

PART 2A OF FORM ADV
FIRM BROCHURE
ARCEM CAPITAL, LLC

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This brochure provides information about the qualifications and business practices of Arcem Capital, LLC (“Arcem”). If you have any questions about the contents of this brochure, please contact us at 212-652-8127 or by email at investor.relations@arcem.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Arcem is registered as an investment adviser with the SEC under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). SEC registration does not imply a certain level of skill or training.

THIS BROCHURE SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF ANY OFFER TO BUY ANY SECURITY.

ITEM 2 – MATERIAL CHANGES

If you are amending your *brochure* for your annual update and it contains material changes from your last annual update, identify and discuss those changes on the cover page of the *brochure* or on the page immediately following the cover page, or as a separate document accompanying the *brochure*. You must state clearly that you are discussing only material changes since the last annual update of your *brochure*, and you must provide the date of the last annual update of your *brochure*.

This firm brochure (the “Brochure”) is Arcem’s initial Brochure. Arcem will update this Brochure as required by law, including, but not limited to, an annual update filed within 90 days of the end of its fiscal year. In such cases, this Item will include a summary of material changes that Arcem has made to the Brochure since the previous filing.

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ITEM 4 – ADVISORY BUSINESS

<p>Item 4.A</p>	<p>Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).</p> <p>Founded on March 14, 2012, Arcem Capital, LLC (“Arcem”) provides discretionary investment advisory services to our advisory clients, which are pooled investment vehicles organized as private investment funds, via the following master-feeder structure:</p> <ul style="list-style-type: none"> ○ Arcem Global Onshore L.P., a Delaware limited partnership (the “Domestic Feeder”) ○ Arcem Global Offshore Ltd., a Cayman Islands exempted limited company (the “Offshore Feeder”) ○ Arcem Master Fund L.P., a Cayman Islands exempted limited partnership (the “Master Fund”) <p>The Domestic Feeder and the Offshore Feeder invest all or substantially all of their assets in the Master Fund. Each of the Domestic Feeder, the Offshore Feeder and the Master Fund are referred to together as the “Fund.”</p> <p>In addition to the Fund, Arcem may in the future provide investment advisory services to one or more collective investment funds, separately managed accounts or special purpose vehicles established by or on behalf of particular pooled investment vehicles, pension plans, high net worth individuals or other persons.</p> <p>An affiliate of Arcem, Arcem Advisors, LLC, is the general partner (the “General Partner”) of the Domestic Feeder and the Master Fund. The General Partner and Arcem are together filing a single Form ADV in reliance upon the position expressed in the SEC’s Division of Investment Management No-Action Letter issued on January 18, 2012 in response to a request for guidance from the American Bar Association Subcommittee on Hedge Funds seeking confirmation as to whether certain affiliates of an investment adviser must register separately with the SEC. Arcem and the General Partner operate under a single code of ethics adopted in accordance with Advisers Act Rule 204A-1 and a single set of written policies and procedures adopted and implemented in accordance with Advisers Act Rule 206(4)-(7) and are administered by a single chief compliance officer in accordance with that Rule. Arcem and the General Partner are referred to collectively herein as “Arcem.”</p> <p>Arcem may, at some point in the future, provide discretionary investment advisory services to other pooled investment vehicles and/or separately managed accounts.</p> <p>Christopher Leonard is the managing partner and principal owner of Arcem.</p>
<p>Item 4.B</p>	<p>Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.</p>

	<p>The investment objective of the Fund, using the master-feeder structure as described in Item 4.A above, is to produce superior consistent risk-adjusted returns with limited drawdowns across all market environments.</p> <p>In managing the Fund’s portfolio, Arcem will opportunistically employ a range of different macro and fixed income strategies. The Fund’s investment opportunities and themes generally will be concentrated in liquid markets. In implementing the strategy, the Fund (through the Master Fund) may invest in, without any limitation, long and short positions in sovereign debt (including US and non-US government debt), agency bonds, interest rate swaps, swaptions, options (purchased or written), options on futures, repurchase agreements and reverse repurchase agreements, futures contracts and other securities and instruments as determined by Arcem from time to time.</p> <p>There can be no assurance that the investment objectives of the Fund will be achieved, and investment results may vary substantially over time.</p> <p>See Item 8.</p>
Item 4.C	<p>Explain whether (and, if so, how) you tailor your advisory services to the individual needs of <i>clients</i>. Explain whether <i>clients</i> may impose restrictions on investing in certain securities or types of securities.</p> <p>Arcem currently provides investment advice only to the Fund and the investment advice provided to the Fund is provided in accordance with their respective governing documents. Arcem may in the future provide investment advice to one or more separately managed accounts and/or other collective investment funds. The investment advice provided to any managed accounts may be tailored to the client for whom such account is established.</p> <p>See Item 4.B. See Item 8.</p>
Item 4.D	<p>If you participate in <i>wrap fee programs</i> by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.</p> <p>Arcem does not participate in wrap fee programs.</p>
Item 4.E	<p>If you manage <i>client</i> assets, disclose the amount of <i>client</i> assets you manage on a <i>discretionary basis</i> and the amount of <i>client</i> assets you manage on a <i>non-discretionary basis</i>. Disclose the date “as of” which you calculated the amounts.</p> <p>As of the date hereof, Arcem does not manage any assets on a discretionary basis. Arcem expects to manage in excess of \$100,000,000 on a discretionary basis within 120 days of the effectiveness of Arcem’s registration as an investment adviser. Arcem does not currently manage any assets on a non-discretionary basis.</p>

ITEM 5 – FEES AND COMPENSATION

<p>Item 5.A</p>	<p>Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.</p> <p>Arcem will receive a management fee from the Fund, calculated and payable quarterly in advance, equal to either 0.35% (1.4% annually) (for certain investors investing in the Fund in the initial months following launch) (“Founder Investors”) or 0.5% (2.0% annually) of the aggregate net asset value of each investor’s investment as of the beginning of such quarter. In addition, certain other Founder Investors are subject to management fees determined according to a schedule based on Arcem’s assets under management.</p> <p>Arcem will receive an annual incentive allocation equal to 20% of the increase in the net asset value of each investor’s investment during such year (calculated net of accruals and payments of fees and expenses, and gross of any accruals of the incentive fee/allocation), subject to a standard loss carryforward (or “high water mark”) provision. The incentive allocation applicable to certain classes of ownership interests held by certain Founder Investors is subject to a “hurdle rate,” such that the incentive allocation will be equal to 20% of the increase in the net asset value of each investor’s investment during such year above a specified rate, such as, for example, the average monthly 30-Day U.S. Treasury Bill Rate.</p> <p>Arcem may, in its sole and absolute discretion, reduce or waive the incentive allocation imposed on certain investors, including, but not limited to, its employees, affiliates, family members of its employees or affiliates and/or any other investor, without entitling any other investor to a waiver or reduction and without notice to or the consent of any other investor.</p> <p>More detailed information concerning the fees payable in respect of an investment in the Funds is provided in the Private Placement Memorandum of the relevant Fund (each, a “Memorandum”).</p> <p>See Item 5.B.</p>
<p>Item 5.B</p>	<p>Describe whether you deduct fees from <i>clients’</i> assets or bill <i>clients</i> for fees incurred. If <i>clients</i> may select either method, disclose this fact. Explain how often you bill <i>clients</i> or deduct your fees.</p> <p>The Fund’s administrator deducts fees from Fund assets in accordance with the investment management agreements between Arcem and the Fund. In general, Arcem receives a management fee based on each Fund’s net assets, payable quarterly in advance, on the first day of each calendar quarter. The management fee is prorated with respect to any investors that do not participate in the Fund for the entire quarter.</p> <p>Arcem will receive an incentive allocation that is based on each of the Fund’s net profits, subject to a standard loss carryforward (or “high water mark”) provision. Under the high water mark provision, generally no incentive allocation will be made with respect to an investor until any net loss previously allocated to such investor’s capital account/shares has been offset by subsequent net profits. For investors in a class for which the incentive allocation is subject to a hurdle rate,</p>

