Sosnick and Mr. Mehra are each a registered representative of GDK -- the broker-dealer that is wholly-owned by the Master Fund.

Item 10.D.

Currently, A.R.T. does not allocate any portion of its client's assets for management in other funds advised by A.R.T. affiliates or other unaffiliated private investment funds (whether limited partnerships, limited liability companies, corporations or other types of entities) -- although it may invest in exchange-traded funds or notes.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Items 11.A-D.

A.R.T.'s Code of Ethics ("**Code**") sets forth a standard of business conduct expected of all A.R.T. employees, reflecting A.R.T.'s fiduciary obligations, supervisory requirements, and duty to comply with applicable federal securities laws. The Code also sets forth procedures and controls to prevent the misuse of material nonpublic information by employees.

A.R.T. employees (including members) may buy or sell investments and other instruments that A.R.T. recommends or trades for clients. A.R.T. monitors and limits or restricts such transactions pursuant to internal policies and guidelines.

The Code includes policies to seek to avoid conflicts of interest with respect to personal investment transactions by its employees. On A.R.T.'s behalf, Caxton Associates monitors the personal trading transactions of A.R.T.'s employees. The Code requires A.R.T.'s employees to report their personal investment holdings and transactions as well as other non-exempt trading activities to A.R.T.'s Chief Compliance Officer or his designee. The Code generally requires each employee's broker-dealer to provide duplicate personal account statements and trade confirmations directly to A.R.T.'s Chief Compliance Officer or his designee. The Code also requires A.R.T.'s Chief Compliance Officer or his designee to review these reports periodically. A.R.T. does not permit any employee to participate in initial public offerings. A.R.T. employees may only purchase private placements with the prior consent of A.R.T.'s Chief Compliance Officer or his designee.

All A.R.T. employees are subject to restrictions on personal trading. Any employee that is involved in making investment recommendations or otherwise has access to non-public information concerning A.R.T.'s purchase or sale of investments or other instruments or portfolio holdings, and his or her immediate family (*e.g.*, spouse and minor children) (collectively "**Covered Persons**") is subject to additional restrictions on his or her personal transactions. All employees are subject to pre-clearance of any personal trades. In addition, Covered Persons are subject to certain blackout periods for any personal trades, which may vary depending on their position and level of access. Certain other restrictions on personal transactions applicable to Covered Persons and others are set forth in A.R.T.'s Code and Guidelines for Personal Trading, which will be provided to any client or prospective client upon request.

A.R.T. may experience errors with respect to trades executed on behalf of its clients that may result in losses or gains for its clients. A.R.T. will seek to resolve the error on a fair and equitable basis, taking into consideration whether the error resulted from a breach of A.R.T.'s standard of care as set forth in the client's Memorandum or contractual arrangements. In general, none of A.R.T., its principals, officers, members, employees, or controlling persons will be liable to the client if (1) such person acted in good faith, or in a manner which they believed to be in, or not opposed to the interests of the client and (2) such person's conduct did not constitute gross negligence, actual fraud or willful misconduct. Negative or positive results of trading errors

generally will be borne by the client, rather than by A.R.T., so long as A.R.T. adheres to the foregoing standard of care.

ITEM 12 – BROKERAGE PRACTICES

Item 12.A.

A.R.T. places orders for the purchase and sale of investments by the Master Fund (including transactions in U.S. markets through GDK), and is authorized to select brokers or dealers to effect such transactions. A.R.T.'s primary objective in choosing brokers or dealers is to obtain the most favorable net results for its clients consistent with acceptable creditworthiness and other standards. A.R.T. does not apply any rigid formula in selecting brokers or dealers. A.R.T. is authorized to incur higher prices for the purchase of investments from, or accept lower prices for the sale of investments to, brokerage firms that provide it with investment and research information or to pay higher commissions to such firms if A.R.T. determines such prices or commissions are reasonable in relation to the overall services provided by such brokerage firms.

A.R.T. seeks best execution in transactions for its clients on an aggregate basis and directs brokerage transactions to firms that provide research products and services that provide appropriate assistance to A.R.T. in the investment decision-making process. These research products and services may include: (i) advice as to an investment's value; (ii) the advisability of investing in or selling investments; (iii) financial publications; (iv) electronic market quotations; (v) performance measurement devices, including research-oriented computer software and computer databases; (vi) provision of information as to the availability of investments and potential buyers and sellers of investments; and (vii) provision of data, analyses and reports concerning issuers, industries, investments, economic factors and trends and portfolio strategy. In recognition of the value of these research products and services, A.R.T., consistent with its obligation to seek best execution, may effect investment transactions that cause its clients to pay such brokers an amount of commission in excess of the amount of commission another broker would have charged in the same circumstance.

Soft Dollar Practices

In exchange for the direction of commission dollars to certain brokers, A.R.T. may generate credits or "soft dollars." A.R.T. has the option to use these soft dollars generated by its clients to pay for research-related products and services discussed above. Section 28(e) of the U.S. Securities Exchange Act of 1934 (the "**Exchange Act**") provides a "safe harbor" to trading advisors who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the trading advisor in the performance of investment decision-making responsibilities. Research products and services obtained with soft dollars may be used by A.R.T. to service some or all of its clients (including the Master Fund). Therefore, at times, A.R.T.'s clients may not be the direct beneficiary of research services or products generated from the client's trading, or conversely may be the beneficiary of research products or services provided to A.R.T. in connection with soft dollars generated from the trading of other clients of A.R.T. If A.R.T. receives a research product or service that also may have non-research uses (*i.e.*, a "mixed use"), a potential conflict of interest may arise because such research product or service may directly benefit A.R.T. even though it arises from the soft dollars of A.R.T.'s clients. A.R.T. will seek to make a good faith allocation of the cost of any mixed use product or services that may be paid for with soft dollar credits. A.R.T. will endeavor to use soft dollars within the safe-harbor for soft dollar transactions under Section 28(e) of the Exchange Act.

