

Form ADV Part 2A: Firm Brochure
Item 1 – Cover Page



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This Brochure on Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of Rotella Capital Management, Inc. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer, Milton K. Buckingham, at (312) 467-2714 or Milt.Buckingham@rotellacapital.com, or our Compliance Officer, Sheila Powers, at (425) 213-5747 or Sheila.Powers@rotellacapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Rotella Capital Management, Inc. also is available at the SEC’s web site www.adviserinfo.sec.gov.

We are a registered investment adviser with the SEC. Our registration as an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, is information you may use to evaluate us in your decision to hire us or to continue to maintain an advisory relationship.

This Brochure does not constitute an offer to sell or the solicitation of an offer to purchase any interests in any collective investment funds, or other advisory service that may be referred to in this Brochure. Any such offer or solicitation will be made solely to qualified investors by means of an offering memorandum or other documentation.

Please also refer to the Brochure Supplements on Form ADV Part 2B, which generally accompanies this Brochure or is available from the Adviser upon request. The Brochure Supplements provide information regarding our “supervised persons”, as defined.

Item 2 – Material Changes

This section of the Brochure addresses only those material changes which have been incorporated since our last filing of this Brochure on the SEC's public disclosure web site (IAPD), www.adviserinfo.sec.gov, which filing was dated 1 April 2013.

Those changes include:

1. Updating our “regulatory assets under management” figure (see Item 4 – Advisory Business).
2. Minor Updates to our current fee and expense policies, including adding disclosure regarding our valuation policy (see Item 5 – Fees and Compensation).
3. Minor updates to the summary of risk factors applicable to an investment with the Adviser (see Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss).
4. Updating the description of our current business affiliates and their activities (see Item 10 – Other Financial Industry Activities and Affiliations).
5. Updating certain matters related to our current brokerage and trading practices (e.g., best execution, soft dollars, principal and cross transactions, and directed brokerage) (see Item 12 – Brokerage Practices).
6. Minor updates to our proxy voting policy (see Item 17 – Voting Client Securities).

In addition, this Brochure contains other minor wording or updating changes from the prior filing, which are not summarized in this section.

We believe that communication and transparency are of the utmost importance and continually strive to provide clients and investors with complete and accurate information at all times. We encourage all current and prospective clients and investors to read this Brochure and to discuss with us any questions that may arise.

We may, at any time, update this Brochure and either send a copy or offer to send a copy to you (either by e-mail or in hard copy form).

If you would like another copy of this Brochure, please download it from the SEC web site as indicated above, or you may contact our Client Relations Manager, Nicki Northcott, at (425) 213-5700, or investments@rotellacapital.com. The SEC's web site also provides information about certain persons affiliated with the Adviser.

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Item 4 – Advisory Business

GENERAL INFORMATION

Rotella Capital Management, Inc. (the “**Adviser**”, “**we**” or “**our**”) was organized and began business as a Nevada corporation in April 1995. The Adviser was established to provide clients with exceptional risk adjusted returns in global markets using quantitative strategies. The Adviser has evolved from a one product commodity trading advisory firm (CTA) into a multi-dimensional enterprise offering various strategies and products involving futures, equities, and related instruments to institutional, high net worth, and professional investors.

The Adviser is registered as an investment adviser under the United States Investment Advisers Act of 1940, as amended (the “**Advisers Act**”); this registration became effective in December 2012. The Adviser also is registered with the United States Commodity Futures Trading Commission (“**CFTC**”) as a commodity pool operator and as a commodity trading advisor, and is a member of the National Futures Association (“**NFA**”) in such capacities, and is an NFA approved swap firm. Its registration as a commodity pool operator and commodity trading advisor became effective in July 1996, and its membership in the NFA became effective in October 1996. The sole owner of the Adviser is The Robert Philip Rotella Living Trust, whose trustee and sole beneficial owner is Robert P. Rotella, the Adviser’s founder, Chief Executive Officer, and Chief Portfolio Manager.

The Adviser is based in Bellevue, Washington, with an office in Chicago, Illinois. The Adviser’s Bellevue office address is located on the cover page of this Brochure. The Adviser’s Chicago office address is 300 North LaSalle Street, Suite 2000, Chicago, Illinois 60654; telephone: (312) 467-2700.

ADVISORY SERVICES PROVIDED

The Adviser provides discretionary investment management services to a limited number of sophisticated clients. Clients may include separately managed accounts of institutional, high net worth, and professional clients that are managed by the Adviser (“**Managed Accounts**”), or privately offered collective investment funds offered to qualified investors that are formed and managed by the Adviser (“**Funds**”). Funds and Managed Accounts may collectively be referred to in this Brochure as “**Clients**” or “**Accounts**”. The Adviser also manages the proprietary or personal trading accounts of the Adviser, its principal, and his affiliates, via investments in Managed Accounts or in Funds (“**Adviser Related Accounts**”). The Adviser also presently owns and operates certain subsidiary or joint venture investment management entities that pursue separate research, investment strategies and programs, and shares certain personnel and resources with these entities. These other entities may or may not be registered as investment advisers with the SEC or in other capacities.

