

Part 2A of Form ADV: Firm Brochure (dated 7/30/13)

Item I: Cover Page

Name of Investment Adviser: Metacapital Management, L.P.					
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This brochure (the "Brochure") provides information about the qualifications and business practices of Metacapital Management, L.P. (the "Adviser"). If you have any questions about the contents of this Brochure, please contact us at 212-300-0500 or info@metacapital.com.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about Metacapital Management, L.P. is also available on the SEC's website at www.adviserinfo.sec.gov.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Item 2: Material changes

This Brochure dated July 30, 2013, has been updated to replace the version from February 14, 2013 when we filed our first annual updating amendment to Form ADV. There are no material changes to report since our last annual updating amendment filed. We are filing an other-than-annual amendment to add our recently launched Metacapital Rising Rates Master Fund, Ltd. (and its feeders) and to generate a private fund identification number for use in our next quarterly Form PF filing.

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Item 4: Advisory Business

The Adviser is an investment adviser with its principal place of business in New York, New York. The general partner of the Adviser is Metacapital GP, LLC, a limited liability company organized under the laws of the State of Delaware. The Principal, Deepak Narula, is the managing member of Metacapital GP, LLC. The Adviser commenced operations as an investment adviser on November 16, 2001. The principal owner of the Adviser is Deepak Narula (the "Principal").

The Adviser provides the following advisory services on a discretionary basis to its clients, which include privately pooled investment vehicles intended for sophisticated investors and institutional investors organized in three separate master-feeder structures (the "Funds"). The Adviser limits its investment advice primarily to the following types of investments: fixed-income, mortgage, commercial mortgage and asset-backed securities.

Metacapital Management, LLC is the general partner to the three domestic feeder funds and is considered an investment adviser for purposes of the Investment Advisers Act of 1940. Metacapital Management, L.P. is registered with the SEC as an investment adviser. Metacapital Management, LLC relies on this registration.

The Adviser provides advice to the Funds based on specific investment objectives and strategies stated in each Fund's offering memorandum. The Adviser does not tailor advisory services to the individual needs of investors in the Funds. Additionally, investors in the Funds may not impose restrictions on investing in certain securities or certain types of securities. The Adviser does not participate in wrap fee programs.

As of June 30, 2013, the Adviser had approximately \$1,446,240,000 in net assets under management all of which are managed on a discretionary basis.

Item 5: Fees and Compensation

Asset-Based Compensation

With respect to the Funds, the Adviser is paid a quarterly management fee in advance calculated at a rate that ranges between 1% to 2% per annum of the net assets of each Fund (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest).

In the event that a Fund is not in existence for the entire calendar quarter, the fee for such Fund for such quarter will be charged as of the effective date of the investment management agreement and prorated for the number of days remaining in the quarter. If additional contributions are made to a Fund during a quarter, the fee for such Fund will be prorated for the number of days remaining in the quarter and charged as of the date of the additional contribution.

The Adviser may agree to alternative management fee arrangements with certain investors in the Funds.

Performance-Based Compensation

The Adviser will be paid a performance-based fee, which is compensation that is 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). This compensation may be paid to the Adviser or to a related person of the Adviser and ranges from 0-20%. Receipt of performance-based compensation may be subject to a hurdle rate of one-month rolling LIBOR.

The Adviser may agree to alternative performance fee arrangements with certain investors in the Funds.

The Adviser deducts the investment management fee and the performance-based fee from client accounts by instructing the client's custodian.

In addition to paying investment management fees and, if applicable, performance-based fees or other compensation, client accounts will also be subject to other investment expenses such as custodial charges, brokerage fees, commissions and related costs; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; other portfolio expenses; and costs, expenses and fees associated with products or services that may be necessary or incidental to such investments or accounts. Client assets are invested in pooled investment vehicles. In these cases, clients will bear their pro rata share of the underlying fund's operating and other expenses including, in addition to those listed above: legal expenses; internal and external accounting, audit and tax preparation expenses; and organizational expenses. Client assets are invested in a master-feeder structure. Feeder funds bear a pro rata share of the expenses associated with the related master fund.