	<p>the net profits applicable to each investor in such classes must exceed the applicable hurdle rate over the relevant measurement period, and if so, an incentive allocation will be taken on the amount of net profits in excess of the amount such investor would have earned had such investor's investment at the start of the measurement period earned a return equal to the hurdle rate.</p> <p>The incentive allocation is calculated and charged at the end of each fiscal year and in the event of an investor withdrawal/redemption, but only with respect to the withdrawn/redeemed amount. In addition, if an investor makes a withdrawal/redemption, its high water mark level is ratably reduced to reflect such withdrawal/redemption. In addition, because the incentive allocation is calculated on a series-by-series or investment-by-investment basis with respect to each class of ownership interests in the Fund, an investor that makes investments in the Fund at different times may be subject to an incentive allocation even though the overall value of such investor's investment in the Fund has declined.</p> <p>The incentive allocation will be taken by Arcem at the Master Fund level with respect to the Offshore Feeder and at the Domestic Feeder level with respect to the Domestic Feeder, and management fees currently are payable at the Domestic Feeder level and Offshore Feeder level. Arcem may, however, determine to cause the incentive allocation or the management fee to be charged at a different level (i.e., causing the incentive allocation to be made at the Domestic Feeder level and/or the Offshore Feeder level) or to make such other changes in the manner in which the applicable amounts are paid or credited to Arcem as Arcem may determine is appropriate. Any such change will have no economic impact on investors.</p> <p>While it is Arcem's general policy that the management fee and the incentive fee/allocation are not negotiable, Arcem may, in its sole and absolute discretion, reduce or waive the management fee and/or incentive allocation payable by certain investors, including, but not limited to, its employees, affiliates, family members of its employees or affiliates and/or any other investor, without entitling any other investor to a waiver or reduction and without notice to or the consent of any other investor.</p>
Item 5.C	<p>Describe any other types of fees or expenses <i>clients</i> may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that <i>clients</i> will incur brokerage and other transaction costs, and direct <i>clients</i> to the section(s) of your <i>brochure</i> that discuss brokerage.</p> <p>Each of the Offshore Feeder Fund and the Domestic Feeder Fund will bear all costs, expenses and liabilities incurred in connection with their respective operations (and their respective pro rata shares of such costs and expenses incurred at the Master Fund level), including, but not limited to: fees, costs and expenses relating to the evaluation, purchase, holding and sale of investments and any other expenses related to the purchase, sale or transmittal of assets (including travel expenses directly related to research or structuring of investments); professional fees and expenses of consultants (including economics consultants) in connection with investigating, evaluating and structuring investments and their activities generally; fees and expenses incurred in connection with market data services (excluding Bloomberg terminals); research expenses, expenses related to any leverage facility (including all fees and interest expense); hedging expenses; expenses incurred in connection with transactions not consummated; insurance</p>

	<p>premiums (including a reasonable expense reimbursement for a portion of the D&O and E&O insurance premiums for Arcem); taxes; fees and expenses of counsel, consultants, accountants, auditors, the administrator and the prime brokers and other administrative, consulting, legal, compliance, advisory, custodial and accounting fees and expenses; fees and expenses of the independent members of the Board of Directors (with respect to the Offshore Feeder Fund) and a pro rata portion of such fees and expenses with respect to the Board of Managers of the General Partner; governmental filing fees; data; finder's fees and brokerage commissions relating to the sourcing and purchase and sale of securities; expenses related to organizing companies or other entities through or in which investments will be made (for deal structuring, regulatory, tax or other reasons); bookkeeping, recordkeeping, appraisal and valuation expenses, including those paid to third party valuation services; litigation and indemnification expenses; expenses associated with the preparation and distribution by third party service providers of reports to investors; expenses associated with annual meetings, attending review meetings with investors; and other extraordinary expenses.</p> <p>In the event that any of the foregoing fees and expenses are incurred with respect to the Fund and other clients (in the event Arcem has additional clients in the future), Arcem will allocate the costs across the entities on a pro rata basis, or on such other basis as it determines to be fair and equitable,</p> <p>Each of the Offshore Feeder Fund and the Domestic Feeder Fund will bear all legal and other expenses incurred in their respective formations and the offering of their respective interests, as well as their respective pro rata shares of such expenses related to the Master Fund (the "Organizational Expenses"). For accounting purposes, Organizational Expenses will be amortized over a sixty-month period.</p>
Item 5.D	<p>If your <i>clients</i> either may or must pay your fees in advance, disclose this fact. Explain how a <i>client</i> may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.</p> <p>See Item 5.B.</p>
Item 5.E	<p>If you or any of your <i>supervised persons</i> accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.</p> <p>Not applicable.</p>
Item 5.E.1	<p>Explain that this practice presents a conflict of interest and gives you or your <i>supervised persons</i> an incentive to recommend investment products based on the compensation received, rather than on a <i>client's</i> needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to <i>clients</i>. If you primarily recommend mutual funds, disclose whether you will recommend "no-load" funds.</p> <p>Not applicable.</p>

Item 5.E.2	<p>Explain that <i>clients</i> have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.</p> <p>Not applicable.</p>
Item 5.E.3	<p>If more than 50% of your revenue from advisory <i>clients</i> results from commissions and other compensation for the sale of investment products you recommend to your <i>clients</i>, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.</p> <p>Not applicable.</p>
Item 5.E.4	<p>If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.</p> <p>Not applicable.</p>

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

If you or any of your *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your *supervised persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your *supervised persons* face by managing these accounts at the same time, including that you or your *supervised persons* have an incentive to favor accounts for which you or your *supervised persons* receive a *performance-based fee*, and describe generally how you address these conflicts.

As described in Item 5 above, each of the Domestic Feeder and the Offshore Feeder are subject to a performance-based incentive allocation payable to Arcem.

It should be noted that the possibility that Arcem could receive performance-based compensation creates a potential conflict of interest in that it may create an incentive for Arcem to effectuate larger and more risky transactions than would be the case in the absence of such form of compensation. Arcem presently provides investment advisory services only to the Fund, which is assessed (directly or indirectly) a performance-based incentive allocation. As such, the conflict of interest related to managing accounts that charge performance-based fees alongside accounts that do not charge performance-based compensation does not currently apply to Arcem.

In the event Arcem establishes other funds or separately managed accounts in the future which pursue a similar investment strategy, Arcem will first develop appropriate compliance policies to manage the conflicts associated with any such arrangements.