The Adviser provides advisory services to limited types of investments, as described below and in this Brochure generally. Throughout its history, the Adviser’s investment strategies employed for its clients have emphasized systematic trading programs that are designed to capitalize on price anomalies in global futures, foreign exchange, and other commodity markets (collectively, “**futures**”). The Adviser may offer investment strategies that utilize systematic trading programs in a wide variety of equities and other securities in the United States and globally. Investment strategies may involve trading in securities exclusively, or a combination of securities and futures. The Adviser’s investment strategies and programs that employ securities (in whole or in part along with futures) are sometimes referred to

in this Brochure as the “**Programs**”. For information regarding the Adviser’s investment strategies that employ futures exclusively, please contact the Adviser.

Each Program may have different investment objectives and may employ different investment methodologies and parameters, as the Adviser determines. The Adviser does not tailor its advisory services to the needs of individual Clients, although the Adviser may agree to certain investment guidelines for a Managed Account that Clients may propose. The Adviser generally does not offer non-discretionary investment management services, all services being discretionary, nor does the Adviser participate in wrap-fee programs.

As of 28 February 2014, the Adviser managed approximately \$86,596,000 in securities “regulatory assets under management”, as defined, which assets consist exclusively of Adviser Related Accounts. This figure does not include assets that are not considered securities portfolios, nor does it include approximately \$98,659,000 in securities regulatory assets under management of the Adviser’s affiliate, Rotella Acrospire LLC.

Item 5 – Fees and Compensation

FEE SCHEDULE

The Adviser may receive compensation for its services to Clients in the form of asset-based management fees (“**Management Fees**”) or performance-based incentive fees or allocations (“**Performance Fees**”), which are payable by the Client. Management Fees and Performance Fees may collectively be referred to in this Brochure as the “**Fees**”.

The Adviser’s standard Fees are summarized below. The specific Fees applicable to a particular Managed Account or Fund are described in the investment management agreement in the case of a Managed Account (“**Advisory Agreement**”) or in the confidential offering memorandum in the case of a Fund (“**Offering Memorandum**”). Fees generally are not negotiable; however, the Adviser reserves the right to charge certain Clients or investors Fees that are higher, lower, or different than the following standard Fees or the stated Fees for a particular Managed Account or Fund, with the consent of the Client or investor. Fees may be waived or reduced for Adviser Related Accounts or investments by the Adviser’s employees and affiliates.

Management Fee. Management Fees are generally equal to a percentage of the Net Asset Value of the Client’s Account as of the end of each month, prior to reduction for the Performance Fee, accrued and payable monthly in arrears. Management Fees will equal 2% of Net Asset Value on an annual basis. In the event that assets are withdrawn or redeemed from the Account during the month, the Management Fee will be pro-rated. Management Fees are payable regardless of whether trading for the Client’s Account is profitable.

For purposes of calculating the Management Fee, “**Net Asset Value**” generally means total assets, including all cash and cash equivalents, accrued interest, and the market value of all open positions maintained in the Client’s Account, less all liabilities of the Account, inclusive of brokerage commissions, other transaction charges, and custodial and interest expenses, and will be determined in accordance with accounting principles generally accepted in the United States. Alternatively, the Management Fee for certain Managed Accounts that incorporate futures trading may be charged based on the “nominal account size” of the Account (i.e., the exposure level at which the Adviser may trade the Account, which may be greater than the Net Asset Value or cash equity in the Account).

Performance Fee. Performance Fees are generally equal to a percentage of the New Net Profits (or such similar term), if any, in the Client’s Account during each “**Performance Period**”, accrued and payable as of the end of each Performance Period. Performance Fees will equal 20% of New Net Profits, and the “**Performance Period**” means each calendar quarter, or earlier to the extent that assets are withdrawn or redeemed from the Account on a date earlier than quarter-end. For any Performance Period, “**New Net Profits**” generally means the sum of all realized and unrealized profits and losses, minus the sum of Management Fees and all other expenses. The Performance Fee will be subject to a “high water mark”, in that all cumulative net trading losses must be recouped and new trading highs achieved before a Performance Fee is again payable in any Performance Period.

If a Client pays a Performance Fee to the Adviser for a Performance Period, and the Client incurs trading losses for a subsequent Performance Period, the Adviser will retain the amount previously paid. Therefore, the Adviser may be paid a Performance Fee during a year in which the Client overall incurred

net trading losses. The Performance Fee will be based on unrealized, as well as realized, trading gains. There can be no assurance that such gains will, in fact, ever be recognized or that the Account will be profitable.