Neither the Adviser nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

Item 6: Performance-Based Fees and Side-By-Side Management

The Adviser and its investment personnel provide investment management services to multiple portfolios for multiple clients. The Adviser is entitled to be paid performance-based compensation by its private pooled investment vehicle clients. In addition, the Adviser's investment personnel are typically compensated on a basis that includes a performance-based component.

Certain client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. When the Adviser and its investment personnel manage more than one client account a potential exists for one client account to be favored over another client account. The Adviser and its investment personnel have a greater incentive to favor client accounts that pay the Adviser and indirectly the portfolio manager performance-based compensation or higher fees.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies.

It is the Adviser's basic policy that no client for whom the Adviser has investment decision responsibility shall receive preferential treatment over any other client. In allocating securities among clients, it is the Adviser's policy that all clients should be treated fairly and that, to the extent possible, all clients should receive equivalent treatment. Therefore, the Adviser generally intends to allocate positions and securities among its investment advisory clients on a pro rata basis to the extent applicable.

Because of the difference in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may, however, be differences among clients in invested positions and securities held. The following factors may be taken into account by the Adviser in allocating securities among investment advisory clients:

- client's investment objective and strategies;
- client's risk profile;
- client's tax status;
- any restrictions placed on a client's portfolio by the client or by virtue of federal or state law (such as the Employee Retirement Income Security Act of 1974, as amended);
- size of the client account;
- total portfolio invested position;
- nature of the security to be allocated;
- size of available position;
- supply or demand for a security at a given price level;
- current market conditions;
- timing of cash flows and account liquidity; and
- any other information determined to be relevant to the fair allocation of securities.

Transactions involving less than one million dollars will be allocated in any manner deemed appropriate by the Adviser under the circumstances.

Limited investments

The Adviser considers an investment opportunity to be limited when the amount of the investment available in the market at a reasonable price is insufficient to satisfy in full the demand of Adviser's client accounts and it is thought by the Adviser to represent a unique opportunity in light of other investments available or reasonably anticipated to become available in the market. In the Adviser's experience, investment opportunities are limited only when offered or available privately in illiquid market conditions. When the Adviser's access to an investment is limited, the Adviser seeks to allocate such investment in an equitable manner among accounts (including affiliated accounts) for which such investment is appropriate. Generally, such allocation shall be made pro rata among accounts based upon the relative size of the accounts with similar investment styles for which the investment has been determined to be appropriate.

Item 7: Types of Clients

The Adviser's clients are the Funds. With respect to the Funds, any initial and additional subscription minimums are disclosed in each Fund's offering memorandum.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

The Adviser utilizes a variety of methods and strategies to make investment decisions and recommendations.

The Adviser may invest in forms of mortgage-backed securities ("MBS"), other asset-backed securities ("ABS"), government securities and related derivative instruments, including, without limitation, commercial mortgage-backed securities ("CMBS"), collateralized debt obligations ("CDOs"), including CDO equity, U.S. Treasury debt, government sponsored enterprise ("Agency") backed securities and fixed or adjustable rate collateralized mortgage obligations ("CMOs"), Credit Default Swaps ("CDS"), CDS indices such as ABX, CMBX and Corporate CDS indices, and REMICs. The Adviser may also invest in other forms of corporate debt, as well as in convertible debt, and may enter into repurchase and reverse repurchase agreements, and invest and trade in futures contracts, forward contracts, options (including options on equity securities), swaps, swaptions and other derivative transactions primarily in the credit markets, but also in the currency markets used mainly as hedging instruments. Debt instruments in which the Adviser may trade may range in credit from unrated to "AAA".

The Adviser employs the following investment strategies:

Investments may be made on a leveraged basis, with the Adviser purchasing sectors and particular securities and other instruments that it believes are undervalued and selling short sectors, particular securities and other instruments that it believes are overvalued. The Adviser may from time to time seek to hedge, among other things, interest rate, prepayment and credit risk through the use of various products including, but not limited to, interest rate swaps, total return swaps, Eurodollar futures, swaptions and treasuries.

The investment portfolio may consist of both a long term, value oriented component, and an opportunistic, actively traded component. The unifying investment process is based on a strong quantitative bias toward capturing relative value differentials in fixed income asset classes with emphasis on the mortgage and asset-backed sectors.

