

Item 1 – Cover Page

FORM ADV PART 2A
DISCLOSURE BROCHURE

QFR Capital Management, L.P.

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New York, NY 10036

212.209.2150

www.QFRCapital.com

March 31, 2013

This brochure (the “Brochure”) provides information about the qualifications and business practices of QFR Capital Management, L.P. If you have any questions about the contents of this Brochure, please contact Nancy Kelly, Chief Compliance Officer, at 212.209.2158 or NKelly@QFRCapital.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 QFR Capital Management, L.P. also is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this website by a unique identifying number known as a CRD number. The CRD number for QFR Capital Management, L.P. is 150265.

Neither registration with the SEC nor the use of the terms “registered investment adviser” or “registered” throughout this Form ADV Part 2A should be construed to imply a certain level of skill or training.

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Item 2 – Material Changes

Generally, only material changes since the last annual update of the brochure are discussed under this Item 2. QFR's previous brochure was dated March 31, 2012.

Registration

QFR registered with the U.S. Commodity Futures Commission ("CFTC") as a Commodity Pool Operator ("CPO") and is a member firm of the National Futures Association ("NFA") effective January 1, 2013. QFR's NFA ID No. is 0360790. Certain employees of QFR are registered as a "Principal" and/or an "Associated Person" as defined by the CFTC. Information pertaining to the registration status as well as certain other information pertaining to those employees of QFR registered with the CFTC and NFA may be found on the NFA's website <https://www.nfa.futures.org/basicnet/>.

QFR Victoria Fund, L.P.

The Adviser does not consider this information to be material, but QFR Victoria Fund, L.P., the domestic feeder fund, was dissolved in May 2012.

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We have included in this Brochure references to products such as private investment funds only for the purpose of describing QFR's advisory business. This Brochure is not intended as 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 with any QFR investment fund; a complete discussion of the features, risks, or conflicts associated with and of the QFR investment funds; or to be relied on in determining whether to invest or establish an advisory relationship with QFR.

Item 4 – Advisory Business

The Adviser

QFR Capital Management, L.P. was incorporated on April 18, 2007 as a Delaware limited partnership (“QFR” or the “Adviser”). QFR Capital Management, LLC (“QFR Capital”) serves as the general partner to the Adviser. QFR offers investment advisory services directly and through its affiliated entities to private pooled investment vehicles and, may from time-to-time, manage separately managed accounts for institutional investors. Currently, the Adviser provides investment advisory services solely to its affiliated pooled investment vehicles. The Adviser manages assets under investment mandates as specified in investment advisory contracts. As of December 31, 2012, the Adviser had approximately \$3.49 billion assets under management (net) for which it had complete discretionary investment authority. The limited partners of QFR are Jose Luis Daza, Chief Investment Officer (45%); David Sekiguchi, Portfolio Manager (25%); David Xu, Portfolio Manager (25%); and Kristen Boyle, Chief Financial Officer (4%).

The Adviser's registration with the SEC as an investment adviser became effective on September 24, 2009. The SEC file number is 801-70591 and CRD number is 150265.

Private Fund Clients

The QFR Master Victoria Fund, L.P. (the “Master Fund”), a Cayman Islands exempted limited partnership, is a “master fund” of a “master-feeder fund” investment structure. QFR Victoria Fund, Ltd. (the “Feeder Fund”), a Cayman Islands exempted company limited by shares, invests in the Master Fund. The Master Fund makes investments in accordance with the investment strategies described in the offering documents of the Feeder Fund.

QFR Capital Group, LLC (“Victoria GP”) serves as the general partner to the Master Fund.

The Master Fund is a global macro/relative value bias private fund that seeks long-term capital appreciation by taking advantage of investment opportunities primarily, but not exclusively, in non-G7 (emerging market) countries. Persons and entities that invest in the Feeder Fund are referred to herein as “Investors.” Such Investors generally must be “qualified purchasers” for the purposes of Section 3(c)(7) of the U.S. Investment Company Act of 1940, as amended, and “accredited investors” for the purposes of Regulation D promulgated under the Securities Act of 1933, as amended. The Master Fund, the Feeder Fund, and the SPV are referred to herein as the Adviser's “Advisory Clients” or “Clients.”

Please refer to offering documents of the Feeder Fund for full disclosure and further information.

Special Purpose Vehicle (“SPV”) Clients

The Adviser also manages an offshore close-ended special purpose vehicle (“SPV”) formed for the sole purpose of facilitating in-kind distributions to certain redeeming Investors in the Feeder Fund. Management and incentive fees are not charged by the Adviser with respect to the SPV, and Investors are not solicited to invest in the SPV.

Separately Managed Account (“SMA”) Clients

In addition to providing investment management services generally to private pooled investment vehicles as described above, the Adviser may from time-to-time provide investment management services to separately managed accounts (“SMA”). At this time, the Adviser does not have any SMA clients.

Advisory Services

The Adviser utilizes a research strategy that integrates modern economics, advanced finance theory, the assessment of market conditions, and judgments provided by the collective experience of the investment team members.

The Adviser trades a wide variety of liquid and relatively illiquid instruments, including, but not limited to, sovereign bonds, credit default swaps, interest rate swaps, local fixed income instruments, U.S. and non-U.S. foreign exchange forwards, options, futures, and distressed debts.

The Adviser has full discretion in investment decisions made on behalf of its Advisory Clients. Investment advice is provided directly to each Advisory Client according to its particular investment objectives and not individually to the Investors.

Item 5 – Fees and Compensation

Management Fees

The Feeder Fund pays the Adviser a management fee (“Management Fee”) of two percent (2%) per annum of the Feeder Fund’s net asset value, calculated and payable at the end of each month. The Adviser invoices Advisory Clients for payment of management fees on a monthly basis.

Incentive Fees

At the end of each fiscal year, the Feeder Fund pays the Adviser twenty percent (20%) of its realized and unrealized net profits (if any) allocated to the Feeder Fund’s interests or shares (as applicable) (“Incentive Fee”), subject to a separate memorandum loss recovery account for each interest or series of shares (as applicable) (“Loss Recovery Account”). Each Loss Recovery Account is debited at the end of each fiscal year with the net losses of the Feeder Fund (if any) attributable to such interests or series of shares for the fiscal year. The Adviser will not receive an Incentive Fee from interests or a series of shares until the interests or series of shares have recovered the net losses, if any, debited from the Loss Recovery Account by the application of the subsequent net profits of the Feeder Fund applicable to the interests or the series of shares, as adjusted for any redemptions by Investors from such interests or series of shares. Please refer to the Feeder Fund’s offering documents for further information regarding Incentive Fees and Loss Recovery Accounts.

The Adviser’s Incentive Fee may create an incentive for the Adviser to make more speculative investments than it might make in the absence of such performance-based compensation.

Please refer to Item 6 *Performance Fees and Side-By-Side Management* for additional information.

Redemption Fees

Generally, an Investor in the Feeder Fund may request redemption of its investment, in whole or in part, quarterly upon at least 45 days prior written notice. Any redemptions made during the year following the date of a corresponding investment are subject to an early redemption fee (“Redemption Fee”) equal to 4% of the amount redeemed for redemptions made within the six-month anniversary of the corresponding investment; 3% of the amount redeemed for redemptions made on or after the six-month anniversary date but before the nine-month anniversary date of the corresponding investment or 1% of the amount redeemed for any redemption made on or after the nine-month anniversary but before the one-year anniversary.