For a Managed Account, the Adviser generally will invoice the Client for its Fees (which, upon the Client's approval, may be deducted from the Account or paid outside the Account by the Client), while for a Fund, the Fees generally will be deducted directly from the Fund as directed by the Adviser to the Fund's administrator. Fees generally are payable in arrears after the close of the applicable period.

ADDITIONAL FEES AND EXPENSES

The Fees payable to the Adviser do not include all the fees and expenses that a Client may pay for the trading of the Managed Account or Fund. Depending on the Account and Program, such fees and expenses may include brokerage commissions, spreads and other transaction fees, custodial fees, administrative fees, accounting, audit and legal fees, interest charges, and wire transfer and electronic fund processing fees, among others that may be incurred. These fees or expenses are charged by third parties, such as the broker or custodian for the Managed Account or Fund, and typically are deducted from the Managed Account or Fund directly by the service provider charging the expense (such as a broker) or in the case of a Fund, by the Fund's administrator and paid over to the service provider. The Adviser does not receive, directly or indirectly any of these other fees or expenses charged to Clients by third-parties. However, the Adviser may receive certain products and services from brokers on a "soft dollar" basis in connection with the execution of Client portfolio transactions with such brokers. See Item 12 – Brokerage Practices.

In addition to the Fees, as agreed with the Client, the Adviser may charge the Client with certain operating expenses of the Adviser, such as the Client's pro rata share of data feed costs, trade execution technology costs, market data costs, and other similar expenses incurred by the Adviser in the management of Client Accounts. As agreed with the Client (generally limited to Managed Accounts), the Adviser also may charge the Client a fee for the early withdrawal of funds from the Client's Account. Any such "early withdrawal fee" generally will be paid to the Adviser for the benefit of other designated Client Accounts (such as a Fund), to compensate such other Client Accounts for the detrimental effect of the early withdrawal on such other Client portfolios, if any.

In addition, neither the Adviser nor any of its employees receive (directly or indirectly) any compensation from the sale of securities or investments that are purchased or sold for a Managed Account or Fund, or any compensation for selling interests in Funds to investors or for the referral of Managed Account Clients. The Adviser may engage the use of third party solicitors or selling agents. See Item 14 – Client Referrals and Other Compensation.

ADDITIONS, WITHDRAWALS, AND REDEMPTIONS

Clients and investors will be able to add to, or withdraw or redeem their funds from, the Account in which they are invested, periodically upon written notice according to the terms set out in the Advisory Agreement or Offering Memorandum, as applicable. The terms of a Fund may impose substantial restrictions on the ability of an investor to withdraw or redeem funds. Market or other exigencies also may delay a Client's or investor's withdrawal or redemption, or receipt of funds.

ACCOUNT VALUATION

Any specific standards and methodologies for valuing an Account (and the portfolio positions and other assets in that Account) will be described in the Advisory Agreement or Offering Memorandum, as applicable, or other documentation, and may differ from Account to Account. For Accounts in which the Adviser retains final responsibility for valuations (e.g., for a Fund), the Adviser will utilize, or will direct its agents (such as the Fund's administrator) to utilize, recognized third-party pricing sources, including brokers, exchanges and data providers (such as Bloomberg or Reuters) for valuations. It should be noted that the Programs generally are limited to trading and investments in securities and other instruments that are exchange-listed or otherwise capable of ready valuation by third-party sources; the Adviser generally does not trade in private placements or other difficult to value securities for its Clients.

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

The Adviser may receive performance-based compensation in the form of Performance Fees as disclosed in Item 5 – Fees and Compensation, above. The Performance Fee may provide an incentive for the Adviser to engage in more speculative investment strategies and programs in an effort to maximize return. The Performance Fee is based on New Net Profits during the relevant Performance Period, calculated as described generally in Item 5 above. Consequently, the Client may pay a Performance Fee for one or more periods (such as a calendar month or quarter) even while incurring an overall loss for a longer period (such as the calendar year). Different Accounts may have different Performance Fee terms (or potentially no Performance Fee at all), which may give the Adviser an incentive to favor certain Accounts over others, although the Adviser will endeavor to treat all Clients fairly in its management of their Accounts.

Item 7 – Types of Clients

The Adviser's Clients may include private investment funds, institutions, family offices, professional investors, high net worth individuals, pensions, foundations, and endowments. In general, investors in Funds are required to be financially sophisticated and qualify, at a minimum, as "accredited investors" and "qualified clients" under applicable securities laws (in addition to other standards, including standards that may be required by other applicable regulatory authorities, such as the CFTC). Managed Account Clients that are charged Performance Fees will be required to qualify, at a minimum, as "qualified clients". The Adviser does not currently accept "retail" public Clients or investors.