The Metacapital Rising Rates strategy combines high yielding mortgage derivatives with both long-dated put options on long rates along with put options on short rates. The strategy may employ non-agency securities that benefit from rising home prices that may accompany rising rates. It "spends" some of the mortgage OAS to offset the time decay of a long option portfolio. Inherent leverage is employed through the use of derivatives.

The following are examples of certain of the strategies that the Adviser may utilize:

Opportunistic Investments:

The Adviser will look to take advantage of dislocations in mortgage and other related debt markets that can create special investment opportunities. Such opportunities occur periodically and are generally caused as a result of deleveraging by other investors or due to a tightening of credit conditions.

Cross-sector Arbitrage:

These strategies seek to profit from changes in relative value in various sectors of the fixed income markets. These sectors include Treasuries, Agency securities (both bullet and callable), interest rate swaps, mortgage pass-throughs, high grade ABS, CMBS and corporate debt.

Strategies may range from relying on mean-reverting spread relationships to anticipating Agency demand for mortgage pass-throughs relative to issuing Agency securities. Inter-coupon, inter-agency, inter-sector and cross-vintage MBS trades provide several low risk arbitrage opportunities. Another example of such opportunities arises from the pricing of credit risk in the mortgage, CMBS and ABS markets at substantially different levels than the pricing of similar credit risk in the corporate market.

Prepayment Arbitrage:

Prepayments on mortgage-backed securities are impacted by changes in interest rates and the strength of housing markets. The relationship between mortgage prepayments and interest rate movements is generally captured by statistical models that are based on historical experience. However, this relationship is constantly changing due to changes in such factors as technology, competition, borrower awareness and economic cycle. Careful analysis of historical data combined with an accurate assessment of changes in future prepayment patterns provides investment opportunities that can yield substantial returns. Such strategies typically seek to combine prepayment sensitive mortgage securities with interest rate derivatives such as swaps and swaptions to construct a market-neutral portfolio that seeks to profit from income and capital gains at the time of sale.

Other prepayment sensitive strategies may seek to take advantage of changes in the investment behavior for the mortgage servicer community. Mortgage servicing portfolios are among the larger holders of prepayment risk. Shifts in investment behavior by this investor subset can result in secular changes in the valuation of mortgage derivatives. Anticipating these changes and the consequent investment patterns gives rise to profitable market opportunities.

Volatility Arbitrage:

These strategies seek to take advantage of relative mispricing of interest rate volatility in different markets. One example of such a strategy is to establish long positions in options in one market (e.g., mortgage options) which are offset with short positions in options in another market (e.g., Treasury options). The strategy results in profits from either the difference in initial option premiums and/or the eventual payoff at expiration. Another example of such a strategy might be to take advantage of a situation where the MBS market is pricing interest rate volatility higher than the corporate bond market. In such an instance the Adviser would short volatility in the mortgage market through the purchase of mortgage pass-throughs and at the same time go long volatility in the corporate market through the purchase of corporate debt instruments having embedded put options. Both the MBS and corporate bond positions would be hedged to eliminate interest rate risk. This strategy generates returns as the two markets readjust to correct this mispricing.

Credit Arbitrage:

There is a large universe of mortgage and asset-backed securities the return profile of which is dependent on underlying borrower default and prepayment behavior. Examples of such securities are private-label securities backed by, for example, sub-prime, Alt-A, jumbo, manufactured housing and home equity loans.

The following are the material risks relating to the investment strategies described above.

Liquidity of Markets. At times, certain sectors of the fixed income markets (such as the ABS and MBS markets) have experienced significant falloffs in liquidity. While such events may sometimes be attributable to changes in interest rates or other factors, the cause is not always apparent. During such periods of market illiquidity, the Adviser may not be able to sell assets in its portfolio or may only be able to do so at unfavorable prices. Further, during such periods, it is extremely difficult to accurately value the investments. Such "liquidity risk" could adversely impact the value of the portfolio, and may be

difficult or impossible to hedge against.

Lack of Diversification. The Adviser's portfolios may not be as diversified among a wide range of types of securities as other investment vehicles. Accordingly, the investment portfolio of the Adviser may be subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments.

Lack of Liquidity of Assets. Assets may, at any given time, include securities and other financial instruments or obligations which are thinly-traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts and it may be extremely difficult to accurately value any such investments.

