

Schroders NewFinance Capital LLP

31 March 2013

Form ADV – Part 2A Advisory Brochure

ITEM 1: COVER PAGE

Schroders NewFinance capital LLP (the “Adviser” or “SNFC”) is an affiliate of Schroders plc, a global asset management company. Both are based in London, UK. The Adviser is registered with the Securities and Exchange Commission (the “Commission”) as an investment adviser and authorised and regulated by the Financial Services Authority. This brochure provides information about the products and services that the Adviser provides. It also contains a description of the Adviser’s business practices and highlights risks and conflicts that might arise. The brochure also contains a description of the qualifications of the Adviser’s management personnel. Supplementary brochures are available that describe the qualifications of the investment personnel in more detail for specific investment strategies.

The information presented in this brochure was prepared by the Adviser, which is solely responsible for the content. Neither the Commission nor any State securities regulator has approved or verified the information contained in this brochure, and the mere fact of registration with the Commission in no way implies that the adviser has any particular level of skill or training to carry out its business.

If you have any questions about the content of this brochure, please contact us at the telephone number or e-mail address provided below. For specific questions about particular advisory services or products described in this brochure, you can find additional contact information at this worldwide website: <http://www.schroders.com/us/contact-us>. Information about SNFC is available on the SEC’s website at www.adviserinfo.sec.gov. You may also find more information about the Firm at www.snfc.schroders.com.com.

Schroders NewFinance Capital LLP
31 Gresham Street, London EC2V 7QA

Tel: 020 7658 6700
www.snfc.schroders.com.com



ITEM 2: MATERIAL CHANGES

The last annual update of this Brochure was filed by SNFC with the SEC on March 29, 2012. Please review carefully the following material changes that have been made since the last annual update:

- Updates have been made to the Adviser's assets under management. Please see Item 4 for additional information.
- Shilpa Kotwal the Chief Operating Officer for SNFC resigned in June 2012 and was replaced by Boudewijn Jansen who was appointed on 01 August 2012.

IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- **an offer or agreement to provide advisory services to any person**
- **an offer to sell interests (or a solicitation of an offer to purchase interests) in any SNFC Fund**
- **a complete discussion of the features, risks or conflicts associated with any SNFC Fund or Advisory Service**
- **to be relied on in determining whether to invest or establish an advisory relationship**

As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), SNFC provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in a SNFC Fund, together with other relevant offering materials (such as subscription agreements, offering memoranda, operating agreements or advisory contracts), prior to, or in connection with, such persons’ establishment or consideration of an investment advisory relationship with SNFC or an investment in a SNFC Fund. Additionally, this Brochure is available through the Securities and Exchange Commission’s (“SEC’s”) Investment Adviser Public Disclosure website.

Although this publicly available Brochure describes investment advisory services and products of SNFC, persons who receive this Brochure (whether or not from SNFC) should be aware that it is designed solely to provide information about SNFC as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant offering materials. In addition, more complete information about each SNFC Fund, as well as SNFC’s investment advisory services, is included in relevant offering materials, certain of which may be provided to current and eligible prospective clients or investors only by SNFC or an Administrator or Placement Agent. To the extent that there is any conflict between discussions herein and similar or related discussions in any offering materials, the relevant offering materials shall govern and control.

ITEM 3: TABLE OF CONTENTS

Schroders NewFinance Capital LLP	1
Item 1: Cover page	1
Item 2: Material Changes	2
Item 3: Table of Contents	4
Item 4: Advisory Business	6
a) <i>Background</i>	6
b) <i>Advisory Services</i>	6
c) <i>Tailored Advice and Client-Imposed Restrictions</i>	6
d) <i>Wrap Fee Disclosure</i>	7
e) <i>Assets Under Management</i>	7
Item 5: FEES AND COMPENSATION	8
a) <i>Compensation</i>	8
b) <i>Billing</i>	8
c) <i>Other Expenses</i>	8
d) <i>Advance Billing</i>	9
e) <i>Sales-based Compensation</i>	9
Item 6: Performance Based Fees and Side-by-Side Management	10
Item 7: TYPES OF CLIENTS	13
Item 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND R.O.L.	14
a) <i>Methods of Analysis and Investment Strategies</i>	14
a) <i>Investing Risks</i>	15
Item 9: DISCIPLINARY INFORMATION	18
Item 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	19
a) <i>Registered Broker-Dealer or Registered Representative</i>	19
b) <i>FCM , CPO, CTA or Associated Person</i>	19
c) <i>Material Business Relationships with Certain Related Persons</i>	19
d) <i>Recommendation and Selection of Other Investment Advisers</i>	19
Item 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	20
a) <i>Code of Ethics</i>	20
b) <i>Participation or Interests in Client Transactions</i>	20
c) <i>Investment in Securities Recommended to Clients</i>	20
d) <i>Investment in Securities at or about the Same Time Recommended to Clients</i>	20
e) <i>Personal Trading</i>	21
Item 12: BROKERAGE PRACTICES	22
a) <i>Selecting or Recommending Broker-Dealers</i>	22
b) <i>Soft-Dollars Arrangement</i>	22
c) <i>Brokerage for Client Referrals</i>	22
d) <i>Directed Brokerage</i>	23
e) <i>Aggregation (Bunching) of Trades</i>	23
Item 13: REVIEW OF ACCOUNTS	24
a) <i>Periodic Account Review</i>	24