MINIMUM INVESTMENT AMOUNTS

The minimum equity (e.g., cash or marketable securities) required to open a Managed Account will depend on the Account and the Program, and will be agreed upon by the Client and the Adviser. The minimum cash amount required for investment in a Fund will be described in the Offering Materials. Minimum investment requirements are subject to change at any time. The Adviser reserves the right, in its discretion, to waive or modify any stated minimum required to open a Managed Account or invest in a Fund, or to decline to accept an investment from a Client or investor.

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

ANALYSIS AND INVESTMENT STRATEGY

The following describes in general terms the Adviser's Programs, some of which may currently be offered to Clients or Investors. For information regarding the Adviser's investment strategies and programs that utilize futures only (and not securities in whole or in part), please contact our Client Relations Manager, Nicki Northcott, at (425) 213-5700, or investments@rotellacapital.com.

The following description is qualified in its entirety by any specific disclosures regarding a particular Program that may be contained in other documentation (e.g., applicable Fund Offering Memorandum).

General

The Adviser employs quantitative trading methodologies that are implemented with industry leading technologies. The Adviser houses an active research effort that leverages the firm's established research protocols, expansive market and economic data on global assets, a robust R&D platform, and high speed execution infrastructure.

The Adviser's supposition is that fundamental, cyclical, and emotional factors that influence markets can be observed using quantitative techniques, and that markets periodically exhibit non-random behavior, which can be exploited for investment gain. Because price patterns can be fleeting or opaque to the discretionary investor, the Adviser believes that the most consistent investment methodology for generating compelling returns across global markets combines quantitative trading models, efficient portfolio management, disciplined risk management, and the innovative use of technology.

Daily investment activity in all Programs is systematic in nature. Trading orders are generated and executed via a proprietary straight through processing (FIX) trade infrastructure. Sophisticated execution enhancement algorithms are programmed into the order management system to enhance execution efficiency using intraday time, price, and volume data. There is no discretion utilized by the Adviser's trading staff in the day-to-day trade execution process, absent extraordinary circumstances (e.g., due to market disruptions or technology issues). However, certain Programs may employ discretionary overlays regarding model selection, portfolio construction, and leverage, among other things.

Risk management is an integral component of investment management and the cornerstone of the Adviser's investment philosophy. One of the primary attributes to using quantitative investment methodologies is the ability to construct models using objective measures and test such models using a variety of data and stress testing techniques. These processes are designed to enable the Adviser to measure actual performance against theoretical expectations resulting in an objective analysis of results. Additionally, systematic risk management tools are imbedded in the trading method and regulate position exposures based on predetermined constraints.

Programs

The Programs generally will employ systematic trading approaches using quantitative models developed from technical and statistical data analyses, which are designed to identify and capture profits from price patterns and anomalies. At any given time, the Adviser may determine to offer one or more

Programs for investment by Clients. The specific Programs offered may change over time, and a Program may be added or discontinued at any time. It is expected that the Adviser or its principal generally will invest in these Programs alongside Clients (via investments in Managed Accounts or in Funds).

The Programs may trade in investment instruments across a wide variety of market groups including, but not limited to, individual equities, equity indices, interest rates, currencies, energies, metals, agricultural, and other markets in the United States and globally. Investment instruments may be traded on exchanges and markets (including electronic communications networks) in the United States and globally. Programs may be designed to have varying degrees of correlation to the broader markets.

The Programs may employ a variety of styles or approaches (including one or more styles or approaches within a single Program), including but not limited to, momentum, directional, trend-following, counter-trend, mean reversion, pairs trading, statistical arbitrage, relative value, long/short, cycle forecasting, digital signal process, and dynamic asset class or sector allocation. The Programs may trade in a wide variety of securities, such as individual equities, equity indexes, exchange-traded funds, sovereign and corporate debt securities, and options and swaps on securities. The Programs also may trade futures, and other derivative instruments, for hedging or for speculative purposes, or may employ securities exclusively. There typically will be no limit to the proportion of a Program's assets allocated to trading in securities or futures. Although most markets will be highly liquid under normal conditions, certain markets invested in by a Program may be more thinly traded in general or under certain market conditions.

The Programs also may employ different holding periods and time horizons, or other parameters. Different Programs may focus on different markets or investment instruments, or utilize different leverage, diversification, or volatility targets, or long or short biases. The Programs may trade securities using margin financing from its clearing brokers or other sources of borrowing, to the maximum extent permitted by the brokers and applicable law; securities also may be traded on an "unleveraged" basis.

For More Information

For information regarding the specific Programs or other investment strategies and programs currently offered by the Adviser, if any, please contact our Client Relations Manager, Nicki Northcott, at (425) 213-5700, or investments@rotellacapital.com.

