

# **Capula Investment US LP**

IARD number 157589

## **SEC form ADV Part 2A**

### **Brochure**

**March 28, 2014**

This Brochure provides information about the qualifications and business practices of Capula Investment US LP ("CIUS"). If you have any questions about the contents of this Brochure, please contact us at +1 (203) 542 2400 or email [iabramov@capulaglobal.com](mailto:iabramov@capulaglobal.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

*CIUS is an investment adviser registered with the SEC. Registration with the SEC does not imply that CIUS or its staff possess a certain level of skill or training.*

Additional information about CIUS is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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USA

**Item 2: Material Changes**

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This item discusses only material changes to the Brochure prepared by Capula Investment US LP (the "Firm") dated March 28, 2013 (the "2013 Brochure"). The Firm no longer provides discretionary investment advisory services for a separately managed account client as was described in the 2013 Brochure. All relevant items in the Brochure have been updated to reflect such change. The Brochure will be updated on an annual basis and any material changes to it will be identified in this section.

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**Item 4: Advisory Business**

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The Firm is a limited partnership, formed under the laws of the State of Delaware and established in business in May 2010 with its office in Greenwich, Connecticut. The general partner of the Firm is Capula Management US LLC ("CMUS"), a Delaware limited liability company. CMUS is a wholly-owned subsidiary of Capula Management Limited ("CML"), a company incorporated under Cayman Islands company law and an affiliate of the Firm. CML and its subsidiaries are referred to herein as the "Capula group".

The Firm is led by a senior investment professional, Ayman Hindy, who is supported by a trading and strategy team. The Firm currently provides investment advisory services for the Capula group in the United States in respect of a portion of the assets (the "Fund Account") of a single, Cayman-established fund client (the "Fund") organized in a master-feeder structure.

The Fund has appointed CML as manager of the Fund. Pursuant to an investment management agreement, CML has appointed Capula Investment Management LLP ("CIM"), a limited liability partnership established under the laws of England and Wales and an affiliate of the Firm, to act as investment manager for the Fund. The Firm is an affiliate of CIM, which is an Exempt Reporting Adviser with the SEC, a commodity pool operator registered with the CFTC and a member of the NFA, and is authorized and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom. Pursuant to an investment advisory agreement ("IAA"), CIM has appointed the Firm to act as investment advisor on a discretionary basis in relation to certain funds and/or accounts for which CIM is investment manager. Currently the Firm provides investment advisory services in respect of a portion of the assets of the Fund, the Firm's single client.

CML wholly owns CMUS. CML is controlled by Yan Huo. Yan Huo and 16 other internal investors own 74% of each of CML and CIM. Four external, strategic investors are invested in both CML and CIM: Petershill Non-US Holdings I Ltd, Mitsubishi Corporation International (Europe) Plc, MC UK Investments Ltd and Tokai Tokyo Financial Holdings Inc. These external investors have no management representation.

The Firm may utilize the research, operational, risk management, information technology and other capabilities of CIM in providing services to its clients.

**Types of Advisory Business**

The Firm is a specialist fixed income investment advisor, focused on the most liquid G7 government bond markets and especially the G3 markets. The Firm engages primarily in relative value strategies which seek to benefit from pricing anomalies in the government bond, government bond futures, interest rate swap and major exchange traded derivatives markets. The Firm actively manages its portfolio, trading in the proprietary trading style with a short term orientation and uses macro overlay hedges to reduce tail event risk.

The Firm utilizes a combination of relative value and macro strategies. The Firm's investment approach may include the use of leverage, whilst using risk control techniques to seek to protect the capital invested in the Fund. The Firm seeks to structure a diversified relative value and macro portfolio, subject to pre-defined concentration, liquidity and stop-loss triggers/limits. The Firm may structure the Fund's portfolios to comprise both long and short positions. The Firm has the flexibility to move between strategies and markets as it perceives opportunities to arise and aims to profit from opportunities in financial assets in the major markets using a wide range of trading and investment instruments, including, but not limited to, debt securities and obligations (which may be below investment grade and rated or unrated), listed and unlisted equities, other collective investment schemes (which may be open-ended or closed-ended, listed or unlisted and may employ leverage), currencies, commodities, futures, options, warrants, swaps and other derivative instruments. Derivative instruments may be exchange-traded or over-the-counter.