ITEM 7 – TYPES OF CLIENTS

Describe the types of *clients* to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

[See Item 4.](#)

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

Item 8.A	<p>Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that <i>clients</i> should be prepared to bear.</p> <p>The Fund's investment objective is to produce superior consistent risk-adjusted returns with limited drawdowns across all market environments.</p> <p>In managing the Fund's portfolio, the Arcem will opportunistically employ a range of different macro and fixed income strategies. The Fund's investment opportunities and themes generally will be concentrated in liquid markets. In implementing the strategy the Fund may invest in, without any limitation, long and short positions in sovereign debt (including US and non-US Government debt), agency bonds, interest rate swaps, swaptions, options (purchased or written), options on futures, repurchase agreements and reverse repurchase agreements, futures contracts and other securities and instruments determined by Arcem from time to time. In addition, the Fund may also invest in other investment funds established by Arcem or its affiliates.</p> <p>The Fund may, but is not required to, engage in hedging.</p> <p><i>Investment Style</i></p> <p>Arcem is a macro and fixed income specialist. Arcem integrates trade generation, portfolio construction and risk analysis in seeking to build an asymmetric portfolio expressing macro views.</p> <p>Arcem's trade generation process has three aspects</p> <ul style="list-style-type: none"> - Fundamental: analysis of macroeconomic data, such as economic data and central bank statements. - Flow: study of market impacts of risk management techniques of major market participants such as banks, governments and pension funds. - Screening: proprietary quantitative models to measure relationships of macro variables. <p>Arcem combines those three aspects, seeking to find the best expressions of fundamental views and capitalize on both temporary and structural market moves due to shifts in global economics, government policy and capital flows.</p> <p>Arcem works to construct a portfolio that will have low correlations to major indices and an asymmetrically positive return profile. Trade sizing is done with consideration of both confidence level and expected marginal impact on the existing portfolio. The Fund's portfolio will primarily be made up of highly liquid instruments. This allows Arcem to actively manage the Fund with limited transaction costs and maintain the flexibility to de-risk the portfolio when needed. Risk management is core to the investment process, and the primary goal of risk management for the Fund is capital preservation. Arcem has a highly experienced Chief Risk Officer and an independent process with stringent risk guidelines. Arcem's Risk Committee uses quantitative and qualitative measures to control and feed back into the investment process.</p>
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	<p><i>Investment Markets</i></p> <p>Arcem seeks to invest where opportunities are the best and anticipates the portfolio will be concentrated in fixed income with investments split between the US, Europe and the rest of the world. Arcem frequently uses swaps, options, government bonds, exchange traded futures and foreign exchange options to implement its directional and relative value strategies.</p> <p>Typical trades include directional views on the level of interest rates; views on option prices; active trading to take advantage of government interaction in the markets such as intervention and directional and option-related views on currencies.</p> <p><i>Opportunity</i></p> <p>The Fund is actively managed and aim to have positive performance in all market environments. Arcem believes that the rapidity of change in the world economy is accelerating. With the backdrop of unprecedented central bank activity over the past several years, world economies in various states of growth and recession, and decreasing risk capital available at banks, the market will present attractive investment opportunities and pricing inefficiencies in several areas, which Arcem is well positioned to take advantage of.</p> <p>Arcem is structured and staffed to profit from investment opportunities through focused analysis and nimble execution. The Chief Investment Officer (“CIO”) and Chief Risk Officer each have sixteen years of experience dedicated to the fixed income markets demonstrating an investment track record of consistent performance over the last five years along with a commitment to capital preservation.</p> <p><i>Leverage</i></p> <p>The Fund may, but are not required to, use leverage in their investment program. The amount of leverage that may be employed at a given time will be determined by Arcem, consistent with the Fund’s investment policy, market conditions and other factors. The costs associated with any such leverage will be borne by the Fund.</p> <p>There can be no assurance that the investment objectives of the Fund will be achieved, and investment results may vary substantially over time.</p> <p>See Items 8.B and 8.C.</p>
Item 8.B	<p>For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.</p> <p>There can be no assurance that the Fund will achieve their investment objective or not lose capital, or that it will successfully implement its strategy. Certain of the characteristics and risks of the portfolio instruments and investment techniques which Arcem may utilize in managing the Fund are set forth below. This is not intended to be a complete description or enumeration of portfolio instruments or risks.</p>

There is no assurance that Arcem's judgment will result in profitable investments by the Fund nor is there any assurance that the Fund will not incur losses. The Fund may also invest in instruments other than those described below, including instruments that are not currently in existence.

General Market, Investment and Trading Risks

General Investment Risks. An investment in the Fund involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that the Fund's investment program will be successful or that the Fund will achieve its targeted return, and investment results may vary substantially over time.

Institutional Risk. The institutions, including brokerage firms, banks, and other entities, with which the Fund will trade, invest, or rely upon for the performance of the assets have in many instances encountered and may encounter further financial difficulties, including insolvency, that could impair the operational capabilities or the capital position of the Fund. The Fund is also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses. In addition to these risks, there also is the risk that major institutional investors in the Fund may be compelled to withdraw from the Fund or that the Fund's counterparties or brokers will be required to restrict the amount of credit previously granted to the Fund due to their own financial difficulties, resulting in forced liquidation of substantial portions of the Fund's portfolio.

European Economic Risk. European financial markets have recently experienced volatility and have been adversely affected by concerns about rising government debt levels, credit rating downgrades, and possible default on or restructuring of government debt. These events have affected the value and exchange rate of the euro, the common currency of the European Monetary Union ("EMU"). Investing in euro-denominated (or other European currency-denominated) securities also entails the risk of being exposed to a currency that may not fully reflect the strengths and weaknesses of the disparate European economies. Holders of euro-denominated sovereign debt, including banks and other financial institutions, could be adversely affected by weakness in sovereign borrowers, which in turn may have less ability to support the financial system. The governments of several member countries of the EU have experienced large public budget deficits, which have adversely affected the sovereign debt issued by those countries and may ultimately lead to declines in the value of the euro.

It is possible that countries that have already adopted the euro could abandon the euro and return to a national currency and/or that the euro will cease to exist as a single currency in its current form. The effects of such abandonment or a country's forced expulsion from the EMU on that country, the rest of the EMU, and global markets are impossible to predict, but are likely to be negative. The exit of any country out of the EMU would likely have an extremely destabilizing effect on all eurozone countries and their economies and a negative effect the global economy as a whole. In addition, under these circumstances, it may be difficult to value investments denominated in euros or in a replacement currency.

Risks Associated with the Fund's Investments

Undervalued/Overvalued Securities. One of the key objectives of the Fund is to identify and invest in undervalued and overvalued securities ("misvalued securities"). The identification of investment opportunities in misvalued securities

