

# DISCLOSURE BROCHURE

THE INVESTMENT ADVISERS ACT OF 1940 RULE 204-3

## Part 2A of Form ADV: Firm Brochure

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**VOLORIDGE**  
INVESTMENT MANAGEMENT

Cover Page

ITEM 1

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[www.voloridge.com](http://www.voloridge.com)

This Disclosure Brochure provides information about the qualifications and business practices of Voloridge Investment Management, LLC, which should be considered before becoming a client. You are welcome to contact us should you have any questions about the contents of this brochure - our contact information is listed to the right. Additional information about Voloridge Investment Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The information contained in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator. Furthermore, the term "registered investment advisor" is not intended to imply that Voloridge Investment Management, LLC has attained a certain level of skill or training.

BROCHURE  
DATED

1  
JANUARY  
2013



## MATERIAL CHANGES

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SEC Rule 204-3(b)(2) allows us to provide you with a summary page of Material Changes in lieu of sending out our entire Disclosure Brochure. If you are being offered this Material Change page as a separate piece from our Disclosure Brochure and you have questions about these summary disclosures or would like a current copy of our Disclosure Brochure to review, you may contact us and a current, complete Disclosure Brochure will be sent free of charge.

### New Location

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We have moved our offices from 4495 Military Trail, Suite 207, Jupiter, Florida 33458 to 3452 Lake Lynda Drive, Orlando, FL 32817. Our primary contact phone number has also changed. Our new number is 561-316-8659.

### Revised Custodial Arrangements

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While we continue to offer custodial arrangements with Interactive Brokers, Bank of New York, and State Street, we have added a custodial arrangement with JPMorgan. Morgan Stanley continues to serve as our prime broker. For disclosure on the services Morgan Stanley offers us along with any pertinent information regarding these arrangements, see "Custodial Services under Item 12, "Brokerage Practices."

### Private Investment Fund

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There were no changes to the private hedge funds we offered in 2012.

### Key Person Changes

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Robert Waterston, a co-founder of the Company continues to be a principal of the firm but has discontinued his employment role with the company as the COO and CCO. Barry Miller will assume the role as the firms CCO and assume Mr. Waterston's other responsibilities. Mr. Waterston left on good terms and continues to be a valued principal.

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## VOLORIDGE INVESTMENT MANAGEMENT, LLC

3452 LAKE LYNDA DRIVE, SUITE 120  
ORLANDO, FLORIDA 32817

TEL: 561-316-8659  
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This brief is being provided to you as a summary of what has been fully disclosed in our Disclosure Brochure dated January 1, 2013. The information contained on this Material Change page has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator.



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### BROCHURE SUPPLEMENTS



## ADVISORY BUSINESS

### Who We Are

Voloridge Investment Management, LLC (hereinafter referred to as “the Company”, “we”, “us” and “our”) is a registered investment advisor<sup>1</sup> organized in February of 2009 as a Florida Limited Liability Company to offer alternative investment management services to assist you, our client<sup>2</sup>, achieve superior investment returns adjusted for risk.

### Owners

The Company is controlled by the following persons:

Name	Title	CRD#
David S. Vogel	Managing Member & CEO & Chief Scientist	5750880
Barry S. Miller	Managing Member & President & Chief Compliance Officer	2729056

### Assets Under Management

As of January 1, 2012, our regulatory assets under management totaled:

Client Discretionary Managed Accounts..... \$202,836,409

We do not offer non-discretionary investment management services.

### Our Mission

Our mission is to provide superior returns with moderate to low volatility. Our proprietary investment strategies are designed to calculate risk and probability with the overall objective being to preserve asset growth, while, at the same time, delivering appreciation regardless of the performance of broad financial markets.

### What We Do

We specialize in active asset management using quantitative analysis to predict likely short-term price changes in equities (stocks) and Exchange Traded Funds (ETFs), including components of the S&P 500 Index and American Depositary Receipts (ADRs) as well as futures to then generate investment returns that are not correlated with the market. We accomplish this using:

<sup>1</sup> The term “registered investment advisor” is not intended to imply that Voloridge Investment Management, LLC has attained a certain level of skill or training. It is used strictly to reference the fact that we are “Registered” as a licensed “Investment Advisor” with the United States Securities & Exchange Commission - and “Notice Filed” with such other State Regulatory Agencies that may have limited regulatory jurisdiction over our business practices.

