

FCM INVESTMENTS



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This brochure provides information about the qualifications and business practices of FCM Investments. If you have any questions about the contents of this brochure, please contact us at (214) 665-6900. 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.

Additional information about FCM Investments also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes from 2013 ADV Part 2

There are no material changes to report.

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1. Advisory Business

FCM Investments, L.P. is an independent firm whose sole business is managing securities portfolios for private individuals and investment funds on a discretionary basis. T. Montgomery Jones, the principal owner of the firm, was one of the original founders of the firm in 1987.

We provide investment management services to individual clients (including trusts, private foundations and retirement accounts) and private pooled investment vehicles. We provide investment management services to clients principally through separately managed accounts, over which we have discretionary investment authority. We also are the general partner and investment manager of three private pooled investment vehicles, over which we have discretionary authority.

Managed Account Clients

The vast majority of individual clients' assets are held in the form of separately managed accounts maintained at a qualified custodian. After reaching agreement with individual clients on broad asset allocation guidelines, we select individual securities for purchase, issue instructions to brokers and maintain accurate records of current activity. Clients generally are not involved in specific individual security decisions.

To meet the diverse investment objectives of our clients, we employ several investment strategies and tailor our services to the needs of each client. We categorize these strategies as either "income" or "growth," with sub strategies within both categories. Clients may elect to pursue multiple strategies, in which case a client's managed account will contain sub-accounts reflecting amounts devoted to each strategy selected (see Section 2).

Managed account clients may also chose to invest a portion of their account in the funds we manage (the "FCM Funds"), in which case the client's pro rata portion of the fees attributable to an FCM Fund will be netted against its fees attributable to its managed account.

Fund Clients

We also manage the investment activities of three private pooled investment limited partnerships. We tailor our advisory services to the individual needs of each of the three FCM Funds by adhering to the investment strategy set forth in each FCM Fund's private placement memorandum. For a description of each FCM Fund's investment strategy, please see Section 5. The private placement memoranda allow for investing in a broad array of securities and financial instruments to the end of achieving their respective investment objectives. Investors in the FCM Funds may not impose restrictions on investing in certain securities or types of securities.

We manage \$373,258,700 in client assets on a discretionary basis, calculated as of December 31, 2013. We do not manage assets on a non-discretionary basis.

2. Fees and Compensation

Managed Account Clients

Fees

We have two forms of fees for our investment management services applicable to managed accounts: a quarterly management fee based on asset values and a performance-based fee calculated annually. Both fees are charged in arrears and are non-negotiable. ERISA equity accounts and other equity accounts that do not meet the criteria under Rule 205-3 of the Investment Advisors Act of 1940 are not subject to the performance fee.

Managed account clients may participate in more than one strategy, in which case the managed account will contain sub-accounts reflecting the portion of assets devoted to each strategy and the sub-accounts will be charged fees in accordance with the applicable strategy, as set forth below. Sub-accounts subject to the same management fee schedule will be combined to calculate assets for purposes of determining the management fee applicable to those sub-accounts.

Additionally, managed account clients may invest a portion of their managed account in the FCM Funds. Management fees attributable to the FCM Funds will be netted against any fees arising from the managed account.

Income Strategies	Quarterly Management Fee	Performance Fee
Fixed Income	0.45% per annum on the first \$3 million of assets 0.30% per annum on the next \$7 million of assets 0.20% per annum on the balance in excess of \$10	None
Dividend Yield Stocks	0.90% per annum on the first \$3 million of assets 0.60% per annum of the next \$7 million of assets 0.40% per annum on the next \$10 million of assets 0.25% per annum on the next \$20 million of assets 0.15% per annum on the balance in excess of \$40 million of assets	None

Growth Strategies	Quarterly Management Fee	Performance Fee
U.S. Equity	0.90% per annum on the first \$3 million of assets	10% of the net return that exceeds 10% per annum, with a “high water mark” provision
Flexible Global (U.S. Equity + Int’l. Equity + Non-Equity Assets)	0.60% per annum of the next \$7 million of assets	
	0.40% per annum on the next \$10 million of assets	
	0.25% per annum on the next \$20 million of assets	
	0.15% per annum on the balance in excess of \$40 million of assets	

Minimum Fee for Managed Accounts

For a single strategy, i.e. U.S. Equity or Fixed Income, each managed account has a minimum fee of \$2,500 per quarter.