The Firm provides investment advisory services in respect of a portion of the assets of the Fund in line with the investment objectives, approach and restrictions of the Fund, as described in the Fund's offering documents.

The Fund is a private investment fund organized in a "master-feeder fund" structure outside the United States.

*In relation to the Fund, this Brochure refers to selected information from the Fund's offering documents, but does not provide all the information which a prospective investor would require prior to making an investment in the Fund. Any investment in the Fund should be considered solely on the basis of the information and representations contained in the Fund's offering and subscription documents.*

*This Brochure generally includes information about the Firm and its relationships with its clients and affiliates. While much of this Brochure applies to all such clients and affiliates, certain information included herein applies to a specific client or affiliate only. This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The securities of the Fund are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and other exemptions of similar import under US state laws and the laws of other jurisdictions where any offering may be made. The interests in the Fund are generally offered on a private placement basis to (a) non-US Persons in accordance with Regulation S of the Securities Act, and subject to certain other conditions, which are fully set forth in the offering documents for the Fund and (b) on a private placement basis, pursuant to Section 3(c)(7) of the Investment Company Act of 1940, as amended (the "Investment Company Act"), to US Persons who are "accredited investors" as defined under the Securities Act and "qualified purchasers" as defined under the Investment Company Act, and subject to certain other conditions, which are set forth in the offering documents for the Fund. Persons reviewing this Brochure should not construe this as an offer to sell or solicitation of an offer to buy the securities of the Fund. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.*

### **Assets Under Management**

As at December 31, 2013, the Firm managed on a discretionary basis US\$21,921,905,626 by gross asset value ("GAV") for two client accounts as of that date, the Fund and a separately managed account client. The Firm no longer provides discretionary investment advisory services for such separately managed account client. The Firm continues to provide investment advisory services for the Fund, its single client. The Firm does not manage any assets on a non-discretionary basis. Given that margining, cash management and foreign exchange hedging for the Fund is conducted with respect to the Fund's combined assets and, therefore, cannot be attributed to any particular segregated portion of the Fund's assets, the GAV of the Fund's assets managed by the Firm on a discretionary basis was calculated by first determining the percentage of the Fund's total net assets that is managed by the Firm and then multiplying the Fund's total gross assets by such percentage.

**Item 5: Fees and Compensation**

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**Management Fees**

The Firm is compensated by CIM for the Firm's investment advisory services with respect to the Fund out of management fees calculated by the Fund's external administrator and paid by the Fund from its assets to CML, as the manager of the Fund or to Capula General Partner Limited ("CGPL"), as the general partner of one of the Fund's feeders, as applicable. CGPL passes the fees it receives from the Fund to CML. CML then passes the fees it receives from the Fund and CGPL to CIM, which pays fees to the Firm in respect of the services provided by the Firm with respect to the Fund as agreed upon between CIM and the Firm under the IAA. Investors in the Fund are not additionally charged for the management fees paid by CIM to the Firm. Management fees paid by the Fund are based upon the NAV of the relevant class of each feeder fund during any specified calculation period and are not negotiable, being as set out in the offering documents of the Fund. Capula group's staff and certain other related parties are not subject to management fees in connection with any investments they may have in the Fund's management share class.

Management fees in respect of the Fund range from 1.5% to 2% per annum, generally paid in arrears on a monthly basis, depending on the terms of the Fund and on the particular class within a feeder fund. Management fees are adjusted on a pro rata basis for partial calculation periods.

**Other Fees and Expenses**

Other fees, costs and expenses which the Fund pays in connection with the operation of the Fund and the management and investment management of the Fund include, but are not limited to, the costs and expenses of brokerage and transactions (*see also "Item 12: Brokerage Practices"*) and of the administration of the Fund generally, including, but not limited to, costs and expenses related to custodianship. Details of such other fees, costs and expenses of the Fund are set out in the offering documents of the Fund.

The Firm does not act in any capacity as a broker-dealer, and accordingly, the Firm does not receive any compensation for acting as a broker-dealer.