Prepayment Risk. The frequency at which prepayments (including voluntary prepayments by the obligors and liquidations due to default and foreclosures) occur on loans underlying ABS and MBS will be affected by a variety of factors, including the prevailing level of interest rates as well as economic, demographic, tax, social, legal and other factors. Generally, obligors tend to prepay their loans when prevailing interest rates fall below the interest rates on their loans. Although ABS are generally less likely to experience substantial prepayments than are MBS, certain of the factors that affect the rate of prepayments on MBS also affect the rate of prepayments on ABS. However, during any particular period, the predominant factors affecting prepayment rates on ABS and MBS may be different.

The adverse effects of prepayments may impact the portfolio in two ways. First, particular investments may experience outright losses, as in the case of an interest-only security in an environment of faster actual or anticipated prepayments. Second, particular investments may underperform relative to hedges that the Adviser may have constructed for these investments, resulting in a loss. In particular, prepayments (at par) may limit the potential upside of many ABS and MBS to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss.

Interest Rate Risks. Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.

Index Risk. The Adviser may also invest in structured notes, variable rate ABS and MBS, including adjustable-rate mortgage securities ("ARMs"), which are backed by mortgages with variable rates, and certain classes of CMO derivatives, the rate of interest payable under which varies with a designated rate or index. The value of these investments is closely tied to the absolute levels of such rates or indices, or the market's perception of anticipated changes in those rates or indices. This introduces additional risk factors related to the movements in specific indices or interest rates which may be difficult or impossible to hedge, and which also interact in a complex fashion with prepayment risks.

Lower Credit Quality Securities. There are no restrictions on the credit quality of the investments of the Adviser. Securities in which the Adviser may invest may be deemed by rating companies to have substantial vulnerability to default in payment of interest and/or principal. Other securities may have the lowest quality ratings or may be unrated. Lower rated and unrated securities in which the Adviser may invest have large uncertainties or major risk exposures to adverse conditions, and are considered to be predominantly speculative. Generally, such securities offer a higher return potential than higher rated securities, but involve greater volatility of price and greater risk of loss of income and principal.

The market values of certain of these securities (such as subordinated securities) also tend to be more sensitive to changes in economic conditions than higher rated securities. Declining real estate values, in particular, will increase the risk of loss upon default, and may lead to a downgrading of the securities by rating agencies. The value of such ABS and MBS may also be affected by changes in the market's perception of the entity issuing or guaranteeing them, or by changes in government regulations and tax policies.

In general, the ratings of nationally recognized rating organizations represent the opinions of these agencies as to the quality of securities that they rate. These ratings may be used by the Adviser as initial criteria for the selection of portfolio securities. Such ratings, however, are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of the securities. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events.

"Widening" Risk. For reasons not necessarily attributable to any of the risks enumerated above (for example, supply/demand imbalances or other market forces), the prices of the securities in which the Adviser invests may decline substantially. In particular, purchasing assets at what may appear to be "undervalued" levels is no guarantee that these assets will not be trading at even more "undervalued" levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such "spread widening" risk.

Valuation of Investments. The Adviser may invest in securities which are subject to legal or other restrictions on transfer or for which no liquid market exists or which are or become very-thinly traded. The market prices, if any, for such securities tend to be volatile and the Adviser may not be able to sell them when they desire to do so or to realize what they perceive to be their fair value in the event of a sale. The sale of restricted, illiquid or thinly-traded securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

Leverage and Financing Risk. The portfolios of the Adviser may be leveraged to enhance returns. Accordingly, the portfolio assets may be pledged in order to borrow additional funds for investment purposes. The investment return may also be leveraged with options, futures contracts, short sales, swaps, forwards and other derivative instruments and borrowing facilities. The amount of borrowings which the Adviser may have outstanding at any time may be significant in relation to its capital and may vary, depending on the nature of its investments.