For multiple strategies, i.e. Flexible Global, each managed account has a minimum fee of \$5,000 per quarter.

General

Quarterly management fees are charged in arrears as of February 28, May 31, August 31, and November 30. Performance fees are calculated as of June 30 for the previous twelve months. The custodian is sent an invoice for all fees payable to us with a copy to the client. A few clients prefer to be billed outside of their tax exempt IRA accounts in order to be able to deduct the fee for income tax purposes.

Expenses

The majority of managed accounts utilize the custody services of State Street Bank. Their charges are 0.055% per annum on managed account assets denominated in U.S. dollars. Since custodians utilize money market funds to invest cash balances in accounts, managed accounts will pay management fees to the custodian as well as the management fees to us on the amount held in cash reserve. Additionally, any ETFs held in a portfolio will result in duplicate management fees on those assets.

Investment transactions are executed through major national and regional brokerage firms, as well as Electronic Trading Networks (ETNs). Transaction charges generally range between three and five cents per share. For additional information regarding brokerage expenses, please see Section 9 below.

Fund Clients

Fees

FCM Income Fund, L.P. pays us a quarterly administrative fee of 0.225% of the aggregate net assets invested in common stocks and securities convertible into common stocks, and 0.1125% of all the remaining net assets.

FCM Flexible Global Fund, L.P. pays us a quarterly administrative fee of 0.225% of the aggregate of all partners' capital account balances as of the last day of each quarter.

FCM Far Eastern Fund, L.P. pays us a quarterly administrative fee of 0.225% of the aggregate of all partner's capital account balances as of the last day of each quarter.

The management fee payable by the above FCM Funds is calculated and payable quarterly in arrears. We send all the data necessary to calculate the fee to an independent CPA, who verifies everything before sending it to the custodian for payment.

Expenses

Each FCM Fund pays, or reimburses us, for all investment expenses of the FCM Fund, including, without limitation, brokerage commissions, custodial expenses, taxes, legal, auditing and accounting fees and any other expenses we reasonably determine not to be normal and recurring operating expenses. We pay, and are not reimbursed for, the normal and recurring operating expenses incurred in connection with the management of the FCM Fund's business, including overhead expenses.

All brokerage commissions and related costs of securities transactions are borne by the FCM Funds. We determine the brokers through which securities transactions are executed and negotiate commission rates, as further described in Section 9 below.

3. Performance-Based Fees and Side-By-Side Management

We charge performance-based fees to managed account clients who participate in Growth Strategies, as described in the table in Section 2 above (including any managed account assets that are invested in an FCM Fund). Performance fees are not charged to managed account clients who pursue only Income Strategies (or to sub-accounts pursuing Income Strategies) or to the FCM Funds. Performance fees may not be charged to ERISA accounts or accounts not meeting the standard of Rule 205-3 of the Investment Advisors Act. We may have an incentive to favor accounts for which we receive a performance-based fee. We address this conflict by having all clients participating in a particular strategy have the same portfolio and by executing buy and sell orders for all accounts at the same time in one block transaction. One average price is obtained for all accounts, whether they are subject to a performance fee or not, except when a block order cannot be executed all in one day. In those cases, the transactions carried over to the next day

are determined by order size, not by whether or not the account is subject to a performance fee. See Section 9 for further detail on this point.

4. Types of Clients

Our clients include private pooled investment vehicles (the FCM Funds) and non-institutional clients, including individuals, trusts, private foundations and retirement accounts for individuals and closely-held businesses to which we provide advice through managed accounts, as described in Section 1. The minimum account size for managed accounts is generally \$2 million, but we will occasionally accept smaller accounts where additions are expected to quickly move the account over that threshold. The minimum investment with respect to FCM Income Fund, L.P., FCM Flexible Global Fund, L.P. and FCM Far Eastern Fund, L.P. is \$400,000; however, we may accept investments in lesser amounts in our sole discretion

5. Method of Analysis, Investment Strategies, and Risk of Loss

FCM's Method of Analysis

We follow a typical “bottom-up” fundamental approach to individual security selection, with a modest overlay of a “top down” technical approach to the overall market. In the growth segment, our motto for company selection is “growth, profitability, and free cash flow.” On average, companies in which we invest grow sales and earnings per share significantly faster than the market, have a much higher return on capital and generate significant free cash flow. Yet a great company may not become a great investment unless it is bought at a great price. We try to buy great companies at prices that are well below what we believe is true value.