<sup>2</sup> A client could be a private investment partnership or an individual, a family office, a foundation or endowment, a corporation and/or small business, a trust, a guardianship, an estate, another fiduciary, or any other type of entity to which we choose to give investment advice provided such client is defined to be either an “accredited investor” within the meaning of Reg. D Rule 501(a) of the Securities Act of 1933, or a “qualified purchaser” as defined by Section 2(a)(51) (A) of the Investment Company Act of 1940.



- ❖ Proprietary predictive models to identify likely short-term price movements in securities.
- ❖ Risk management strategies that identify price movement in the most actively traded securities to deliver results that aim to deliver superior risk adjusted returns.
- ❖ Quantitative analysis to understand market behavior to build statistical modeling and data mining applications and to develop measurements and research tools.

## FEES & COMPENSATION

ITEM 5

All investment accounts are performance based. To participate in our management program, you must meet the minimum requirements of SEC Rule 205-3(d)(1), which are only available to you if: (i) You fully understand the risks involved in performance-based fee management; (ii) You have at least \$1,000,000 under management with us or a net worth equal to or greater than \$2,000,000; or, (iii) You are a “qualified purchaser” under Section 2(a)(51)(A) of the Investment Company Act of 1940.

See Item 6, “Performance-Based & Side-by-Side Management” below for more information on our fees and compensation for the management of your investment account.

## PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

ITEM 6

### Performance-Based Fees

The fee structure is based on the performance of your managed account. The terms for us to manage your investment account are as follows:

- Account Minimum: \$10,000,000
- Base Management Fee: Regardless of how your investment account performs, your account may be assessed a base management fee not to exceed 3.00%<sup>3</sup> annually. This base fee is calculated on the aggregate fair market value of your account on the last business day of the calendar quarter multiplied by 1/4<sup>th</sup> of annual percentage rate (i.e., 3.00% ÷ 4 = 0.75%).
- Performance Fee: The performance fee charged to your investment account is based on how well your account performs over a quarterly period. The fee structure is set as follows:
- We will earn up to 30% of the quarterly “trading profits” if your account value exceeds the “high watermark” quarterly account value.
  - The “trading profits” is the “fair market value” that exceeds the prior “high watermark”.
  - The “high watermark” is your account “fair market value”, adjusted for deposits and withdrawals. The “high watermark” becomes the threshold your account must exceed in any future quarters. If the “fair market value” at the close of a calendar quarter exceeds the

<sup>3</sup> Our base management is typically higher than those fees charged by other investment advisors. Therefore, it is possible that you might be able to contract for similar services elsewhere or separately with equivalent performance returns and at lower costs.



prior “high watermark”, the account “fair market value” becomes the new “high watermark” threshold that must be achieved and exceeded for all future quarters. If your account does not exceed the “high watermark”, no performance fee is billed until such time as a future quarter exceeds the “high watermark”.

- The “fair market value” is the net value of your account as shown on the account statement provided by the custodian.

## Protocols for Performance-Based Management Services

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The following protocols establish how we handle our managed accounts and what you should expect when it comes to: (i) discretion; (ii) billing your investment account; (iii) deposits and withdrawing funds; and (iv) other fees charged to your account.

### Discretion

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We will establish discretionary trading authority on all managed investment accounts to execute securities and futures transactions at anytime without your prior consent or advice.

At anytime however, you may impose restrictions on our discretionary authority provided we agree to such limitations through written agreement.

### Fee

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Fees, if applicable, will either be billed to you or your account as described in our Investment Management Agreement. If billed to your account, fees will be taken first from any money market funds or cash balances. If such assets are insufficient to satisfy payment of such fees, a portion of the account assets may be liquidated to cover the fees.