**Item 6: Performance-Based Fees**

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The Firm is compensated by CIM for the Firm's investment advisory services with respect to the Fund out of performance-based fees or allocations ("performance fees"), as applicable, calculated by the Fund's external administrator and paid by the Fund from its assets to CML as the manager of the Fund or to CGPL, as the general partner of one of the Fund's feeders, as applicable. CGPL passes the fees it receives from the Fund to CML. CML then passes the fees it receives from the Fund and CGPL to CIM, which pays fees to the Firm in respect of the services provided by the Firm with respect to the Fund as agreed upon between CIM and the Firm under the IAA. The performance-based fees paid by the Fund are based upon the appreciation of the NAV of the relevant class of each feeder fund during any specified calculation period. Capula group's staff and certain related parties are not subject to performance-based fees in connection with any investments they may have in the Fund's management share class.

Performance fees in respect of the Fund range from 0% to 25% generally paid annually in arrears, depending on the terms of the Fund and on the particular class within a feeder fund, including in some instances meeting certain high water marks (i.e., no performance fee becomes due unless the NAV exceeds the previous high point reached).

Performance fees are adjusted on a pro rata basis for partial calculation periods.

Performance-based fees may create an incentive for the Firm to make investments that are riskier or more speculative than would be the case in the absence of such arrangement. In addition, performance-based fees may create an incentive for the Firm to favor client products or classes within products which are subject to performance-based fees or to higher performance-based fees than others. The Firm believes that any potential conflicts of interest that arise in charging performance fees are mitigated in that strategies are determined with reference to the Capula group investment committee, without regard to fees, and by utilizing an investment allocation policy designed to treat all accounts fairly and equitably (please see *"Aggregation" and "Allocation" under Item 12 below*).

**Item 7: Types of Clients**

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**The Firm's Client Fund**

As mentioned in Item 4 above, CIM has appointed the Firm to act as investment advisor on a discretionary basis in relation to certain funds and/or accounts for which CIM is investment manager. Currently the Firm provides investment advisory services in respect of a portion of the assets of the Fund, its single client.

The Fund is a private investment fund organized outside the United States, being established with a master-feeder structure in the Cayman Islands. The feeder funds are organized as corporate, limited partnership and trust entities to suit investor preference. The feeder funds contain a number of share, partnership interest or trust unit classes, as the case may be, which also differ as to various matters including currency, minimum subscription, lock-up period, redemption terms and fees. CIM, CML or the Fund may enter into agreements with investors in the Fund's feeder funds, providing such investors with additional terms of investment ("side letters"). For example, side letters entered into with such investors include terms which require notification to the relevant investors of (i) significant changes or events that relate to the business of CIM or CML and/or (ii) the initiation of certain types of legal or disciplinary proceedings. The Fund is not registered under the Investment Company Act, and may or may not be continuously offered.

Minimum subscription levels vary from US\$5 million to US\$150 million (and the equivalent in other currencies), depending on the class selected by an investor, or such lesser amount as the Directors may in any particular case determine. The minimum amount of subsequent subscriptions per investor varies from US\$1 million to US\$10 million (and the equivalent in other currencies), depending on the class invested in, or such lesser amount as the Directors may in any particular case determine. Investors may subscribe on the first business day of each month. Redemptions may generally be made on days varying from the first business day of each calendar quarter at 45 or more calendar days' notice given to the Fund's external administrator, to a day 18 months following the initial subscription at 90 or more calendar days' notice.

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

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**Methods of Analysis and Investment Strategies**

*The descriptions set forth in this Brochure of specific advisory services that the Firm offers to clients, and investment strategies pursued and investments made by the Firm on behalf of its clients, should not be understood to limit in any way the Firm's investment activities. The Firm may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Firm considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies the Firm pursues are speculative and entail substantial risks. Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment strategies the Firm pursues will enable the Fund's investment objectives to be achieved; and investment results may vary substantially over time.*

The Firm uses the following methods of analysis and investment strategies in formulating investment advice and managing assets for the Fund.