Even the greatest of companies, however, is not immune to the impact of the overall market. Therefore, we analyze the overall market, using various technical approaches, together with macroeconomic forecasts, to try to determine when the potential downside market risk might warrant adding a hedge to the portfolio. We utilize various inverse Exchange Traded Funds (ETFs) to reduce the overall market risk in a portfolio.

Managed Account Clients – Investment Strategies and Risk Factors

To meet the diverse investment objectives of our clients, we employ several investment strategies. Depending on the client's investment guidelines, we will apply these strategies as the client deems appropriate. We broadly categorize these strategies as either “income” or “growth.”

Income: fixed income and high dividend yield stocks

Growth: U.S. equities, international equities and “non-equity assets”

“Income” Accounts: In the income category, we have two strategies: fixed income management and high dividend yield stocks.

1. Fixed Income Management:

- a. Strategy: For fixed income accounts, we buy Treasuries, Agency mortgage backed securities, or municipals as is appropriate for the client's tax status. We position portfolios along the yield curve consistent with our views of the potential risk and rewards at a point in time. As our outlook changes, we adjust the portfolio; we do not necessarily hold bonds to maturity. In the fixed income market, we focus on the quality end of the spectrum and do not participate in lower rated "junk" credits. Considering the extremely low level of interest rates currently, we do not plan to add new bond positions in the foreseeable future. We intend to let existing bonds mature and reinvest the proceeds in the Dividend Yield strategy described below.

b. Risks:

Fixed Income Securities. Fixed-income securities provide periodic returns and the eventual return of the principal at the end of the term. The value of fixed-income securities changes in response to interest rate fluctuations and market perception of the issuer's ability to pay off its obligations. Fixed-income securities are also subject to the risk that their issuer may be unable to make interest or principal payments on its obligations.

Mortgage Backed Securities. Investments in mortgage-backed securities involve the following potential risks: interest rate risk, reinvestment rate risk, prepayment risk and extension risk. Interest rate risk is the change in the bond price due to the changes in interest rates throughout the yield curve. Reinvestment rate risk is the risk due to changes in interest rates throughout the yield curve. Note that interest rate risk and reinvestment rate risk will somewhat offset each other. Prepayment risk (contraction risk) is the risk of receiving principal (par) back quicker than expected as interest rates decrease and families refinance their mortgages. Extension risk is the risk of receiving principal (par) back slower than expected as interest rates rise.

2. High Dividend Yield Stocks:

- a. Strategy: In recent years the combination of very low interest rates and the increasing number of common stocks with a dividend yield well in excess of bond yields has lead us to employ a "dividend yield" strategy in income accounts. We search for financially sound companies where we believe the dividend is secure. Our minimum yield should exceed, on an after tax basis, the yield of a ten year AA municipal bond. This strategy typically involves a portfolio of 20 to 25 companies, including a few ADRs. Recently, we have begun to hold gold in lieu of cash reserves in "dividend yield" accounts. We hold the gold via the gold ETF.

- b. Risks: The principal risks of the “dividend yield” strategy is the risk of the overall market, as history has shown our dividend yield portfolio to be closely correlated to the S&P 500. There is the additional risk that a portfolio company may reduce or eliminate its dividend, which could very significantly impact the price of that specific stock.

“Growth” Accounts: Our “growth” component includes up to three separate strategies: U.S. stocks, international stocks and “non-equity assets” (securities that have the expected return potential and risk of stocks but are not stocks and are not necessarily correlated with the global stock markets). Clients are not required to utilize all three strategies, although the vast majority do. Some clients employ only the “U.S. equity strategy,” investing only in U.S. stocks. Others pursue our “flexible global strategy,” investing in international equities and “non-equity” assets in addition to U.S. stocks.

1. U.S. Stocks:

- a. Strategy: We invest in large, mid-size, and small growth U.S. stocks with attractive financial characteristics, as mentioned above. Generally, the vast majority of this strategy is invested in large and mid-size companies with only a small amount in small companies. We believe that great companies bought at an attractive price should be held for the long term. We frequently hold a position for three years, five years or even longer if the company continues to meet expectations.

- b. Risks:

Equity Securities. We buy equity securities, seeking to profit from both the growth of the company’s earnings over time and the market’s valuation applied to those earnings. Either of those two can fail to develop favorably. A company may stumble in its growth strategies and the market may place a lower valuation on the business than expected or thought appropriate. In addition to company specific issues, stocks are significantly impacted by the overall stock market and economic environments, especially when those environments are negative.