#### Base-Management Fee Billing

A Base Management Fee of up to 0.75% may be billed quarterly ( $3.00\% \div 4 = 0.75\%$ ) in arrears. For new managed accounts opened mid-quarter, our fee will be a pro-rated calculation based on the number of days in the quarter that your account was managed.

#### Performance Fee Billing

The Performance Fee is also billed in arrears. The Performance Fee will *only* be assessed if your account value exceeds the previously established high watermark for the account. The Performance Fee will be up to 30% of the trading profits over the high watermark. For example, if the high watermark is \$1,000,000, and the fair market value of your account at the end of the calendar quarter is \$1,020,000, your account exceeded the high watermark by \$20,000. Our fee would be 30% of \$20,000, or \$6,000. In addition, the new high watermark becomes \$1,014,000 that a future calendar quarter must exceed for us to receive a performance fee.

### Deposits/Withdrawals

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The high watermark established on your account will automatically be adjusted should you deposit/withdrawal assets into/from your account during the calendar quarter. However, we discourage excessive withdrawals. We are interested in growing your assets and increasing your profits, when you are withdrawing assets you reduce the compounding affect and growth of the account.



## Fee Exclusions

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The above fees for all our management services are exclusive of any charges imposed by the custodial firm, such as: (i) any Exchange/SEC fees; (ii) certain transfer taxes; (iii) service or account charges, including, postage/handling fees, electronic fund and wire transfer fees, debit balances, margin interest; and (iv) brokerage and execution costs associated with securities and futures held in your managed account.

## Termination of Performance-Based Management Services

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To terminate our managed investment account services, either party (you or us) by written notification to the other party, may terminate the Investment Management Agreement at any time, provided such written notification is received **at least 30 days prior** to the date of termination (i.e.; To terminate services on October 1<sup>st</sup>, a request for termination should be received in our office by September 1<sup>st</sup>). Such notification should include the date the termination will go into effect along with any final instructions on the account (i.e., liquidate the account, finalize all transactions and/or cease all investment activity).

In the event termination **does not fall on the last day of a calendar quarter**, we will bill your account a pro-rated quarterly management fee based upon the number of days in the quarter we managed your portfolio. In addition, if your managed account value exceeds the quarterly high watermark, we will bill your account for our performance fee.

Once the termination of management services has been implemented, neither party has any obligation to the other - we no longer earn management fees or give investment advice and you become responsible for making your own investment decisions.

## TYPES OF CLIENTS

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ITEM 7

The types of clients we offer advisory services to are described above under “Who We Are” in the Item 4, the “Advisory Business” section. Our minimum account size for portfolio management is disclosed above under “Performance-Based Fees” in Item 6 above in the, “Performance-Based Fees & Side-By-Side Management” section of this Brochure.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

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ITEM 8

### Methods of Analysis

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In analyzing equities (stocks) traded on the NYSE and NASDAQ, including American Depositary Receipts (ADRs), as well as futures, we will use a combination of proprietary quantitative analysis techniques to gather information and to guide us in our investment decisions.

### Technical Analysis

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Technical analysis utilizes current and historical pricing information to help us identify trends in the broader domestic and foreign equity and futures markets, and in the underlying assets themselves. This may involve the use of various technical indicators, such as moving averages and trend-lines, among many others.



## Quantitative Analysis

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Quantitative analysis seeks to understand the behavior of a security using mathematical and statistical modeling to identify consistent patterns. Mathematical and statistical modeling helps us to ascertain security price and risk to ultimately help identify profitable opportunities.

## Investment Strategy

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Our proprietary investment model estimates the correlation of each security to the overall market and sizes the position to minimize risk and maximize return.

- ❖ **Predictive Model** - The core component of our investment strategy is our predictive model we have developed for stocks, American Depositary Receipts (ADRs), and futures. For our equity strategy, from our universe of between 1000 to 1500 actively traded securities, we will select no fewer than 10 and no more than 250 position (as many as 125 long and 125 short) in individual securities. For our futures strategy, we will select up to 15 long and short futures contracts from our universe of between 55 and 70 actively traded futures.
- ❖ **Proprietary Algorithms** - The predictive model uses proven data mining techniques including binning, interaction detection, non-linear transformations and ensembling. Collectively, this aims to produce a high degree of accuracy in the predictive model allowing for effective back testing of trading methodologies in various market conditions, which are then applied to the direction of each investment chosen (trading long or short) in comparison to the overall direction of the market.