Negotiability of Fees

In certain circumstances, fees and account minimums may be negotiable. The Adviser may, in its discretion, waive, rebate, or reduce fees payable by any Advisory Client or Investor, including an Investor who is a shareholder, officer, director, employee, principal, or affiliate of the Adviser.

Prepayment of Fees/Calculation of Fees

Generally, the Adviser does not enter into investment advisory contracts that provide for the prepayment of any fees but may do so at an Advisory Client’s request or if otherwise agreed with an Advisory Client. Upon agreement with the Advisory Client, the Adviser in its sole discretion may elect to calculate fees differently. Advisory Clients may be charged an asset management fee to the extent permitted by applicable law. Currently, the Adviser has no prepayment of fees arrangements.

Termination

An advisory agreement may be canceled at any time, by either party, for any reason upon receipt of sufficient written notice. Investors and/or Advisory Clients should refer to such advisory agreement(s) for specific information. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. Generally, an Advisory Client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

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Please refer to the offering documents of the Feeder Fund for further information regarding Fees.

Compensation

None of the Adviser's associated persons receives, directly or indirectly, any compensation from the sale of securities or investments that are purchased or sold from Advisory Client accounts.

Other Fees or Expenses

Advisory Clients may incur other expenses in addition to the fees paid to the Adviser including offering expenses; expenses incurred in connection with the investments made by the funds including custodial charges, brokerage fees, commissions, and other transaction-related costs; interest expenses; taxes, duties and other governmental charges; transfer and registration fees and other similar expenses; costs associated with foreign exchange transactions when trading non-U.S. dollar denominated assets; certain legal, compliance and regulatory expenses; ordinary organizational, administrative and operating fees for fund entities including administrative, tax, audit, and insurance expenses, administrator's and director's fees; expenses incurred in respect of research including statistical, market data, portfolio service, travel, and software, and certain extraordinary expenses such as litigation expenses.

Please refer to Item 12 *Brokerage Practices* for information regarding brokerage practices.

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

Performance-Based Fees

As previously noted under Item 5 *Fees and Compensation*, the Adviser receives performance-based fees. Performance-based fees may create an incentive for the Adviser to make riskier or more speculative investments than would be the case in the absence of performance-based compensation.

Side-By-Side Management

Currently, due to the number and nature of its Advisory Clients, the Adviser faces no conflicts with respect to side-by-side management. If in the future the Adviser advises more than one Advisory Client on whose behalf it executes trades, the Adviser has in place allocation policies and procedures to mitigate conflicts of interests to ensure that one Advisory Client is not unduly favored over another.

Item 7 – Types of Clients

As previously disclosed in Item 2 *Material Changes*, the Adviser provides investment advisory services directly and through its affiliated entities to private pooled investment vehicles and may from time-to-time manage SMAs for institutional investors.

From time-to-time, the Adviser may accept SMAs as Advisory Clients. The Adviser does not generally accept SMAs of less than \$150 million.

Investors investing in the Feeder Fund are required to contribute a minimum of \$5 million unless such minimum requirement is waived, subject to the absolute minimum of \$100,000. Investors may include high net worth individuals and institutional investors, including but not limited to, fund of fund vehicles, registered investment companies, private investment funds, financial institutions, charitable institutions, foundations, endowment funds, corporations, corporate pension and profit-sharing plans.

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

Methods of Analysis

The Adviser uses an integrated investment process that starts from a top-down view of global political and macroeconomic conditions. The Adviser seeks to examine the implications of such conditions on the emerging markets and considers the relationship of such conditions to the major trends and developments in the asset class. The Adviser examines how the global economy and capital flows interact with institutional rigidities in different countries and markets to create price distortions and attempts to integrate modern economics, advanced finance theory, assessment of market conditions, and judgments provided by the collective experience of the Adviser's investment team. The Adviser seeks to combine fundamental economic research with quantitative analyses that provide information regarding market expectations on a variety of economic processes, including the path on monetary policy in individual countries, expected currency depreciations, and expected default rates by countries or individual corporate issuers. Quantitative valuation models are generally used to provide signals regarding opportunities and risks rather than as black-box trading tools.

In the ordinary course of making investment decisions, the Adviser analyzes the impact of any new investment on the overall exposure of the portfolio to key risk factors and seeks to implement the most effective strategy to hedge undesired risks, if appropriate. Market data from Bloomberg and counterparty dealers and economic data reported by governments and official international agencies such as the International Monetary Fund are the main sources of information.

Investment Strategies

The Adviser advises the Master Fund primarily with respect to investments that seek to achieve long-term capital appreciation by taking advantage of investment opportunities primarily, but not exclusively, in non-G7 ("emerging market") countries through fixed income, credit, foreign exchange, and equity products. The Adviser uses financial instruments of G7 countries to hedge systemic risks and balance the portfolio directionality and when opportunities emerge in those countries' financial markets. Such investments in G7 countries may be significant. The investment strategies are generally expected to have long time horizons (typically three months to one year) and seek to exploit opportunities generated by institutional rigidities, relative pricing misalignments, economic trends and overshooting in response to shocks.

On behalf of the Master Fund, the Adviser seeks to

- maintain a low correlation to the movements of U.S. interest rates, the S&P 500 and the G3 currencies (U.S. Dollar, Japanese Yen, and Euro),
- exhibit less volatility than the S&P 500, and
- exhibit low correlation with the Emerging Markets Bond Index (EMBI) and Emerging Local Markets Index (ELMI).

Investment strategies generally are focused on one risk dimension that has been identified as being mispriced. A variety of instruments and hedging strategies are used to isolate the risk to which exposure is being sought. The Adviser implements the investment strategies through a variety of trading techniques, for example: intra-country relative value, inter-country relative value, inter-asset class relative value, directional trades, correlation trades, and capital structure arbitrage. In general, the Adviser employs long-term trading strategies that do not involve frequent trading.

The Adviser trades a wide variety of liquid and relatively illiquid instruments, including, but not limited to, sovereign bonds, credit default swaps, interest rate swaps, local fixed income instruments, U.S. and non-U.S. foreign exchange forwards, options, futures, and distressed debts. Although the Master Fund seeks to provide U.S. dollar denominated returns, the Master Fund will take exposure to both U.S. dollar and non-U.S. dollar denominated products.

The Master Fund applies the investment strategies in global markets and financial products.

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Risk Management

Risk management is at the core of the Master Fund's portfolio construction and business management philosophy. The Adviser intends to structure, size, and lever the Master Fund's trades within the constraints set by the volatility risk budget, with a view towards resisting a large drawdown in the event of a systemic financial crisis, by constructing a portfolio of offsetting trade strategies and by applying conservative trading disciplines. The Adviser seeks to control market risks through a combination of diversification, hedging, positive convexity, and dynamic leverage. This is intended to control risk by limiting the percentage of the Master Fund's portfolio that is exposed to any individual investment strategy.

The Adviser may also simulate scenarios in order to quantify the exposure of the Master Fund's portfolio to market crises. Generally, these stress tests are designed to quantify the risk profile of the Master Fund's portfolio and to size and lever the Master Fund's portfolio and individual trades.

The Adviser routinely monitors the Master Fund's exposures, the credit worthiness of its trading counterparties, and its collateral position in an attempt to control counterparty credit risks.

There can be no assurance that the objectives associated with any investment strategy described above will be met. The following discussion of risks is not intended to be an exhaustive list or a comprehensive discussion of the types of risk associated with QFR's investment strategies that an Advisory Client or Investor may encounter. The Adviser may add, remove, or modify the investment strategies it employs at any time. Advisory Clients and Investors should read this entire Brochure and all offering materials provided by the Adviser as well as consult with their own advisors before deciding whether to establish a relationship with QFR or invest in a QFR affiliated fund.

