

## Brochure for Integrated Managed Futures per Part 2 of Form ADV

### Item 1: Cover Page

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**This brochure provides information about the qualifications and business practices of Integrated Managed Futures Corp. If you have any questions about the contents of this brochure, please contact us at 416-360-7667 or [info@iamgroup.ca](mailto:info@iamgroup.ca). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

### Item 2: Material Changes

None

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#### **Item 4: Advisory Business**

Integrated Managed Futures Corp. (“IMFC”) is a Toronto-based systematic, quantitative alternative asset manager that specializes in managing institutional and individual capital in a broad spectrum of global futures markets that consist of currency, debt, equity, energy, metal, agricultural and soft commodity futures. IMFC focuses on long-term price trends that generally last one year or longer, with the objective of realizing superior absolute and risk-adjusted returns that are uncorrelated to equity and fixed income returns. IMFC is a subsidiary of Integrated Asset Management Corp. (“IAM”), a Canadian alternative asset management company with approximately \$2 billion in assets and committed capital under management and over 60 employees.

IMFC was organized as an Ontario (Canada) corporation in March 2003, and has been registered as a commodity trading advisor (“CTA”) and commodity pool operator (“CPO”) with the Commodity Futures Trading Commission (“CFTC”) since June 17, 2003, and as a Commodity Trading Manager and Limited Market Dealer with the Ontario Securities Commission in Canada since January 2004. IMFC has been a Member of the National Futures Association (“NFA”) since June 17, 2003. IMFC is owned 77.5% by Integrated Asset Management Corp., 12.5% by Roland Austrup and 10% by Robert Koloshuk.

IMFC is currently offering advisory services through two trading programs – the IMFC Global Investment Program and the IMFC Global Concentrated Program. Both of the IMFC Global Investment Program and the IMFC Global Concentrated Program are only offered to Qualified Eligible Persons (“QEPs”) pursuant to an exemption from the Commodity Futures Trading Commission in connection with accounts of QEPs.

IMFC is capable of running custom mandates. If a client requests specific volatility targets and/or markets in a separately managed account, IMFC may create a customized program for that client.

As at August 23, 2012, IMFC manages client assets in the amount of approximately \$51 million, all of it on a discretionary basis.

#### **Item 5: Fees and Compensation**

As compensation for its services, IMFC charges clients a monthly management fee and a quarterly incentive fee. IMFC reserves the right to apply alternative fee structures based upon the size of a client’s account, investment objectives, and other factors. The standard fees are as follows:

- a) A monthly management fee equal to 1/12 of 2% (2% per annum) of the Assets Under Management (as defined below) as of the end of each month; and
- b) A monthly incentive fee equal to 20% of Net Trading Profits (as defined below)

Clients are billed for fees incurred.

For purposes of calculating the management fee, "Assets Under Management" is defined as a client account's actual ending equity as of month end, plus Committed Funds and Notional Funds. Ending equity includes the sum of all cash and cash equivalents, current market value of securities, plus the unrealized profit or loss on open positions, plus the unrealized profit or loss on the change in currency exchange rates, plus accrued interest income earned on securities (securities deposited by the client for margin purposes and securities purchased by IMFC for the client) and the interest, if any, earned on the equity in the client's, minus both accrued commissions on open futures positions and other accrued expenses (e.g., prior months management and incentive fees not yet paid). Management fees are charged regardless of the profitability in the client's account. Any withdrawals or additions made during the month shall be added back or subtracted on a pro-rated basis in order to calculate the management fee.

