

**ITEM 1: COVER PAGE**

**HAWK QUANTITATIVE STRATEGIES LLC**  
**FORM ADV PART 2A BROCHURE**

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This Brochure provides information about the qualifications and business practices of HAWK Quantitative Strategies LLC (“Hawk”). If you have any questions about the contents of this Brochure, please contact us at (646) 725-0694 or at [jsenslin@caxtonhawk.com](mailto:jsenslin@caxtonhawk.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.

This Brochure contains certain material information in the manner and format promulgated by the SEC. Additional information, which must be read and considered with the information in this Brochure, may be found in other documents including, as applicable, offering memoranda and/or investment management agreements, among others. Please also read and understand the entire Brochure as responses to certain Items also may respond to or provide additional or fuller information regarding the responses to other Items. This Brochure and the information contained herein is not, and should not be considered as, an offer to invest in, or to buy or sell, any interests or shares in any funds, or to participate in any investment or trading strategy. Hawk is not soliciting any action based on the Brochure and the information contained herein. Any offering or solicitation will be made only pursuant to the applicable offering documents, all of which must be read and agreed to in their entirety.

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

Hawk is registered with the SEC as an investment adviser. Registration with the SEC as an investment adviser does not imply a certain level of skill or training.

**ITEM 2. MATERIAL CHANGES**

Not Applicable.

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#### **ITEM 4. ADVISORY BUSINESS**

HAWK Quantitative Strategies LLC (hereinafter “Hawk” or “we”) is an investment adviser with its principal place of business in New York, New York. Mr. Jeffrey Enslin founded Hawk in 2009. Hawk’s principal owners are Mr. Enslin, who holds a majority interest in Hawk, and Caxton Alternative Management LP (“CAM”). CAM is majority-owned by Caxton Corporation, which, in turn is owned by Mr. Bruce Kovner.

Hawk provides investment advisory services to clients pursuant to proprietary quantitative trading systems developed by Mr. Enslin (the “Trading Systems”). Hawk and the Trading Systems employ a broad range of financial instruments as further detailed below. Each client’s investment mandate is described in its offering documents and/or agreements or arrangements with Hawk (the “Client Documents”).

Hawk does not participate in wrap fee programs.

Hawk manages assets only on a discretionary basis. As of December 31, 2011, Hawk managed Regulatory Assets Under Management (as defined by the SEC in Part 1A of Form ADV) of approximately \$175,000,000 in client accounts on a discretionary basis.

#### **ITEM 5. FEES AND COMPENSATION**

Private collective investment vehicles sponsored and/or managed by Hawk (“Hawk Funds”) pay a monthly or quarterly management fee at the end of the applicable period. The management fees are based on the net assets of each Hawk Fund and are generally equal to a rate of between 1.5% and 2.0% on an annualized basis (depending on investment amounts and certain other conditions). In addition, Hawk or an affiliate of Hawk, HAWK Quantitative Strategies II LLC (“Hawk II”), may receive annual or quarterly performance compensation from the Hawk Funds in an amount equal to between 15% and 20% of net profits (depending on investment amounts and certain other conditions), as defined and calculated in each Hawk Fund’s respective Client Documents, to the extent such net profits represent new appreciation. The performance compensation is generally calculated and allocable as of the end of the applicable period and upon redemptions. Each of Hawk and Hawk II will receive performance based compensation only where the receipt of such compensation will be in compliance with Rule 205-3 under the Investment Advisers Act of 1940, if applicable.

Hawk manages a portion of the assets of a private collective investment vehicle that is sponsored and managed by Caxton Associates LP (“Caxton Associates”), a registered investment adviser (the “Hawk Managed Accounts,” and together with the Hawk Funds, “Clients” and each a “Client”). The principals of Hawk may receive performance compensation payable annually equal to between 5% and 15% of the net profits of the Hawk Managed Accounts. The applicable rate is dependent upon the amount of net profits in any year over certain thresholds, and may permit any excess performance to be carried retroactively for two years and prospectively for two years to increase the level of performance compensation within the 5% and 15% range.

Management fees are prorated for partial periods, while the performance-based compensation generally is charged at the end of the applicable period or upon redemption at the full rate.