RISK OF LOSS GENERALLY

All investments in securities and other investments include a risk of loss of your principal (invested amount) and any profits that have not been realized (i.e., where the securities were not yet sold to "lock in" the profit). Stock and bond markets fluctuate substantially over time, and prices may be volatile. There is a risk of loss of the assets the Adviser manages, and the Adviser cannot guarantee any level of performance or that you will not experience a loss of your assets.

RISK FACTORS

Depending on the specifics of the Program, the Adviser may direct trading for its Clients in a wide variety of securities, including equities and debt instruments, as well as derivatives (including swaps and futures contracts). Each prospective Client or investor must carefully assess the risks of trading in securities and other instruments before determining whether to invest with the Adviser in one or more Programs. A summary of certain general material risks relating to the Programs and to investing in securities and other investment instruments is provided below; the following is not necessarily a description of all possible risks. In relation to an investment in a Fund, please refer to the Fund's Offering Memorandum for a discussion of the specific material risks of investing in the Fund, which may differ from Fund to Fund.

The Programs are Speculative and Entail Substantial Risks. All investment and trading activities risk the loss of capital. No assurance can be given that your investment objective will be achieved or that performance will be positive over any period of time. Certain of the Programs may, now or in the future, use leverage, engage in short sales and derivative transactions, maintain concentrated portfolios, invest in thinly traded securities, or pursue other speculative and risky strategies. You may experience a total loss of your investment or, in certain circumstances, a loss in excess of your total investment from investing in a Program. The Programs are not necessarily designed as a complete investment program for any given Client or investor.

Confidential Investment Strategies. The Programs utilize proprietary and confidential investment strategies that are based on considerations and factors that are not fully disclosed to Clients. The Adviser generally uses investment strategies that differ from, and involve greater risk and expense relative to, those typically utilized by traditional managers of portfolios of stocks and bonds. These strategies may involve risks that are not anticipated by the Adviser.

Limited Securities Advisory History. While the Adviser and its principal have experience managing Client funds using futures, as of the date of this Brochure, the Adviser and its principal have not previously managed third-party Client funds using securities. Nevertheless, the Adviser has managed and currently manages Adviser Related Accounts in securities, including for the purpose of testing certain investing strategies in anticipation of possibly offering such strategies to Clients. There can be no assurance that the specific trading strategies utilized by the Adviser will produce profitable results, nor can it be assured that the results achieved by the Adviser and its affiliates trading their own capital in securities can be reproduced for Clients. The Adviser's Programs are continually evolving, and the fact that the Adviser has traded successfully in the past does not mean that it will do so in the future.

Leverage. The Programs, by virtue of the significant degree of leverage typically embedded in derivative instruments as well as the potential use of margin borrowing to finance investments in securities, may trade on a leveraged basis. In order for the Account to be profitable, its returns must exceed its interest expenses incurred from any margin borrowing. Furthermore, losses incurred on the Account's leveraged investments will be increased in magnitude in direct proportion to the degree of leverage used, and may exceed the amount of capital invested.

Investment in Equity Securities; Undervalued Companies. The Programs may take long and short positions in common stocks, preferred stocks and convertible securities of U.S. and non-U.S. issuers. Equity positions may be taken in small and medium capitalization companies, with limited operating

histories and financial resources. Equity securities fluctuate in value, often based on factors unrelated to the value of the issuer of the securities, and such fluctuations can be pronounced. The level of volatility in portfolio holdings also may be increased to the extent the market moves in a manner not anticipated by the Adviser. Additionally, the Adviser may invest in securities that it considers undervalued. These securities may be issued by companies in financial distress from which there can be no assurance that they will recover. In the event of an economic downturn, many companies in “turnaround” situations are likely to fail, causing their securities to become worthless.

Substantial Use of Swaps, Futures and Other Derivatives. The Adviser may also make extensive use of derivatives in its trading, including, but not limited to, swaps, futures, options, and forward contracts, particularly in certain Programs. Derivatives often carry a high degree of embedded leverage and, consequently, are highly price sensitive to changes in interest rates, government policies, economic forecasts, and other factors which generally have a much less direct impact on the price levels of the underlying instruments. Derivative instruments may be subject to various types of risk, including market risk, liquidity risk, the risk of non-performance by the counterparty (including risks relating to the financial soundness and creditworthiness of the counterparty), legal risk, and operations risk.

The Adviser may engage in a substantial amount of swap, futures, forward, and options trading, both for speculative and for hedging purposes. Swap, futures, forward, and options trading involves certain risks which trading in the underlying instruments alone does not. For example, interest rates and market volatility affect futures and option values, and options have limited life spans and may expire worthless despite the underlying position becoming profitable soon thereafter.