The Firm utilizes a combination of relative value and macro strategies. The Firm's investment approach may include the use of leverage, whilst using risk control techniques to seek to protect the capital invested in the Fund. The Firm invests primarily in the most liquid G-7 markets. It seeks to structure a diversified relative value and macro portfolio, subject to pre-defined concentration, liquidity and stop-loss triggers/limits. The Firm may structure the Fund's portfolios to comprise both long and short positions. The Firm has the flexibility to move between strategies and markets as it perceives opportunities to arise and aims to profit from opportunities in financial assets in the major markets using a wide range of trading and investment instruments, including, but not limited to, debt securities and obligations (which may be below investment grade and rated or unrated), listed and unlisted equities, other collective investment schemes (which may be open-ended or closed-ended, listed or unlisted and may employ leverage), currencies, commodities, futures, options, warrants, swaps and other derivative instruments. Derivative instruments may be exchange-traded or over-the-counter.

The Fund is subject to its specific investment objectives, approach and restrictions, as described in the Fund's offering documents.

**Material, Significant or Unusual Risks Relating to the Firm's Investment Strategies**

*The investment strategies the Firm pursues are speculative and entail substantial risks. Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment strategies the Firm pursues will enable the Fund's investment objectives to be achieved; and investment results may vary substantially over time. Investment in the Fund is not intended to be a complete investment program for any investor. Prospective investors should carefully consider whether an investment in the Fund is suitable for them in light of their circumstances and financial resources.*

*Prospective investors should carefully consider the risks of an investment in the Fund, which include, without limitation, those set forth below which are more fully described in the Fund's offering documents. These risk factors include only those risks the Firm believes to be material, significant or unusual and relate to particular investment strategies or methods of analysis employed by the Firm and do not purport to be a complete list or explanation of the risks involved in an investment in the Fund. Please note that prospective investors in the Fund should read and carefully consider the full description of risk factors contained in the Fund's offering documents.*

The Fund's offering documents set out at length for the benefit of investors and potential investors a number of risk factors involved in any investment in the Fund. The Fund's offering

documents also state that if any reader of the offering documents is in any doubt about the contents of the document, they should consult their stockbroker, accountant or other professional adviser. As the Firm's strategies develop and change over time, an investment in the Fund may be subject to additional and different risk factors. The Firm will promptly amend this Brochure if and when any information regarding its investment risks and strategies becomes materially inaccurate.

Both current and prospective investors are warned in the Fund's offering documents to consider, among others, the risk factors listed here. These risk factors are set out in full in the Fund's offering documents and reflect risks involved in the investment strategies pursued by the Firm. The risk factors cover the risks involved in: the administration of subscriptions and redemptions; the availability of investment strategies; borrowing; business risk; concentration of investments; counterparty and related risks including those relating to prime brokers, custodians and other counterparties; credit default swaps; cross class liabilities; currency exposure; debt securities; deferral of redemptions; derivatives; emerging markets; exchange of tax information; forward foreign exchange contracts; general economic and market conditions; the global financial crisis and governmental intervention; highly volatile markets; illiquidity; investment management risk; the investment objective of the Fund; limited US regulation; limited redemption rights in respect of certain investment classes in the feeder funds; liquidity and market characteristics; market disruptions; market liquidity and leverage; net asset value considerations; no netting of performance fees; over-the-counter transactions; price fluctuations; profit sharing; realization of profits and valuation of investments; redemptions – the effect of substantial redemptions; regulatory risks of hedge funds; short selling; inadequacy of class currency hedging; sovereign debt; sovereign risk; speculative position limits; tax considerations; transaction costs; undervalued/overvalued securities; US HIRE Act and compliance with US withholding requirements and US tax-exempt investors.

**Item 9: Disciplinary Information**

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The Firm has not been subject to any legal or disciplinary events that are material to an investor's evaluation of the Firm's advisory business or the integrity of its management.

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

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As mentioned in Item 4 above, CIM has appointed the Firm to act as investment advisor on a discretionary basis in relation to certain funds and/or accounts for which CIM is investment manager. Currently the Firm provides investment advisory services in respect of a portion of the assets of the Fund. The Firm is a commodity pool operator and commodity trading advisor registered with the Commodity Futures Trading Commission ("CFTC") and a member of the National Futures Association ("NFA").