In the event a client promises "Notional Funds" to a trading program pursuant to written instructions, a client's monthly management fee will be calculated based upon the actual assets in the account plus the notional funds at the end of each month. Therefore, if notional funds are contributed by the client, a client's management fee as a percent of actual funds will be higher. For example, if a client deposits \$500,000 into the trading account and elects to have the account initially traded at a \$1,000,000 level, the account's beginning equity for management fee purposes will be \$1,000,000. If the account appreciates by \$5,000 based on realized and unrealized profits, the actual funds in the account are at \$505,000; the account size for management fee purposes is \$1,005,000 and the trading level is \$1,005,000 (i.e., the notional assets remain at \$500,000). In the event the account had a \$5,000 loss based on realized and unrealized losses, the actual funds in the account are at \$495,000; the account size for management fee purposes is \$995,000 and the trading level is at \$995,000 (i.e., the notional assets remain at \$500,000). The management fee as a percent of actual funds may be determined by dividing the management fee computed on Assets Under Management by the actual funds in the account. When the account is first opened, the management fee is based the first month's ending equity. Therefore, if an account is opened with \$500,000 and the Assets Under Management (as defined above) is \$1,000,000 at the end of the month, the management fee is based on \$1,000,000. Under this scenario, the client will be charged a management fee of \$20,000 on an annual basis (\$1,000,000 X 2%). As a result, the management fee as a percent of actual funds is 4% (\$20,000/\$500,000).

For purposes of calculating IMFC's incentive fees during a period, Net Trading Profits shall mean the cumulative profits (over and above the aggregate of previous period profits as of the end of any period) during the period (after deduction for brokerage fees paid but before deducting IMFC's incentive fees payable). Net Trading Profits shall include: (i) the net of profits and losses resulting from all trades

closed out during the period, (ii) the change in unrealized profit or loss on open trades as of the close of the Period, and (iii) the realized and unrealized profit or loss due to the change in currency exchange rates during the period, minus: (i) IMFC's accrued management fee, (ii) the change in accrued commissions on open trades as of the close of the Period, and (iii) other expenses incurred during the period. Interest income will not be considered in the incentive fee computation. Furthermore, for clients domiciled in regions that levy a Harmonized Sales Tax ("HST"), IMFC will not deduct HST in determining its incentive fee. All open futures positions in a client's account are calculated at their fair market value at the end of each business day and at the end of the month. The market value of an open position is determined by the settlement price as determined by the exchange on which the transaction is completed, or the most recent appropriate quotation provided by the futures commission merchant as supplied by the exchange. If any payment is made to IMFC with respect to Net Trading Profits experienced by the account, and the account thereafter incurs a net loss for any subsequent period, IMFC will retain the amount previously paid with respect to such Net Trading Profits, and will continue to receive the monthly management fees during such period and any future period, regardless of whether any net profits were/are earned.

Losses shall be carried forward from the preceding periods but not carried back. If Net Trading Profits for a period are negative (a "Trading Loss"), it shall constitute a "Carry Forward Loss" for the beginning of the next period. If a client withdraws funds from the account at a time when the account has a Carry Forward Loss, the Trading Loss that must be recovered before there will be new Net Trading Profits will be reduced. Dividing the value of the account immediately after such withdrawal by the value of the account immediately before such withdrawal and multiplying that fraction by the amount of the uncovered Trading Loss at the time of the withdrawal will determine the amount of the reduction.

If Trading Losses occur in more than one calendar month in the account without an intervening payment of an incentive fee, and the value of the account is reduced in more than one calendar month because of withdrawals, then the Trading Loss in each such calendar month shall be reduced in accordance with the above formula, and only the reduced amount of Trading Loss will be carried forward to offset future Net Trading Profits.

IMFC reserves the right to share a portion of its incentive fee or management fees with registered entities or registered persons that have assisted in raising client assets to be managed by IMFC.

If a client terminates IMFC's power of attorney at any time prior to the last trading day of the month, then any incentive fee due will be calculated as of the last day IMFC maintained discretionary authority.

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

As stated in Item 5, IMFC receives a monthly incentive fee equal to 20% of Net Trading Profits (as defined in Item 5, above)

## **Item 7: Types of Clients**

IMFC's clients consist of high net worth individuals, pooled investment vehicles such as fund of hedge funds and investment advisers. IMFC only offers its programs to Qualified Eligible Persons ("QEPs") pursuant to an exemption from the Commodity Futures Trading Commission. For managed account, the minimum client account size for the IMFC Global Investment Program is \$2 million and the minimum client account size for the IMFC Global Concentrated Program is \$500,000.