b) <i>Client Reports</i>	24
Item 14: CLIENT REFERRALS AND OTHER COMPENSATION.....	25
Item 15: CUSTODY.....	26
Item 16: INVESTMENT DISCRETION.....	27
Item 17: VOTING CLIENT SECURITIES	28
a) <i>SNFC Proxy Voting Authority</i>	28
b) <i>Client Proxy Voting Authority</i>	28
Item 18: FINANCIAL INFORMATION OF THE ADVISER.....	29
a) <i>Financial Disclosures</i>	29
b) <i>Material Financial Impairment</i>	29
c) <i>Bankruptcy Petitions</i>	29

ITEM 4: ADVISORY BUSINESS

a) Background

Schroders NewFinance Capital LLP ("SNFC" or the "Adviser") is a limited liability partnership founded in 2002, regulated by the FSA & SEC and is part of the group of companies owned by Schroders plc ("Schroders"). It was acquired by Schroders in 2006 but only fully integrated into the business in 2012.

SNFC is an independent multi-manger boutique specializing in commodities. It provides investment advisory services on a 100% supervisory basis specializing in the management of funds of hedge funds portfolios and tailor made segregated portfolios, for qualified and institutional investors on a fully discretionary basis.

b) Advisory Services

SNFC invests clients' assets in a diverse portfolio of private investment vehicles or hedge funds. The objective of this process is to construct a well diversified portfolio that minimizes common exposures between managers, takes into account factors such as the prevailing market environment, our confidence in a manager and our conviction in a particular strategy, among others.

Our portfolio construction process combines top-down strategy selection with bottom-up manager selection in a manner that is consistent with each portfolio's risk, return and diversification objectives. An integral part of our portfolio construction process is the monitoring of managers with whom we are invested and timely portfolio rebalancing when this becomes necessary.

SNFC aggregates and thoroughly analyses the performance, risk and positioning data provided by each manager; in addition our specialist investment team is in regular in regular telephone contact with the underlying managers. This allows us to ensure that each portfolio remains balanced and positioned to deliver or exceed its risk and return objectives.

SNFC makes long term (securities held for a least a year) and short term investments (securities sold within a year); employs fundamental methods of analysis, sources of information, and investment strategies. The main source of information SNFC uses is research materials prepared by third parties.

c) Tailored Advice and Client-Imposed Restrictions

Each SNFC Fund and Separate Account has its own investment objectives, strategies and restrictions. Certain SNFC Funds and Separate Accounts focus on a narrow investment strategy while others may pursue a broader investment strategy. SNFC prepares offering materials with respect to each SNFC Fund that contain more detailed information, including a

description of the investment objective and strategy or strategies employed and related restrictions. These serve as a limitation on SNFC's management. Separate Account Clients can also impose restrictions on SNFC's management through documents relating the Investment Program for the Client.

While Separate Accounts may be reasonably tailored based on the individual needs of a Client, as agreed to with SNFC, none of the SNFC Funds is tailored to meet the individualized investment needs of any particular investor ("Investor"). An investment in a SNFC Fund does not create a client-adviser relationship between SNFC and an Investor. Further discussion of the strategies, investments and risks associated with a SNFC Fund or Separate Account management is included in the relevant materials for each type of Client.

Clients and Investors must consider whether a particular SNFC Fund or advisory relationship is appropriate to their own circumstances based on all relevant factors including, but not limited to, the Client's or Investor's own investment objectives, liquidity requirements, tax situation and risk tolerance. Prospective Clients and Investors are strongly encouraged to undertake appropriate due diligence, including but not limited to a review of relevant offering materials for the Funds or the documents relating to the proposed Investment Program for the Separate Account and the additional details about SNFC's investment strategies, methods of analysis and related risks in Item 8 of this Brochure, before making an investment decision. \

d) Wrap Fee Disclosure

Not applicable.

e) Assets Under Management

As of December 31, 2012, SNFC had approximately \$ 3.49 Billion in assets under advisement ("AUA"), which consists of regulatory assets under management and assets managed on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

a) Compensation

Private Funds Fees

SNFC receives a management fee from each Fund and Account based on net assets under management, ranging from approximately 0.65% to 1.25% annually (the "Management Fee"). The Management Fee is paid quarterly, based on the net assets of each Fund as of the last business day of the immediately preceding month adjusted for the current month's subscriptions and redemptions. The management Fee will be prorated for any period that is less than a full fiscal quarter.