Risk Control Framework

The Adviser has implemented a risk control system to help the Master Fund manage its risk exposure. No risk control system is fail-safe and no assurance can be given that the Adviser's risk control frameworks will achieve their objectives. No assurance can be given that the Master Fund's risk management framework or pricing models will accurately predict future trading patterns or the manner in which investments are priced in financial markets in the futures. Advisory 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.

Investment Strategy Risk

All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends, and other distributions), and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk, and general economic risk. Although the Adviser manages the assets in a manner consistent with risk tolerances, there can be no guarantee that its efforts will be successful. Advisory Clients and Investors should be prepared to bear the risk of loss.

An investment in the Feeder Fund, and in turn the Feeder Fund's investment as a limited partner of the Master Fund, involves substantial risks. There can be no assurance that the Master Fund will realize its investment objective or return any capital, and investment results may vary substantially on a quarterly or annual basis. Shares are a potentially suitable investment only for sophisticated investors for whom an investment in the Feeder Fund does not represent a complete investment program, and who, in consultation with their own investment and tax advisors, fully understand and are capable of assuming the risks of an investment in the shares. In addition, there are significant actual and potential conflicts of interest that may arise in connection with the affiliated entities.

The Master Fund may invest in, and actively trade, securities and other financial instruments using strategies and investment techniques with significant risk characteristics, including risks arising from the volatility of the global equity, credit, currency and fixed-income markets, the risks of short sales, the risks of leverage, the potential illiquidity of derivative instruments, the risk of loss from counterparty defaults

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and the risk of borrowing to meet redemption requests. No guarantee is made that the Master Fund's investment program or overall portfolio, or various investment strategies used or investments made, will have low correlation with each other or with the traded security markets or that the Master Fund's returns will exhibit low long-term correlation with an investor's traditional securities portfolio. The Master Fund's investment program may use such investment techniques as margin transactions, option transactions, short sales and forward and futures contracts, which practices involve substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which the Master Fund may be subject.

The Master Fund is subject to the risk that issuers of the instruments in which it invests and trades may default on their obligations under those instruments, and that certain events may occur that have an immediate and significant adverse effect on the value of those instruments. There can be no assurance that an issuer of an instrument in which the Master Fund invests will not default, or that an event that has an immediate and significant adverse effect on the value of an instrument will not occur, and that the Master Fund will not sustain a loss on a transaction as a result.

Transactions entered into by the Master Fund may be executed on various U.S. and non-U.S. exchanges and may be cleared and settled through various clearinghouses, custodians, depositories and prime brokers throughout the world. Although the Master Fund will attempt to execute, clear and settle the transactions through entities the Investment Manager believes to be sound, there can be no assurance that a failure by any such entity will not lead to a loss to the Master Fund.

Availability of Investment Strategies

The success of the Master Fund's investment and trading activities depends on the ability of the Adviser to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in global financial markets, each of which involves a high degree of uncertainty. No assurance can be given that the Adviser will be able to identify suitable investment opportunities in which to deploy all of the Master Fund's capital. A reduction in overall market volatility and liquidity, as well as other marked factors, may reduce the pool of profitable investment opportunities for the Master Fund.

Certain of the investment strategies employed by the Master Fund are based on historical relationships among securities prices, derivative prices, exchange rates, interest rates and bond prices. There can be no assurance that these historical relationships will continue and no representation is made by the Adviser or Victoria GP as to what results the Master Fund will or is likely to achieve based on these trends and relationship.

Investments in International and Emerging Markets Involve Particular Risks

The Adviser may invest in financial instruments of non-U.S. issuers (including non-U.S. governments) and financial instruments denominated, or whose prices are quoted, in non-U.S. currencies. Such investments involve certain considerations not usually associated with investing in debt securities of U.S. companies or U.S. markets, including: political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain or other income; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; and certain government policies that may restrict the portfolio's investment opportunities.

Currency Exchange Risk

In particular, the dollar value of portfolio securities of non-U.S. issuers fluctuates with changes in market and economic conditions abroad and with changes in relative currency values. Among the factors that may affect relative currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. In addition, accounting and financial reporting standards that prevail in such countries generally are not equivalent to U.S. standards and, consequently, less

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information is available to investors in companies located in such countries than is available to investors in companies located in the U.S. There is also less regulation, generally, of the securities markets in such countries than there is in the U.S.

Transaction costs of buying and selling foreign securities, including brokerage, tax, and custody costs, also are generally higher than those involved in domestic transactions. Furthermore, foreign financial markets, while generally growing in volume, have, for the most part, substantially less volume than U.S. markets, and securities of many foreign companies are less liquid and their prices more volatile than securities of comparable domestic companies.

The fact that evidences of ownership of such financial instruments may be held outside the United States may subject the Adviser to additional risks, which include possible adverse political and economic developments, and the attendant risk of seizure or nationalization of foreign deposits, and possible adoption of governmental restrictions which might adversely affect payments on non-U.S. financial instruments or might restrict payments to investors located outside the country of the issuers, whether from currency blockage or otherwise. Custodial expenses for a portfolio of non-U.S. financial instruments generally are higher than for a portfolio of U.S. securities. This is particularly the case in the developing markets, where custodial and transaction charges generally are significantly higher than in the U.S. In addition, dividend and interest payments from, and capital gains in respect of, certain non-U.S. financial instruments may be subject to non-U.S. withholding or other taxes that may or may not be reclaimable.

With respect to any country, there is the possibility of nationalization, political changes, government regulation, social instability, or diplomatic developments (including war) which could affect adversely the economies of such countries or the value of the investments of the Adviser in those countries.

The economies of individual non-U.S. countries may also differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resources self-sufficiency, and balance of payments position.

Moreover, the economies of emerging market countries generally are heavily dependent upon international trade and, accordingly, have been, and may continue to be, adversely affected by the economic conditions, trade barriers, exchange controls, managed adjustments in relative currency values, and other protectionist measures imposed or negotiated by the countries with which they trade.

The Adviser intends to carefully analyze information with respect to political and economic environments before making investments, but no assurance can be given that the Master Fund's portfolio will not be adversely affected by these and similar events.

Securities Markets in Emerging Countries

Trading volume in securities markets of certain emerging countries is substantially less than that in developed countries, particularly the United States. Further, securities of some issuers in emerging countries are often less liquid and more volatile than securities of comparable U.S. issuers. The limited liquidity of the securities markets may thus affect the Master Fund's ability to dispose of securities at the price and time it wishes to do so. Costs associated with transactions in non-U.S. securities (including brokerage, execution, clearing and custodial costs) may be substantially higher than costs associated with transactions in U.S. securities. Such transactions also involve additional costs for the purchase or sale of currencies in which the Master Fund's investments are denominated in order to settle such transactions. Commissions for trading on stock exchanges in the emerging markets are also generally higher than commissions for trading on U.S. exchanges, although the Investment Manager intends to seek favorable net results on its portfolio transactions and may, in certain instances, be able to sell its investments on other stock exchanges where commissions are negotiable.

In addition to their smaller size, less liquidity and greater volatility, disclosure and regulatory standards in securities markets of emerging countries are in many respects less stringent than U.S. standards.

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Furthermore, there is a low level of monitoring and regulation of the markets and the activities of investors in such markets, and enforcement of existing regulations has been extremely limited. Consequently, the prices at which the Master Fund may sell its investments may be affected by other market participants' anticipation of the Master Fund's activities, by trading by persons with material non-public information, and by securities transactions by brokers in anticipation of transactions by the Master Fund in particular securities.