Ability to Acquire Assets at Favorable Spreads; Competition and Supply. The Adviser's potential for current income and capital appreciation for its investors will depend, in large part, on the Adviser's ability to acquire investments on advantageous terms. The Adviser intends to purchase fixed income securities from investment banking firms, traders and portfolio managers, as well as from a variety of "loan suppliers" (typically banks, savings and loans, finance companies, mortgage bankers, construction firms and other firms involved in originating and packaging loans). In acquiring fixed income securities, the Adviser will compete with a broad spectrum of institutional investors, many of which have greater financial resources than the Adviser. Increased competition for, or a reduction in the available supply of, qualifying investments could result in higher prices for, and thus lower yields on, such investments, which could further narrow the yield spread over borrowing costs.

Risk of Decline in Value of Real Estate Collateral. The value of the real estate which underlies mortgage loans is subject to market conditions. Changes in the real estate market may adversely affect the value of the collateral and thereby lower the value to be derived from a liquidation. In addition, adverse changes in the real estate market increase the probability of default, as the incentive of the borrower to retain equity in the property declines. Furthermore, many of the properties which will secure loans in which the Adviser has an interest may be suffering varying degrees of financial distress or may be located in economically distressed areas. Loans in which the Adviser has an interest may become non-performing for a wide variety of reasons, including, without limitation, because the mortgaged property is too highly leveraged (and, therefore, the property is unable to generate sufficient income to meet its debt service payments), the property is poorly managed, or because the mortgaged property has a high vacancy rate, has not been fully completed or is in need of rehabilitation. Such non-performing loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate, capitalization of interest payments and a substantial write-down of the principal of the loan. However, even if such restructuring were successfully accomplished, a risk exists that upon maturity of such mortgage loan, replacement "take-out" financing will not be available.

It is possible that loans in which the Adviser has an interest may be foreclosed. The foreclosure process may be lengthy and expensive. Borrowers may resist mortgage foreclosure actions by asserting numerous claims, counterclaims and defenses, including, without limitation, numerous lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action and force the lender into a modification of the loan or a favorable buy-out of the borrower's position. In some states, foreclosure actions can sometimes take several years or more to litigate. At any time prior to or during the foreclosure proceedings, the borrower may file for bankruptcy, which would have the effect of staying the foreclosure actions and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the mortgaged property and may result in disrupting the ongoing leasing, management and operation of the property.

Environmental Hazards. Under environmental laws enacted by the United States and the various states, owners of property may be liable for the clean up and removal of hazardous substances even where the owner was not responsible for placing the hazardous substances on the property or where the property was contaminated prior to the time the owner took title. The kinds of hazardous substances for which liability may be incurred include, *inter alia*, chemicals and other materials commonly used by small businesses and manufacturing operations. The costs of removal and clean-up of hazardous substances and wastes can be extremely expensive and, in some cases, can exceed the value of a property. If any property acquired through foreclosure or otherwise by an entity in which the Adviser has an interest subsequently were found to have an environmental problem, such acquiring entity could incur substantial costs and suffer a complete loss of its investment in such property as well as of other assets. Similarly, real estate is subject to loss due to so-called "Special Hazards" (e.g., floods, earthquakes and hurricanes). It may be impractical or impossible to fully insure against such events and, should such an event occur, the acquiring entity could incur substantial costs and suffer a complete loss of its investment in such property.

The following are the material risks associated with the types of securities that are recommended by the Investment Adviser.

Mortgage-Backed Securities (MBS). Mortgage-backed securities are subject to credit risk associated with the performance of the underlying mortgage properties. Factors such as consumer spending habits, local economic and competitive conditions, tenant occupancy rates and regulatory or zoning

restrictions, or the loss of a major tenant may adversely affect the economic viability of a mortgaged property. In addition, these securities are subject to prepayment risk. Some securities have a structure that makes their reaction to interest rates and other factors difficult to predict, making their value highly volatile.

Commercial MBS. Mortgage loans on commercial properties often are structured so that a substantial portion of the loan principal is not amortized over the loan term but is payable at maturity (as a "balloon payment"), and repayment of the loan principal thus often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value and salability of the real estate. Therefore, the unavailability of real estate financing may lead to default.