In addition, the Adviser (or its affiliate) may receive performance compensation as set out in each individual prospectus to the Fund of Funds, which is subject to a "loss carryforward" provision (the "Performance Fee"). This fee is with or without a hurdle rate, again, as set out in each individual prospectus to each Fund of Funds. The Management Fee and Performance Fee are negotiable.

The Adviser, in its sole discretion, may waive or reduce the Management Fee and/or the Performance Fee or amend any other restrictions with regard to investors that are employees or affiliates of the Adviser, relatives of such persons, and for certain strategic investors.

Managed Accounts

SNFC may offer separate account management to clients with a fee equivalent to the one that the Adviser receives for managing its private funds. This fee may be negotiable depending on the account size, the total investment by that client in all products, the aggregate investment by related accounts, the complexity of any additional guidelines provided by the client and other discretionary factors.

b) Billing

Management fees are automatically deducted from the accounts of Fund Investors. Separate Account Clients are billed for fees incurred.

c) Other Expenses

Clients are responsible for and do incur other expenses separate and apart from the Adviser's management and performance based fees. These expenses typically include fees charged by

each underlying fund, custody fees, brokerage services and other transaction fees, and/or expenses associated with the investment vehicle in which assets are invested.

d) Advance Billing

As discussed above, with respect to the SNFC Funds the management fee is payable in calculated and paid in US Dollars monthly in arrears. With respect to managed accounts, management fees may be paid quarterly or monthly, in advance or in arrears, as agreed on with the Client. Investors in the Funds who withdraw will generally not be refunded any portion of the management fee payable for that calendar quarter. For Separate Accounts that are terminated prior to the end of the period, fees paid in advance will be refunded only if agreed to by the parties.

e) Sales-based Compensation

Not applicable.

Neither the Adviser nor any of its employees or affiliates accepts additional compensation for the sale of securities or other services or other investment services or products.

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

As stated above, the Adviser charges all clients' fees based on a share of capital gains on or capital appreciation of the client's assets under management. The Performance Fee is charged by the Adviser (or its affiliate) in compliance with Rule 205-3 under the Investment Advisers Act of 1940. The Management Fee and Performance Fee are negotiable. The Adviser, in its sole discretion, may waive or reduce the Management Fee and/or the Performance Fee or amend any other restrictions with regard to investors that are employees or affiliates of the Adviser, relatives of such persons, and for certain strategic investors.

Performance-based compensation may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of the performance-based compensation. In addition, the performance on which performance-based compensation is calculated will include unrealized appreciation and depreciation of investments that may not ultimately be realized. Incentive fees are only charged to "qualified clients" in accordance with Rule 205-3 under the Advisers Act. In the future, not all compensation arrangements will necessarily include a performance component, and the rate and nature of the calculation of performance compensation and bonuses may vary.

Incentive fees and differences in their calculation may result in certain conflicts of interest, such as motivating SNFC to invest Client funds in assets with heightened risk profiles that have the potential to produce relatively higher returns or causing SNFC to favor certain Clients over others.

. In addition, SNFC may compensate or provide discretionary bonuses to portfolio managers that are based on, among other things, the performance of Client accounts they manage or are otherwise responsible for. SNFC or its personnel or affiliates may have other pecuniary interests in the SNFC Funds.

SPECIFIC CONFLICTS OF INTEREST AND SNFC'S PRACTICES DESIGNED TO MITIGATE SUCH CONFLICTS OF INTEREST

Like all investment advisers who advise multiple accounts or funds having different fee structures, SNFC and its personnel face actual and potential conflicts of interest, including an incentive to favor those accounts in which SNFC or its personnel have greater pecuniary interests over other accounts. Such conflicts of interest and SNFC's practices that are designed to mitigate such conflicts of interest are discussed below. As a general matter, SNFC addresses such conflicts by following a thorough, detailed, and consistent investment decision-making process and by regular reviews of investments by the Adviser's Investment Committee.

- **Allocation of Investments.** SNFC may have an incentive to allocate investment opportunities based on pecuniary interest. SNFC and its personnel will face a conflict of interest when considering how to allocate limited investment opportunities among accounts having different fee structures or pecuniary interests, including SNFC Funds in which it is an investor. Through its relevant policies and procedures, SNFC seeks to promote fair and equitable treatment of accounts (including the allocation of investment opportunities), over time, based on considerations that are unrelated to pecuniary interests (as discussed in Item 12).