	<p>is a difficult task, and there can be no assurance that such opportunities will be successfully recognized. The Fund may make certain speculative investments in securities which Arcem believes to be misvalued; however, there can be no assurance that the securities purchased and sold will in fact be misvalued. In addition, the Fund may be required to maintain positions in such securities for a substantial period of time before realizing their anticipated value and there is no guarantee that the anticipated value will ever be realized. During this period, a portion of the Fund's capital may be committed to the securities, thus possibly preventing the Fund from investing in other opportunities. In addition, the Fund may finance any such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.</p> <p><i>Debt Securities.</i> A debt security, sometimes called a fixed income security, is a security consisting of a certificate or other evidence of a debt (secured or unsecured) on which the issuing entity or governmental body promises to pay the holder thereof a fixed, variable, or floating rate of interest for a specified length of time, and to repay the debt on the specified maturity date. Some debt securities, such as zero coupon bonds, do not make regular interest payments but are issued at a discount to their principal or maturity value. Debt securities include a variety of fixed income obligations, including, but not limited to, government securities, municipal securities, and mortgage-backed securities.</p> <p>Debt securities are subject to a variety of risks, such as interest rate risk, income risk, call/prepayment risk, inflation risk, credit risk, country risk and currency risk. The reorganization of an issuer under the Federal or other bankruptcy laws may result in the issuer's debt securities being cancelled without repayment, repaid only in part, or repaid in part or in whole through an exchange thereof for any combination of cash, debt securities, convertible securities, equity securities, or other instruments or rights in respect of the same issuer or a related entity. Fixed income securities generally are not traded on exchanges. The over-the-counter market may be illiquid and there may be times when no counterparty is willing to purchase or sell certain securities. The nature of the market may make valuations difficult or unreliable.</p> <p><i>Arbitrage.</i> Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. The Fund may employ any one or more of these arbitrage strategies. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the Fund is employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable "spreads", which can also be identified, reduced or eliminated by other market participants.</p> <p><i>Derivatives Risk and Short Sales.</i> Derivatives are financial contracts in which the value depends on, or is derived from, the value of an underlying asset, reference rate or index. The Fund may use derivatives for any purpose including, among other things, as a substitute for taking a position in the underlying asset or as part of a strategy designed to reduce or increase exposure to other risks, such as interest rate or foreign exchange risk, or other related risks. The use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks, such as interest rate risk, market risk, counterparty risk, and credit risk. They also involve the risk of mispricing or</p>
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	<p>improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. If the Fund invests in a derivative instrument it could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that the Fund will engage in these transactions to reduce exposure to other risks when that would be beneficial.</p> <p>The Fund may engage in short sales to the extent Arcem deems it advisable in connection with the Fund's investments or as opportunistic investments. Arcem may use futures, options, swaps, credit default swaps ("CDS"), forward sales or other transactions to effectuate short exposure in the portfolio. Short sales involve selling securities of an issuer short in the expectation of covering the short sale with securities purchased in the open market at a price lower than that received in the short sale. If the price of the issuer's securities declines, the Fund may then cover the short position with securities purchased in the market. The profit realized on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale. The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the federal securities laws and the various national and regional securities exchanges, which restrictions could limit the Fund's investment activities. There can be no assurance that securities necessary to cover a short position will be available for purchase.</p> <p>Synthetically created short positions will involve both hedging situations, where the position is intended to wholly or partially offset risk associated with another position in a related security, and speculative situations, where Arcem uses shorting techniques to take advantage of the decline in the price of particular assets. The Fund will generally realize a profit or a loss as a result of a synthetically created short position if the value of the underlying asset decreases or increases respectively during the relevant term of the short position. In addition, the Fund will be required to post collateral on such positions as required pursuant to the agreement with the relevant transaction counterparty. The use of short selling through credit default swaps and total return swaps will subject the Fund to counterparty credit risk in the event of a default by the counterparty which could result in the loss of collateral posted with such counterparty and gains to which the Fund would otherwise be entitled absent the default of the counterparty. In addition, depending on the nature of the synthetic instrument used by the Fund to create short exposure, the Fund could be subject to the risk of unlimited losses.</p> <p><i>Leverage.</i> The Fund may use leverage in their investment program. The amount of leverage that may be employed by the Fund at a given time will be determined by Arcem. The costs associated with any such leverage will be charged to the Fund. The rights of any lenders making loans directly to the Fund to receive payments of interest or repayments of principal will be senior to those of the Fund's investors; in addition, credit providers will have certain enforcement rights (including compulsory prepayment in the event of default) and rights to the assets of the Fund which may negatively affect an investor's interest. In the event that the Fund is unable to meet margin requirements, the credit providers will be able to force the sale of underlying assets or have the ability to seize the assets at the current lender provided marks. Payments of interest and fees incurred in connection with</p>
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	<p>the borrowings will reduce any income the Fund would otherwise have available, which may reduce profitability, and may prevent the Fund from taking advantage of attractive investment opportunities. The effect of leverage will amplify the performance of the Fund on both the upside performance and downside performance. The use of leverage, combined with negative performance of the Fund may result in a loss of principal for some or all of an investor's interest in a Fund.</p> <p><i>Hedging Transactions.</i> The Fund may utilize various financial instruments, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of investments resulting from fluctuations in the securities markets and changes in interest rates, (ii) protect unrealized gains in the value of investments, (iii) facilitate the sale of any such investments, (iv) enhance or preserve returns, spreads or gains on investments, (v) hedge the interest rate or currency exchange rate on liabilities or assets, (vi) protect against any increase in the price of securities the Fund anticipates purchasing at a later date, or (vii) for any other reason that Arcem deems appropriate. The success of any hedging strategy will be subject to Arcem's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a hedging strategy will also be subject to Arcem's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner.</p> <p>While the Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Fund than if it had not engaged in any such hedging transactions. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of those portfolio positions or prevent losses if the values of those positions decline. Rather, it establishes other positions designed to gain from those same declines, thus seeking to moderate the decline in the portfolio position's value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. For a variety of reasons, Arcem may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Fund from achieving the intended hedge or expose the Fund to risk of loss. In addition, it is not possible to hedge fully or perfectly against any risk, and hedging entails its own costs. Arcem may determine, in its sole discretion, not to hedge against certain risks and certain risks may exist that cannot be hedged. Furthermore, Arcem may not anticipate a particular risk so as to hedge against it effectively. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Fund's portfolio holdings.</p> <p>The Fund may seek to hedge currency risks by investing in currencies, currency exchange forward or futures contracts, swaps, swaptions or any combination thereof (whether or not exchange traded), but these or other instruments necessary to hedge such currency risks may not generally be available, may not provide a perfect hedge or may not be, in Arcem's judgment, economically priced. There can be no assurance that these strategies will be effective, and such techniques entail costs and additional risks.</p>
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OTC Derivative Instrument Transactions. The Fund may invest a portion of their assets in investments which are not traded on organized exchanges and as such are not standardized. Such transactions are known as over-the-counter or (“OTC”) transactions and may include forward contracts or options. While some OTC markets are highly liquid, transactions in OTC derivatives may involve greater risk than investing in exchange traded derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price. In respect of such trading, the Fund is subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses. The instruments, indices and rates underlying derivative transactions may be extremely volatile in the sense that they are subject to sudden fluctuations of varying magnitude, and may be influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; and changes in interest rates. The volatility of such instruments, indices or rates, which may render it difficult or impossible to predict or anticipate fluctuations in the value of instruments, could result in losses.

Options. The Fund may utilize options. Trading in options involves a number of risks. Specific market movements of the option and the instruments underlying an option cannot be predicted. No assurance can be given that a liquid offset market will exist for any particular option or at any particular time. If no liquid offset market exists, the Fund might not be able to effect an offsetting transaction in a particular option. To realize any profit in the case of an option, therefore, the option holder would need to exercise the option and comply with margin requirements for the underlying instrument. A writer could not terminate the obligation until the option expired or the writer was assigned an exercise notice. 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 futures contract underlying the option that the writer must purchase or deliver upon exercise of the option. The writer of a naked option may have to purchase the underlying contract in the market for substantially more than the exercise price of the option in order to satisfy his delivery obligations. This could result in a large net loss.

Futures. The Fund may invest in certain futures contracts, including futures contracts on securities, interest rates, foreign currencies, stock indices and may trade options on such futures contracts, including purchasing call options, writing (selling) naked or covered call options and purchasing or selling put options on such futures contracts. The Fund may also purchase or sell options on securities and securities indices. Futures contracts markets are highly volatile and are influenced by a variety of factors, including national and international political and economic developments. In addition, because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the trader. Moreover, futures positions are marked to market each day and variation margin payment must be paid to or

by a trader. Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange, and no secondary market exists for such contracts. Certain futures exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits, the Fund could be prevented from promptly liquidating unfavorable positions and thus be subjected to substantial losses. When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the futures contracts and the underlying investment sought to be hedged may prevent the Fund from achieving the intended hedging effect or expose the Fund to the risk of loss.