Securities exchanges in emerging countries are also subject to unexpected closure or disruption in regular trading activities. If this were to occur, the Master Fund would not be able to buy or sell securities on a timely basis on the affected exchange, and the value of investments held by the Master Fund and traded on that exchange could be adversely affected. In this case, the Adviser would attempt to trade on another exchange; however, there can be no assurance that an alternate exchange will be available or that trading would take place at as favorable a price as the Master Fund would have received had it been able to trade on the primary exchange.

Highly Volatile Markets

The prices of the Master Fund's investments, including, without limitation, common equity and fixed-income securities and related derivative instruments, high yield securities, convertible securities and other derivatives, including futures and option prices, can be highly volatile. The market value of the Master Fund's investments may fluctuate with, among other things, changes in prevailing interest rates, general economic conditions, the condition of financial markets, developments or trends in any particular industry and the financial condition of the issuers of the securities in which the Master Fund invests. The Master Fund is also subject to the risk of the failure of any exchanges on which its positions trade or of their clearinghouses.

During periods of higher price volatility, the Master Fund's ability to acquire or dispose of its investments at a price and time that the Investment Manager deems advantageous may be limited. As a result, in periods of rising market prices, the Master Fund may be unable to fully participate in price increases to the extent that it is unable to acquire desired positions quickly. The Master Fund's inability to dispose fully and promptly of positions in declining markets will conversely cause its Net Asset Value to decline as the value of unsold positions is marked to lower prices.

Sovereign Debt

The Master Fund invests in sovereign debt instruments of emerging market countries. The issuers of sovereign debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due, and the Master Fund may have limited recourse in the event of a default. A sovereign debtor's willingness or ability to repay principal and pay interest in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the sovereign debtor's policy toward international lenders and the political constraints to which a sovereign debtor may be subject.

Investments in Unlisted Securities

Some of the Master Fund's investments are in unlisted emerging market securities, including investments in new and early-stage issuers, which may involve a high degree of business and financial risk that can result in substantial losses. Because there is no trading market for unlisted securities, it may take longer to liquidate these positions than would be the case for publicly traded securities. In addition, issuers of securities that are not publicly traded may be subject to even fewer disclosure and other investor protection requirements than issuers of publicly traded securities.

Derivative Instruments

The Master Fund invests in derivative instruments, or "derivatives," which include instruments and contracts that are derived from, and are valued by reference to, one or more underlying securities, commodities, events, financial benchmarks, or indices. Derivatives typically allow an investor to hedge or speculate upon the price movements of the underlying security, commodity, financial benchmark, or index

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at a fraction of the cost of acquiring, borrowing, or selling short the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives trading. However, there are a number of additional risks associated with derivatives trading. Transactions in certain derivatives are subject to mandatory clearing and exchange-trading requirements and to regulatory oversight, while other derivatives are subject to risks of trading in the over-the-counter markets or on non-U.S. exchanges. Additional risks associated with derivatives trading include, among others: an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged, potential illiquidity and significant leverage that magnifies the gains and losses.

Investments in Fixed-Income Securities

The Master Fund invests in fixed-income securities, including, without limitation: bonds, convertible bonds, notes and debentures issued by corporations, debt securities issued or guaranteed by local, regional, non-U.S. governments or agencies, supranationals or the U.S. government or one of its agencies or instrumentalities, commercial paper, and “higher yielding” (and, therefore, higher risk) debt securities of the former categories. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations. Fixed-income securities are subject to the risk of the issuer’s inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

Credit Default Swaps

The Master Fund transacts in credit derivatives contracts—primarily credit default swaps (CDS)—for hedging, investment and other purposes. These instruments entail risks in addition to those already disclosed regarding derivative instruments. The additional risks include, among others: counterparty credit risk as well as that of the reference obligor; (as a seller of CDS) leveraged exposure to the credit of the reference entity without legal recourse against the reference entity and no benefits from any collateral securing the reference entity’s debt obligations; and (also as the seller of CDS) the CDS buyer’s discretion in selecting which of the reference entity’s debt obligations to deliver to the Master Fund following a credit event and the likelihood the CDS buyer will choose the obligations with the lowest market value.

Options

The Master Fund may engage in the purchase, writing, and trading of options, both on and off exchanges. Such trading involves substantial risk and is speculative and may be highly leveraged. Because option premiums paid or received by the Master Fund will be small in relation to the market exposure of the investments underlying the options, buying and selling put and call options can result in large amount of leverage.

Call Options. The Master Fund may engage in the use of call options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option that is covered (*i.e.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing his entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security.

Put Options. The Master Fund may engage in the use of put options. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option that is covered (*i.e.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus

the premium received, and gives up the opportunity for gain on the short position for values of the underlying security 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 security below the exercise price of the option. The buyer of a put option assumes the risk of losing his entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

Swap Agreements

The Master Fund enters into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the Master Fund's exposure to long-term or short-term interest rates (in the United States or abroad), foreign currency values, corporate borrowing rates or other factors such as security prices, baskets of securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names.

Swap agreements will tend to shift the Master Fund's investment exposure from one type of investment to another. For example, if the Master Fund agrees to exchange payments in U.S. Dollars for payments in foreign currency, the swap agreement would tend to decrease the Master Fund's exposure to U.S. interest rates and increase its exposure to foreign currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Master Fund's portfolio. The most significant factors in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the Master Fund. If a swap agreement calls for payments by the Master Fund, the Master Fund must be prepared to make such payments when due. In addition, if the counterparty's creditworthiness declined, the value of a swap agreement would be likely to decline, potentially resulting in losses by the Master Fund.

Swap agreements are a type of over-the-counter derivative transaction. Swap contracts and similar derivative contracts are not currently traded on exchanges; rather, banks and dealers act as principals in these markets. As a result, the Master Fund is subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the counterparties with which the Master Fund trades. Speculative position limits are not currently applicable to swap transactions, although the counterparties with which the Master Fund deals may limit the size or duration of positions available to the Master Fund as a consequence of credit considerations.

Leverage

The Master Fund may use leverage in its investment strategy. Leverage may take the form of loans for borrowed money (e.g., margin loans) or derivative securities and instruments that are inherently leveraged, including options, futures, forward contracts, swaps and repurchase agreements. Derivative instruments typically require an initial outlay of a small amount of capital; the deposit of additional capital or "variation margin" is generally required if the positions decline in value. The use of leverage by the Master Fund can substantially increase the market exposure (and market risk) to which the Master Fund's investment portfolio may be subject. Trading on leverage will result in interest charges or costs, which may be explicit (in the case of loans) or implicit (in the case of many derivative instruments) and, depending on the amount of leverage, such charges or costs could be substantial. The level of interest rates generally, and the rates at which the Master Fund can leverage in particular, can affect the operating results of the Master Fund.

The Master Fund's ability to use of short-term margin borrowings and derivative instruments may result in certain additional risks to the Master Fund. For example, should the securities pledged to brokers to secure the Master Fund's margin accounts, or the derivatives contracts subject to variation margins, decline in value, the Master Fund could be subject to a "margin call," pursuant to which the Master Fund would be required either to deposit additional funds with the broker or to suffer mandatory liquidation of the pledged securities or contracts to compensate for the decline in value. In the event of a sudden

precipitous drop in the value of the Master Fund's assets, the Master Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

Short Sales

The Master Fund may engage in short selling. Short selling involves selling securities that may or may not be owned by the seller and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in the value of securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Securities may be sold short by the Master Fund in a long/short strategy to hedge a long position, or to enable the Master Fund to express a view as to the relative value between the long and short positions. There is no assurance that the objectives of these strategies will be achieved, or specifically that the long position will not decrease in value and the security underlying the short position will not increase in value, causing the Master Fund losses on both components of the transaction. In addition, when the Master Fund effects a short sale, it may be obligated to leave the proceeds thereof with the broker and also deposit with the broker an amount of cash or other securities (subject to requirements of applicable law) that is sufficient under any applicable margin or similar regulations to collateralize its obligation to preplace the borrowed securities that have been sold.