## Managing Risk

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We feel that continued instability in the financial markets requires a proactive approach to investment management. Our investment management philosophy is comprised of three basic premises:

1. **Preserve Capital** - Employ tactics to decrease potential for losses,
2. **Liquidity** - Invest in securities that are actively traded in the financial markets; and
3. **Diversification** - Establish positions across a wide range of industries.

Regardless of the securities analysis we use to guide us in the management of your managed account or the risk protections we employ with our investment strategies, the most important thing for you to understand is that investing in a security involves a risk of loss that you should be willing and prepared to bear; and furthermore, past market performance is no guarantee that you will see equal or better future returns on your investment.

## DISCIPLINARY INFORMATION

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There are no legal or disciplinary events to report at this time.

ITEM 9

## OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

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ITEM 10

### Private Investment Partnership Affiliation

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The Company is the General Partner and investment advisor to both Voloridge Global Fund, LP and Voloridge Trading Fund, LP (the “Partnerships”), which are Delaware Limited Partnerships. As such, we will be responsible for the day-to-day business operations of the Partnerships, as well as management of the Partnerships’ investment portfolio and trading strategies that we deem possess the optimal combination of return potential.

The investment trading strategies of the Partnerships are to achieve consistent capital growth, which is uncorrelated to the market, the S&P 500 Index, or with other major hedge fund indices.

### Investment Limitations and General Considerations

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We may solicit you or other independent investors to invest in one or both of the Partnerships if you are defined as one of the following:

- ❖ An “accredited investor”, as defined in Rule 501 of Regulation D under the 1933 Act;
- ❖ A “qualified client” as defined in Rule 205-3 under the 1940 Investment Adviser Act; or
- ❖ A “qualified purchaser” under Section 2(a)(51) of the 1940 Investment Company Act.

Should we determine that you fit the criteria to invest in one or both of the Partnerships, a Confidential Offering/Private Placement Memorandum (“Memorandum”) will be provided to you. This Memorandum discloses all possibilities for conflicts of interest and inherent risks, which are necessary for you to make an informed decision. Also as an investor in the Partnerships, you will be given a right to rescind your subscription and receive a full refund of your investment within three (3) business days after entering into a Subscription Agreement.

See “Pooled Investment Vehicle Compensation” under Item 14, “Client Referrals & Other Compensation” for potential conflicts of interest, and “Pooled Investments” under Item 15, “Custody” for more information on how operating this Fund creates a custody situation.

## CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

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ITEM 11

### Code of Ethics

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As a fiduciary, we have an affirmative duty to render continuous, unbiased investment advice, and at all times act in your best interest. To maintain this ethical responsibility, our Code of Ethics establishes the fundamental principles of conduct and professionalism expected by all personnel in discharging their duties. This Code is a value-laden guide committing such persons to uphold the highest ethical standards, rooted in the most elementary maxim. Our Code of Ethics is designed to deter inappropriate behavior and heighten awareness as to what is right, fair, just and good by promoting:

- ❖ Honest and ethical conduct,
- ❖ Full, fair and accurate disclosure,
- ❖ Compliance with applicable rules and regulations,
- ❖ Reporting of any violation of the Code; and
- ❖ Accountability.



To help you understand our ethical culture and standards, how we control sensitive information and what steps have been taken to prevent personnel from abusing their inside position, a copy of our Code of Ethics is available for review upon request.

## Client Transactions

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We have a fiduciary duty to ensure that your welfare is not subordinated to any interests of ours or any of our personnel. The following disclosures are internal guidelines we have adopted to assist us in protecting all of our clientele.