- **Compensation of SNFC and its Personnel.** SNFC and its personnel have an incentive to take on more risk when compensation is based on performance: The receipt of performance-based compensation and the payment of bonuses relating to performance of Client accounts creates an incentive to make riskier investments than might be made in the absence of performance-based compensation, as such compensation generally allows participation in gains in excess of exposure to losses. On the other hand, performance-based compensation encourages an alignment of long-term investment interests between the Client and SNFC. Moreover, performance-based compensation may be subject to mechanisms designed to ensure that prior losses are recouped and/or a certain level of gains is achieved before any performance-based compensation accrues, such as loss carry forwards, hurdle rates, and/or high water marks. Furthermore, as discussed in more detail in Item 13, SNFC reviews the Client accounts that it advises on a regular basis to monitor risk levels. In addition, engaging in high risk investment practices that cause adverse performance will have a negative impact on the receipt by SNFC of performance-based compensation and the receipt of discretionary bonuses paid to portfolio managers.
- **Performance-based Fees for Adviser and Valuations.** When SNFC's compensation is based on the value or performance of investments, SNFC has an incentive to value a position at a price higher than it might otherwise be valued or to accelerate or defer realizations. To the extent that performance allocations may be based on increases in the net assets of a SNFC Fund or Separate Account, SNFC's compensation would be based upon unrealized appreciation as well as realized appreciation. This means that SNFC may be compensated on performance that is ultimately not realized if positions decrease in value and are subsequently sold at a loss. The potential for inflated valuation of positions is increased when such positions are illiquid or otherwise lack a readily ascertainable market value. SNFC seeks to mitigate this conflict by valuing assets in accordance with its written Valuation Policy, which is reasonably designed to assure that valuations are performed in a consistent and thorough manner that insulates the conflict. In accordance with the Valuation Policy, SNFC considers the views of outside experts, including third-party valuation firms, in determining the value of illiquid or other hard to value assets.
- **Cross-Transactions.** When SNFC engages in cross-transactions, it has an incentive to favor accounts in which it has a greater pecuniary interest: SNFC may, from time to time, enter into cross-transactions between the various accounts it advises. SNFC will conduct such transactions in accordance with policies to promote fairness to all participating accounts (e.g., by assuring that an appropriate price is assigned to the security being crossed). Where required by law or the governing documents for a Client account, cross transactions are subject to Client consent prior to settlement and information about the transaction, including the nature of the rebalancing transaction, the price at which it will be effected and SNFC's position as principal, if applicable, are provided to allow the Client to determine whether or not to consent.
- **Other Conflict Mitigation Practices.** Many of the conflicts resulting from performance-based fees and side-by-side management are mitigated by SNFC's relevant policies and procedures. As a general principle, SNFC requires that potential conflicts of interest be addressed by placing Client interests before personal or proprietary interests. SNFC

also has instituted trading policies to promote fair treatment of SNFC Funds and Separate Accounts based on considerations unrelated to pecuniary interests to ensure that, wherever possible and over time, opportunities are allocated in a fair and equitable manner.

ITEM 7: TYPES OF CLIENTS

SNFC provides investment advisory services to certain private investment funds (the “Funds”) organized as limited partnerships, limited liability companies, or other legal entities. The Funds qualify for exemption from the definition of an investment company” under the Investment Company Act of 1940, as amended (the “Investment Company Act”) under Section 3(c) (1) or Section 3(c) (7) of the Investment Company Act, and the Adviser offers interests to Investors pursuant to Regulation D under the Securities Act of 1933, as amended (the “1933 Act”).

The Adviser also provides investment advice to separately managed accounts for institutions and high-net-worth individuals. Such clients include pension funds, insurance companies, private banks, foundations, endowments, trusts, family offices and other institutions.

Generally, the minimum initial investment in a Fund is \$100,000 which must be maintained. A higher minimum initial investment in a Fund may be settled in agreement with clients. The minimum subsequent investment in a Fund is \$10,000. Each Fund reserves the right to require a different amount.

The minimum dollar amount of assets ordinarily required for the establishment of an investment advisory account is \$1,000,000. Smaller accounts may be accepted on an accommodation basis or when it is deemed likely that the minimum dollar size will be achieved within a reasonable period of time.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND R.O.L.

a) Methods of Analysis and Investment Strategies

SNFC's portfolio construction process is dynamic and is designed to ensure that the allocations to investment strategies and managers are consistent with the portfolio's risk and return objectives. The objective of this process is to construct a well diversified portfolio that minimizes common exposures between managers and takes into account factors such as the prevailing market environment, our confidence in a manager and our conviction in a particular strategy, among others.

Our portfolio construction process combines top-down strategy selection with bottom-up manager selection in a manner that is consistent with each portfolio's risk, return and diversification objectives. An integral part of our portfolio construction process is the monitoring of managers with whom we are invested and timely portfolio rebalancing when this becomes necessary.