The Firm is affiliated and under common control with other entities, including, without limitation, CIM, an Exempt Reporting Adviser with the SEC, an investment adviser authorized and regulated by the FCA in the United Kingdom, a commodity pool operator registered with the CFTC and a member of the NFA; Capula Investment Japan ("CIJ"), an Exempt Reporting Adviser with the SEC and an investment adviser registered with the Financial Services Agency in Japan; Capula Investment Management Asia Limited ("CIMAL" and together with CIJ and CIM, the "Advisory Affiliates"), an Exempt Reporting Adviser with the SEC and an investment adviser registered with the Securities and Futures Commission in Hong Kong; and CGPL, the general partner of one of the Fund's feeders. The Firm is also affiliated with and indirectly controlled by CML.

The Firm is led by a senior investment professional, Ayman Hindy. Both Ayman Hindy and Piyush Bharti, as well as being portfolio managers for the Firm, are members of CIM and shareholders of CML. CML is the manager of the Fund and CIM is the investment manager for the Fund.

The Firm, its affiliates and their respective personnel serve as investment adviser, investment manager, manager or general partner to multiple pooled investment vehicles and managed accounts. The Firm, its affiliates and their respective personnel may take action or give advice with respect to certain clients and accounts that differs from the advice given to other clients and accounts. The Firm, its affiliates and their respective personnel will devote as much time to the activities of each client or account as they deem necessary and appropriate and the amount of time devoted to different clients and accounts may vary.

The Firm does not act in any capacity as a broker-dealer or a futures commission merchant. The Firm does not recommend or select other investment advisers for its clients.

The Firm keeps potential conflicts of interest under review, including relationships such as those mentioned above, and is not aware of any material conflicts of interest either with the Capula group or concerning any client of the Firm. The Firm seeks to ensure that any conflict of interest of which it is aware is resolved fairly. Other conflicts are more fully described in the Fund's offering documents and Items 6, 10, 11, 12 and 17 of this Brochure.

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

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Potential and actual conflicts of interest may arise from the activities described herein. The Firm has established policies and procedures to monitor and to the extent possible resolve conflicts and will endeavor to resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable to the extent possible under the prevailing facts and circumstances.

The Firm seeks to adhere to the high industry standards of conduct based on principles of professionalism, integrity, honesty and trust. Accordingly, the Firm has in place a Code of Ethics adopted pursuant to the Investment Advisers Act of 1940, as amended (the "Advisers Act") which, along with a Personal Account Dealing ("PAD") policy applicable to all staff, sets out the procedures in place governing personal trading. The Code of Ethics is available to clients or prospective clients upon request (see contact details on the front page of this Brochure) and includes, among other things, provisions to the following effect:

- Interests of clients must at all times be placed first and dealings on behalf of clients must always have priority over staff personal accounts ("PA") dealing.
- Staff are prohibited from taking inappropriate advantage of their positions.
- All PA dealing must be conducted in such manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility.
- All PAD brokerage accounts used by staff and their spouses and dependent children ("related persons") must be disclosed to the Firm.
- Prior approval may be required before a trade can be executed.
- Copies of contract notes and/or monthly statements are received by the Firm.
- PA dealing in breach of insider dealing and/or market abuse legislation is prohibited.
- PA front-running of any trade for Firm clients is prohibited.
- Day trading by staff is prohibited and staff are generally required to hold PA investments for 30 days or longer.
- Staff are subject to limitations on the giving or receiving of gifts and entertainment.
- Staff's outside business activities are restricted and must be pre-cleared with the Firm.
- Prior approval of all political contributions is required.
- Disclosure by staff of confidential information of the Firm and its clients is restricted.

Related persons and staff of the Firm and its Advisory Affiliates may from time to time invest in securities or other financial instruments which may be appropriate for or may fall within client investment objectives and guidelines or which the Firm and Advisory Affiliates may transact for clients. These activities may adversely affect the prices and availability of securities or financial instruments held by or potentially considered for one or more clients. Potential conflicts of interest may arise, such as individuals putting their interests before those of a Firm client or investors in the Fund.

**Item 12: Brokerage Practices**

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**General Arrangements**

The Firm pays brokerage costs for Client Account transactions in respect of execution services received only.

The Firm follows an order execution policy, pursuant to which it takes all reasonable steps to obtain when executing transactions the best possible result for its Client Accounts; taking into account a range of execution factors, including price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order.