### Participation or Interest

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Other than the opportunity to invest in either the Voloridge Global Fund, LP or the Voloridge Trading Fund, LP, it is against our policies for any owners, officers, directors and employees to invest with you or with a group of clients, or to advise you or a group of clients to invest in a private business interest or other non-marketable investment unless prior approval has been granted by Mr. Barry Miller, and such investment is not in violation of any FINRA, SEC, and/or State rules and regulations.

### Class Action Policy

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The Company, as a general policy, does not elect to participate in class action lawsuits on your behalf. Rather, such decisions shall remain with you or with an entity you designate. We may assist you in determining whether you should pursue a particular class action lawsuit by assisting with the development of an applicable cost-benefit analysis, for example. However, the final determination of whether to participate, and the completion and tracking of any such related documentation, shall generally rest with you.

## Personal Trading

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Employees of ours are permitted to personally invest their own monies in securities and futures, which may also be, from time to time, purchased or sold in your account. In these situations where investment purchases for you are also made in an employee's account, we have implemented the following guidelines in order to ensure our fiduciary integrity:

1. No employee acting as an Investment Advisor Representative (RA), or who has discretion over your account, shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public on reasonable inquiry. No employee of ours shall prefer his or her own interest to that of yours or any other advisory client.
2. We maintain a list of all securities holdings for all our access employees. Mr. Miller reviews these holdings on a regular basis.
3. We require that all employees act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
4. Bunched orders (See "Aggregating Trade Orders" below) will not include employee accounts.
5. Any individual not in observance of the above may be subject to termination.

Personal trading activities are monitored by Mr. Miller to ensure that such activities do not impact upon your security or create conflicts of interest.



## BROKERAGE PRACTICES

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### Custodial Services

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The Company maintains a custodial relationship with Morgan Stanley & Co., LLC ("Morgan Stanley"), a licensed broker-dealer (member FINRA/SIPC), through their prime brokerage group.

Our recommendation for you to custody your assets with Morgan Stanley has no direct correlation to the services we receive from Morgan Stanley and the investment advice we offer you, although we do receive economic benefits through our relationship with Morgan Stanley that are typically not available to Morgan Stanley retail clients.

These benefits include the following products and services (provided without cost or at a discount): consulting services; access to a dedicated trading desk; and access to an electronic communications network for order entry and account information.

We are not a subsidiary of, or affiliated with Morgan Stanley in any manner. We have sole responsibility for investment advice rendered, and advisory services are provided separately and independently from Morgan Stanley.

### Soft Dollars

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We have the option to use "soft dollars" generated by transactions from your managed account and the Partnerships to pay for non-research related services, such as data and transaction execution.

The term "soft dollars" refers to the receipt of products and services provided by a broker-dealer without any cash payment being made by us, based on the volume of revenues generated from brokerage commissions. These services include both internally generated as well as items acquired by the broker-dealer from third parties (such as trading software or market data). Section 28(e) of the United States Securities Exchange Act of 1934, as amended, (the "Exchange Act"), provides "safe harbor" to investment advisors who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to us in the performance of investment decision-making responsibilities.

The use of brokerage commissions to obtain products (such as market data) and services may create a conflict of interest between you and us as well as between us and the Partnership. To the extent that we are able to acquire these products and services without expending our own resources, the use of "soft-dollars" would tend to increase our profitability. In addition, the availability of these resources may influence us to select one broker-dealer, in this case Morgan Stanley, rather than another to provide services to you and the Partnership.

Access to, and use of, such products and services, however, will be for the benefit of both our client managed accounts and Partnerships and not just limited to only those managed accounts that may have generated commissions/transaction fees to Morgan Stanley.



## Direction of Transactions and Commission Rates (Best Execution)

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We have a fiduciary duty to put your interests before our own. Morgan Stanley's advisory support services create an economic benefit to us and a potential conflict of interest to you; in that, our recommendation to custody your account(s) with Morgan Stanley may have been influenced by these arrangements/services. This is not the case; we have selected Morgan Stanley as the custodian of choice based on:

1. Morgan Stanley's competitive transaction charges, trading platform, and on-line services for account administration and operational support; and
2. Morgan Stanley's general reputation, trading capabilities, investment inventory, their financial strength, and our personal experience working with Morgan Stanley staff.