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

There are two central investment tenets behind both IMFC Programs. The first tenet is that the primary functions of all markets are to provide a medium of exchange, to price the value or desirability of assets and to price the premiums required to balance supply and demand.

The second investment tenet is that markets exhibit serial correlation or price trends and other persistent anomalies that cannot be explained by random behavior or the assumption of fully informed and rational market participants.

Price trends, or serial correlation in market prices, are the result of many factors. These factors include deeply rooted and persistent supply and demand trends for physical commodities, equity risk premiums, persistent interest rate differentials between currencies, the basis embedded in the term structure of futures prices and the crowd behavior of market participants.

Utilizing four distinct and uncorrelated investment strategies, The IMFC Global Investment Program utilizes proprietary systematic and quantitative methods to measure the value of assets, the amount of risk premiums priced into assets and the momentum and volatility of assets. This analytical process identifies long-term investment opportunities in over 60 industrial, agricultural and financial futures markets. The average duration of profitable investment opportunities is approximately one year, though they often last anywhere from two to five years.

Risk management operates at much higher frequencies of as little as two days. The result of this higher frequency is that two thirds of trading activity is associated with risk management, and losses are cut quickly when they occur.

The size of a position in any given market is a function of allowable risk budgets per market, as determined by IMFC's risk management policies, and the expected returns calculated by the four investment strategies utilized.

IMFC transacts on highly liquid exchanges globally that may include, but are not limited to, all futures exchanges in the United States and Canada, the London Metals Exchange (LME), Euronext-LIFFE, the Eurex Deutschland (EUREX), The International Petroleum Exchange of London Limited (IPE), the

Singapore International Monetary Exchange (SIMEX), the Sydney Futures Exchange Ltd. and The Tokyo Commodities Exchange (TCE).

The objective of IMFC's enterprise-wide risk management policies is to identify, measure and manage all levels of business risk, including market risk (to both client accounts and the business of IMFC), credit risk and operational risk. The description below briefly summarizes the market risk management ("MRM") policies imbedded in both the IMFC Global Investment Program and the IMFC Global Concentrated Program.

There are three main components of IMFC's MRM policies:

- Quantitative Asset Allocation
- Market Risk Overlays
- Portfolio Risk Overlays

**Quantitative Asset Allocation** seeks to allocate portfolio assets to risk budgets per eligible market in such a way as to target an acceptable level of downside portfolio volatility for expected portfolio returns over the medium term. Expected market returns, volatilities and correlations are the key factors involved in quantitative asset allocation models. The methodology utilized by IMFC to allocate portfolio assets among markets is based on the Black-Litterman model of quantitative asset allocation. Using this methodology, IMFC targets average annualized portfolio downside volatility of 13%.

**Market Risk Overlays** reduce or eliminate the initial risk budget allocated to a market based on identifying factors that are correlated to future periods of under-performance. IMFC has developed two market risk overlays. One overlay is reactionary and based on identifying sudden shifts in market behavior. The other overlay is anticipatory and takes profits based on measures of excess return and market irrationality.

**Portfolio Risk Overlays** manage actual, versus targeted, portfolio volatility by imposing limits on allowable downside volatility and Value-at-Risk (VaR). In addition, positions are stress-tested against known events in the history of financial markets in order to limit worst case scenarios under various timeframes.

Clients are cautioned that since IMFC's trading and risk-management strategies are proprietary, it is not possible to determine whether IMFC is following these strategies or not, and there can be no assurance that the strategies currently being used will produce results similar to those produced in the past.

IMFC may also, in the future, develop additional trading and risk-management strategies and modify the current trading strategies already in use. A core feature of the IMFC Global Programs is a commitment to ongoing quantitative research and the implementation of that research in an ever-evolving program. The cumulative impact of implementing successful research over time, whether in small steps or in blocks, is that a program can evolve to the point where it may be substantially different at a given moment than at a previous point farther back in time.