A number of countries have at times imposed bans on short-selling, typically on an "emergency" basis, making it impossible for numerous market participants either to continue to implement their strategies or to control the risk of their open positions. Any ongoing regulatory limitations on short-selling could materially adversely affect the Investment Manager's ability to implement its strategies for the benefit of the Master Fund.

Hedging Transactions

The Master Fund's hedging techniques involve a variety of derivative transactions as described under "Derivative Instruments" above. There can be no assurance that all investment positions of the Master Fund will be hedged against investment risks or that the hedging strategies of the Master Fund will prove successful. The ability of the Master Fund to hedge successfully depends on the ability of the Investment Manager to predict pertinent market movements, which cannot be assured. Hedging techniques involve risks different than those of underlying investments. In particular, the variable degree of correlation between price movements of hedging instruments and price movements in the position being hedged by the Master Fund creates the possibility that losses on the hedge may be greater than gains in the value of the Master Fund's positions. Such losses can be substantial and may include losses on the hedged position, the attempted hedge position or both. Furthermore, to the extent that any hedging strategy involves the use of OTC derivatives transactions, such a strategy would be affected by implementation of the various regulations adopted pursuant to the Reform Act. Hedging transactions also generally limit the potential gain which might result if the value of a portfolio position should increase, due to the cost of hedging or a decline in the value of the hedged position. The Investment Manager may not seek, or be able, to establish a perfect correlation between a hedging instrument and the position being hedged. The Master Fund's portfolio is always subject to certain risks that cannot be efficiently hedged.

Securities Lending

As a means of earning additional income, the Master Fund may lend securities from its portfolio to brokers, dealers and other financial institutions that need to borrow securities to complete certain transactions. The Master Fund is entitled to payments in amounts equal to the interest, dividends or other distributions payable in respect of the loaned securities, which affords the Master Fund an opportunity to earn interest on the amount of the loan and current income on the loaned securities themselves. However, the Master Fund might experience a loss if any institution with which the Master Fund has engaged in a portfolio loan transaction breaches its agreement with the Master Fund. If the borrower becomes insolvent or bankrupt, the Master Fund could experience delays and costs in

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recovering loaned securities. To the extent that, in the meantime, the value of the loaned securities declines, the Master Fund could experience further losses.

Diversification/Concentration Risk

Other than as described in the offering materials, there are no restrictions on the investment discretion of the Adviser. Accordingly, the Master Fund is not restricted from concentrating, and may concentrate, its investments in particular markets, sectors, or industries. As a result, the Master Fund may be subject to greater short-term volatility than the broader market indexes than if it were to make investments diversified by markets, sectors, or industries as those indexes do. By concentrating in a specific industry or sector that the Master Fund considers mispriced, the Master Fund will be subject to the risks of that sector, such as sensitivity to overall market swings. The Master Fund's investments may be more susceptible to risks associated with a single economic, political, or regulatory circumstances or event than a more diversified portfolio might be. Losses in one or more large positions or a downturn in a securities or market sector in which the Master Fund is concentrated could materially adverse effect the Master Fund.

Counterparty Credit Risk

Because many purchases, sales, financing arrangements, securities lending transactions, forward contracts, swap agreements, options transactions and other derivative or over-the-counter ("OTC") transactions in which the Master Fund engages involve instruments that are not traded on an exchange but are instead governed by bilateral contracts with counterparties, the Master Fund is subject to the risk that a counterparty will not perform its obligations under the related contracts. Although the Master Fund enters into transactions only with counterparties that the Investment Manager believes to be creditworthy, there can be no assurance that a counterparty will not default and that the Master Fund will not sustain a loss on a transaction as a result

In situations where the Master Fund is required to post margin or other collateral with a counterparty, the counterparty may fail to segregate the collateral or may commingle the collateral with the counterparty's own assets. As a result, in the event of the counterparty's bankruptcy or insolvency, the Master Fund's collateral may be subject to the conflicting claims of the counterparty's creditors, and the Master Fund may be exposed to the risk of a court's treating the Master Fund as a general unsecured creditor of the counterparty, rather than as the owner of the collateral.

A Client Account may, from time to time, purchase, sell, borrow or lend securities through either a U.S. prime broker or a foreign affiliate of such prime broker and have assets held at accounts of such prime broker or its foreign affiliate. If a Client Account's assets are held at a U.S. prime broker, in the event of the bankruptcy or insolvency of such prime broker, even if assets are segregated, such Client Account is subject to the risk that it will not receive a complete return of those assets. Under SEC rules, the prime broker must segregate "fully paid" customer securities and "excess margin securities" for the benefit of customers. In addition, pursuant to the SEC reserve formula, the prime broker must place customer funds in a segregated account for the benefit of customers to assure that there will be sufficient assets to satisfy all customer claims. Nonetheless, except with respect to physical securities held in a Client Account's name, such Client Account will not have a right to the return of specific assets but rather will generally have a claim based on the net equity in its account. A customer's net equity claim equals the dollar value of (i) all cash held in a customer's account for the purchase of securities (including proceeds from the sale of securities) plus (ii) the value of securities held in such account (determined as of the date of the bankruptcy petition filing), less any amounts owed by the customer to the broker-dealer. With respect to securities, a Client Account will be entitled to its proportionate share of securities held by the prime broker on behalf of all customers. If there is a shortfall, the customers will share proportionally in the loss. With respect to cash, there will be a net calculation whereby all obligations owed to the prime broker are netted against all cash owed to customers. Securities Investor Protection Corporation ("SIPC") will guarantee the shortfall up to \$500,000 per customer account with a maximum of \$250,000 in cash. In the event that there are still customer shortfalls after all insurance coverage is used, a Client Account will become a general unsecured creditor of the prime broker for the remainder of its claim. In the event that the Client Account's assets are used to support margin loans or are otherwise rehypothecated pursuant

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to the Client Account's permission, the assets will not be protected under the SEC segregation requirement, reserve formula or SIPC liquidation insurance.

Further, not all activities or transactions conducted with the prime broker are subject to these customer protection rules. If the assets are custodied with a foreign broker-dealer, the above U.S. regulations do not apply and the law in the local jurisdiction will govern the disposition of assets of the broker-dealer upon liquidation. Such proceedings may be time consuming and costly. In some cases, a Client Account may become an unsecured creditor of the foreign entity where such Client Account's assets were held.

Client Accounts are subject to the risk that issuers of the instruments in which they invest and trade may default on their obligations under those instruments and that certain events may occur that have an immediate and significant adverse effect on the value of those instruments. There can be no assurance that an issuer of an instrument in which a Client Account invests will not default or that an event that has an immediate and significant adverse effect on the value of an instrument will not occur and that a Client Account will not sustain a loss on a transaction as a result.

Transactions entered into by the Master Fund may be executed on various U.S. and non-U.S. exchanges, and may be cleared and settled through various clearinghouses, custodians, depositories and prime brokers throughout the world. Although the Adviser will attempt to execute, clear, and settle the transactions through entities the Adviser believes to be sound, there can be no assurance that a failure by any such entity will not lead to a loss.