While we do not recommend custodians other than Morgan Stanley, we have not verified whether their transaction fees are competitive with another custodian; **best execution may not always be achieved**. Therefore, **you do not have to accept our recommendation to use Morgan Stanley as your custodian**. However if you elect to use another custodian, we may not be able to provide you complete institutional services.

## Aggregating Trade Orders

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Our objective in order execution is to act fairly, impartially, and to take all reasonable steps to obtain the best possible results (known as "best execution") for you, as well as with all of our clients. Therefore if we are considering bunching orders, we will not bunch (aggregate) orders for a trade unless: (i) the bunching of orders is done for the purpose of achieving best execution; and, (ii) no client is systematically advantaged or disadvantaged by bunching the orders.

In consideration of these objectives, we will take into account the unique execution factors of the buy/sell order before bunching accounts for a trade. A few of those factors are:

- ❖ **Security Trading Volume** - Bunching orders in a trade can secure price parity and continuity for our clients during heavy trading activity.
- ❖ **Number of Clients** - The fewer the number of client accounts involved in the bunched order may not yield better pricing or order execution; it may be more advantageous to perform an individual market order for each client. In addition preparing individual market orders, for the small number accounts involved, may be quicker to complete than preparing a bunch order.
- ❖ **Financial Instruments** - The type of security involved as well as the complexity of order can affect our ability to achieve best execution.

If you would like more detailed information on our trading allocation policies a copy of our Trading Allocation Procedures is available for review upon request.

## REVIEW OF ACCOUNTS

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ITEM 13

As we trade frequently, each managed account is reviewed daily in the normal course of market observation by the supervised person over your account. All accounts are reviewed in the context of our investment strategy. Reallocation is based on the portfolio investment objectives.



For separately managed accounts, you will receive, at least quarterly, statements from Morgan Stanley or where your account is custodied. You are encouraged to review each statement which summarizes the specific investments held, the value of your portfolio and account transactions. You are also encouraged to review with us investment strategies and account performance on an annual basis. Material changes in your personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, it is your responsibility to communicate these changes to us so that the appropriate adjustments can be made.

## CLIENT REFERRALS & OTHER COMPENSATION

ITEM 14

### Referral Compensation

We may directly compensate persons/firms for client referrals, provided that those persons are qualified and have entered a solicitation agreement with us. Under such arrangements, if you were referred to us by a solicitor, the solicitor will provide complete information on our relationship and the compensation that solicitor will receive should you choose to open an account. In no case will the fee that you pay be higher than it would be if you had dealt directly with us. In addition, we will adhere to each State's rules and regulations where the Solicitor resides prior to entering into any solicitation agreement with that person/firm.

### Other Compensation (Indirect Benefit)

The Company receives an indirect economic benefit from Morgan Stanley (See "Custodial Services" above under Item 12, "Brokerage Practices" for more detailed information on these services and product.).

### Pooled Investment Vehicle Compensation

Our fiduciary duty binds us to an ethical standard of complete care and loyalty and to avoid circumstances that might affect, or appear to affect, this standard unless we act transparently and provide you full and fair disclosure on any potential conflict.

As part of this full disclosure, we are the General Partner and investment advisor to Voloridge Global Fund, LP and Voloridge Trading Fund, LP (the "Partnerships"); we will receive economic benefits from recommending that you to invest in one or both of these Partnerships. These benefits could be, but are not limited to, an increase in: advisory/consulting fees, salaries, performance fees, and income/dividend returns should you choose to invest in the Fund. Therefore, before accepting our recommendation to invest in these affiliated private Partnerships, you should consider other investment opportunities to ensure the expenses and investment returns are comparable or equivalent to other private investment vehicles.

See "Private Investment Fund Affiliation" above under Item 10, "Other Financial Industry Activities & Affiliations" for disclosure about the affiliations and investment qualifications, and "Pooled Investments" under Item 15, "Custody" for more information on how operating this Fund creates a custody situation.