Small to Medium Cap Stocks. We invest a portion of the clients’ assets in the stocks of companies with small- to medium-sized market capitalizations. These companies may have limited product lines, markets or financial resources and may be dependent on a limited management group. These stocks, particularly small-capitalization stocks, involve higher risks than do investments in stocks of larger companies.

2. International Stocks:

- a. Strategy: Our principal international exposure is through our FCM Far Eastern Fund, L.P., which invests in all the leading markets of the Asia-Pacific region. Both managed accounts and our FCM Flexible Global Fund, L.P. have interests in the FCM Far Eastern Fund.

- b. Risks: *Foreign Securities*. Investing in foreign issuers involves certain considerations comprising both risks and opportunities not typically associated with investing in United States issuers. These considerations include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Client investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to the U.S. dollar. Among the factors that may affect 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.

3. Non-Equity Assets:

- a. Strategy: The “non-equity asset” category includes assets that are non-traditional for equity portfolios. It includes assets that are expected to have the return potential and the risk level of equities but are not equities and, therefore, are not highly correlated with the global equity markets. This strategy includes commodity ETFs and “inverse floater” mortgage backed securities. Although “inverse floaters” are bonds in structure, their potential return and risk are so high as to make them equity equivalents. However, inverse floaters have not been available to purchase for several years, so we are letting existing positions mature. Currently, our “non-equity” exposure consists mainly of gold, held in the form of an ETF.
- b. Risks: As the type of security will change over time, it is difficult to generalize the types of risks involved. One specific risk that should be applicable, however, is that assets in this category may not perform positively in a rising stock market environment.

Exchange Traded Funds (ETFs): To the extent that we buy an ETF that owns a particular commodity, such as gold, the biggest risk is that the price of that commodity does not rise as expected. While the gold ETF is quite liquid, not all ETFs enjoy that advantage and the price of the ETF may diverge from the price of the underlying asset because of liquidity reasons. Furthermore, the ETF charges a management fee which is in addition to our management fee.

Agency “inverse floater” mortgage backed securities: The key risk to inverse floaters is the direction of short term interest rates. As short term rates rise, the coupons on these instruments decline, due to the formula that determines

their floating interest rate. Our remaining inverse floater positions are approaching “de minimis” levels due to prepayments.

Fund Clients – Investment Strategies and Risk Factors

1. FCM Income Fund, L.P.

The investment strategies and risks of FCM Income Fund, L.P. are the same as those applicable to “Income” Accounts, as described above.

2. FCM Flexible Global Fund, L.P.

The investment strategies and risks of FCM Flexible Global Fund, L.P. are the same as those applicable to “Growth” Accounts, as described above.

3. FCM Far Eastern Fund, L.P.

a. Strategy: FCM Far Eastern Fund, L.P. focuses on equity investments in the various economies of Asia including Australia. Countries considered for investment are: Japan, South Korea, Taiwan, Hong Kong, Singapore, Thailand, Malaysia, Indonesia, India, China and Australia. Because of the differing stages of economic development of the various Asian economies, the portfolio may be invested in both modern markets (Australia and Singapore) and emerging markets (Indonesia and India).

b. Risks: *Foreign Securities*. Investing in foreign issuers involves certain considerations comprising both risks and opportunities not typically associated with investing in United States issuers. These considerations include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Client investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to the U.S. dollar. Among the factors that may affect 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.

6. Disciplinary Information

We have had no disciplinary or legal events since our establishment in 1987.

7. Other Financial Industry Activities and Affiliations

Managed Account Clients

We may solicit managed account clients to invest a portion of their portfolio in one or more of the FCM Funds. In these instances, the limited partners' pro rata portions of the management fees attributable to an FCM Fund are credited to their managed account management fee to avoid double billing. Trades are executed in block form, including both managed accounts and the FCM Funds, in order to avoid any potential conflict of interest in favoring the allocation of trades between them.

Fund Clients

We serve as the general partner to each of the FCM Funds. The FCM Funds do not have independent management. Although this arrangement may give us heightened control and discretion over the FCM Funds, we manage any potential conflicts of interest by adhering to the investment strategy and investment allocation policy discussed in each FCM Fund's private placement memorandum.