Most commercial mortgage loans underlying MBS are effectively nonrecourse obligations of the borrower, meaning that there is no recourse against the borrower's assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the subordinated classes of the related MBS are likely to be adversely affected. The ultimate extent of the loss, if any, to the subordinated classes of MBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed-in-lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property. Foreclosure can be costly and delayed by litigation and/or bankruptcy. Factors such as the property's location, the legal status of title to the property, its physical condition and financial performance, environmental risks and governmental disclosure requirements with respect to the condition of the property may make a third-party unwilling to purchase the property at a foreclosure sale or to pay a price sufficient to satisfy the obligations with respect to the related MBS. Asset Backed Securities (ABS). Through the use of trusts and special purpose corporations, various types of assets, primarily automobile and credit card receivables, are securitized in pass-through structures similar to mortgage pass-through structures or in a pay-through structure.

ABS present certain risks that are not presented by MBS. Primarily, these securities do not have the benefit of the same security interest in the related collateral. Credit card receivables, for example, are generally unsecured and the debtors are entitled to the protection of a number of state and Federal consumer loan laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of ABS backed by automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related ABS. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the ABS may not have a proper security interest in all of the obligations backing such ABS. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of investing in ABS is ultimately dependent upon payment of consumer loans by the debtor.

The value of an asset backed security is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

Structured Notes. The structured note market evolved as a way to give investors exposure to indices and risks which were otherwise not available to them. For example, U.S. fund managers restricted to dollar-denominated instruments issued by an agency of the U.S. government, but who sought exposure to the yen, might have purchased a SallieMae structured note, paying, in dollars, a coupon linked by

some formula to the dollar/yen exchange rate. The coupon attached to a structured note could depend on a wide variety of indices: U.S. or foreign interest rates, U.S. or foreign swap rates, foreign exchange rates or equity indices. The value of such a structured note is closely linked to the level of the relevant index (or indices). Moreover, the coupon may have an optional or contingent dependence on an index (or indices) increasing the complexity of any related hedge.

CMO's and MBS Derivatives. The CMO and stripped MBS markets were developed specifically to reallocate the various risks inherent in MBS across various bond classes ("tranches"). For example, CMO "companion" classes typically experience much greater average life variability than other CMO classes or MBS pass-throughs. Interest only pass-through securities experience greater yield variability relative to changes in prepayments. "Inverse floaters" experience greater variability of returns relative to changes in interest rates. To the extent that the Adviser concentrates its investments in these or other "derivative" securities, the prepayment risks, interest rate risks and hedging risks associated with such securities will be severely magnified.

Whole Loan Mortgages. Unlike "credit enhanced" MBS, whole loan mortgages generally are not government guaranteed or privately insured. A whole loan mortgage is directly exposed to losses resulting from default and foreclosure. Therefore, the value of the underlying property, the creditworthiness of the borrower and the priority of the lien are each of great importance. Whether or not the Adviser has participated in the negotiation of the terms of any such mortgages, there can be no assurance as to the adequacy of the protection of the interests of the Adviser, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests.

Whole loan mortgages have risks above and beyond those discussed above. For example, whole loan mortgages are subject to "special hazard" risk (property damage caused by hazards, such as earthquakes or environmental hazards, not covered by standard property insurance policies), and to bankruptcy risk (reduction in a borrower's mortgage debt by a bankruptcy court). In addition, claims may be assessed against the Adviser on account of its positions as mortgage holder or property owner, including responsibility for tax payments, environmental hazards and other liabilities.

Subordinated Securities. Investments in subordinated ABS and MBS involve greater credit risk of default than the senior classes of the issue or series. Many of the default related risks of whole loan mortgages will be magnified in subordinated securities. (See "Whole Loan Mortgages".) Default risks may be pronounced in the case of ABS and MBS secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying loans. Certain subordinated securities ("first loss securities") absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement. Such securities therefore possess some of the attributes typically associated with equity investments.

Trading in Commodity Interests, Options and Swap Agreements. The prices of commodities contracts and derivative instruments, including futures and options, and payments pursuant to swap agreements, may be highly volatile and are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events.

The Adviser may purchase and sell ("write") options on securities, currencies and commodities on national and international exchanges and over-the-counter markets. The seller ("writer") of a put option which is covered (e.g., the writer has a short position in the underlying instrument) assumes the risk of an increase in the market price of the underlying instrument above the sales price (in establishing the short position) of the underlying instrument, plus the premium received, and gives up the

opportunity for gain on the underlying instrument below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying instrument below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option. If the buyer of the put holds the underlying instrument, the loss on the put will be offset, in whole or in part, by any gain on the underlying instrument.