In all likelihood, the evolving strategies will be employed for all accounts under IMFC's management. IMFC is under no obligation to notify its clients of immaterial modifications made to its current strategies or portfolio structures, nor is it under any obligation to notify clients of the addition of new strategies or additional markets to other client accounts, unless specifically requested to do so in writing by the client.

The IMFC Global Concentrated Program is a derivative of the IMFC Global Investment Program in that it selects trades from the IMFC Global Investment Program by utilizing an additional algorithm that ranks the expected return and risk of investment opportunities generated by the IMFC Global Investment Program. The IMFC Global Concentrated Program only initiates positions in a market if the underlying investment opportunity meets certain higher threshold levels of expected return and lower levels of risk. Position sizes are then calibrated based on the volatilities and correlations of markets offering positions and IMFC's risk management policies.

**Lower Exposure:** the IMFC Global Concentrated Program is expected to have lower overall market exposure than the IMFC Global Investment Program, as measured by both number of contracts held in an account and by margin-to-equity ratios. The advisor believes that this lower level of market exposure will be particularly evident during periods of underperformance for the IMFC Global Investment Program and managed futures in general, resulting in fewer left tail events or larger than statistically normal drawdowns.

**Portfolio Concentration:** the IMFC Global Concentrated Program is expected to have a greater concentration of positions and, therefore, less diversification than the IMFC Global Investment Program. As a result, the Advisor expects that the IMFC Global Concentrated Program will likely experience slightly lower Sortino and Omega ratios than the IMFC Global Investment Program over the long term.

**Lower Minimum Account Size:** the IMFC Global Concentrated Program can be traded with a trading level of \$500,000 versus a \$2 million minimum for the IMFC Global Investment Program.

**Potential Performance Variation Among Accounts:** With a minimum trading level of \$ 500,000, the number of markets traded, and different positions that could be selected from the IMFC Global Investment Program at different times, the effect of rounding in selecting trades is more pronounced in the short term, and could lead to significant variation in performance among accounts trading the IMFC Global Concentrated program.

Principal risk factors for both IMFC programs are as follows:

**A Participating Client's FCM May Fail** - Clients are free to select a futures commission merchant ("FCM") of their choice. Under CFTC Regulations, FCMs are required to maintain customers' assets in a segregated account. If a participating client's FCM fails to do so, the client may be subject to a risk of loss of his/her funds on deposit with his/her FCM in the event of its bankruptcy. In addition, under certain circumstances, such as the inability of another client's account satisfying a margin call, a

participating client may be subject to a risk of loss of his/her funds on deposit with his/her FCM, even if such funds are properly segregated. In the case of any such bankruptcy or client loss, a participating client might recover, even in respect of property specifically traceable to the client, only on a pro rata share of all property available for distribution to all of the FCM's customers.

***Trading of Foreign Futures Markets*** - IMFC will primarily conduct trading activities in futures contracts and options on exchanges in the United States. However, IMFC will also conduct trading activities in futures contracts and options on exchanges outside the United States (e.g. England, France, and Japan). Trading on foreign markets could expose the investment to risks that are different in nature and/or in degree from the risks inherent in trading on U.S. exchanges. Foreign trading is frequently less regulated and can involve the risk of default by the opposing party. Foreign trading can lack the financial security and benefits of the daily "marked-to-market" system afforded by the clearinghouse system of the CFTC-regulated futures exchanges, and such trading can lack the liquidity afforded by those exchanges. Furthermore, trading on foreign exchanges may also be more vulnerable to a variety of political influences and the possibility of direct government intervention. Futures contracts on foreign exchanges might not be considered to be "regulated futures contracts" for federal income tax purposes. Also, trading on foreign exchanges is generally conducted in currencies other than the United States dollar, such that any profits which the account might realize in such trading and accounts with foreign denominated balances could be reduced, eliminated or even lost as a result of adverse currency exchange-rate changes.

***Fees Charged to a Client's Account*** - A client is obligated to pay brokerage commissions, NFA, clearing and exchange fees, and IMFC's management fees regardless of whether the client realizes profits. IMFC's Incentive Fee is based, in part, upon unrealized appreciation in open commodity positions. Such unrealized appreciation may never be realized by a client, notwithstanding that Incentive Fees previously paid against such unrealized appreciation will not be refunded.