The investors in the Hawk Funds do not have the ability to negotiate or select the fee methodology. Hawk and Hawk II, however, may waive or rebate all or a portion of the management fees and/or performance compensation, as applicable, for certain investors in the Hawk Funds that are principals, officers, managers, members, employees and affiliates of Hawk or Hawk II and members of their families and trusts established for their benefit and for Caxton Associates and certain of its principals, partners, employees, affiliates and members of their families and trusts established for their benefit.

Management fees and performance compensation are generally deducted from certain of the Hawk Funds, while other Hawk Funds and Hawk Managed Accounts are billed for the management fees and performance compensation.

Clients will incur brokerage, transaction and other similar and related fees and costs. Please see Item 12 for more information as well as the applicable Client Documents.

In addition, 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) as described in the applicable Client Documents.

Hawk does not require its Clients to pay fees in advance.

Neither Hawk 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**

As described in response to Item 5, we may accept performance-based compensation from all of our Clients.

#### **ITEM 7. TYPES OF CLIENTS**

Hawk currently provides investment management services only to the Hawk Funds and the Hawk Managed Accounts.

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

### ***Trading Systems***

As described above in Item 4, Hawk provides investment advisory services to its Clients pursuant to its Trading Systems. The Trading Systems are trend-following technical systems that are designed primarily to capture medium-term trend movements in the price of certain instruments while controlling risk through an active risk management framework, portfolio diversification, active position sizing, and other means. Currently, Hawk employs two distinct Trading Systems: the Diversified Trading System and the Futures Trading System.

Diversified Trading System. Hawk's Diversified Trading System may take both long and short directional positions in a broad range of asset classes, including securities, commodities, and derivatives thereon, as further described below. Portfolio positions are generally determined solely by the applicable instrument's trading history and other technical indicators, which may relate to, among others, liquidity, volatility, the relative weightings of the asset classes then comprising a Client's portfolio, and/or other considerations. Hawk may trade in a broad range of securities and other assets offered by issuers in the United States and non-U.S. jurisdictions. Hawk trades primarily in some or all of the following asset classes, generally with significant if not primary emphasis on securities of issuers located in, or instruments otherwise linked to, emerging markets: (i) publicly traded equity securities (including individual stocks, ADR's, GDR's, and exchange traded funds); (ii) publicly traded sovereign debt securities and, to a lesser extent, debt securities of sovereign affiliated entities; (iii) futures contracts (including in respect of commodities, currencies, fixed income and equity indices) and options on futures contracts; (iv) currency forward contracts; and (v) swaps and other derivative contracts in respect of interest rates and equity securities.

Futures-Only Trading System. Hawk's Futures Trading System employs a futures-only strategy. The Futures Trading System has an investment universe of approximately 150 instruments that generally includes only futures and foreign currency forwards.

### ***Cross Asset Model Overlay***

Hawk is currently in the process of developing a Cross Asset Model ("CAM") overlay that is being designed to provide short term signals for developed market and emerging market currencies. CAM may be implemented as a standalone system and/or as an overlay on existing Trading Systems. CAM generally will be driven by the relationships between other asset classes and currencies and Trades is intended to dynamically size positions according to the overall directional risk of a Client's portfolio and the relevant Trading System's risk appetite.

### ***Leverage***

Hawk may utilize varying degrees of borrowing and/or other sources of leverage to enhance potential returns from its trading activities. The amount of borrowing that a Client may have outstanding at any one time is not limited and may be large in relation to its capital.

More detailed information with respect to the Trading Systems is available in the applicable Client Documents.

**Investing in securities and other financial instruments involves risk of loss which Clients should be prepared to bear.**

### ***Trading Risks***

The investment strategies employed by Hawk on behalf of its Clients involve substantial risks, including the risk of loss of a Client's entire investment. The following is a summary of the material risks associated with the investment strategies employed by Hawk. More detailed information with respect to the following risk factors is included in the applicable Client Documents.

Trading Risks Generally. Trading risk is an inherent part of Hawk's and its Clients' business activities. Market risk is the risk that a change in the level of one or more market factors such as market price, rates, indices, volatilities, and correlations will result in losses for a position or portfolio. A Client will incur market exposure through its trading and hedging activities throughout its portfolio. Hawk employs value at risk ("VaR") to statistically measure the potential loss in the value of the portfolio or segments thereof due to adverse movements in underlying risk factors. This assists Hawk in evaluating potential market risk and may serve, at times, to limit risk.