Brokerage for Client Referrals

A.R.T. does not select or recommend broker-dealers based upon client referrals from a broker-dealer or third party.

From time to time, A.R.T.'s fund clients may accept investments from full-service financial firms and/or their employees who are investing on their own behalf or on behalf of third-parties. The financial service firms may have related entities that include broker-dealers and A.R.T. may utilize these broker-dealers from time-to-time to effect client transactions. A.R.T. does not take these investments into consideration when determining which broker-dealers to use to execute client transactions.

Directed Brokerage

A.R.T.'s clients do not direct brokerage.

Conflicts of Interest

To address potential conflicts of interest in connection with the ownership of GDK by the Master Fund, A.R.T. and the Master Fund have adopted the operating policies with respect to trading activities conducted by GDK on behalf of the Master Fund. See Item 10.C. for a description of those policies.

Item 12.B.

Currently, A.R.T. advises only the Master Fund and the offshore feeder fund that holds a beneficial interest in the Master Fund. An affiliate of A.R.T. serves as the managing member to a U.S.-based feeder fund, which also invests into the Master Fund. All transactions for these feeder funds are effected by, and investments are held only in, the Master Fund. If, in the future, A.R.T. has clients that do not invest through the Master Fund, A.R.T., in its discretion, may bunch or aggregate orders for its clients to the extent it determines that such treatment of orders is consistent with its advisory duties. If it does so, it may in its discretion allocate aggregated orders on an average price basis and when transactions are appropriate for more than one client, it will generally allocate transactions among clients based upon clients' relative assets under A.R.T.'s management or other appropriate basis.

ITEM 13 – REVIEW OF ACCOUNTS

Item 13.A. and B.

A.R.T.'s clients generally are reviewed daily by or under the supervision of A.R.T.'s Chairman, Head of Trading, Head of Systems, and/or Senior Quantitative Analysts in conjunction with their designated responsibilities.

A.R.T. investment personnel are responsible for evaluating investments (and other products) for investment, reviewing the portfolio, and making asset allocation and security selection on a daily basis. Investment products are continuously analyzed for investment, and A.R.T.'s professionals review the portfolio on a daily basis according to the client's investment objectives and pursuant to A.R.T.'s stated investment strategies and styles. Accounts are reviewed for performance, valuation, tax considerations, diversification, sector exposure and risk.

A.R.T. considers the careful management of risk to be an important element of a successful trading program, and has, over the years, developed a range of monitoring and analytical techniques intended to make risk management more rational and effective. A.R.T. monitors markets on a regular basis. When volatility and trading losses reach predetermined levels, positions are reviewed to determine whether to scale back or eliminate such positions. The client's portfolio of positions and investments is monitored to maintain appropriate levels of risk and volatility.

Item 13.C.

Generally, the investors in A.R.T.'s clients receive monthly statements detailing their account information, including, but not limited to, the account's beginning and ending equity, and the account's performance for that period. Additionally, each investor is provided with the appropriate client's audited financial statements as soon as practicable after such client's fiscal year end.

A.R.T.'s clients have retained the services of a third party administrator to act as administrator and registrar and transfer agent. The administrator generally is responsible for producing and distributing monthly account statements and other fund reporting information as specified above to investors in A.R.T.'s clients.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Item 14.A.

A.R.T. does not receive an economic benefit from a person who is not a client for providing advice or other advisory services to A.R.T.'s clients.

Item 14.B.

A.R.T. may, from time to time, engage a placement agent to assist in selling interests in funds to which it serves as trading advisor. A.R.T., and not such fund, generally will pay any applicable fees to such placement agent.

ITEM 15 – CUSTODY

A.R.T. may be deemed to have custody of the assets of certain clients under Rule 206(4)-2 under the Investment Advisers Act of 1940. Client assets generally will be cleared and kept in custody with major global broker-dealers. See also Item 13.C. above.

Investors in A.R.T.'s clients should carefully review any statements or reports provided by the client's administrator as well as the client's audited financial statements.

ITEM 16 – INVESTMENT DISCRETION

A.R.T. is granted discretionary authority over its client's assets based on contractual authority contained in the applicable agreement or trading advisory agreement. In general, A.R.T.'s clients do not place limitations on the discretionary authority granted to A.R.T. Generally, each client's investment mandate and any limitations on A.R.T.'s discretionary authority is described in the client's Memorandum and contractual documents.

ITEM 17 – VOTING CLIENT SECURITIES

Items 17.A. and B.

Since the voting of proxies is irrelevant to the investment decision to purchase, hold or sell an investment in connection with quantitative-driven strategies, A.R.T. does not vote proxies on behalf of its clients.

While A.R.T. does not have a formal policy with respect to the participation in class action lawsuits, A.R.T. has not historically participated in such lawsuits and does not generally expect to participate in such lawsuits in the future.

ITEM 18 – FINANCIAL INFORMATION

Item 18.A.

A.R.T. does not require or solicit prepayment of fees from its clients.

Item 18.B.

A.R.T. is not subject to any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients.

Item 18.C.

A.R.T. was not the subject of a bankruptcy petition at any time during the past ten years.