SNFC aggregates and thoroughly analyses the performance, risk and positioning data provided by each manager; in addition our specialist investment team is in regular in regular telephone contact with the underlying managers. This allows us to ensure that each portfolio remains balanced and positioned to deliver or exceed its risk and return objectives

The investment process at SNFC has five distinct stages and combines our top down macroeconomic views with rigorous quantitative analysis and qualitative bottom – up manager selection in order to select the “best in class” managers for each portfolio. This detailed and sophisticated approach has its roots in the fixed income heritage of the senior investment team and involves in-depth modeling of risk exposures, performance attribution and peer analysis at the strategy, manager and portfolio level.

The stages are detailed below:



This process is consistent across all of our portfolios, although we have the flexibility to adapt aspects of this process to fit a specific mandate.

a) Investing Risks

Investing in securities in general involves risk of loss that clients should be prepared to bear. SNFC principal risk lies in Manager Selection. Each underlying fund's manager has complete discretion to invest its fund's assets according to that fund's operating agreement and offering memorandum. There is no way to monitor the specific investments made by the hedge fund or to know whether the sub-fund investments are consistent with the hedge fund's historic investment philosophy or risk levels on a daily basis. All Clients and Investors assume the risk that investment returns may be negative or below the rates of return of other investment advisers or products. Clients and Investors should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses. Key risks of loss which apply to the principal investment strategies employed by SNFC are listed below. More detailed descriptions and explanations of the key risks of loss are included in relevant offering materials.

Underlying Funds

The underlying Funds in which SNFC Funds may invest may not be subject to any substantive or effective regulatory oversight and may be established in jurisdictions in which there are no established or effective investor protection laws.

Similarly, companies providing administration and accounting services to the underlying Funds in which SNFC Funds invests may not be subject to any regulation or to the supervision of any regulatory authority or agency and accordingly may not operate to the same standards as administrators performing such services in more highly regulated jurisdictions.

As SNFC Funds will invest in underlying Funds that make trading decisions independently, it is possible that one or more of such underlying Funds may, at any time, take investment positions that are the opposite of positions taken by other underlying Funds. It is also possible that the

underlying Funds may on occasion be competing with each other for or to dispose of similar positions at the same time.

Hedging Transactions

SNFC Funds will and the underlying Funds are likely to utilize financial instruments such as derivatives for investment purposes and to seek to hedge against fluctuations in the relative values of their portfolio positions as a result of changes in exchange rates, interest rates, equity prices and levels of other interest rates and prices of other securities.

While SNFC Funds and the underlying Funds may enter into such transactions to seek to reduce currency, exchange rate and interest rate risks, unexpected changes in currency, interest rates and equity markets may result in a poorer overall performance of the investing entity. For a variety of reasons, the investing entity may not obtain a perfect correlation between such hedging instruments and the Portfolio holdings being hedged. Such imperfect correlation may prevent the intended hedge or expose the underlying Funds and SNFC Funds to risk of loss.

There can be no assurance that a given exposure will be hedged at any given time or, even if the exposure is hedged, that such hedge will be effective.

Fund Selection

There can be no assurance that SNFC can successfully select suitable Funds or that the Funds selected will be successful in their investment strategies.

Concentration of Investments

Although the SNFC intends to follow a general policy of diversifying the capital of SNFC Funds, SNFC Funds may at certain times hold a few relatively large (in relation to its capital) positions, with the result that a loss in any position could have a materially adverse impact on the Company. Furthermore, the underlying Funds may themselves at certain times hold a few relatively large (in relation to their respective capital) positions with the result that a loss in any position could have a materially adverse impact on the underlying Funds and thereby, indirectly, on SNFC Funds.

Investments in Segregated Portfolio Companies

The SNFC Funds are likely to hold substantial investments in the different portfolios of one or more segregated portfolio companies established under Cayman Islands law or similar regimes. Under such laws, the assets and liabilities of each portfolio of a segregated portfolio company established under the laws of that jurisdiction are segregated from the assets and liabilities of each other portfolio.

However, the statutory segregation regime has not been extensively tested in the courts of other jurisdictions. As a consequence, there is a risk that a court in another jurisdiction may not respect that segregation. Furthermore, to the extent that general creditors of the segregated portfolio company are able to gain recourse to the general assets of a segregated portfolio company, this may impede the operation of the segregated portfolio company and, as a result, its segregated portfolios. Legal defense costs may also be met by other portfolios.

Borrowings, Leverage, Interest Rates and Margin

SNFC Funds may borrow money up to a maximum of a per cent. of its Net Asset Value and the underlying Funds in which it invests are likely to borrow money. The level of interest rates at which SNFC Funds or any underlying Fund can borrow will affect its operating results and such borrowings may increase the risks attached to an investment in the Shares.