***Performance Among Accounts May Vary During the Start of Trading*** - Due to the minimum initial required account size, a client's account may incur certain risks relating to the initial investment of its assets. As a result of market conditions, IMFC may need substantial time (i.e., several days and possibly weeks) before a client's account is fully invested pursuant to IMFC's trading program. Under IMFC's trading program, new accounts are entered into positions as new trading signals occur or when limited risk opportunities allow alignment of positions with those existing in older accounts. Notwithstanding any delay in becoming fully invested, a client's account may commence trading at a less favorable time, such as after profitable moves in a number of markets. Specifically, in the event a client's account begins trading after a period of profitability experienced by IMFC, the new client account may experience a losing period, perhaps of a considerable length, during the early months of trading.

***Futures Trading is Non-Correlated to other Asset Classes*** - Generally, assets invested in futures accounts have been non-correlated to the performance of other investment asset classes such as stocks and bonds. As a result of this non-correlation, a futures account managed by IMFC should not be expected to automatically profit during unfavorable periods experienced in the stock or bond markets, or vice-



versa. The futures markets are fundamentally different from the securities markets, therefore making any comparison between them inherently limited.

**Margin** - Each long or short position initiated by IMFC in a client's account requires a margin deposit. The funds initially deposited by a client will be applied to the margin requirements established by the futures commission merchant (which must be at least equal to the margin levels established by the applicable exchange) carrying the client's account. A margin deposit is similar to a cash performance bond that helps assure a trader's performance of the futures contract. If the market value of a client's futures position moves to such a degree that the initial margin deposit is not sufficient to satisfy minimum maintenance requirements, the futures commission merchant carrying the client's account will make a "margin call" to the client for additional margin money. The margin call must be satisfied within a reasonable period of time. If the client does not make payment of the margin call within a reasonable time, the futures commission merchant may liquidate the open position(s). In periods of high volatility, the exchanges may increase minimum margin levels. Also, the client's futures commission merchant may elect to increase the amount of margin they require to carry futures positions for their customers even though the applicable exchange did not increase the minimum margin levels.

**Possible Effects of Speculative Position and Trading Limits** - The CFTC and certain exchanges have established limits referred to as "speculative position limits" on the maximum net long or net short futures position which any person may hold or control in particular commodities, and limits referred to as "trading limits" on the maximum number of futures contracts which any person may trade on a particular trading day. All commodity accounts managed by IMFC may be combined for position and trading limit purposes. It is possible that the trading instructions of IMFC for a client may have to be modified and that positions held by a client may have to be liquidated in order to avoid exceeding such limits. Such modification or liquidation, if required, could adversely affect the client's account profitability.

**Commodity Futures Trading is Highly Leveraged** - The low margin deposits normally required in commodity futures trading permit an extremely high degree of leverage. Accordingly, a relatively small price movement in a commodity futures contract may result in immediate and substantial loss or profit to the investor. For example, if IMFC executes a U.S. Treasury Bond futures contract for a client account, the amount of initial margin a client would have to have on deposit in the trading account to establish one T-Bond futures position would be approximately \$2,700. To maintain the position, the amount of equity in the client's trading account would be allowed to decrease to approximately \$2,000 (maintenance margin). If the equity decreases below the maintenance margin level, the client would have to deposit additional funds in the account up to the initial margin level of \$2,700. These margin levels are leveraging one T-Bond futures contract valued at \$100,000. Therefore, the initial margin and maintenance margin levels for one T-Bond futures contract are approximately 2.7% and 2%, respectively, of the value of the contract. To further the example, if at the time of purchase, ten percent of the price of the futures contract is deposited as margin, a ten percent decrease in the price of the futures contract would, if the contract were then closed out, result in a total loss of the margin deposit

before any deduction for the trading commission. Thus, like other leveraged investments, any purchase or sale of a commodity futures contract may result in losses in excess of the amount invested. A client may lose more than his/her initial margin on a trade. Generally, IMFC client accounts will be structured to provide for a cash reserve by establishing a level of trading activity which results in margin requirements which are generally between 12% and 17% of the account size and seldom greater than 20%. However, depending on market volatility and liquidity, margin requirements can be higher or lower.