A Client's trading activities will also give rise to liquidity risk, which relates to the ability to raise funding or liquidate an asset in a timely manner at a reasonable price. It may not always be possible to execute a buy or sell order at a desired price or to close out an open position due to market conditions.

Credit risk includes the risk that a counterparty or an issuer of securities or other financial instruments will be unable to meet its contractual obligations and fail to deliver, pay for or execute a trade. Credit risk will be incurred when a Client engages in transactions on certain exchanges that operate without a clearinghouse or similar credit risk-shifting structure, as well as, potentially, in principal-to-principal transactions outside of regulated exchanges. If a firm acting as a securities or commodity clearing broker for a Client fails to maintain assets in a segregated account (which is not required in many jurisdictions), such deposits may be subject to a risk of loss in the event of the clearing broker's bankruptcy. Under certain circumstances, such as the inability of another customer of the clearing broker or the clearing broker itself to satisfy deficiencies in such customer's accounts, a Client may be subject to a risk of loss of its funds on deposit with the clearing broker. In the case of such bankruptcy or loss, a Client may be able to recover only a pro rata share of all property available for distribution to the clearing broker's customers. Different results may occur in the event that a U.S. prime broker sub-custodies its assets with a foreign sub-custodian outside of the United States. Different results, including loss of U.S. regulatory protections, also may occur in the event that the customer of a U.S. prime broker permitted the prime broker to (i) rehypothecate or lend its assets or (ii) transfer its assets to a prime broker or other entity that is not a U.S. registered broker-dealer. If assets are held by a prime broker that is not a U.S. registered broker-dealer, the U.S. regulatory protections do not apply. In certain jurisdictions, such assets may be borrowed, lent or otherwise used by the prime

broker for its own purposes. In the event of the insolvency of the prime broker, customers may rank as unsecured creditors and may not be able to recover equivalent assets in full.

A Client's strategy may include the use of margin on securities, options, futures, swap transactions and other investments and may include bank or dealer credit lines. There can be no assurance that Hawk or its Clients will be able to maintain adequate financing arrangements under all market circumstances. Margin calls may be made in the event certain positions decline in value and in some cases even where the relevant positions have not declined in value, and Clients may not always have sufficient liquid assets or assets which can be liquidated in a timely manner to satisfy such margin calls. In such an event, the applicable lender may have the right to liquidate assets of the applicable Client in its sole discretion. Banks and dealers that provide financing to Clients may change their respective policies at any time and for any reason in either a prospective or retrospective manner which may affect the existing investments of the Client and the ability of Hawk to make certain future investments on behalf of its Clients. In addition, various laws for the protection of creditors rights in the jurisdictions of formation or operation of the issuers or borrowers with whom a Client does business may affect such Client's investments and dealings with such issuers and borrowers. Application of such laws may differ depending on the legal status and location of the parties, and a Client may experience less favorable treatment under certain laws in comparison with others.

In the normal course of business, a Client may also invest in financial instruments with off-balance sheet risk. These instruments include forward contracts, swaps and securities and options contracts sold short. An off-balance sheet risk is associated with a financial instrument if such instrument exposes the investor to a loss in excess of the investor's recognized asset carrying value in such financial instrument, if any, or if the ultimate liability associated with the financial instrument has the potential to exceed the amount that the investor recognizes as a liability in the investor's statement of assets and liabilities.

Standardized legal documentation with counterparties may not exist for all types of transactions engaged in by certain Clients and even where such documentation exists, the parties may negotiate specific terms to standardized forms.

Trend-Following Technical Systems. The Trading Systems are trend-following technical systems which are based on mathematical and other analysis of certain technical data regarding past market price performance. This kind of trading strategy ordinarily does not consider fundamental factors such as significant corporate events (e.g., positive or negative earnings reports, new product introductions, acquisitions), weather, supply, demand and political or economic events (including financial crises) except to the extent that such fundamental factors are reflected in technical input data analyzed by the Trading Systems. Thus, technical methods like the Trading Systems may be unable to respond to fundamental causative events until after their impact has ceased to influence the market, and positions dictated by such methods may be incorrect in light of the fundamental factors then affecting the market. A further limitation inherent in technical strategies like the Trading Systems is the need for price trends sufficient to dictate an entry or exit decision. If there is no substantial price movement, or if a price movement is erratic or ill-defined, the Trading Systems may not be able to identify a trend on



which they can act, or they may react to a minor price movement in establishing a position contrary to the overall price trend.