In addition, SNFC Funds may and the underlying Funds in which SNFC Funds invests are likely to enter into repurchase agreements and “leverage” their investment return with such instruments as forwards, futures, options and other derivative contracts. The use of such instruments results in certain additional risks. For example, should the securities pledged to brokers to secure the margin accounts of SNFC Funds or the relevant underlying Fund decline in value, SNFC Funds or, where applicable, the underlying Fund could be subject to a “margin call” and need to deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the assets of SNFC Funds, or the underlying Fund, it might not be able to liquidate assets quickly enough to pay off its margin debt. In addition, leverage can increase the loss to investors. In the futures markets, margin deposits are typically low.

Low margin deposits mean that a relatively small price movement in a futures contract may result in immediate and substantial losses. For example, if at the time of purchase 10 percent of the price of a futures contract is deposited as margin, a 10 percent decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for the brokerage commission

Cross Class Liability

SNFC Funds have multiple Classes and may in the future issue additional Classes of Shares. However, SNFC Funds will be treated as one entity. Thus, all of the assets of SNFC Funds may be available to meet all of the liabilities of SNFC Funds regardless of the separate Portfolio or Class to which such assets or liabilities are attributable.

Out-Performance Fees payable in periods of Negative Absolute Return

For some periods, Out-Performance Fees may be payable to the Investment Manager in the event that the performance of the Net Asset Value per Share of the relevant Class exceeds the Benchmark Performance even if absolute returns are negative for that period.

ITEM 9: DISCIPLINARY INFORMATION

The Adviser and its supervised persons have not been involved in any legal or disciplinary events that are material to a client's or potential client's evaluation of our advisory business or the integrity of the Adviser's management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

a) Registered Broker-Dealer or Registered Representative

SNFC is affiliated with Schroder Fund Advisors LLC a FINRA registered Broker Dealer. No employee or other associated persons of the Adviser are registered representatives of the Broker Dealer.

b) FCM , CPO, CTA or Associated Person

CPO and CTA

c) Material Business Relationships with Certain Related Persons

The Adviser has an on-going business relationship with a related entity Schroder Investment Management Limited (SIMUK.) that is material to its advisory business. This relationship creates no material conflict of interest with the Adviser's clients.

The Adviser is a subsidiary of Schroders PLC. Schroders PLC is a global asset management company managing over £212 billion (€260.7 billion / \$345.5 billion as 31 December 2012) on behalf of institutional and retail investors, financial institutions and high net worth clients from around the world, invested in a broad range of asset classes across equities, fixed income, commodities and alternatives.

d) Recommendation and Selection of Other Investment Advisers

Not applicable.

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

a) Code of Ethics

The Adviser has adopted a Code of Ethics that sets forth the standards of business conduct that it required from all its supervised persons. SNFC believes that (i) high ethical standards are essential for its success and to maintain the confidence of its clients; (ii) its long-term business interests are best served by adherence to the principle that the interests of clients come first; and (iii) it has a fiduciary duty to its clients to act solely for their benefit. All personnel of the Adviser must put the interests of the Adviser's clients before their own personal interests and must act honestly and fairly in all respects in dealings with clients. All personnel of the Adviser must also comply with all federal securities laws.

Clients or prospective clients may obtain a copy of the Code of Ethics by contacting Philip Woolliscroft (Chief Compliance Officer) by e-mail at Philip.Woolliscroft@schroders.com or by telephone at +44 207 658 2088.

b) Participation or Interests in Client Transactions

The Adviser and its related persons may invest their personal assets in the Funds, and therefore, such persons may hold the same Hedge Funds as other investors in the Funds. In addition, certain employees of the Adviser may own Hedge Funds in their personal accounts that are also recommended by the Adviser to the Funds. The Adviser has established procedures intended to limit conflicts of interest in cases where the Adviser, a related person or any of their employees, buys or sells Hedge Funds recommended by the Adviser to its clients.

c) Investment in Securities Recommended to Clients

SNFC's Supervised Persons are specifically prohibited from using their knowledge about pending transactions or investments currently being considered for personal profit, including by purchasing or selling such securities directly or indirectly. To facilitate compliance with this policy, the CCO or the CCO's designee shall maintain a Restricted Securities List. This list will contain all securities the Firm or an affiliate of the Firm is analyzing or considering for Client transactions. Further, as noted above, all Access Persons (as defined in the Code, and which includes Supervised Persons meeting certain further criteria) must submit quarterly transactions reports detailing personal securities transactions. Such reports will be reviewed by the CCO or the CCO's designee to ensure compliance with the Code.

d) Investment in Securities at or about the Same Time Recommended to Clients

See Part 11 C. above.

e) Personal Trading

The Adviser and its related persons are subject to the provisions of the Code of Ethics regarding personal securities transactions and an Insider Trading Policy. These policies are designed to prevent conflicts of interest and violations of law by persons subject to the Code. In particular, related persons are generally required to pre-clear their personal securities transactions with Compliance. In addition, the Code of Ethics requires personnel who have access to client portfolio information or the Adviser's non-public Hedge Funds recommendations to report their personal securities transactions and holdings to the Adviser, and the Adviser is required to review such reports. Adviser has also imposed a mandatory 30 day holding period on transactions in certain financial instruments.