***Accounts with Notional Equity*** - IMFC is permitted to trade "Notional Funds" in a client's account. Notional Funds are funds not actually held in the account, but which have been "promised" by a client, generally in writing, to the trading activity of the account. The total amount of notional funds and actual funds in a client's account are considered the "Nominal Account" size which IMFC will base its trading decisions. Therefore, Notional funding allows a client to trade the account at a level higher than the cash actually held in the account. Notional equity creates additional leverage in an account relative to the cash in such account. This additional leverage results in a proportionally greater risk of loss (and opportunity for gain). While the possibility of losing all the cash in an account is present in all accounts, accounts that contain notional equity have a proportionately greater risk of loss. For example, in an account which is funded with only 50% cash (and, therefore, has 50% notional equity), a loss of 10% of the client's account total value (based on both cash and notional equity) will equal a loss of 20% of the actual cash in the account. Additionally, a client who funds his account with notional equity may receive more frequent and larger margin calls.

***Commodity Futures Trading is Speculative and Volatile*** - Generally, commodity futures prices are highly volatile. Depending on the size of the client account, IMFC will trade a wide range of commodity interests, thereby providing the necessary diversification to minimize the risk of loss. Price movement for commodity interest contracts may be influenced by, among other things, changing supply and demand relationship, weather, agricultural, trade, fiscal, monetary, and exchange control programs and policies of governments, domestic and foreign political and economic events, changes in domestic and foreign interest rates and rates of inflation, currency devaluation's and reevaluations, and emotions of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets - particularly those in currencies and gold. Such intervention is often intended to influence prices directly. A client is also subject to the risk of the failure of any of the exchanges on which IMFC trades or of their clearinghouses. None of these factors can be controlled by IMFC, and no assurance can be given that IMFC's advice will result in profitable trades for a client or that a client will not incur substantial losses.

***Commodity Trading May be Illiquid*** - Some United States commodity exchanges limit fluctuations in certain commodity interest contract prices during a single day by regulations referred to as "daily price fluctuation limits." During a single trading day, no trades may be executed at prices beyond the daily limits. Once the price of a particular contract has increased or decreased by an amount equal to the daily limit, positions in the contract can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. Contract prices have occasionally moved the daily limit for several

consecutive days with little or no trading. Similar occurrences could prevent IMFC from promptly liquidating unfavorable positions and subject a client to substantial losses, which could exceed the margin initially committed to such trades. In addition, even if contract prices have not moved the daily limit, trades may not be able to be executed at favorable prices if little trading in the contracts involved is taking place. Under some circumstances, a client might be required to make or take delivery of the commodity underlying a particular contract if the position cannot be liquidated prior to its expiration date. In addition, if IMFC deems it to be in the best interest of a client's account, IMFC may make or take delivery of an underlying commodity on behalf of the client. Such making or taking delivery may be routinely done by IMFC in the case of commodity interest contracts that provide for cash settlement. It is also possible that an exchange or the CFTC could suspend or limit trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

***Statutory Regulation*** - In accordance with the provisions of the Commodity Exchange Act ("CEA"), the Regulations of the CFTC there under, and the Rules of the NFA, IMFC is registered as a CTA with the CFTC and is a Member of NFA. If IMFC's CTA registration and/or NFA membership were to be terminated, suspended, revoked, or not renewed, IMFC would be unable to trade commodity interests on behalf of Clients until such registration and/or membership were reinstated.

***Increase in Assets Under Management May Affect Trading Decisions*** - IMFC's trading program and methodology are capable of handling IMFC's current equity under management. However, IMFC plans to actively seek new managed accounts. Future increases in equity under management may require IMFC to modify its trading decisions for existing accounts that could affect the future performance of such accounts.