In addition, trend-following trading systems are used by many market participants. Such systems may result in traders attempting to initiate or liquidate significant positions in an identical or similar instrument or market at or about the same time, thereby making it more difficult to execute trades at prices signaled by the systems. The use of trend-following systems by multiple market participants may also alter historical trading patterns or obscure developing price trends.

Reliability of the Trading Systems. The Trading Systems' trading recommendations are derived from statistical analysis of data selected by Hawk based on one or more public sources of information believed to be accurate and reliable. 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 timely to reflect fundamental market-moving events. The reliability of the trading recommendations generated by the Trading Systems is materially dependent on the accuracy of information supplied to the computers and the reliability in processing that information of Hawk'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 and result in harm to Hawk's Clients. Detection of such data and programming errors may be difficult and such errors may remain unidentified for extended periods. Past performance by Hawk based on the Trading Systems or otherwise may not be relied upon as an indication of future performance by a Client. No assurance is made or can be given, and no inference may be drawn, that trading decisions based on the use of the Trading Systems or other computer-generated recommendations will produce profits or avoid losses.

Use of Discretion. While the Trading Systems are largely automated, Hawk reserves the right to exercise discretion when it deems appropriate, particularly in times of perceived market disruption. However, the use of such discretion cannot guarantee that a Client will avoid losses and in fact the use of discretion may cause a Client to forego profits which it may otherwise have earned had such discretion not been used.

Currency Exposure. A significant portion of a Client's trading may be in instruments denominated in various currencies and in other financial instruments the prices of which are determined with reference to such currencies. The Clients will, however, value their investments in U.S. dollars. Since the Trading Systems do not generally seek to hedge a portfolio's foreign currency exposure, the value of a Client's positions may be subject to foreign exchange risks and fluctuate with the U.S. dollar.

Securities Trading. Clients may trade in U.S. and non-U.S. exchange-traded emerging market securities, other non-U.S. securities and U.S. exchange-traded ADR's and GDR's. Any investment in securities carries certain market risks. The success of Hawk's securities trading depends, in part on its ability to correctly assess price movements of securities. There is no

assurance that Hawk's judgments will be accurate or that it will achieve its investment objectives through securities trading. In addition to the market risks inherent in securities trading, Hawk also may utilize leverage to finance certain of a Client's investment positions. Fluctuations in the market value of leveraged securities can have a disproportionately large effect relative to the capital invested. Hawk also may sell securities short. It is expected that a significant portion of Hawk's trading will be in emerging markets, which trading will require increased consideration of the foregoing risks, as well as consideration of risks not typically associated with investing in more developed countries and markets.

Clients may also trade U.S. and foreign sovereign debt, which will include financing through repurchase agreements ("repos") and reverse repurchase agreements ("reverse repos"), forward and swap transactions and other similar arrangements. In a repo transaction, a Client will sell a security with an obligation to repurchase the instrument at a future date. In a reverse repo transaction, a Client will purchase a security and agree to resell the instrument at a future date. Such transactions are effected on a principal-to-principal basis and allow for the maintenance of large open positions on a leveraged basis with relatively small cash outlays, without a clearinghouse system being present. As such, a Client is exposed to various risks, including the risk that in the event of a default by the counterparty to the transaction, it may be necessary to attempt to cover commitments in the open market. Hawk will attempt to avoid risk of default by carefully monitoring both the credit of the entities with which it enters into such transactions, and general market conditions.

Forward Contracts. Forward contracts are a form of individual cash transaction, as opposed to a futures transaction (see below), in that a forward contract relates to the purchase and sale of a specific quantity of a commodity (such as foreign currencies), security or other instrument, with a specific counterparty at a particular time in the future. Each contract is specifically negotiated rather than uniform. A Client may purchase and sell foreign currencies for future delivery through financial intermediaries (i.e., foreign and domestic banks, broker-dealer firms and other financial institutions). In such instances, the financial intermediary generally acts as a principal in the transaction and either charges a flat fee or includes a premium in the price it quotes for such contract.

Forward contracting generally requires the extension of credit by the financial institution to those with whom it trades along with margin payments, 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. A Client's credit risk should be primarily limited to the risk of non-performance by the counterparty. Financial institutions are not required to continue to make markets in foreign currencies. There have been periods, for example, during which certain banks have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell. Forward contracts generally cannot be modified or terminated prior to maturity unless special agreement is reached with the counterparty.