8. Code of Ethics, Participation or Interest in Client Transactions And Personal Trading

Our Code of Ethics, a copy of which may be obtained upon request, includes a detailed set of provisions designed to insure that our staff act in accordance with their fiduciary obligations to clients. It covers protection of the privacy of client information and of material non public information, business ethics and standards of conduct.

Procedures regarding personal trading of our staff are an important part of the Code. Staff cannot trade in a security until the day after all client transactions in that security have been completed. Staff cannot engage in short term trading (less than 30 days) in a security held by clients. Staff cannot execute a trade that a portfolio manager is researching and contemplating for clients. All staff trades must be approved by the Chief Compliance Officer (CCO) prior to execution. Complete records of staff trading are maintained by the CCO. The Code details additional recordkeeping and administrative requirements.

We act as general partner of each of the FCM Funds and may solicit managed account clients to invest a portion of their portfolio in one or more of the FCM Funds. In these instances, the limited partners' pro rata portions of the management fees attributable to a FCM Fund are credited to their managed account management fee to avoid double billing. Trades are executed in block form, including both managed accounts and the FCM Funds, in order to avoid any potential conflict of interest in the allocation of trades between them.

9. Brokerage Practices

It is our policy to ensure that the best combination of price and execution is obtained with respect to securities transactions made on behalf of the clients. While we typically use specified broker-dealers, we remain acutely aware of current charges of eligible broker-dealers.

Our portfolio managers meet semi-annually to evaluate the approved list of broker-dealers. Brokers are selected for their execution capabilities, smooth operations, useful research and reasonable price. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research and other services which will help us in providing investment management services to the clients. We may, therefore, use a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Once the list of approved broker-dealers has been finalized, only those on the list may be used for client transactions.

Transactions of the same security for multiple accounts are aggregated whenever possible. When trades are aggregated, the average execution price will be applied to each participating client account. If a transaction is not completed in a single day and is carried over to multiple days, the smallest orders are filled first and the largest orders are carried over and filled last.

Clients are not allowed to direct brokerage from their account to a specific broker. An exception to this rule is that clients whose accounts are custodied at Fidelity will have their transactions executed on the Fidelity brokerage platform.

Cross trades are not allowed between the FCM Funds and the managed accounts. Additionally, ERISA accounts are not allowed to participate in cross trades.

We have adopted a "soft dollar" policy to ensure that any "soft dollar" arrangements qualify for the safe harbor provisions of Section 28(e) of the Exchange Act. These procedures are designed to ensure that the brokerage commissions generated by us in the execution of transactions for our clients are used for the benefit of those clients and that our practices are consistent with the disclosure in this ADV. The term "soft dollars" refers to arrangements whereby a discretionary investment adviser uses client brokerage commissions to pay for and receive research, research related or execution services from a broker-dealer or third party service providers. Section 28(e) provides a safe harbor for investment advisers so long as: (i) the soft dollar goods and services are provided by the broker effecting the transaction; (ii) the soft dollar goods and services are provided to a party having investment discretion over the account; (iii) the recipient of the goods and services makes a good faith determination that the commissions paid is reasonable in relation to the value of the brokerage and research services provided and (iv) the goods and services supplied for soft dollars must qualify as brokerage and research services, i.e. they must provide lawful and appropriate assistance to the money manager in the performance of his investment decision-making responsibilities.

We have a soft dollar arrangement with State Street Global Markets, whereby third party research is exchanged for commissions on transactions directed to State Street. This research is macroeconomic and strategic in nature, benefiting all clients. The commission rate paid for these trades is similar to that for other trades. All other soft dollar arrangements are the standard provision of a Wall Street firm's research reports in exchange for doing an undetermined amount of brokerage with that firm. Research typically includes reports by the firm's analysts on specific companies, entire industries and macroeconomic trends. Our assessment of the overall research product of a firm is an important determinant of whether, and to what extent, we will utilize the brokerage services of a particular firm. Their equity research products benefit all of our clients with equity accounts.

We do not accept ancillary services or products from a broker.

10. Review of Accounts

On a monthly basis, we deliver to managed account clients a printed appraisal of their portfolio and a report of purchases and sales for the month. Our Managing Partner reviews each managed account appraisal prior to its being sent to the client each month.

Each managed account client signs an "Investor Strategy and Suitability Statement" when opening their new account. The Managing Partner and/or the Portfolio Managers attempt to meet personally with each managed account client at least annually. During these account reviews, the client is asked to sign a new Strategy and Suitability Statement, verifying that the account objectives remain the same or noting any changes. Clients are provided performance data on their account(s) annually and at account review meetings. At least annually, the Managing Partner writes a letter setting forth his investment views.