ITEM 12: BROKERAGE PRACTICES

a) Selecting or Recommending Broker-Dealers

The Adviser has no obligation to deal with any particular broker-dealer in the execution of transactions in portfolio securities. In selecting broker-dealers with whom to place orders for purchases and sales of securities on behalf of our clients, the Adviser's primary objective is to obtain best price and execution – that is, prompt, errorless, execution of orders at the most favorable prices reasonably obtainable. In doing so, the Adviser considers a number of factors, including, without limitation:

- the overall direct net economic result to the client (including commissions, which may not be the lowest available but which ordinarily will not be higher than the generally prevailing competitive range),
- the financial strength of the broker-dealer,
- the reputation and stability of the broker,
- the efficiency with which transactions are generally executed,
- the ability to effect the particular transaction,
- the availability of the broker-dealer to stand ready to execute difficult transactions in the future, and
- other matters involved in the receipt of brokerage and research services.

SNFC will also consider the quality of firms with which it seeks to execute client orders, the adequacy of lines of communication, timeliness of reports of order execution, the capacity to accommodate unusual trading volume and the preservation of client anonymity, among other factors.

b) Soft-Dollars Arrangement

As a matter of policy, the Adviser does not pay a commission in order to receive research or other services and, except in unusual circumstances, the commission negotiated would not exceed the Adviser's normal rate. Research or other services which may be received as a result of transactions executed in client accounts are used to benefit all of the Adviser's investment advisory clients

c) Brokerage for Client Referrals

The Adviser does not consider, in selecting or recommending a broker dealer, whether the Adviser or a related person receives client referrals from that broker-dealer.

d) *Directed Brokerage*

The Adviser does not accept clients who require us to execute transactions through a specified broker-dealer. Clients may recommend that we use their preferred broker-dealer(s). The Adviser will use such broker-dealer(s) subject to our determination that said broker-dealer provides best execution of client transactions.

e) *Aggregation (Bunching) of Trades*

Securities transactions in investment advisory accounts are normally implemented on a consistent basis across accounts. In order to accomplish this, orders are aggregated (bunched) and allocated pro-rata to the nearest round lot. In addition to considerations of equity, bunching avoids placing competing orders, improves order management, and may, because of larger order size, permit some degree of price improvement relative to a series of individually placed orders.

The Adviser may cause a Fund or Account to effect “cross” transactions – transactions in which securities or other portfolio holdings are bought and sold among and/or between the Funds and the Accounts. Such a transaction will only be carried out if the Adviser believes that the transaction will be beneficial to both parties and if it is done in accordance with applicable law and SNFC’s cross transactions policies and procedures, which are designed to ensure compliance with all applicable laws.

ITEM 13: REVIEW OF ACCOUNTS

a) Periodic Account Review

The portfolio manager responsible for each account performs reviews of each account as described below. The portfolio manager reviews each account's holdings and adjusts those holdings periodically in accordance with the agreed investment objectives and restrictions.

Miles O'Connor, as Chief Executive Officer along with the Opus Fund Board, has knowledge of the holdings in each client account. The Adviser through the auspices of the Operations and Compliance Departments performs a monthly review of portfolio holdings to ensure that transactions are within the parameters of client objectives. In addition the Portfolio Management Committee reviews client holdings on a periodic basis as a part of its deliberations in the selection of investment opportunities for the funds and segregated accounts.

Additionally, Schroders incorporates for each asset class a Schroders Investment Risk Management Framework ("SIRF") to ensure independence from the portfolio manager, that products and portfolios are managed in a manner that is consistent with their performance objectives and corresponding risk profiles as sold to, or specified by clients or investors.

The SIRF process involves the agreement of risk parameters by the investment and/or product team with the Investment Risk Framework team. These are further validated by the Asset Class Investment Risk Committee.

b) Client Reports

Both segregated account clients and investors in the Funds managed by the Adviser receive regular monthly reports. These reports provide information on account balances, monthly performance, industry commentary, securities held, values and other information designed to provide clients with a complete assessment of their portfolios. In addition each Fund investor receives audited annual reports, unaudited semiannual reports and monthly Newsletters of the performance of the Fund in which they invest.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

SNFC may compensate third parties for client referrals (each a “Solicitor”). Before making payments for any referral, the Adviser requires each “solicitor” to enter into a written referral agreement. SNFC may pay the solicitor a portion of its own fee received from clients introduced by that third-party marketer or salesperson for the length of the term of the client’s account with SNFC. Typically, this fee is representative of a percentage of assets under management and as a percentage of any other fees earned by ACM, calculated by an agreed-upon formula. SNFC may also pay certain expenses incurred by the solicitor for services performed on behalf of SNFC.