Use of Swap Agreements. The Fund may utilize swap agreements including, without limitation, interest rate, index and currency swap agreements. Swap agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than a year. In a standard swap transaction, two parties agree to exchange the returns earned on specified assets, such as the return on, or increase in value of, a particular dollar amount invested at a particular interest rate, in a particular foreign currency. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary securities transactions. There are risks relating to the financial soundness and creditworthiness of the counterparty to swap agreements. If the other party to an interest rate swap defaults, the risk of credit loss may be the amount of interest payments that the Fund is contractually obligated to receive on a net basis. However, where swap agreements require one party's payments to be "up-front" and timed differently than the other party's payments (such as is often the case with currency swaps), the entire principal value of the swap may be subject to the risk that the other party to the swap will default on its contractual delivery obligations. The investment performance of the Fund, however, may be adversely affected by the use of swaps if Arcem's forecasts of market values, interest rates or currency exchange rates are inaccurate.

Credit Default Swaps. The Fund may enter into credit default swap agreements. The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. If an event of default occurs, the seller must pay the buyer the full notional value, or "par value," of the reference obligation in exchange for the reference obligation. The Fund may be either the buyer or seller in a credit default swap transaction. If a Fund is a buyer and no event of default occurs, such Fund will lose its investment and recover nothing. However, if an event of default occurs, the Fund (if the buyer) will receive the full notional value of the reference obligation that may have little or no value. As a seller, a Fund receives a fixed rate of income throughout the term of the contract provided that there is no default event. If an event of default occurs, the seller must pay the buyer the full notional value of the reference obligation. Credit default swap transactions involve greater risks than if a Fund had invested in the reference obligation directly. Credit default swaps are subject to the risk of non-performance by the swap counterparty, including risks relating to the financial soundness and creditworthiness of the swap counterparty.

Restrictions on Trading. Because Arcem's approach emphasizes fundamental research, Arcem may from time-to-time inadvertently come into possession of

	<p>material non-public information. Accordingly, there may be instances where the Fund will be restricted from buying or selling a particular investment if Arcem is in possession of such material non-public information at the time. Moreover, since Arcem anticipates running a concentrated portfolio, any such restrictions on the trading of a position could have a significant adverse effect on the portfolio.</p> <p><i>Interest Rate Risk.</i> The Fund is subject to several risks associated with changes in interest rates on its borrowings and investments which may affect profitability. The interest payments on borrowings may increase relative to the interest earned on investments. In a period of rising interest rates, interest payments could increase or increase faster while the interest earned on certain investments would not change or change more slowly.</p> <p><i>Non-U.S. Securities.</i> Arcem may trade the securities of non-U.S. issuers and markets outside the U.S., including emerging markets. Issuers of foreign securities are not subject to United States reporting and accounting requirements. Foreign requirements may result in less information being available or in a lack of uniformity in the manner in which information is presented. The risk of material misstatement in financial reports may be substantially higher. Other risks associated with investments in securities of foreign issuers, particularly in less developed markets, include currency exchange risks, expropriation, or limits on repatriating an investment, government intervention, confiscatory taxation, political, economic or social instability, illiquidity, less efficient markets, price volatility and market manipulation. If Arcem becomes involved in the trading of foreign securities, the Fund may maintain a portion of their assets in clearing accounts pursuant to clearing agreements with foreign clearing firms (including banks and brokers) and foreign affiliates of domestic broker-dealers. Foreign clearing firms are generally not subject to United States laws and regulations and foreign markets may be subject to less regulation and supervision than in the United States. Transaction costs of investing in non-U.S. securities in foreign markets may be higher than in the United States and clearance procedures may be less efficient.</p> <p>Trading in non-U.S. markets involves the risk of currency exchange rate fluctuation. Arcem is not required to hedge against the risk of a decline in value of the U.S. dollar in relation to other currencies in which the Fund may invest. Some foreign securities may be subject to brokerage or stock transfer taxes levied by foreign 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 or different regulations than would be the case for U.S. issuers and therefore potentially carry greater risk. Custodial expenses for a portfolio of non-U.S. securities generally are higher than for a portfolio of U.S. securities. In addition, dividend and interest payments from, and capital gains in respect of, certain foreign securities may be subject to foreign taxes that may or may not be reclaimable.</p> <p>In addition, costs associated with transactions in non-U.S. markets (including brokerage, execution, clearing and custodial costs) may be substantially higher than costs associated with transactions in U.S. markets. Such non-U.S. transactions may also involve additional costs for the purchase or sale of currencies in which the Fund's assets are denominated in order to settle such transactions. Furthermore, clearing and registration procedures may be under-</p>
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	<p>developed enhancing the risks of error, fraud, or default.</p> <p>Many of the laws that govern foreign investment, securities transactions and other contractual relationships in non-U.S. securities markets are different than or not as fully developed as those in the United States. As a result, the Fund may be subject to a number of risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of U.S. markets, and lack of enforcement of existing regulations. Some of these risks may be magnified in emerging markets. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Fund and its operations. In addition, the income and gains of the Fund may be subject to withholding taxes imposed by foreign governments for which investors may not receive a full foreign tax credit. Furthermore, it may be more difficult to obtain and enforce a judgment in a court outside of the United States than to enforce one in the United States.</p> <p><i>Credit Risk.</i> The Fund may invest in debt securities and are subject to credit risk, i.e., the risk that an issuer of securities will be unable to pay principal and interest when due, or that the value of the security will suffer because investors believe the issuer is less able to pay. This is broadly gauged by the credit ratings of the securities in which the Fund invests. However, ratings are only the opinions of the agencies issuing them, may change less quickly than relevant circumstances and are not absolute guarantees of the quality of the securities. Furthermore, the Fund's investments may not be rated by any rating agency or may be below investment grade. The Fund will be dependent upon the judgment of Arcem as to the credit quality of such unrated securities. A default, downgrade or credit impairment of any of its investments could result in a significant or even total loss of the investment.</p> <p><i>Non-U.S. Debt Securities.</i> The returns on debt securities of non-U.S. issuers reflect interest rates and other market conditions prevailing in those countries. If such non-U.S. debt securities are denominated in currencies other than the U.S. Dollar, the effect of gains and losses in the non-U.S.-Dollar currencies against the U.S. Dollar may have a substantial impact on the value of such non-U.S.-Dollar-denominated debt securities. The relative performance of various countries' fixed income markets historically has reflected wide variations relating to the unique characteristics of each country's economy. Year-to-year fluctuations in certain markets have been significant, and negative returns have been experienced in various markets from time to time.</p> <p>The non-U.S. government securities in which the Fund may invest include, among other things, obligations issued or backed by national, state or provincial governments or similar political subdivisions or central banks in non-U.S. countries, debt obligations of supranational entities including international organizations designated, or backed, by governmental entities to promote economic reconstruction or development, international banking institutions and related government agencies, debt securities of "quasi-governmental agencies", and debt securities denominated in multinational currency units of an issuer (including supranational issuers). Debt securities of quasi-governmental agencies are issued by entities owned by either a national, state or equivalent government or are obligations of a political unit that is not backed by the national</p>
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	<p>government's full faith and credit and general taxing powers.</p> <p><i>Availability of Suitable Investments.</i> As the Fund grows, it may face difficulty in deploying its assets as existing strategies face capital constraints. Arcem may have difficulty finding sufficient opportunities to effectively utilize the available capital.</p>
Item 8.C	<p>If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.</p> <p>In managing the Fund's portfolio, Arcem will opportunistically employ a range of different macro and fixed income strategies, but Arcem does not primarily recommend a particular type of security. See Item 8.B. for some of the risks involved in the strategies employed by Arcem.</p>

ITEM 9 – DISCIPLINARY INFORMATION

If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item. If your advisory firm or a *management person* has been *involved* in one of these events, you must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in your or the *management person's* favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the “date” of an event is the date that the final *order*, judgment, or decree was entered, or the date that any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

Items 9.A, 9.B, and 9.C do not contain an exclusive list of material disciplinary events. If your advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is not listed in Items 9.A, 9.B, or 9.C, but nonetheless is material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of its management, you must disclose the event. Similarly, even if more than ten years have passed since the date of the event, you must disclose the event if it is so serious that it remains material to a *client's* or prospective *client's* evaluation.