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. 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. 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.

Increased attention is given and concern expressed periodically regarding speculative trading in the currency markets and its potential to disrupt attempts by the central banks to influence exchange rates. If Hawk were restricted in its ability to trade in the foreign currency markets, Hawk believes that the impact on its ability to trade for its Clients could be materially adverse.

Futures Trading. Clients may trade futures and options on futures contracts. Futures prices are highly volatile. Price movements are influenced by a wide variety of factors including, among other things, changing supply and demand relationships, weather, government, agricultural, trade, fiscal, monetary and exchange control programs and policies, national and international political and economic events and changes in interest rates.

Margins are good faith deposits, which must be made with a broker to initiate or to maintain an open position in a futures contract. In most exchange transactions, both buyer and seller are required to post margins with the broker handling their trades as security for the performance of their buying and selling undertakings and to offset losses in their trades due to daily fluctuations in the markets. Margin requirements are also imposed by exchanges on writers of commodity options. The low margin deposits normally required in futures trading (typically between two percent (2%) and fifteen percent (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 order at a desired price or to close out an open position, either due to market conditions or daily price fluctuation limits. Certain futures exchanges limit fluctuations in futures contract prices during a single day through “daily limits.” Daily limits may prevent liquidating or new trades from being executed during a given trading day at a price above or below the daily limit. Speculative position limits (the maximum net long and net short positions which any person may hold in particular futures contracts and options) also limit the number of open positions that may be held in certain futures and option contracts. In addition, even if future prices have not moved to the daily limit, a Client may be unable to execute trades at favorable prices if the volume of trading in the relevant contracts is inadequate. 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.

Hawk will potentially engage in futures trading in all global exchange and over-the-counter markets. Certain futures exchanges operate as “principals markets” (similar to the forward markets) wherein the obligation to assure performance rests solely with the individual member effecting the trade, and not with any exchange or clearinghouse. Trading in different jurisdictions will also present risks similar to the risks associated with trading securities on a global basis.

Options. Hawk may trade options for speculative, risk management and other purposes. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. The purchasing or writing of an option runs the risk of losing the entire investment in such option or of causing significant losses to a Client in a relatively short period of time. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the financial instrument underlying the option, which the writer must purchase or deliver upon exercise of the option. Because option premiums paid or received by a Client generally will be small in relation to the market value of the investments underlying the options, buying and selling put and call options can result in large amounts of leverage. As a result, the leverage offered by trading in options could cause a Client’s net asset value to be subject to more frequent and wider fluctuations than would be the case if the Client did not invest in options.

Illiquid Securities. Although Hawk does not intend to invest in illiquid securities as a general matter, it is possible that certain positions may become illiquid after purchase. Such securities may be difficult or impossible to sell or, if salable, may be salable only at a substantial discount to their perceived value. Applicable accounting procedures and guidelines will be adhered to in valuing such securities.

Emerging Markets. A significant portion of the Clients’ trading activities are expected to be in emerging market securities which may lead to additional risks being encountered when compared with investments in developed markets.

Investment in emerging market securities involves a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, emerging market securities investments may carry the risks of less publicly available information, more volatile markets, less strict securities market regulation, less favorable tax provisions, and a greater likelihood of severe inflation, unstable or not freely convertible currency, war and expropriation than investments in securities of issuers based in developed countries. In addition, a Client’s investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities.

Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets may be lower than in developed countries. In addition, issuers based in emerging markets may not be subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of

fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.

Some emerging markets securities may be subject to brokerage or stock transfer taxes levied by governments, which would have the effect of increasing the cost of investment and which may reduce the realized gain or increase the loss on such securities at the time of sale. The issuers of some of these securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. In addition, settlement of trades in some emerging market countries may be much slower and subject to a greater risk of failure. Further, custodians may not be able to offer the level of service and safe-keeping, settlement and administration of securities that is customary in more developed markets and there is a risk that a Client will not be recognized as the owner of securities held on its behalf by a sub-custodian.

With respect to any emerging market country, there is the possibility of nationalization, expropriation or confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the repatriation of funds or other assets of a Client, political changes, government regulation, social instability or diplomatic developments (including war) which could affect adversely the economies of such countries or the value of a Client's investments in those countries.