## CUSTODY

### Management Fee Deduction

We do not take possession of or maintain custody of your funds or securities, but will simply monitor the holdings within your portfolio and trade your account based on our investment strategy. Physical possession and custody of your funds and/or securities shall be maintained with Morgan Stanley as indicated above in Item 12 or another custodian, "Brokerage Practices."

We are, however, defined as having custody if you have authorized us to deduct our advisory fees directly from your account. Therefore to comply with the United States Securities and Exchange Commission's Custody Rule (1940 Act Rule 206(4)-2) requirements, and to protect you as well as to protect our advisory practice, we have implemented the following regulatory safeguards:

- ❖ Your funds and securities will be maintained with a qualified custodian (Morgan Stanley) in a separate account in your name; and
- ❖ Authorization to withdrawal our management fees directly from your account will be approved by you prior to engaging in any account management services.

In addition, Morgan Stanley, or your custodian, is required by law to send you, at least quarterly, brokerage statements summarizing the specific investments currently held in your account, the value of your portfolio, and account transactions. You are encouraged to compare the financial data contained in any report we may prepare for you with the financial information disclosed in your account statement to verify the accuracy and correctness of our reporting.

### Pooled Investments

As previously mentioned, we are both the General Partner and investment advisor to Voloridge Global Fund, LP and Voloridge Trading Fund, LP (the "Partnerships"), private investment partnerships formed to invest funds using our proprietary trading models. See "Private Investment Fund Affiliation" above in Item 10, "Other Financial Industry Activities & Affiliations" for disclosure on the potential conflicts of interest.

In this situation where we act as **both** the General Partner and investment advisor to the Partnerships, we are deemed to have legal ownership of, and access to, funds and securities and thus have custody of client assets. By virtue of our control positions, the SEC deems us to have authority to dispose of funds and securities in the Partnerships at our discretion and charge fees that you, as an investor in the Partnerships, may never be aware of; thereby, increasing the potential for misconduct and self-dealing.

Therefore to protect you, as well as to protect our advisory practice, we are disclosing the following safeguards for you to verify they have been implemented and are being followed. The safeguards for pooled investment vehicles can be found in Investment Advisers Act of 1940 Rule 206(4)-2. The Partnerships shall:

- ❖ Require the third party administrator to send limited partners of the Partnerships, at least quarterly, account statements identifying amount of funds and each security currently held and all Partnership transactions,



- ❖ Be subject to an audit (as defined in Section 2(d) of Article 1 of Regulation S-X [17 CFS 210.1-02(d)]) at least annually,
- ❖ Ensure the independent public account performing the audit is subject to regular annual inspection by the PCAOB, in accordance to the rules of the PCAOB,
- ❖ Distribute the audited financial statements prepared in accordance with Generally Accepted Accounting Principles to all limited partners within 120 days of the end of the fiscal year; and
- ❖ Upon liquidation of all assets in the Partnerships, have a final audited financial statement prepared and promptly distributed to all limited partners of the Partnerships after the completion of such audit.

## INVESTMENT DISCRETION

ITEM 16

### Securities & Amount Bought or Sold

Our Investment Management Agreement sets forth our authority to buy and sell securities in whatever amounts are determined to be appropriate for your account and whether such transactions are with, or without, your prior approval. You may, at anytime, impose restrictions on our discretionary authority provided we agree to the limitations in writing.

## VOTING CLIENT SECURITIES

ITEM 17

Unless otherwise directed by you, we will exercise voting authority with respect to the securities held in your account. Due to the short-term nature of the holding period (generally 2-5 days) for securities held by our clients, it is our policy not to vote proxies. For ERISA clients, the authorization to grant us permission to vote proxies on your behalf must be consistent with plan documents governing your ERISA plan and the proxy voting assets of that plan.

## FINANCIAL INFORMATION

ITEM 18

We are not required to include financial information in our Disclosure Brochure since we will not take physical custody of client funds or securities or bill client accounts six (6) months or more in advance for more than \$1,200. We are not aware of any current financial conditions that are likely to impair our ability to meet our contractual commitments to you.

## END OF DISCLOSURE BROCHURE