<p>Item 9.A</p>	<p>A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a <i>management person</i></p> <ol style="list-style-type: none"> 1. was convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any <i>felony</i>; (b) a <i>misdemeanor</i> that <i>involved</i> investments or an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses; 2. is the named subject of a pending criminal <i>proceeding</i> that involves an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses; 3. was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation; or 4. was the subject of any <i>order</i>, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a <i>management person</i> from engaging in any <i>investment-related</i> activity, or from violating any <i>investment-related</i> statute, rule, or <i>order</i> <p>None.</p>
<p>Item 9.B</p>	<p>An administrative <i>proceeding</i> before the SEC, any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> in which your firm or a <i>management person</i></p> <ol style="list-style-type: none"> 1. was <i>found</i> to have caused an <i>investment-related</i> business to lose its

	<p>authorization to do business; or</p> <p>2. was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation and was the subject of an <i>order</i> by the agency or authority</p> <p>(a) denying, suspending, or revoking the authorization of your firm or a <i>management person</i> to act in an <i>investment-related</i> business;</p> <p>(b) barring or suspending your firm's or a <i>management person's</i> association with an <i>investment-related</i> business;</p> <p>(c) otherwise significantly limiting your firm's or a <i>management person's investment-related</i> activities; or</p> <p>(d) imposing a civil money penalty of more than \$2,500 on your firm or a <i>management person</i>.</p> <p>None.</p>
Item 9.C	<p>A self-regulatory organization (SRO) proceeding in which your firm or a management person</p> <p>1. was <i>found</i> to have caused an <i>investment-related</i> business to lose its authorization to do business; or</p> <p>2. was <i>found</i> to have been <i>involved</i> in a violation of the <i>SRO's</i> rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from <i>investment-related</i> activities; or (iii) fined more than \$2,500.</p> <p>None.</p>

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Item 10.A	<p>If you or any of your <i>management persons</i> are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.</p> <p>None.</p>
Item 10.B	<p>If you or any of your <i>management persons</i> are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.</p> <p>None. Arcem currently is not registered, nor has an application pending to register, as a futures commission merchant, commodity pool operator (“CPO”), a commodity trading advisor (“CTA”), or an associated person. Arcem anticipates however, that it will be required to register with the Commodity Futures Trading Commission (the “CFTC”) as a CPO and/or a CTA and that one or more of Arcem’s related persons will be required to register as principles and/or associated persons.</p>
Item 10.C	<p>Describe any relationship or arrangement that is material to your advisory business or to your <i>clients</i> that you or any of your <i>management persons</i> have with any <i>related person</i> listed below. Identify the <i>related person</i> and if the relationship or arrangement creates a material conflict of interest with <i>clients</i>, describe the nature of the conflict and how you address it.</p> <ol style="list-style-type: none"> 1. broker-dealer, municipal securities dealer, or government securities dealer or broker 2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund) 3. other investment adviser or financial planner 4. futures commission merchant, commodity pool operator, or commodity trading advisor 5. banking or thrift institution 6. accountant or accounting firm 7. lawyer or law firm 8. insurance company or agency 9. pension consultant 10. real estate broker or dealer 11. sponsor or syndicator of limited partnerships <p>Arcem serves as the investment manager to the Domestic Feeder, the Offshore Feeder and the Master Fund. Arcem, its employees or their related persons may also invest directly in any one, some or all of the foregoing. It should be noted that investments in the Fund made by such parties may not be subject to the management fee and/or incentive allocation described in Item 5 above.</p> <p>The General Partner is an affiliate of Arcem, and serves as general partner to the</p>

	<p>Domestic Feeder Fund and the Master Fund.</p> <p>Arcem, Mr. Leonard and their respective affiliates, and the employees of such entities or individuals (the “Arcem Persons”), may engage in, invest in, participate in or otherwise enter into other business ventures of any kind, nature or description, along or with others, including, without limitation, the management of or investment in other investment entities or vehicles or securities, brokerage and/or investment banking activities. Neither the Fund nor any investor in the Fund has any right to participate in any of these activities or to the income of profits derived from these activities.</p> <p>Arcem Persons may, in the future, carry on substantial investment activities for other client accounts, including discretionary accounts and other investment vehicles (collectively, the “Other Accounts”). Some of the Other Accounts may invest in the same or different securities as the Fund, compete with the Fund for the same investment opportunities (which may be limited) and/or engage in transactions or other activities or pursue investment strategies which are inconsistent with those effected for the Fund or which are contrary to or conflict with the interests of the Fund.</p> <p>Arcem Persons may give advice to or effect transactions on behalf of Other Accounts that are inconsistent with or contrary to advice given or transactions effected on behalf of the Fund. Such Other Accounts may be managed by current employees of Arcem or by new portfolio managers hired by Arcem and may follow a similar investment strategy as that employed by the Fund. Arcem may have an incentive to retain such portfolio managers to manage the assets of such Other Accounts rather than or in addition to managing the assets of the Fund. The principal employees of Arcem may devote time and resources to the management of Other Accounts.</p> <p>Arcem Persons will devote to the Fund so much of their time as, in their judgment, the business of the Fund reasonably will require, but are not required to devote all of their time to the activities of the Fund.</p> <p>See Item 4.</p>
Item 10.D	<p>If you recommend or select other investment advisers for your <i>clients</i> and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.</p> <p>Not applicable.</p>

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

<p>Item 11.A</p>	<p>If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any <i>client</i> or prospective <i>client</i> upon request.</p> <p>Arcem has adopted a Code of Ethics (the “Code”) governing employee conduct and personal trading by its personnel. Arcem’s Code of Ethics has been designed to comply with the requirements of Advisers Act Rule 204A-1. Through the Code, Arcem seeks to avoid not just the occurrence of improper activities but also the appearance of improper activities. Among other things, the Code (i) requires that all employees comply with federal securities laws, (ii) requires that all employees submit to Arcem reports containing their personal securities holdings and transactions in reportable securities, and that Arcem review such reports, (iii) requires all employees to obtain pre-approval of certain types of investments; and (iv) contains policies and procedures designed to prevent the misuse of material, non-public information. The Code seeks to eliminate, mitigate and manage conflicts of interest. Arcem also has adopted policies and procedures designed to eliminate risks and conflicts of interest inherent in the receipt of gifts and entertainment by Arcem Persons from current and prospective service providers as well as the making of political contributions. All personnel of Arcem are currently required to certify their compliance with the Code and all of Arcem’s policies and procedures.</p> <p>Clients or prospective clients will be provided with a copy of Arcem’s Code by contacting ARCEM at 212-652-8127.</p>
<p>Item 11.B</p>	<p>If you or a <i>related person</i> recommends to <i>clients</i>, or buys or sells for <i>client</i> accounts, securities in which you or a <i>related person</i> has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</p> <p>As explained in Item 10.C above, Arcem serves as the investment manager to the Domestic Feeder, the Offshore Feeder and the Master Fund. Arcem, its employees or their related persons may also invest directly in any one, some or all of the foregoing. Investments in the Fund made by such parties may not be subject to the management fee and/or incentive allocation described in Item 5 above.</p> <p>The General Partner is an affiliate of Arcem, serves as general partner of the Domestic Feeder Fund and the Master Fund.</p> <p>The fact that Arcem, its affiliates, its employees or their related persons have a financial ownership interest in the Fund creates a potential conflict in that it could cause Arcem to make different investment decisions than if they did not have such a financial ownership interest. Further, Arcem charges the Fund fees based on a percentage of assets under management and performance via the management fee and the incentive allocation. The management fee is payable without regard to the overall success or income earned by the Fund and therefore may create an incentive on the part of Arcem to raise or otherwise increase assets under management to a higher level than would be the case if Arcem were receiving a</p>