The economies of individual emerging market countries may differ favorably or unfavorably from the economy of a developed country in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, the economies of emerging countries generally are heavily dependent upon international trade and, accordingly, have been, and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. The economies of certain of these countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

Swap Transactions. In the future, Clients may enter into swap transactions including interest rate swaps, credit default swaps and other financial instruments. Swaps are individually negotiated transactions where 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 only to pay the agreed upon rates as applied to an agreed upon "notional" size. Nevertheless, swap agreements are principal-to-principal transactions in which performance is the responsibility of the individual counterparty and not an organized exchange or clearinghouse. As such, the Clients are exposed to the risk of counterparty default. With respect to interest rate swaps, the Clients are exposed to the additional risk of changes in the applicable interest rates.

In circumstances in which a Client may be the buyer of a credit default swap and does not own the debt or loans that are deliverable under a credit default swap, the Client will be exposed

to the risk that deliverable securities or loans will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called “short squeeze.” In addition, it may be unclear whether or not a “credit event” triggering the seller’s payment obligation under a credit default swap has occurred. In either of these cases, a Client may not be able to realize the full value of the credit default swap. As a seller of credit default swaps, the Client would incur leveraged exposure to the credit of the reference entity and be subject to many of the same risks it would incur if it were holding debt securities or loans issued by the reference entity. However, the Client would not have any legal recourse against the reference entity and would not benefit from any collateral securing the reference entity’s debt obligations. In addition, the credit default swap buyer may have broad discretion to select which of the reference entity’s debt obligations to deliver to the Client following a credit event and will likely choose the obligations with the lowest market value in order to maximize the payment obligations of the Client or, equivalently, this “cheapest-to-deliver” option may be reflected in the cash settlement price in an ISDA-sponsored auction. Given the high volume of credit derivatives trading in the market and credit events, the settlement of such contracts may be delayed beyond the time frame originally anticipated by counterparties.

Commodities. Hawk may engage in commodity trading strategies. Commodity prices historically have corresponded with the level of economic activity and industrial production. Earnings and financial conditions of commodity producers are dependent on the market prices of the underlying resources which historically have fluctuated significantly. Commodities prices are highly sensitive to natural disasters, political and social disruptions, government action, technological developments, access to new sources of a particular commodity or increases or reductions in any existing source of a particular commodity.

Hawk may conduct certain of its commodity trading activities on commodity exchanges outside the United States. Trading on such exchanges is not regulated by any U.S. governmental agency and may involve certain risks not applicable to trading on U.S. exchanges, including different or diminished investor protections.

Increased Cost of Frequent Trading. Frequent purchases and sales may be required by the trading strategies utilized by Hawk. More frequent purchases and sales will increase the commission costs and certain other expenses involved in a Client’s operations. These costs will be borne by the Clients regardless of the profitability of the investment and trading activities.

### ***Reliance on Key Personnel***

Hawk is reliant upon Mr. Enslin, the developer of the Trading Systems, and the other personnel who monitor and administer the Trading Systems. The loss of one or more of such personnel could have a significant adverse impact on the Trading Systems and/or the operating results of a Client. No assurances can be given that each of such personnel will continue to be affiliated with Hawk.

### ***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 Hawk. Such enhanced scrutiny could result in the diversion of time and resources of Hawk from the administration of its trading strategy or could result in changes to Hawk's trading strategy. Any such actions could have an adverse affect on a Client's operating results.

### ***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 Dodd-Frank Act, all swap transactions will be required to be cleared through a clearinghouse, unless the swap is exempt. Additionally, Hawk 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 Hawk's or its Clients' trading strategies.

## **ITEM 9. DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of our advisory business or the integrity of our management.

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

Caxton Corporation, the general partner and majority owner of CAM, is registered under the U.S. Commodity Exchange Act, as amended (the "CE Act"), as a commodity pool operator ("CPO") and commodity trading advisor ("CTA"), and is a member of the National Futures Association ("NFA") in such capacities. Mr. Kovner, the sole shareholder of Caxton Corporation, is individually registered pursuant to the CE Act as a CTA. Mr. Kovner is also registered as an associated person of Caxton Corporation.

Hawk has entered into an arrangement 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 Hawk. Caxton Associates is registered pursuant to the CE as a CPO and CTA and is a member of the NFA in such capacities.