The Firm additionally takes into account certain criteria for determining the relative importance of such execution factors, including the characteristics of the client, the characteristics of the transaction, the characteristics of the financial instruments that are the subject of that transaction and the characteristics of the execution venues to which that transaction can be directed.

The Firm therefore selects brokers on the basis of such execution factors and criteria, with particular emphasis being given to price.

The Firm considers different execution venues to enable it to achieve, on a consistent basis, the best possible result for the execution of client orders. The Firm may sometimes choose to pass an order to a broker or dealer for execution on its behalf, in which case the Firm will either determine the execution venue itself, or the Firm will satisfy itself that the broker has arrangements in place to enable the Firm to achieve best execution. In such circumstances, the Firm will select the broker or dealer on the basis of a number of factors, including speed, likelihood of execution and settlement, size and expertise.

The Firm's investment approach involves the use of quantitative techniques when deciding upon instruments to be traded for the Fund. Such techniques generally involve the use of published data rather than qualitative techniques such as the use of research notes and opinions. The Firm does use research, but the majority of this is generated internally. External research is generally sourced as needed through the appointment of selected, non-broker, recognized research providers and is treated as a Fund expense as set out in the respective offering documents or investment management agreement as applicable.

**Soft Dollars**

The Firm does not currently use "soft dollars", i.e., a client's trading activities being used to purchase research services or products that would otherwise have been an expense of the Firm. In the event that the Firm does use "soft dollars", it intends to keep any such arrangements within the parameters of Section 28(e) of the Securities Exchange Act of 1934, as amended.

**Directed Brokerage**

The Firm may from time to time select brokers in accordance with a client's instructions (e.g., approved brokers list or directed brokerage arrangements). In these circumstances, it shall be the client's responsibility for evaluating such brokers. The Firm will seek to obtain best execution while complying with the client's instructions to the extent possible.

**Aggregation**

The Firm may, but is not required to, aggregate trades for its clients (or together with client accounts advised or managed by its Advisory Affiliates) in order to achieve a fair and equitable result between different client accounts for which the same trade is suitable at the

same time. The Firm's portfolio managers retain the discretion as to whether and when to aggregate trades. There may be times where more than one portfolio manager is placing a trade order for the same instrument and such trades are not aggregated. In any case, no trades shall be aggregated unless it is unlikely that the aggregation of trades will work overall to the disadvantage of any client whose trade is to be aggregated.

**Allocation**

As mentioned above, the Firm currently provides investment advisory services in respect of a portion of the assets of the Fund, its single client. The Firm may provide discretionary investment advice to more than one client account that may seek to invest in the same investment opportunities. Additionally, the Advisory Affiliates may provide investment advice to more than one client account that may seek to invest in the same investment opportunities as the Firm's clients. This will create potential conflicts and potential differences among client accounts, particularly where there is limited liquidity in those investments. The Firm and its Advisory Affiliates have developed internal policies and procedures so as to avoid favoring one client account over another. The policy addresses when the Firm should aggregate trades between different client accounts, how the Firm should ensure the fair and equitable allocation of trades which may have been aggregated, and the overall requirement for the Firm to effectively manage conflicts of interest between the client accounts in connection with the aggregation and allocation of trades.

The Firm may determine that a particular investment opportunity or trade is appropriate for one client account, but not for another client account, or is appropriate for or available to one client account but in different sizes, terms, or timing than is appropriate for another client account. Where portfolio managers determine to execute an aggregated trade they are required where practicable to aggregate and allocate such trades between such client accounts at the time of execution, in line with the portfolio managers' discretion as to what ratio is appropriate for each such client account's strategy at such time, including, but not limited to, the ratio of respective capital allocations of such client accounts pro rata to one another.

Although allocating trade orders among client accounts may create potential conflicts of interest because of the interests of the Firm or its staff or because the Firm may receive greater fees or compensation from one client account over another, the Firm will not make allocation decisions based on such interests or greater fees or compensation. Allocation among client accounts in any particular circumstance may be more or less advantageous to any one client account. In addition, transactions in investments by multiple client accounts may have the effect of diluting or otherwise impairing the values, prices or investment strategies of an individual client, particularly, but not limited to, in less liquid investments. The Firm recognizes that conflicts may arise under such circumstances and will endeavor to treat all clients fairly and equitably.