Risks Associated with Use of Brokers

The Master Fund is responsible for choosing the brokers, dealers, and other counterparties used for the Master Fund's securities transactions. Although various legal protections are intended to preserve the net claims that a customer may have in relation to a U.S. broker-dealer, a failure in the creditworthiness of a broker, dealer or counterparty, or the default, delay or inability or refusal of a broker, dealer, or counterparty to perform could nevertheless result in a loss of all or a portion of the Master Fund's investments with or through such broker, dealer, or other counterparties are generally not held in the Master Fund's name and may be rehypothecated by the dealer, broker, or other counterparty, the bankruptcy of any such counterparty is likely to have a greater adverse impact on the Master Fund than if such securities were registered in the Master Fund's name. Securities financed through repurchase agreements may be held by brokers as a result of such securities being pledged through a repurchase transaction. In addition, surplus cash holding of the Master Fund may be lent to brokers or banks via deposits, repurchase transactions or other cash management arrangements. Additionally, assets of the Master Fund, may, from time to time, be held by non-U.S. brokers, dealers, or other counterparties and such assets do not generally have the protection of any legal framework, including the U.S. legal protections referred to above. Consequently, it is possible that, in some cases, certain Client Accounts may become unsecured creditors in bankruptcy or liquidation proceedings outside the United States.

Systems Failure

The Investment Manager's strategies will be dependent to a significant degree on the proper functioning of its internal and external computer systems. Accordingly, systems failures, whether due to third-party failures upon which such systems are dependent or the failure of the Investment Manager's hardware or software, could disrupt trading or make trading impossible until such failure is remedied. Any such failure, and consequential inability to trade (even for a short time), could, in certain market conditions, cause the Master Fund to experience significant trading losses or to miss opportunities for profitable trading. Any such failures also could cause a temporary delay in reports to investors.

Quantitative Model Risks

The Adviser may employ quantitatively based financial and analytical models to aid in the selection of the investments for the Master Fund, to allocate investments across various strategies and to determine the risk profile of the Master Fund. The success of the investment and trading activities may depend on the viability of these analytical models. There can be no assurance that the models are currently viable, or if

the models are currently viable, that they will remain viable during the life of the Master Fund. In addition, there can be no assurance that the investment professionals utilizing the models will be able to

- determine that any model is or will become not viable or not completely viable; or
- notice, predict, or adequately react to any change in the viability of a model.

The use of a model that is not viable or not completely viable could have a material adverse effect on the performance of the Master Fund.

Reliance on Investment Manager

The success of the Master Fund depends in large part upon the skill and expertise of the Investment Manager. Although the Investment Manager believes that the success of the Master Fund is not dependent upon any one Investment Manager principal or employee, there can be no assurance that any of the Investment Manager's personnel will continue to be associated with the Investment Manager and the Master Fund. Failure to recruit and retain such qualified, motivated and talented Investment Manager personnel might have an adverse effect on the performance of the Master Fund.

Please refer to Item 10 of this ADV Part 2 as well as the offering document of the Feeder Fund for additional information.

Item 9 – Disciplinary Information

QFR is not aware of any legal or disciplinary events that are material to an evaluation of its advisory business.

While QFR does not consider this material, recently a complaint (the “Complaint”) was filed against a number of individuals who had previously acted as an officer and/or director for either or both Trinsum Group, Inc. and Marakon Associates, Inc., including one of the principals of QFR, in his individual capacity.

This principal is vigorously defending the action and believes the claims against him are meritless. The Bankruptcy Court dismissed all claims against this principal with prejudice. In any event, neither the Complaint nor any of the claims asserted therein are expected to have any material impact on the business or operations of QFR.

Item 10 – Other Financial Industry Activities and Affiliations

QFR and its principals do not have any arrangements that are material to its advisory business with a related person that is a broker-dealer, investment company, financial planning firm, futures commission merchant, bank or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, or real estate broker or dealer. QFR Capital Management, LLC serves as the general partner to the Adviser and QFR Capital Group, LLC serves as the general partner to the Master Fund. Each of these entities is an affiliate of the Adviser. Individuals acting on behalf of the Adviser's affiliated entities are subject to the supervision and control of the Adviser in connection with investment advisory activities.

Neither the Adviser nor any of its management persons is registered or has an application pending to register as a securities broker-dealer, a registered representative of a broker-dealer or a futures commission merchant.

QFR registered with the U.S. Commodity Futures Commission ("CFTC") as a Commodity Pool Operator ("CPO") and is a member firm of the National Futures Association ("NFA") effective January 1, 2013. QFR's NFA ID No. is 0360790. Certain employees of QFR are registered as a "Principal" and/or "Associated Person" as defined by the CFTC. Information pertaining to the registration status as well as certain other information pertaining to those employees of QFR registered with the CFTC and NFA may be found on the NFA's website <https://www.nfa.futures.org/basicnet/>. Certain of the affiliated private funds currently rely on exemptions from registration with the CFTC.

Neither QFR nor any of its management persons is registered or has an application pending to register, as a commodity trading advisor or as an associated person of a commodity trading advisor.

As previously noted under Item 4 *Advisory Business*, an affiliate of QFR, QFR Capital Group, LLC (Victoria GP), serves as the general partner to the Master Fund.

Mr. Daza serves as a Director for Moneda S.A. AFI ("Moneda"), a Chilean private company. Mr. Daza, in his individual capacity, serves as a high level, strategic adviser on the Moneda board and provides to the board his views mainly regarding global economics. Mr. Daza has no ownership interest in Moneda, does not exercise any executive responsibility on behalf of Moneda and bears no responsibility for the day-to-day activities that take place there. Mr. Daza only receives information regarding fund investments for Moneda's clients on a monthly basis, just prior to Board meetings. His service on the Moneda board of directors, however, creates a potential conflict of interest with respect to the potential sharing of sensitive information. QFR has policies to protect against information sharing that provide for the safeguarding of proprietary and nonpublic information by QFR personnel as well as policies and procedures to detect and prevent the misuse of material, nonpublic information.

Item 11 – Code of Ethics

The Adviser has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), describing the Adviser's high standard of business conduct, and the fiduciary duty the Adviser and its supervised persons owe its Advisory Clients. The Code includes provisions, that, among other things,

- require compliance with federal securities laws,
- reflect QFR's fiduciary responsibilities and those of its advisory personnel,
- protect the confidentiality of client information,
- prohibit insider trading,
- restrict the acceptance of significant gifts
- mandate the reporting of certain gifts and business entertainment items, and
- set protocols for personal securities trading by employees.

Each supervised person has reviewed the Code and has signed an acknowledgement of receipt of the Code. The Code is supplemented with annual training and on-going monitoring of supervised persons' activity.

Subject to satisfying the Code and applicable laws, officers and employees of the Adviser and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for the Adviser's Advisory Clients. The Code is designed to allow employees to invest in their own accounts while assuring that the personal securities transactions, activities, and interests of the employees of the Adviser will not interfere with making decisions in the best interests of Advisory Clients and implementing such decisions.

Under the Code, transactions in certain types of securities have been designated as exempt from the Code's restrictions, based upon a determination that transactions in these types of securities would not interfere with the best interests of the Advisory Clients. Exempt securities would include treasury securities, certificates of deposits, commercial paper, money market securities and open-end mutual fund. In addition, the Code requires pre-clearance of many transactions including transactions in stocks, options, warrants, bonds, debenture, investments in private placements, commodities and futures, and restricts the timing of securities trading for employees to avoid a conflict with trading on behalf of Advisory Clients.