Risks Related to Non-U.S. Securities. The Adviser may invest in the securities of non-U.S. companies. Prospective Clients should understand and consider carefully the greater risks involved in investing internationally. Investing in the securities of non-U.S. issuers, positions which generally are denominated in foreign currencies, involve both opportunities and risks not typically associated with investing in the securities of U.S. issuers. These include: fluctuations in exchange rates of foreign currencies; possible imposition of exchange control regulation or currency restrictions that would prevent cash from being brought back to the United States; less public information with respect to issuers of securities; less governmental supervision of exchanges, securities brokers, and issuers of securities; difficulties in obtaining and enforcing a judgment against a foreign issuer; different accounting, auditing, and financial reporting standards; different settlement periods and trading practices; less liquidity and frequently greater price volatility in foreign markets than in the United States; imposition of foreign withholding and other taxes; and sometimes less advantageous legal, operational, and financial protections applicable to foreign sub-custodial arrangements.

The cost of investing in the securities of non-U.S. issuers can be higher than the cost of investing in U.S. securities. Investments in securities denominated in foreign currencies also involve the additional cost of converting currencies upon the purchase and sale of such securities.

Reliance on Adviser. Clients and investors will have no authority to make investment decisions for their Accounts. The authority to make all investment decisions is delegated to the Adviser. The Adviser’s operations are substantially dependent upon the skill, judgment, and expertise of Mr. Rotella and the other Portfolio Managers of the Adviser. In the event of the death, disability, departure, or insolvency of either Mr. Rotella or other Portfolio Managers, the investment performance of the Client’s Account

could be adversely affected. Mr. Rotella and the Adviser's other Portfolio Managers will devote such time and effort as they deem necessary for the efficient conduct of the business of the Adviser.

Increase in Assets and Competition May Make Profitable Trading More Difficult. The more equity the Adviser manages, the more difficult it may be for the Adviser to trade profitably because of the difficulty of trading larger positions without adversely affecting prices and performance. Accordingly, such increases in equity under management may require the Adviser to modify its trading decisions, which could have a detrimental effect on your investment.

In addition, in recent years there has been increased competition for unique investment strategies and ideas, with more investors and traders entering the marketplace than ever before. This increased competition may mean less opportunity for profit than in a less competitive market environment.

Different Business Terms with Different Clients or Investors. In its discretion, the Adviser may offer different terms to certain Clients and investors (including but not limited to, related persons of the Adviser) than those described in this Brochure or offered to other Clients and investors, including through "side letters" with investors. Special terms may relate to fees, withdrawal/redemption rights, transparency of information, or other terms. Clients and investors will not necessarily be notified of these arrangements or have the right to participate in or consent to such arrangements. In any event, the Adviser will endeavor to treat all Clients and investors fairly.

Counterparty Risk. Client Accounts will be subject to the risk that the brokers and counterparties with which, and the exchanges on which, they execute transactions or carry positions may default. The default by an exchange, clearinghouse, or counterparty with or through which an Account trades could result in material losses. This is particularly true in the case of over-the-counter (non-exchange listed) instruments generally, such as swaps, to the extent such swaps are not subject to a central clearing requirement. As of the date of this Brochure, most of the swaps traded by the Adviser for the Programs are not cleared and do not feature the same regulatory or customer funds protections as do exchange-listed and cleared instruments.

The enforcement of a Client's rights under any counterparty agreement(s) may be prevented or rendered more difficult or subject to delay as a result of mandatory provisions of any applicable insolvency regime. In the event of the insolvency of any counterparty, the counterparty or its bankruptcy trustee may seek to interfere with the disposition of any of the Client's assets in the Account.

Program Risks. The Adviser's trading decisions are based on trading strategies which utilize the mathematical analysis of past price behavior. The future profitability of these strategies depends upon the ability of future price action to not be materially different from the past. The Adviser may incur substantial trading losses during periods when the markets behave substantially different from the period in which the Adviser's models are derived. In addition, the Adviser's approach may be similar to that used by other traders in the future. At times the use of the Adviser's approach by other traders may result in many traders attempting to initiate or liquidate positions in a market at or about the same time which could affect the execution of trades and the Adviser's ability to generate profits.

There can be no assurance that the specific trading strategies the Programs utilize will produce profitable results, and the past performance of trading strategies is not necessarily indicative of their future

profitability. Profitable trading is often dependent on anticipating trends or trading patterns. Markets subject to random price fluctuations, rather than defined trends or patterns, may generate a series of losing trades. There have been periods in the past when the markets have been subject to limited and ill-defined price movements, and such periods may recur. Any factor which may lessen major price trends (such as governmental controls affecting the markets) may reduce the prospect for future trading profitability. Any factor which would make it difficult to execute trades, such as reduced liquidity or extreme market developments resulting in limit moves, could also be detrimental to profits. The best trading strategy, whether based on fundamental or technical analysis, will not be profitable if there are no trends of the kind it seeks to follow. No assurance can be given that the techniques and strategies utilized by the Programs will be profitable.