Loans of Portfolio Securities. The Adviser may lend its portfolio securities. By doing so, the Adviser attempts to increase its income through the receipt of interest on the loan. In the event of the bankruptcy of the other party to a securities loan, the Adviser could experience delays in recovering the securities it lent. To the extent that the value of the securities the Adviser lent has increased, a loss could be experienced if such securities are not recovered.

Real Estate Investment Trusts (REIT's) REIT's in which the Adviser invests client accounts are affected by underlying real estate values, which may have an exaggerated effect to the extent that REIT's in which the Adviser invests concentrate investments in particular geographic regions or property types. Investments in REIT's are also subject to the risk of interest rate volatility. Further, rising interest rates will cause investors in REIT's to demand a higher annual yield from future distributions, which will in turn decrease market prices for equity securities issued by REIT's. REIT's are subject to risks inherent in operating and financing a limited number of projects because they are dependent upon specialized management skills, and have limited diversification. REIT's depend generally on their ability to generate cash flow to make distributions to investors.

For more detailed information on the risks associated with the investment strategies, methods and analyses and with the types of securities invested in or recommended in connection with the Funds, please refer to the specific offering memoranda of the relevant Fund.

Item 9: Disciplinary Information

This Item is not applicable.

Item 10: Other Financial Industry Activities and Affiliations

This Item is not applicable.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Adviser has adopted a Code of Ethics (the “Code”) that obligates the Adviser and its related persons to put the interests of the Adviser’s clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. All of the Adviser’s personnel are also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Jason Kenny, Chief Compliance Officer, by email at jkenny@metacapital.com or by telephone at 212-300-0500. See below for further provisions of the Code as they relate to the pre-clearing and reporting of securities transactions by related persons.

The Adviser, in the course of its investment management and other activities (e.g., board or creditor committee service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the client or using such information for the client’s benefit. In such circumstances, the Adviser will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Adviser possesses such information), or not using such information for the client’s benefit, as a result of following the Adviser’s policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

The Adviser’s Code prohibits the Adviser or its related persons from executing personal securities transactions of any kind in any mortgage-backed securities. All of the Adviser’s related persons are required to disclose their securities transactions on a quarterly basis and holdings on an annual basis. All of the Adviser’s related persons are also required to provide broker confirmations of each transaction in which they engage and a annual certification of such transactions. Trading in employee accounts will be reviewed by the Chief Compliance Officer and compared with transactions for the client accounts and reviewed for any MBS, CMBS or ABS.

To the extent that the Adviser or a related person or any of their employees own securities that the Adviser or its related person also recommends to clients, such clients’ proxies will be voted according to predetermined guidelines rather than subject to the Adviser’s (or its related person’s) discretion. Please refer to Item 17 for further information regarding the Adviser’s proxy voting policy and procedures.

Item 12: Brokerage Practices

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and error resolution, offering to the Adviser on-line access to computerized data regarding a client's accounts. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate.

The Adviser does not use "soft dollars" to obtain research and brokerage services.

From time to time the Adviser may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a private fund managed by the Adviser or recommend these private funds as an investment to clients. The Adviser may place client portfolio transactions with firms who have made such recommendations or provided capital introduction opportunities, if the Adviser determines that it is otherwise consistent with seeking best execution. In no event will the Adviser select a broker-dealer as a means of remuneration for recommending the Adviser or any other product managed by the Adviser (or an affiliate) or affording the Adviser with the opportunity to participate in capital introduction programs.

The Adviser does not recommend, request or require that a client direct the Adviser to execute transactions through a specified broker-dealer. The Adviser does not permit a client to direct brokerage.

Aggregation of Orders

From time to time, it may be appropriate for the Adviser to aggregate client orders for the purchase or sale of securities. The Adviser will generally follow the guidelines set forth below in aggregating client orders for securities, including any orders placed for private investment vehicles:

- no investment advisory client will be favored over any other investment advisory client;
- each client that participates in an aggregated order will participate at the average price for all the Adviser's transactions in that security on a given business day or such shorter period, as applicable or as specified in these procedures and transaction costs will be shared pro rata based on each client's participation in the transaction;
- if the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Adviser's general policy described in this policy; and
- if the aggregated order is partially filled, it will be allocated among clients pro rata.