Permitting employees, officers, principals and members of the Adviser may purchase and sell financial instruments for their personal accounts that the Adviser recommends to Advisory Clients may create a conflict of interests. It is possible that an employee might benefit from market activity of an Advisory Client in a security held by that employee. Personal trading by employees is monitored continually under the Code to detect, prevent, and address such conflicts of interest. It is the policy of the Adviser that no person associated with the Adviser shall place his or her interests ahead of those of an Advisory Client.

Current and prospective Advisory Clients and Investors may receive a copy of the Adviser's Code of Ethics upon receipt by contacting the CCO at NKelly@QFRCapital.com.

Conflicts of Interest

There are certain inherent and potential conflicts of interest among the Adviser, its affiliated entities, its officers, directors, principals, employees and members.

Employees, officers, principals and members of the Adviser and its affiliated entities are not obligated to devote their full-time to the business of the Adviser but will devote such time as the Adviser, its affiliated entities deem necessary to carry out the operations effectively. The Adviser and its respective affiliates and their employees, officers, directors, principals, and members may conduct any other business including with respect to securities. Certain of the employees, officers, directors, principals, and members of the Adviser and the general partner may acquire substantial investments in certain other investment vehicles managed by the Adviser and its affiliates and conflicts of interest may arise in allocating management time, services, or functions among such affiliates including ones in which the Adviser, its affiliates, employees, officers, directors, principals or members may have a greater financial interest.

Participation or Interest in Client Transactions

The Adviser faces potential conflict of interest where it recommends to Advisory Clients, or buys or sells for Advisory Clients instruments in which it or a related person has a material financial interest.

Material nonpublic information

The Adviser or their respective members, officers, employees, principals, or affiliates may come into possession of material non-public information. The possession of such information may limit the ability of the Master Fund to buy or sell a security or otherwise to participate in an investment opportunity. All employees of the Adviser are subject to the Adviser's Code of Ethics which prohibits the use of material nonpublic information and includes policies and procedures prohibiting the use of material nonpublic information.

Portfolio Valuation

Valuations of the Master Fund's portfolio, which will affect the amount of the Management Fee and the Incentive Fee, may involve uncertainties and judgmental determinations. Third-party pricing information can vary considerably from one dealer or pricing service to another, and may at times not be available regarding certain of the Master Fund's securities, derivatives and other assets. A disruption in the secondary markets for the Master Fund's investments may limit the ability of the General Partner or the Investment Manager, as its designee, to obtain accurate market quotations for purposes of valuing the Master Fund's investments and calculating the Net Asset Value of the Master Fund's investments. In addition, material events occurring after the close of a principal market upon which a portion of the securities or other assets of the Master Fund are traded may require the Investment Manager as the General Partner's designee to make a determination of the effect of a material event on the value of the securities or other assets traded on the market for purposes of determining the Net Asset Value of the Master Fund's investments on a valuation date. Further, because of the overall size and concentrations in particular markets and maturities of positions that may be held by the Master Fund from time to time, the liquidation values of the Master Fund's securities and other investments may differ significantly from the interim valuations of these investments derived from the valuation methods described herein. If a valuation determination by the General Partner or the Investment Manager, as its designee, should prove to be incorrect, the Net Asset Value of the Master Fund's investments could be adversely affected. The Adviser seeks to mitigate this potential conflict of interest by following an internal valuation process as discussed in the offering materials provided to Advisory Clients and Investors.

Item 12 – Brokerage Practices

Brokerage Discretion

Generally, under an investment advisory agreement with its Advisory Clients, the Adviser has broad authority to: (i) select trading counterparties; (ii) negotiate commissions with those trading counterparties; and (iii) has a fiduciary duty to achieve best execution when it places trades with trading counterparties on behalf of its Advisory Clients.

The Adviser will seek best execution for any given Advisory Client trade so that the Adviser Client's total costs or proceeds in the transaction are the most favorable under the circumstances.

Using the factors below, the Adviser will create and maintain a list of trading counterparties approved to execute Advisory Client trades.

Amongst other considerations, the Adviser will consider the following factors when placing a trade for an Advisory Client with a particular trading counterparty:

- The executing counterparty's expertise in providing timely execution services for the products traded by the Adviser;
- The ability of the executing counterparty to execute transactions of size in both liquid and illiquid markets at competitive prices without disrupting the market for the financial instrument traded;
- The ability of the executing counterparty to maintain the confidentiality of all proprietary position information provided;
- The executing counterparty's fees;
- The range of services offered by the executing counterparty, including the range of markets and products covered;
- The quality and timeliness of market information provided by the executing counterparty;
- The executing counterparty's financial responsibility; and
- The executing counterparty's credit worthiness.

For counterparties to derivative transactions, the following factors will also be taken into consideration:

- The range of derivative products offered by the counterparty;
- The operational expertise of the counterparty in providing confirmation, documentation, timely settlement and ongoing operational support for derivative products;
- The terms and appropriate documentation of the derivative transaction products offered by the counterparty;
- The counterparty's financial responsibility;
- The availability of the particular derivative product; and
- The counterparty's credit worthiness.

The Adviser will continually monitor and evaluate trading counterparty's execution performance.

Receipt of Research

Certain counterparties through whom QFR and its affiliated entities execute trades provide unsolicited proprietary research (research created or developed by the broker) to QFR. This research is used for all Advisory Client accounts. This research may include a wide variety of reports, charts, publications, or proprietary data on economic and political strategy, credit analysis, or stock and bond market conditions and projections. In addition to research, certain counterparties may provide invitations to attend conferences and meetings with management representatives of issuers or with other analysts and specialists.

Soft Dollars

QFR currently does not have any soft dollar arrangements. In other words, QFR does not have any commitments or understandings to trade with specific brokers or trading counterparties or to generate a specified level of business with a particular broker or trading counterparty in order to receive brokerage or research services. Even so, QFR may use broker-dealers that provide (without being requested to do so) research or other products or services to most or all of their customers, and QFR may receive and use research provided by these broker-dealers. QFR thereby receives a benefit because it does not have to produce or pay for the research.

The receipt of such research creates a possible conflict of interest. QFR may have an incentive to select broker-dealers based on its interest in receiving the research or other products or services, even though no soft dollar arrangements are in place, rather than on the Advisory Clients' interest in receiving the most favorable execution. Since the research provided, however, is not material in nature and quantity and is provided by most broker-dealers with whom QFR deals, its receipt of such research does not have a material effect on the selection of broker-dealers. The research received is used for the benefit of all Advisory Clients.

Aggregating Securities Orders

Currently, due to the number and nature of its Advisory Clients, the Adviser's trade aggregation policy and procedure is not applicable. If in the future the Adviser advises two or more Advisory Clients on behalf of whom it executes trades, the Adviser generally will aggregate orders. It is the Adviser's policy to aggregate (or bunch) orders of two or more Advisory Clients to achieve better trade execution, provided the aggregation of the orders is fair and equitable to all Advisory Clients participating in the bunched trade. These bunched or block trades can result in lower transaction costs than if the Adviser placed multiple single orders. If used, this process is intended to improve the efficiency of trade placement. However, such a process may not necessarily result in better prices and may in fact result in inferior prices and/or failure to obtain executions in the desired volume.

In any case, the Adviser will aggregate such trades only in compliance with its best execution policy.