New Investment Strategy Risks. While the Adviser might develop new investment strategies for the Programs in the future, any such strategies may not be thoroughly tested before being employed and may not, in any event, be successful. Were the Adviser to attempt to implement new strategies for a Program, the risk/return characteristics of the Program could be altered. The Programs can only be successful if the Adviser is able to trade successfully, and there can be no assurance that this will be the case.

The Adviser is not limited in trading to any specific instruments or markets or to any specific investment strategies. The Adviser may in the future apply its existing and new strategies in new markets at any time. As such, and also given the evolving nature of the investment markets, Clients and investors should anticipate that the Adviser's future activities may be somewhat broader than, and therefore different from, those engaged in by the Adviser to date. Consequently, the Adviser's past performance record and trading activities may not necessarily be indicative of its performance record or trading activities in the future.

Limits on Ability to Access Client or Investor Funds. The terms of certain Accounts, particularly in the case of a Fund, may impose limitations or restrictions on a Client's or investor's ability to withdraw or redeem its capital from the Account. Clients or investors may not always have ready access to their funds, due to the terms of the Account, or due to other exigencies, such as market disruptions or illiquidity events. Accordingly, Clients and investors should invest only risk capital with the Adviser.

Inadequate or Flawed Models. The Adviser's trading is highly model driven, and is subject to possible flaws in the models. As market dynamics (for example, due to changed market conditions and participants) shift over time, a previously highly successful model often becomes outdated or inaccurate, sometimes without the Adviser recognizing that fact before substantial losses are incurred. In particular, a Client's Account may incur major losses in the event of disrupted markets and other extraordinary events that cause the Adviser's pricing models to generate prices which deviate from the market. The risk of loss to your Account in the case of disrupted markets is compounded by the number of different investment models of pricing, each of which may independently become wholly unpredictable during market disruptions.

The Adviser anticipates the continued modification, enhancement, and development of its models. Each new generation of models (including incremental improvements to current models) exposes Client Accounts to the possibility of unforeseen losses from a variety of factors, including conceptual failures and implementation failures. There can be no assurance that the models that the Adviser uses will be

effective or that they will be effectively utilized. Moreover, there can be no assurance that the Adviser will be able to continue to develop, maintain and update the models so as to effectively implement its particular trading strategy.

Potential Inability to Trade Due to Systems Failure. The Programs are dependent to a significant degree on the proper functioning of its internal computer systems. Accordingly, systems failures, whether due to failures of third parties upon which the systems are dependent or the failure of the Adviser's hardware or software, could disrupt trading or make trading impossible until the failure is remedied. Any failure, and consequential inability to trade (even for a short time), could, in certain market conditions, cause a Client to experience significant trading losses or to miss opportunities for profitable trading. Additionally, any such failures could cause a temporary delay in reports to Clients or the ability of a Client to access its funds.

Potential Inability to Trade Due to a Failure to Receive Market Data from Third Parties. The Programs are dependent to a significant degree on the receipt of timely and accurate market data from third party vendors, brokers, exchanges, and others. Accordingly, the failure to receive such data in a timely manner or the receipt of inaccurate data, whether due to acts or omissions of such third party or otherwise, could disrupt trading to the detriment of a Client's Account or make trading impossible until such failure or inaccuracy is remedied. Any failure or inaccuracy could, in certain market conditions, cause a Client's Account to experience significant trading losses, may affect trades or miss opportunities for profitable trading, or prevent or delay a Client from accessing its funds. For example, the receipt of inaccurate market data may cause the Adviser to establish (or exit) a position which it otherwise would not have established (or exited), or fail to establish (or exit) a position which it otherwise would have established (or exited), and any subsequent correction of the inaccurate data may cause the Adviser to reverse such action or inaction, all of which may ultimately be to the Client's detriment.

Regulatory Risks. The regulatory environment for private funds and alternative investments is evolving and changes therein may adversely affect the ability of the Adviser to obtain the leverage it might otherwise obtain or to pursue its investment strategies for its Clients. In addition, the regulatory or tax environment for derivative and related instruments is evolving and may be subject to modification by government or judicial action which may adversely affect the value of the investments held by Client Accounts. The effect of any future regulatory or tax change on the Adviser's Programs and its related impact on a Client's Account is impossible to predict.

Conflicts of Interest. The investment activities of the Adviser, its principal and affiliates for their own proprietary accounts and other accounts they manage may give rise to conflicts of interest that may disadvantage a Client's Account, including, but not limited to, the following:

- The Adviser, its principal and affiliates, as well as other service providers to a Client's Account, and their respective principals and affiliates, generally will engage in investment activities for their own accounts, and may take positions that are the same as, similar to, or opposite to those taken for a Client's Account. Trading activities by the Adviser and its principal are expected to be significant and varied over time.
- The Adviser, its principal and affiliates, as well as other service providers to a Client's Account, may have an incentive to favor other accounts over such Client's Account.