Limited partners in the FCM Funds receive quarterly printed reports from us of the FCM Fund's operations and monthly reports from the custodian. We also provide investors in FCM Funds annual audited financial statements and tax information as necessary for completion of the partner's income tax returns. Investors in the Income and Flexible Global Funds receive a brief quarterly letter reviewing performance and strategy.

11. Client Referrals and Other Compensation

We do not utilize outside sales agents to refer clients. Employee referral of new managed account business is considered in their annual bonus and profit sharing calculations (excluding any managed account assets invested in the FCM Funds).

12. Custody

While it is our practice not to accept or maintain physical possession of any client assets, we are deemed to have custody of clients' assets under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, because we have the authority to deduct our fees from clients' accounts. We have engaged an independent public accountant to perform an

annual surprise examination to verify client assets in accordance with Rule 206(4)-2 under the Investment Advisers Act.

The client assets under our management are held at State Street, Fidelity Investments or another qualified custodian. Clients sign separate contracts with custodians that are independent of their contracts with us. Each limited partner account of the FCM Funds is maintained at State Street under the client's name. Custody of each of the FCM Funds is also at State Street.

Clients receive account statements each month directly from their custodians with the required information, such as month end security positions and transactions during that month. We receive electronic or hard copies from the custodians and reconcile our monthly statements to the custodians' statements.

Clients should closely examine their custody statement each month and compare it to our statement for any discrepancies. The custodians keep their records on a settlement date basis, while we use a trade date basis. For reconciliation purposes, we provide a schedule on any unsettled trades over month end. Additionally, we account for accrued interest and dividends while custodians usually do not.

13. Investment Discretion

Managed Account Clients

Our investment advisory contract contains language whereby the managed account client grants us broad discretionary power to manage the account. The Investor Strategy and Suitability Statement is reviewed and signed annually by each managed account client to assure that this discretionary power is being utilized for the appropriate strategy. We do not accept non-discretionary, or advisory, relationships.

Fund Clients

Our investment advisory contract contains language whereby the FCM Fund grants us broad discretionary power to manage the account. We adhere to the investment strategy set forth in each of the FCM Fund's private placement memorandum.

14. Voting Client Securities

As a fiduciary managing client assets under a discretionary power of attorney, we are called upon to vote proxies on behalf of clients. The following statement describes our guidelines for voting proxies. Clients may obtain a copy of our proxy voting policies and procedures upon request.

We will endeavor to vote proxies in a manner that reflects how clients can reasonably be expected to vote themselves to reflect their own economic interests. If a conflict ever arises between our interest and our clients' interest, the proxy will be voted in line with the clients' interest. In the unlikely event that different clients have significantly different

economic interests (this is unlikely since most equity portfolios are similar), the clients will be contacted for their direction on the vote. Additionally, clients with a position in a stock which may hold special interest to them will be contacted on important, strategic matters that are put before the shareholders.

Regarding election of directors and auditor selection, we typically vote with management's recommendation.

Regarding corporate governance issues, we usually vote: (i) for the separation of the chairman and CEO position (which management frequently opposes), (ii) against proposals for replacing a staggered slate of directors with a unified slate (staggered classes of directors tend to make takeover attempts through proxy contests more difficult; we prefer companies to be managed for the long term rather than for a takeover attempt); and (iii) against cumulative voting proposals.

Regarding stock option plans for senior management, we usually vote against them. Options are a form of shareholder dilution that we do not favor. We do vote in favor of stock option plans for rank and file workers, as the dilution resulting from these plans is usually quite minor and we think it is a reasonable incentive. For upper management incentive, we favor cash bonuses and forms of restricted and phantom stock, based on achieving various financial operating metrics, over options, based on the stock price.

Regarding shareholder initiatives on various social issues, we generally vote against them. We realize that some clients, if voting themselves, might vote for some of these initiatives. However, it is impractical to poll our client base as to their individual views on a wide and ever-changing range of social issues.

If clients have a particular interest in a specific company, they may direct the way we vote on their behalf simply by contacting us prior to the voting deadline. Additionally, clients can receive a report on how their proxies were voted by requesting it.

The limited partners of the FCM Far Eastern Fund, L.P. have agreed that the Fund will not be required to vote proxies of its portfolio holdings.

15. Financial Information

We are not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to our clients.