**Item 13: Review of Accounts**

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The Firm is represented by its portfolio managers Ayman Hindy and Piyush Bharti at the weekly investment committee meeting organized by CIM for the Capula group. The investment committee, which also includes members of the Capula group's risk team, reviews the trading and investment positions of the Fund Account. In addition, CIM reviews Fund Account positions on a daily basis and applies risk management limits to the Fund Account which it monitors daily. The Firm also reviews the positions in the Fund Account on a daily basis.

CIM reports to the independent board of directors of the Fund on a quarterly basis. These reports cover the whole of the Fund, including the CIUS-managed portion, and include Fund performance and risk profile, investors, fund administration, prime broker performance, analysis of risk and return drivers during the period in question, major asset allocation changes and benchmark analysis as well as a review of any trading or operational factors.

CIM sends to the Fund's board of directors a monthly report including a commentary on the Fund's portfolio and performance and on the market; and which analyzes the portfolio's risk and return characteristics, including the portion of the portfolio in respect of which the Firm provides investment advice.

The Capula group arranges for the annual report and the audited financial statements of the Fund generally to be sent to Fund investors following their completion within 120 days of the Fund's fiscal year end.

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

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The Firm is not remunerated by any party other than by CIM for the Firm's investment advice provided to the Fund under the IAA between CIM and the Firm, as set out in Item 5 above.

The Firm receives no economic benefit from non-clients for providing investment advice or other advisory services to its clients, whether directly or indirectly.

The Firm does not act in any capacity as a broker-dealer, and accordingly, the Firm does not receive any compensation for acting as a broker-dealer.

The Firm does not utilize third-party placement agents that receive compensation.

The Firm's Advisory Affiliates may from time to time utilize third-party placement agents that receive compensation, which may be borne by such affiliates or by the investor, for referring investors to investment vehicles managed or advised by the Firm or such Advisory Affiliates. The Firm or its affiliates may benefit from the arrangements where investors are referred directly to the Fund, since the management fees paid by the Fund are generally based upon the NAV of the relevant class of a feeder fund.

**Item 15: Custody**

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The Firm is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule") with respect to the Fund. However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to the Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that the Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that the Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

The Fund has appointed The Bank of New York Mellon, London Branch, HSBC Bank plc and State Street Bank and Trust Company as custodians to provide custody services for the Fund assets.

The Fund's appointed prime brokers are Barclays Bank PLC, Barclays Capital Inc., Barclays Capital Securities Limited, Credit Suisse Securities (Europe) Limited, Credit Suisse Securities (USA) LLC, Merrill Lynch International, Merrill Lynch, Pierce, Fenner & Smith Incorporated, and UBS AG, London Branch. The prime brokers' terms of appointment include custodian services as part of the prime brokerage terms, although the three custodians listed at the start of this section provide the majority of such services.

**Item 16: Investment Discretion**

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As mentioned in “Item 4: Advisory Business” above, the Firm has discretionary authority to provide investment advisory services to the Fund. The Firm provides such investment advisory services under the terms of the IAA granting it such authority, and in line with and subject to the applicable investment objectives, approach and restrictions of the Fund as described in the Fund’s offering documents.

**Item 17: Voting Client Securities**

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The Firm may be in situations that require security holders meetings and accordingly has in place a proxy voting policy and procedures, which, together with information as to how the Firm voted, are available to clients or prospective clients upon request (see contact details on the front page of this Brochure). All proxies sent to the Fund that are actually received by the Firm (to vote on behalf of the Fund) will be forwarded to the Firm's compliance officer. A written record of each proxy received by the Firm (on behalf of the Fund) will be kept in the Firm's files. Prior to voting any proxies, the compliance officer will determine if there are any conflicts of interest related to the proxy in question in accordance with the general guidelines in the Firm's compliance manual. If a conflict is identified, the compliance officer will then make a determination (which may be in consultation with outside legal counsel) as to whether the conflict is material or not.

The Firm will not consult with its clients before exercising any vote, but will always seek to vote in a manner that it determines to be in the best interests of such clients pursuant to the Advisers Act Rule 206(4)-6.

**Item 18: Financial Information**

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The Firm does not require or solicit prepayment of any type of client fees in advance. The Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.