Trade Allocation and Allocation of Investment Opportunities

Currently, due to the number and nature of its Advisory Clients, the Adviser's policies regarding trade allocation and the allocation of investment opportunities are not applicable. If in the future the Adviser advises two or more Advisory Clients on behalf of whom it executes trades, the Adviser will allocate fairly and equitably an order aggregated for more than one Advisory Client and investment opportunities appropriate for more than one Advisory Client.

As previously noted, if the Adviser has more than one Advisory Client for which an investment opportunity is appropriate, the Adviser will place the order for two or more Advisory Clients regarding the same security or financial instrument in accordance with its trade aggregation procedures. The Adviser, in advance of placing an aggregated order, will:

- In accordance with its allocation policies, designate the proportion of the aggregated order to be allocated to each specific Advisory Client account; or
- Make a pro rata allocation of the security or financial instrument to each Advisory Client account based upon account size or other determining factor.

The Adviser may make exceptions to its trade allocation procedures only if all Advisory Clients receive fair treatment.

Trade Errors

In the course of carrying out trading and investing responsibilities on behalf of Advisory Clients, QFR personnel may make “trading errors” in executing specific trading instructions (e.g., the purchase or sale of a security in the wrong amount). QFR has established policies and procedures regarding the handling of trading errors in Advisory Client accounts under which it treats all trading errors, including those which result in losses and those which result in gains, as for the account of the Advisory Client, unless the errors are the result of conduct on the part of QFR personnel which is inconsistent with the standard of care set forth in the Advisory Clients’ material contracts, as applicable. QFR personnel will have a conflict of interest in determining whether a trading error has occurred and in determining how to deal with such trading error. To mitigate such conflicts, the Adviser employs procedures reasonably designed to detect trade errors, and, when an error is detected, to rectify the error in an Advisory Client’s account.

When an associated person of the Adviser discovers a trade error, the Adviser requires that (1) the error be reported immediately to the CIO; (2) the CIO determine any actions to be taken; and (3) the associated person that executed the trade error prepare a written report detailing the circumstances of the error and deliver the report to the CIO and CCO. The Adviser maintains a file documenting the occurrence and correction of trade errors which will be periodically reviewed to verify that trade errors were corrected fairly and promptly and to determine if additional procedures to reduce the frequency of trade errors should be implemented. For the avoidance of doubt, the Adviser will not be liable for trade errors that result from ordinary negligence.

Cross Trades/Principal Trades

Currently, due to the number and nature of its Advisory Clients, the Adviser’s policies regarding cross trades and principal trades are not applicable. If in the future the Adviser advises two or more Advisory Clients on behalf of whom it executes trades, it is QFR’s policy, before entering into cross trades (e.g., the purchase of a security for one Advisory Client from the account of another Advisory Client for purposes of rebalancing investments or any other purpose), to determine independently for each Advisory Client that such purchase or sale would be in the best interests of and represent best execution for each Advisory Client based upon the Advisory Client’s investment/risk parameters, assets under management, liquidity and asset exposure. In the event that such a transaction between Advisory Clients occurs, QFR will disclose the transaction to the Advisory Clients involved in the transaction (although disclosure may be made after the fact.)

Item 13 – Review of Accounts

The Adviser reviews the investment portfolios of Advisory Clients and monitors the risks associated with these portfolios on a daily basis. Additionally, specific individuals within the investment team have daily responsibility for monitoring certain asset classes and sectors within the Advisory Clients' portfolios.

QFR's Chief Investment Officer ("CIO"), Jose Luis Daza, jointly with the rest of the investment team, reviews all accounts managed by QFR on an ongoing basis. The reviews focus on consistency of portfolio investments with objectives and risk tolerances. Asset allocation, cash management, market prospects are all considered. Account reviews may also be triggered by potential changes in economic and market conditions, company news, interest rate movement as well as other factors.

Mr. Daza is responsible for managing the portfolio, along with the other portfolio managers. Generally, the investment-related decisions are collective among the CIO and the portfolio managers; however, the CIO makes the ultimate decision.

Generally, the Adviser provides existing Investors with the following communications and written reports:

- Investor letter – monthly
- Mid-month estimate – monthly
- Preliminary month-end estimate – generally on the second business day of the month
- Risk report – monthly
- Year-end audited consolidated financial statements of QFR Victoria Fund, Ltd. and subsidiaries
- Amended annual updated Form ADV Part 2
- Annual privacy policy notice
- Monthly investor call
- Updated due diligence questionnaire – quarterly
- PFIC statement annually (if applicable)

BNP, the Fund's third-party administrator, prepares, provides, and distributes a monthly account statement to Investors.

Advisory Clients and Investors are encouraged to review the statements distributed by QFR's service providers including BNP and Rothstein Kass.

Item 14 – Client Referrals and Other Compensation

The Adviser currently does not engage any third parties for client referrals and/or marketing services. The Adviser continues to compensate a third party marketer for past services.

Item 15 – Custody

While all Advisory Clients' assets (other than certain privately offered securities) are held in physical custody by unaffiliated qualified custodians (e.g., a broker-dealer, bank or another similar type of institution), the Adviser is deemed under Rule 206(4)-2 (often referred to as the "Custody Rule" of the Advisers Act) to have custody of the Advisory Clients' funds and securities. However, the Adviser is exempt from many of the provisions of Rule 206(4)-3 because the Advisory Clients are audited in accordance with U.S. generally accepted accounting principles on an annual basis by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Audited financial statements are distributed to each investor in the Advisory Clients within 120 days of the end of each Advisory Client's fiscal year.

The Administrator maintains the register of Investors and subscription documentation and distributes monthly account statements to Investors in the Fund(s) and the SPV.

The Feeder Fund and its subsidiaries are audited on an annual basis by Rothstein Kass and its affiliates.

Item 16 – Investment Discretion

The Adviser receives and exercises complete investment authority to manage investments on behalf of its Advisory Clients. There are no limitations on this authority. This authority is conveyed by Investors subscribing to the Fund(s) in their subscription agreements and in the Funds' governing documents.

It is the Adviser's policy to obtain each Advisory Client's investment objectives and restrictions in writing and continuously review each Advisory Client's investments for consistency with that Advisory Client's investment objectives, limitations, and restrictions.

Item 17 – Voting Client Securities

The Adviser accepts authority to vote securities held by its Advisory Clients. It is the policy of the Adviser to vote in a way that the Adviser believes, consistent with its fiduciary duty, will, over time, cause the value of the investment to increase the most or decline the least. Consideration will be given to both the short and long-term implications of the proposal to be voted on when considering the optimal vote.

The Adviser does not permit Advisory Clients to direct how it votes on specific proxies.

The Adviser has in place voting procedures designed to enable it to resolve conflicts of interest that may arise between the Adviser, its Advisory Clients, and its Investors before exercising voting rights. If it is determined, however, that any such conflict of interest or potential conflict of interest is not material, the Adviser may vote proxies notwithstanding the existence of the conflict. If it is determined, however, that the conflict of interest or potential conflict of interest is material, one or more methods may be used to resolve the conflict, including an assessment of facts and circumstances and maintaining a written record of all materiality determinations and methods used to resolve such conflict of interest.

Advisory Clients, including, as appropriate, their boards of directors or trustees, may obtain information about how the Adviser has exercised voting rights with respect to assets held by such Advisory Clients by request to the Adviser. It is the Adviser's policy not to reveal or disclose to any Investor how the Adviser may have voted (or intends to vote) on a particular matter. The Adviser will never disclose such information to unrelated third parties, unless doing so would be in the Advisory Client's best interest.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the Adviser's financial condition. The Adviser has no financial condition that would impair its ability to meet contractual and fiduciary commitments to Advisory Clients and has not been the subject of a bankruptcy proceeding.