	<p>lower or no management fee. The receipt of an incentive allocation by Arcem (or its affiliate) may create an incentive for Arcem to make investments that are riskier or more speculative than it otherwise would.</p>
Item 11.C	<p>If you or a <i>related person</i> invests in the same securities (or related securities, <i>e.g.</i>, warrants, options or futures) that you or a <i>related person</i> recommends to <i>clients</i>, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.</p> <p>Related persons of Arcem generally may not buy, sell or otherwise invest in securities that Arcem also recommends to the Fund. Arcem also maintains a “restricted list”, which will generally include the securities of issuers and/or derivatives of such securities that may not be purchased by related persons.</p> <p>Arcem permits its related persons generally to invest in equity securities and equity indices and/or options on such securities and/or indices. Related persons may invest on both a “long” and “short” basis. Arcem does not, however, permit related persons to engage in excessive trading. Each transaction conducted by a related person is separately identified and made strictly in accordance with Arcem’s Code, which requires related persons of Arcem to obtain prior written approval from Arcem’s Chief Compliance Officer before engaging in covered transactions of reportable securities in their personal accounts. Such employee transactions will be reviewed and requests may be denied by the Chief Compliance Officer if there is risk of potential adverse consequences to the Fund.</p> <p>Arcem believes that the conflicts of interest associated with personal trading by its employees are limited by the investment strategy it employs. Arcem does not generally invest in equity securities and the futures and fixed income securities in which Arcem invests are traded in markets that are deep and very liquid.</p> <p>As noted, Arcem’s related persons participate in the investments of the Fund in accordance with their proportionate interests/shares in the Fund.</p>
Item 11.D	<p>If you or a <i>related person</i> recommends securities to <i>clients</i>, or buys or sells securities for <i>client</i> accounts, at or about the same time that you or a <i>related person</i> buys or sells the same securities for your own (or the <i>related person's</i> own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</p> <p>Arcem may provide advice to other investment vehicles and manage other accounts for which it may be compensated, and such investment vehicles and/or accounts may have investment objectives and utilize strategies substantially similar to the investment objective and strategies of the Fund (the “Affiliated Funds”). In addition, Arcem may, at some point in the future, provide discretionary investment advisory services to separately managed accounts. The trades made by Affiliated Funds or separately managed accounts that would be managed by Arcem or its affiliates, in the future, may compete with the Fund for investments, and employees, including, but not limited to Chris Leonard, may decide to invest the funds of these Affiliated Funds or separately managed accounts rather than the assets of the Master Fund in a particular security or strategy.</p>

	<p>Arcem and its affiliates are not obligated to allocate all investment opportunities that may be appropriate for the Fund to the Fund. Allocation of investment opportunities among the Fund and the Affiliated Funds and/or any separately managed accounts will be subject to Arcem's allocation procedures which generally provide that investments will be allocated on a fair and equitable basis, having regard to such matters as available capital, relative exposure to market trends, risk tolerance, expected duration of the Fund or the investments, the investment programs and portfolio positions of the Fund and the affiliated entities for which participation is appropriate, guidelines, concentration limits and other limitations established by the respective entities, and applicable tax and regulatory considerations. To the extent possible, investment opportunities will be allocated across the Fund, Affiliated Funds and separately managed accounts on a pro rata basis.</p> <p>Please see Item 11.C above for a description of how Arcem manages the personal trading aspect of this conflict via its Code of Ethics.</p>
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ITEM 12 – BROKERAGE PRACTICES

Item 12.A.1	<p>Describe the factors that you consider in selecting or recommending broker-dealers for <i>client</i> transactions and determining the reasonableness of their compensation (e.g., commissions).</p> <p><u>Research and Other Soft Dollar Benefits.</u> If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.</p> <ol style="list-style-type: none"> a. Explain that when you use <i>client</i> brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services. b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your <i>clients’</i> interest in receiving most favorable execution. c. If you may cause <i>clients</i> to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact. d. Disclose whether you use soft dollar benefits to service all of your <i>clients’</i> accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to <i>client</i> accounts proportionately to the soft dollar credits the accounts generate. e. Describe the types of products and services you or any of your <i>related persons</i> acquired with <i>client</i> brokerage commissions (or markups or markdowns) within your last fiscal year. f. Explain the procedures you used during your last fiscal year to direct <i>client</i> transactions to a particular broker-dealer in return for soft dollar benefits you received. <p>Arcem has the sole power and authority to determine the brokers to be used for each securities transaction for the Fund and to appoint one or more prime brokers to settle and clear all of the Fund’s securities transactions. Arcem recognizes its duty to obtain “best execution” for its clients.</p> <p>Arcem will employ a variety of criteria in selecting brokers and counterparties to execute transactions for the Fund, and will, at all times, seek best execution. Arcem is responsible for selecting the counterparty used in each investment transaction for the Fund. When a transaction is effected on an exchange, Arcem seeks to use brokers whose commissions it considers to be fair and reasonable without necessarily determining that the lowest possible commissions are paid in all circumstances. Arcem also considers the relative creditworthiness of</p>
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	<p>counterparties, including brokers and dealers, when choosing a broker or dealer as a counterparty in respect of investment transactions.</p> <p>Arcem is authorized to direct commissions to certain broker-dealers which may furnish other services to Arcem and/or its affiliates, such as investment research, economic consulting services, financial publications and other investment-related services and products. Arcem may, from time to time, receive research and/or other products or services from broker-dealers utilized by the Fund.</p> <p>Notwithstanding the foregoing, Arcem does not direct commissions nor brokerage business based on the receipt of any such research or other products or services. In addition, Arcem does not anticipate using brokerage commissions or “soft dollars” to obtain research or other products or services. Accordingly, Arcem does not currently maintain any “soft dollar” arrangements.</p> <p>To the extent, however, that Arcem determines to use commission dollars to pay for products and services that provide administrative or other non-research assistance to Arcem or its affiliates, Arcem expects that such payments will fall within the safe harbor of Section 28(e).</p>
Item 12.A.2	<p><u>Brokerage for Client Referrals.</u> If you consider, in selecting or recommending broker-dealers, whether you or a <i>related person</i> receives <i>client</i> referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.</p> <ol style="list-style-type: none"> a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving <i>client</i> referrals, rather than on your <i>clients’</i> interest in receiving most favorable execution. b. Explain the procedures you used during your last fiscal year to direct <i>client</i> transactions to a particular broker-dealer in return for <i>client</i> referrals. <p>Arcem may direct some brokerage business to brokers who refer prospective investors to the Fund. Arcem also may participate in “capital introduction” or other events organized by brokers for the purposes of referring investors to Arcem. Because investors who invest in the Fund because of such referrals and/or events, if any, are likely to benefit Arcem and its affiliates but will provide an insignificant (if any) benefit to other investors in the Fund, Arcem will have a conflict of interest when allocating brokerage business to a broker who has referred investors to the Fund or organized capital introduction events. To prevent brokerage commissions from being used to pay investor referral fees, Arcem will not allocate brokerage business to a referring broker unless Arcem determines in good faith that the commissions payable to such broker are reasonable in relation to those available from non-referring brokers offering services of substantially equal value to the Advisory Client. In addition, Arcem does not allocate brokerage business based on the organization of capital introduction or other events.</p>
Item 12.A.3	<p><u>Directed Brokerage.</u></p> <ol style="list-style-type: none"> a. If you routinely <u>recommend</u>, <u>request</u> or <u>require</u> that a <i>client</i> direct you to execute transactions through a specified broker-dealer,