***Services of IMFC's Principal*** - IMFC is dependent on the services of Roland Austrup who is primarily responsible for managing client assets pursuant to IMFC's trading program. If the services of Mr. Austrup were not available, or were interrupted, the continued ability of IMFC to render services to clients might be subject to substantial uncertainty, and such services of IMFC could be terminated completely.

***Changes in Trading Approach*** - No assurance is given that IMFC's performance will result in successful trading for clients under all or any conditions. IMFC may alter its trading approach, including, without limitation, technical analysis methods, commodity futures traded and money management principles, without prior approval by, or notice to clients, if IMFC determines that such change in policy is in the best interest of clients. Clients may not be notified prior to changes in commodity futures traded or prior to modifications, additions or deletions to IMFC's trading approach. However, IMFC will make every reasonable attempt to communicate such changes either in an addendum to this Offering Document or under separate cover.

***Confidentiality of Client Records*** - IMFC may enter into a contract with external compliance consulting firms to compile performance data, prepare Offering Documents and perform on-site inspections for IMFC. Although IMFC retains all client records under strict confidentiality, IMFC may provide client records or may request the Client's FCM to provide client records (i.e., daily and month end commodity statements generated by the client's FCM, client account files, and fee arrangements) to the external consultants for purposes of compiling performance data in accordance with CFTC and NFA Requirements. At times, IMFC may be required by law to furnish complete client records to regulators, legal counsel, courts of competent jurisdiction, or other entities. IMFC will obtain reasonable assurance from the external consultants that all client information will be regarded with the utmost of confidentiality.

### **Item 9: Disciplinary Information**

There have not been any, and currently are no material civil, administrative or criminal actions, pending, concluded or on appeal against IMFC or its principals.

### **Item 10: Other Financial Industry Activities and Affiliations**

IMFC is a subsidiary of Integrated Asset Management Corp. ("IAM"), a Canadian alternative asset management company with approximately \$2 billion in assets and committed capital under management and over 60 employees. Two of IMFC's Principals – Stephen Johnson and David Mather – are also officers and directors of IAM. Their time is divided between IAM and IMFC on an as-needed basis.

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

Integrated Asset Management Corp. and all its subsidiary companies (including Integrated Managed Futures) have also adopted the Code of Ethics and Standards of Professional Conduct established by the CFA Institute. All IAM employees, including all employees of the subsidiaries (including IMFC) must sign off annually on the Code. As part of the Code, all employees, officers and directors any of the IAM companies have a fiduciary duty to clients to act honestly, in good faith and in their best interest, and to exercise the degree of care, skill and diligence that a prudent manager would exercise. This standard of care extends to the services provided by all employees, officers and directors of the all of IAM companies in each and every facet of their business operations. Copies of the IAM Code of Ethics can be supplied to any client upon request.

Principals of IMFC may trade futures and related contracts for their own accounts. Trading records for all proprietary trading are available for review by clients and investors upon reasonable notice. A conflict of interest exists if proprietary trades are in the same markets and at the same time, using the same Futures Commission Merchant ("FCM") as another account. To the extent executions are bundled and then allocated among accounts held at the FCM, one account may receive less favorable execution than

other accounts. It is IMFC's policy to allocate trade executions that afford each account the same likelihood of receiving favorable or unfavorable executions over time. A potential conflict also may occur when IMFC or its principals trade their proprietary accounts more aggressively, or take positions in proprietary accounts that are opposite, or ahead of, the position taken by any non-proprietary account. However, it is IMFC's fiduciary responsibility to trade all accounts in the best interest of the client. No accounts owned by IMFC or any principal of IMFC will be deliberately favored over the account of a client.