The solicitor is required to present to any prospective client (other than potential hedge fund or private investment fund investors) a document including: the name of the solicitor; the name of the investment advisor he represents (e.g. SNFC); the nature of the relationship, including disclosure of any affiliation between the solicitor and SNFC; a statement that the solicitor will be compensated by SNFC, including the terms of that compensation arrangement; and the amount, if any, of the cost of obtaining the account that the client will be charged in addition to the SNFC advisory fee, including the differential, if any, among clients with respect to the amount of advisory fees if such differential is attributable to the existence of any arrangement pursuant to which SNFC has agreed to compensate the solicitor.

ITEM 15: CUSTODY

The Adviser does not retain custody of client assets. within the meaning of Rule 206(4)-2 under the Advisers Act. Clients and fund investors receive account statements directly from a qualified custodian and are encouraged to review those accounts statements received from the custodian. Clients should review these statements carefully and should immediately contact SNFC if account statements are not received from the custodian on at least a quarterly basis. To the extent SNFC, pursuant to the relevant advisory contract or otherwise, separately provides reports or account statements, Clients should compare SNFC's statements carefully to the account statements received from the custodian. If there are any discrepancies between the account statements, please contact SNFC immediately.

In addition the Adviser's funds are audited at least annually and distribute their audited financial statements prepared in accordance with generally accepted accounting principles to all investors. SNFC provides (or causes to be provided) to each Investor in the Fund a copy of the Fund's audited financial statements within 120 days following the relevant Fund's fiscal year end. Investors who do not receive audited financial statements timely should contact SNFC immediately.

ITEM 16: INVESTMENT DISCRETION

The Adviser generally manages client assets in a discretionary basis with the authority to determine for each client what investments are made, as well as when and how they are made. For certain clients, their assets may be invested in one or more model portfolios, but clients may impose reasonable restrictions, limitations or other requirements with respect to their individual accounts.

ITEM 17: VOTING CLIENT SECURITIES

a) SNFC Proxy Voting Authority

From time to time companies in which the Adviser invests may submit certain matters to a vote of its security holders. The right to vote is usually available to equity holders and not to holders of company debt. Clients and Investors in SNFC Funds can request copies of SNFC's proxy voting policies and relevant voting records by contacting their Investor Relations representative. SNFC will not disclose how it voted for a Client to third-parties, unless specifically requested, in writing by the client.

SNFC understands and appreciates the importance of proxy voting and consent rights (collectively "Proxies") and will generally manage the receipt of incoming Proxies, maintain a log of all Proxies, and place votes based on established policies and guidelines. In the course of exercising discretion to vote a Proxy, SNFC will vote any such Proxies to maximize investor value and in accordance with the procedures outlined below.

SNFC has adopted Proxy Voting Policies and Procedures pursuant to Rule 206(4)-6 of the Advisers Act designed to ensure that proxies are voted prudently and solely in the best interest of our clients. According to our policy, the Adviser will generally vote in accordance with management's recommendations in order to support the ability of management to run its business in a responsible and cost effective manner while staying focused on maximizing shareholder value. In the event that a conflict of interest exists between management's recommendation and the Adviser or its clients, the Adviser will vote in the manner which in its judgment and sole discretion is in the best interest of its clients.

SNFC operates a policy of exercising proxy votes for clients as permitted within client agreements. Voting policy is undertaken at all times in the best interests of clients and for their benefit. A copy of the full proxy voting policy is available upon request.

b) Client Proxy Voting Authority

Clients who do not grant SNFC discretion to vote proxies on their behalf are responsible for voting their own proxies and, if they desire to do so, must arrange to receive proxy materials from the relevant custodians or transfer agents. SNFC does not provide any proxy related information, or advice as to how to vote proxies, to such clients.

ITEM 18: FINANCIAL INFORMATION OF THE ADVISER

The Adviser is a subsidiary of a public company in the UK, Schroders plc. Schroders plc is listed on the London Stock Exchange. The shareholder reports for Schroders plc are available on the internet at <http://ir.schroders.com/>. Clients or prospective clients may also obtain copies of Schroders plc reports by contacting their Client Service Representative.

No financial events have occurred to SNFC that would negatively affect the financial viability of the Adviser. There is no financial condition of SNFC that is reasonably likely to impair SNFC's ability to meet contractual commitments to clients.

a) Financial Disclosures

Not Applicable.

b) Material Financial Impairment

Not Applicable.

c) Bankruptcy Petitions

Not Applicable.