	<p>describe your practice or policy. Explain that not all advisers require their <i>clients</i> to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of <i>client</i> transactions, and that this practice may cost <i>clients</i> more money.</p> <p>b. If you <u>permit</u> a <i>client</i> to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of <i>client</i> transactions. Explain that directing brokerage may cost <i>clients</i> more money. For example, in a directed brokerage account, the <i>client</i> may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the <i>client</i> may receive less favorable prices.</p> <p>Arcem has complete discretion in deciding what brokers and dealers the Fund will use and in negotiating the rates of compensation the Fund will pay. Arcem is not committed to continue its brokerage relationships with any particular broker for any minimum period, and Arcem may select other or additional brokers to act as prime broker and/or executing broker for the Fund. As outlined above, Arcem recognizes its duty to obtain “best execution” in effecting transactions on behalf of its Advisory Clients.</p>
Item 12.B	<p>Discuss whether and under what conditions you aggregate the purchase or sale of securities for various <i>client</i> accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to <i>clients</i> of not aggregating.</p> <p>As Arcem only advises the Domestic Feeder, the Offshore Feeder and the Master Fund, and they conduct all trading activity through the Master Fund, Arcem does not aggregate the purchases or sales of securities on behalf of multiple clients. If Arcem provides investment advisory services to multiple clients, Arcem may place aggregated (i.e. “bunched”) orders on behalf of multiple accounts if it is the best interests of such Advisory Clients to do so. In such circumstances, such aggregated orders will be allocated among Arcem’s Advisory Clients on a fair and equitable basis.</p>

ITEM 13 – REVIEW OF ACCOUNTS

Item 13.A	<p>Indicate whether you periodically review <i>client</i> accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the <i>supervised persons</i> who conduct the review.</p> <p>The Portfolio of the Fund is reviewed daily by Chris Leonard. Capital is allocated through the portfolio construction process. Each position is considered based on target profitability, liquidity, transaction costs, historical performance and correlation to other positions in the portfolio. The overall level of portfolio risk is continually reviewed giving consideration to the risk management process, market movements and total opportunity set.</p> <p>Arcem has an independent risk management process. The Risk Committee meets weekly, or more frequently as needed, and is chaired by the Chief Risk Officer. The risk process considers market risk factors such as VaR, historical stress and forward looking scenarios; performance factors such as drawdowns and historical return volatility; and asset and liability risk factors such as leverage, unencumbered cash and counterparty exposure.</p> <p>The Fund's portfolio is reviewed continually and as such there is no trigger to initiate a review.</p>
Item 13.B	<p>If you review <i>client</i> accounts on other than a periodic basis, describe the factors that trigger a review</p> <p>See Item 13.A.</p>
Item 13.C	<p>Describe the content and indicate the frequency of regular reports you provide to <i>clients</i> regarding their accounts. State whether these reports are written.</p> <p>Investors in the Fund will receive the following reports: (i) monthly unaudited performance reports showing performance, generally within 15 Business Days after the end of each month; (ii) an annual audited financial report, as soon as reasonably practicable following the end of the fiscal year (generally within 120 days); and (iii) any other reports required by applicable law or regulation.</p> <p>In addition to the foregoing, Arcem may distribute periodic reports to investors containing such information as it determines in its sole discretion. For example, such reports may contain performance information, portfolio information or market commentary.</p> <p>Arcem may agree to provide certain investors with additional information on the underlying investments of the Fund, as well as access to Arcem and its employees for relevant information.</p>

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Item 14.A	<p>If someone who is not a <i>client</i> provides an economic benefit to you for providing investment advice or other advisory services to your <i>clients</i>, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.</p> <p>Not applicable.</p>
Item 14.B	<p>If you or a <i>related person</i> directly or indirectly compensates any <i>person</i> who is not your <i>supervised person</i> for <i>client</i> referrals, describe the arrangement and the compensation.</p> <p>Not applicable.</p>

ITEM 15 – CUSTODY

If you have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other qualified custodian and that *clients* should carefully review those statements. If your *clients* also receive account statements from you, your explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from you.

Investors will receive monthly account statements directly from the Fund's administrator which will reflect the performance of the Fund for the relevant period, as well as the value of the investor's underlying investment.

To ensure compliance with Rule 206(4)-2 under the Advisers Act, Arcem reasonably believes that all investors in the Fund will be provided with audited financial statements for the Fund, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 days of the end of the Fund's fiscal year. Investors should carefully review the audited financial statements of the Fund.

Investors who have not received audited financial statements in a timely manner should contact Arcem immediately.

ITEM 16 – INVESTMENT DISCRETION

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

Arcem has discretionary authority to manage the accounts of the Fund, and is authorized to make purchase and sale decisions for the Fund pursuant to written investment management agreements. There are no limitations placed on this authority.

ITEM 17 – VOTING CLIENT SECURITIES

<p>Item 17.A</p>	<p>If you have, or will accept, authority to vote <i>client</i> securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your <i>clients</i> can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your <i>clients</i> with respect to voting their securities. Describe how <i>clients</i> may obtain information from you about how you voted their securities. Explain to <i>clients</i> that they may obtain a copy of your proxy voting policies and procedures upon request.</p> <p>Arcem’s investment strategy focuses exclusively on macro fixed income strategies. The Fund’s generally will invest in long and short positions in sovereign debt (including US and non-US government debt), agency bonds, interest rate swaps, swaptions, options (purchased or written), options on futures, repurchase agreements and reverse repurchase agreements and futures contracts. Such securities and instruments generally do not have voting rights with respect to corporate actions and, as such, Arcem does not anticipate receiving proxies. Accordingly, Arcem does not vote proxies.</p> <p>In the event Arcem receives proxies, such proxies will be provided to the Chief Compliance Officer. A record of each proxy received by Arcem (on behalf of its Advisory Clients) will be kept, and Arcem may vote (or abstain from voting) such proxy, in the clients’ best interests.</p> <p>If clients or prospective clients have any questions about Arcem’s proxy policy or Arcem’s proxy record-keeping procedures, contact Arcem at 212-652-8127 to obtain a copy.</p>
<p>Item 17.B</p>	<p>If you do not have authority to vote <i>client</i> securities, disclose this fact. Explain whether <i>clients</i> will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) <i>clients</i> can contact you with questions about a particular solicitation.</p> <p>Not applicable.</p>

ITEM 18 – FINANCIAL INFORMATION

Item 18.A	<p>If you require or solicit prepayment of more than \$1,200 in fees per <i>client</i>, six months or more in advance, include a balance sheet for your most recent fiscal year.</p> <ol style="list-style-type: none"> 1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity. 2. Show parenthetically the market or fair value of securities included at cost. 3. Qualifications of the independent public accountant and any accompanying independent public accountant’s report must conform to Article 2 of SEC Regulation S-X. <p>Not applicable.</p>
Item 18.B	<p>If you have <i>discretionary authority</i> or <i>custody</i> of <i>client</i> funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per <i>client</i>, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to <i>clients</i>.</p> <p>Arcem is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.</p>
Item 18.C	<p>If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.</p> <p>Not applicable.</p>