Notwithstanding the foregoing, an aggregated order may be allocated on a basis different from that specified in the allocation statement, if the reason for the different allocation is explained in writing and approved by the Adviser no later than the close of trading on the day on which the order was executed. Reasons for allocation on a basis different from that specified in the allocation statement may include: a client's investment guidelines and restrictions; available cash; liquidity requirements; legal regulatory reasons; or to avoid odd lots.

Allocation

Any investment decisions that affect more than one account may require the Adviser to acquire or dispose of the same security for more than one Fund. The Adviser's policy is to equitably allocate, buy and sell executions among Funds when feasible and appropriate over time.

Trade allocations shall be determined on a pro rata basis according to the amount of assets in each Fund subject to any modification and provided that the trade is appropriate and permitted for each Fund that participates in the transaction. Allocation methods may be modified when strict adherence to the usual allocation is impractical or leads to inefficient or undesirable results.

Cross Trades

The Adviser's policy is not to transact directly between Funds. The Adviser may determine that it would be in the best interests of certain Funds to transfer a security from one Fund to another (each such transfer, a "Cross Trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the Clients or to reduce transaction costs that may arise in an open market transaction. If the Adviser decides to engage in a Cross Trade, it will determine that the trade is in the best interests of each Fund involved and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each Fund. The Adviser generally executes Cross Trades with the assistance of a broker-dealer who executes and books the transaction at the close of the market on the day of the transaction. The Adviser will not receive any fee in connection with the completion of a Cross Trade.

Item 13: Review of Accounts

Each client account is reviewed by the portfolio managers of the Adviser on a nightly basis to determine whether securities positions should be maintained in view of current market conditions. Matters reviewed include specific securities held, adherence to investment guidelines and the performance of each client account. While each client account is reviewed on a nightly basis, significant market events affecting the prices of one or more securities in client accounts may trigger reviews of client accounts more frequently or on other than a nightly basis.

Each investor in the Funds receives monthly investor detail reports and a summary of fund risk measurements from the Adviser. Such reports may be delivered electronically to the client in accordance with the client's agreement with the Adviser.

In connection with the Funds, each Fund's investors receive reports from the Fund pursuant to the terms of the Fund's offering memorandum or as otherwise described in the offering document of the Fund.

Item 14: Client Referrals and Other Compensation

We do not currently utilize any third party marketers or solicitors for client referrals. The Adviser does not currently provide advice to parties other than the investors in the Funds.

Item 15: Custody

This Item is not applicable.

Item 16: Investment Discretion

The Adviser provides investment advisory services on a discretionary basis to the Funds. Prior to assuming full discretion in managing a client's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary client, the Adviser has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held.

Item 17: Voting Client Securities

To the extent the Adviser has been delegated proxy voting authority on behalf of its clients, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of its clients. The Adviser believes that voting proxies in accordance with the following guidelines is in the best interests of its clients. The Adviser will vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals, the Adviser will determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others: (i) whether the proposal was recommended by management and the Adviser's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

The Chief Compliance Officer will identify any conflicts that exist between the interests of the Adviser and its clients. This examination will include a review of the relationship of the Adviser and its affiliates with the issuer of each security and any of the issuer's affiliates to determine if the issuer is a client of the Adviser or an affiliate of the Adviser or has some other relationship with the Adviser or a client of the Adviser. If a material conflict exists, the Adviser will determine whether voting in accordance with the voting guidelines and factors described above is in the best interests of the client.

Clients may contact the Chief Compliance Officer, Jason Kenny, via e-mail at jkenny@metacapital.com or telephone at 212-300-0500, in order to obtain information on how the Adviser voted such client's proxies, and to request a copy of these policies and procedures. If a client requests this information, the Chief Compliance Officer will prepare a written response to the client that lists, with respect to each voted proxy about which the client has inquired, (a) the name of the issuer; (b) the proposal voted upon, and (c) how the Adviser voted the client's proxy.

Item 18: Financial Information

We are not required to provide a balance sheet in response to this item and are not subject to any financial condition that is reasonably likely to impair our ability to meet our financial obligations to our clients, as of the date hereof.