It is likely that a client's futures broker will effect transactions for many customers. Since the identity of the purchaser and the seller are not disclosed until after the trade, it is possible that the futures broker could effect transactions for clients in which the other parties to the transactions are IMFC's officers, directors, independent contractors, employees, customers, or affiliates. Such persons might also compete with clients in making purchases and sales of futures contracts. Similar orders (e.g. market orders) for the same futures interests are generally filled in the order in which they are received by a particular floor broker. Transactions for any such persons might be effected when similar trades for clients are not executed or are executed at less favorable prices. IMFC intends to employ an equitable order entry system for all of its accounts and will not deliberately favor any account over another. However, no assurance is given that the performance of all accounts controlled by IMFC will be identical.

## **Item 12: Brokerage Practices**

IMFC does not currently receive research or other products or services other than clearing and execution from any broker-dealer, futures commission merchant ("FCM") or any third parties in connection with client securities transactions.

Clients of IMFC will be required to open an account, or have an account already opened, with an FCM prior to commencing activities with IMFC. Clients are free to choose any FCM they wish to carry their account. IMFC does not require prospective clients to use an introducing broker ("IB"), however, a Client may select an IB if they so choose. Prospective clients are responsible for arrangements with the entities they choose to carry or introduce their accounts. Before accepting to manage an account, IMFC reserves the right to require that commissions charged by an FCM freely selected by the Client not exceed certain levels. IMFC will not receive any portion of the commissions paid to any FCM or IB and will not benefit directly or indirectly from a client's choice of a particular FCM or IB.

The FCM for the client's account (the "Clearing Broker") will charge the client commissions, NFA, exchange and clearing fees on the commodity interest transactions. These charges will be reflected on confirmations and purchases/sales statements sent to the client. Such charges are negotiated between the client and the clearing broker. A participating client is directly responsible for the payment to his/her clearing broker of all margins, brokerage commissions and transaction fees, option premiums and other transaction costs incurred in connection with transactions effected for such client's account.

In order to maintain the efficiency of order entry and trade execution, IMFC will be authorized in the client's name, place and stead, to enter into "give up" agreements with other FCMs or floor brokers as it deems appropriate ("Executing Brokers"), pursuant to which IMFC may place orders with such Executing Brokers. Once Executing Brokers have been chosen, collectively, the firms to be used will offer both global and market-specific executing capabilities required by IMFC. Following execution, the trades are "given up" to the Clearing Broker. The Clearing Broker will then pay additional brokerage and "give-up" fees from the customer's account to the Executing Broker. IMFC believes, but cannot guarantee, that over time, this cost of giving up the trade will be more than offset by the improvement in the quality of execution due to the use of Executing Brokers. The utilization of give-up agreements is at the sole discretion of IMFC. Generally, give-up fees can range from \$0.50 to \$2.00 per contract.

IMFC shall not be liable to the client for any errors or omissions committed by any floor broker or any Executing Broker selected by IMFC.

### **Item 13: Review of Accounts**

In the case of individual client accounts, they are reviewed periodically by the relevant client's broker. Clients can also review account statements from their carrying broker. IMFC provides its clients with a monthly commentary on markets and the operations of its investment programs. This information is also available on IMFC's website.

### **Item 14: Client Referrals and Other Compensation**

IMFC has several fee referral agreements with third-parties whereby said third-parties are entitled to receive a percentage of IMFC's management and/or incentive fees from any client account introduced to IMFC by the relevant third-party introducer.

### **Item 15: Custody**

IMFC does not have custody over any of its client accounts.

### **Item 16: Investment Discretion**

By nature of its being a Commodity Trading Advisor, IMFC accepts discretionary authority to manage securities accounts on behalf of its clients in one of its two above-mentioned investment programs. As stated above, IMFC is also capable of running custom mandates meaning that if a client requests specific volatility targets and/or markets in a separately managed account, IMFC may create a customized program for that client. Before IMFC assumes any discretionary authority (e.g., execution of a power of attorney) from a client, that client must read and execute the relevant Offering Document and accompany Advisory Agreement.

**Item 17: Voting Client Securities**

Not applicable for Commodity Trading Advisors

**Item 18: Financial Information**

Not applicable. Neither IMFC nor any of its principals or affiliates has been subject to a bankruptcy petition at any time in the last ten years.

**Item 19: Requirements for State-Registered Advisers**

Not applicable