Mr. Enslin, the founder and majority owner of Hawk, is also a Partner of Caxton Associates where his activities are primarily devoted to macro trading and emerging market

opportunities. Mr. Enslin devotes a significant portion of his business activities as a Partner for Caxton Associates to discretionary trading activity and such discretionary trading may or may not overlap with any discretionary trading activity by Hawk and the Trading Systems on behalf of Clients. As noted above, in addition to employing the Diversified Trading System on behalf of the Hawk Funds, Mr. Enslin also currently invests assets of the Hawk Managed Accounts, for which Caxton Associates acts as trading advisor, through the Trading Systems.

Hawk and Mr. Enslin will act in a manner that each considers fair and reasonable in allocating investment opportunities to the Clients but, subject to the foregoing, the Client Documents do not otherwise impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunities to the Clients or any restrictions on the nature or timing of investments for the accounts of the Clients. Hawk and Mr. Enslin are not obligated to devote any specific amount of time to the affairs of any Client, and are not required to accord exclusivity or priority to any Client in the event of limited investment opportunities.

Ajay Mehra, the chief compliance officer of Hawk, also serves as chief compliance officer of Caxton Associates as well as another entity that is under common control with Hawk, A.R.T. Advisors, LLC.

#### **ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Hawk has adopted Caxton Associates' Compliance Manual and Code of Ethics (collectively referred to as the "Code"). The Code sets forth a standard of business conduct expected of all Hawk employees, reflecting Hawk'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.

Hawk employees (including members) may buy or sell investments and other instruments that Hawk recommends or trades for Clients. Hawk 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. The Code requires Hawk's employees to report their personal investment holdings and transactions as well as other non-exempt trading activities to Hawk's Chief Compliance Officer or his designee. The Code specifically requires each employee's broker-dealer to provide duplicate personal account statements and trade confirmations directly to Hawk's Chief Compliance Officer or his designee. The Code also requires Hawk's Chief Compliance Officer or his designee to review these reports periodically. Hawk does not permit any employee to participate in initial public offerings. Hawk employees may only purchase private placements with the prior consent of Hawk's Chief Compliance Officer or his designee.

All Hawk 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 Hawk'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 Hawk’s Code and Guidelines for Personal Trading, which will be provided to any Client or prospective Client upon request. Hawk has entered into an arrangement with Caxton Associates pursuant to which Caxton Associates will undertake to monitor the personal trading transactions of Hawk’s employees.

Hawk may experience errors with respect to trades executed on behalf of its Clients that may result in losses or gains for its Clients. Hawk will seek to resolve the error on a fair and equitable basis, taking into consideration whether the error resulted from a breach of Hawk’s standard of care as set forth in the applicable Client Documents. In general, none of Hawk, 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 Hawk, so long as Hawk adheres to the foregoing standard of care.

In the normal course of business, Hawk and its officers, managers or employees may provide gifts, gratuities and contributions to various individuals or entities such as clients, investors, vendors, consultants, and service providers. These gifts, gratuities and contributions are not premised upon any specific client referrals or any expectation of any other type of benefit to Hawk. Hawk has adopted policies and procedures requiring approvals and recordkeeping of gifts, gratuities and contributions. Hawk and its officers and employees also may make political contributions to persons who may serve or seek to serve in elected capacities with certain public entities. These political contributions are subject to compliance with the Rule 206(4)-5 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

In addition, Hawk and Caxton Associates and their officers, managers or employees may trade for their own accounts and may invest in and trade the same securities and instruments that a Client invests in and trades.

## **ITEM 12. BROKERAGE PRACTICE**

Hawk’s primary objective in choosing brokers or dealers is to obtain the most favorable overall results, taking into account such factors as commission rates, size of order, research and execution capabilities and their financial stability and reputation. Hawk does not apply any rigid formula in selecting brokers or dealers nor does it have fixed internal brokerage procedures designating specific percentages of brokerage commissions to particular firms. Hawk is authorized to incur higher prices for the purchase of securities from, or accept lower prices for the sale of securities to, brokerage firms that provide it with investment and research information or to pay higher commissions to such firms if Hawk determines such prices or commissions are reasonable in relation to the overall services provided by such brokerage firms. Hawk will seek

best execution in transactions for a Client on an aggregate basis and directs brokerage transactions to firms that provide research products and services that provide appropriate assistance to Hawk in the investment decision-making process. These research products and services may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing services; as well as discussions with research personnel, software, databases and other news, technical and telecommunications services utilized in the investment management process. In recognition of the value of these research products and services, Hawk may, consistent with its obligation to seek best execution, effect securities transactions which cause a Client to pay such brokers an amount of commission in excess of the amount of commission another broker would have charged under the same circumstances.

In exchange for the direction of commission dollars to certain brokers, Hawk currently does not, but may in the future, generate credits or “soft dollars.” Hawk has the option to use these “soft dollars” generated by a Client to pay for research related products and services discussed above. Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended (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 Hawk to service some or all of its Clients. Therefore, at times a Client may not be the direct beneficiary of research services or products generated from trading, or conversely, may be the beneficiary of research products or services provided to Hawk in connection with “soft dollars” generated from the trading of other Clients. Hawk may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than its Clients’ interest in receiving the lowest execution price. If Hawk receives a research product or service that may also have non-research uses (i.e., a “mixed use”), a potential conflict of interest may arise since such research product or service may directly benefit Hawk even though it arises from the “soft dollars” of Clients. Hawk will make a good faith allocation of the cost of any mixed use product or services which may be paid for with soft dollar credits. Hawk anticipates that its use of “soft dollars” will generally, but not necessarily exclusively, fall within the “safe harbor” for “soft dollar” transactions under Section 28(e) of the Exchange Act.

The Clients do not direct brokerage.

Hawk in its discretion may bunch or aggregate orders for Clients to the extent it determines that such treatment of orders is consistent with its advisory duties. Hawk in its discretion may allocate aggregated orders on an average-price basis or other basis believed to be fair to the involved Clients.

### **ITEM 13. REVIEW OF ACCOUNTS**

The Clients’ accounts are generally reviewed daily by or under the supervision of Mr. Enslin or other investment professionals.

The investors in the Hawk Funds 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. In addition, each investor in the Hawk Funds is provided with the Hawk Fund's annual audited financial statements within 120 days of such Hawk Fund's fiscal year end.

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

Hawk currently has no arrangements, formal or informal, to compensate any person for Client or investor referrals, nor do we or any of our affiliates receive compensation for referring Clients or investors to any third party.

#### **ITEM 15. CUSTODY**

Hawk and certain of its affiliates or related persons may be deemed to have custody of certain of the assets of the Clients under Rule 206(4)-2 under the Advisers Act.

#### **ITEM 16. INVESTMENT DISCRETION**

Hawk is granted discretionary authority over its Clients' accounts based on contractual authority contained in the Client Documents. Such discretionary authority is subject to in each case to a Client's investment mandate and any investment limitations set forth in the applicable Client Documents.

#### **ITEM 17. VOTING CLIENT SECURITIES**

Hawk views proxy voting as an extension of the investment process. To that end, where the voting of proxies is irrelevant to the investment decision to purchase, hold, or sell a security, Hawk will not vote proxies on behalf of Clients (i.e., in connection with quantitative driven strategies). In addition, Hawk generally does not vote proxies with respect to non-US issuers, but may decide to do so depending upon the nature of the proxy.

As a matter of general policy, Hawk seeks to be an active trader of securities without seeking to influence or control company operations or activities.

Potential conflicts of interest may exist if Hawk would be in the position of voting a proxy solicited by an issuer with which Hawk or one of its affiliates has a business or personal relationship that may affect how it votes the issuer's proxy. Hawk requires anyone involved in the decision making process to disclose any potential conflict to the Chief Compliance Officer (or his designee) and where a material conflict of interest exists, Hawk will designate an individual who can impartially help decide how to resolve the conflict.

Investors in the Hawk Funds may contact Hawk to obtain information on how proxies were voted, if any, for that Client and to request a copy of Hawk's proxy voting policies and procedures.

From time to time, Hawk may receive notices regarding class action lawsuits involving securities that are or were held by Clients. Hawk will participate in such class action lawsuits only where it believes, in its sole discretion, that such participation may result in a material benefit to the applicable Client taking into consideration such factors as the anticipated costs and benefits.

#### **ITEM 18. FINANCIAL INFORMATION**

Hawk does not require or solicit prepayment of fees from its Clients; is not subject to any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its Clients; and was not the subject of a bankruptcy petition at any time during the past ten years.