- The Adviser, its principal and affiliates, manage other Programs, Accounts, and investment offerings which may have materially different objectives, terms, and conditions than a Client's Account (including other Client Accounts or Adviser Related Accounts), and which may operate at a lower overall cost structure.
- See also Item 6 – Performance-Based Fees and Side-By-Side Management.

The Adviser generally will have the discretion to select executing and clearing brokers, which may present the Adviser with conflicts of interest. See Item 12 – Brokerage Practices.

In addition, the Adviser, its principal and affiliates, may be engaged in other activities, including non-investment related activities apart from their management of Client Accounts. These persons will devote to Clients such amount of their time as they believe is necessary and appropriate.

In particular, the Adviser, its principal or affiliates, may take controlling or other ownership interests in emerging or established investment management entities or take part in joint venture arrangements with other investment managers that may offer separate investment strategies and programs to clients. Any of these other investment management activities may utilize investment strategies, programs, and markets that are similar to, or different from, the Programs utilized by the Adviser for its Clients. Further, Mr. Rotella indirectly owns, and is President of, the Natural Wonders Gallery (d/b/a the Rotella Gallery), with locations in Las Vegas and New York City, which is operated separately from the Adviser. Along with another artist, Mr. Rotella has his own photography on display for sale at the gallery. Mr. Rotella will devote to the Adviser such amount of time as he believes is necessary and appropriate in connection with the Adviser's activities.

To address these and other conflicts of interest, the Adviser has developed a written code of ethics that governs the Adviser's and its employees' business conduct, described further in Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading. Employees are permitted to invest for their own personal and family accounts, subject to compliance with the Code of Ethics.

Item 9 – Disciplinary Information

The Adviser does not have any legal, financial, or other “disciplinary” matter to report in this Brochure. The Adviser is obligated to disclose any disciplinary event that would be material to prospective Clients or investors when evaluating whether to initiate or continue an advisory or investment relationship with the Adviser.

This statement applies to the Adviser, its principal, and employees.

Item 10 – Other Financial Industry Activities and Affiliations

OTHER FINANCIAL INDUSTRY ACTIVITIES

In addition to its SEC registration, the Adviser is registered with the CFTC as a commodity pool operator and as a commodity trading advisor, and is a member of the NFA in such capacities, and is an NFA approved swap firm. Its registration as a commodity pool operator and commodity trading advisor became effective in July 1996, and its membership in the NFA became effective in October 1996.

AFFILIATIONS

The Adviser, its principal and their affiliates may own interests in or operate other management company entities that manage and offer separate quantitative investment strategies and programs, or engage in investment-related research. These entities may be created pursuant to joint ventures between the Adviser and existing third party managers, or pursuant to spin-outs of portfolio manager groups from the Adviser. In particular, currently the Adviser is the Managing Member of Rotella Acrospire LLC (“**Rotella Acrospire**”), a Delaware limited liability company that is registered with the SEC as an investment adviser, registered with the CFTC as a commodity pool operator and commodity trading adviser, and an NFA member in such capacities, and an NFA approved swap firm. Rotella Acrospire is an investment manager that manages equities-oriented market neutral and related investment programs.

The Adviser also is the Managing Member of Rotella Chora LLC (“**Rotella Chora**”), a Delaware limited liability company that is registered with the CFTC as a commodity trading advisor and is an NFA member. Rotella Chora engages in the research and management of volatility-based investment programs. The Chief Investment Officer of Rotella Chora is Scott Reamer, the principal of Chora Capital, LLC, which is the minority member of Rotella Chora. Currently, the Adviser is also a Co-Managing Member of Rotella Molinero LLC, a CFTC-registered commodity pool operator and NFA member, whose operations are in the process of being wound-down.

The Adviser, its principal and their affiliates may form or own other management company entities from time to time. Certain executive management of the Adviser also will serve as executive management of Rotella Acrospire, Rotella Chora, or other management company entities. The Adviser and its employees may perform various services for these other entities, including back office operations, trade execution, accounting, and compliance support services, for compensation or as part of the Adviser’s ownership arrangement with such entities.

Although the Adviser’s ownership of Rotella Acrospire, Rotella Chora, and possibly other management company entities may present the Adviser with a conflict of interest, the Adviser believes these conflicts will be minimized, in that it is expected that these entities will offer advisory services that are complementary to (and not duplicative of) the Adviser’s services. The Adviser and its employees will devote such time and resources as necessary to operate the Adviser’s business and discharge its fiduciary duty.

The Adviser does not recommend or select other investment advisers or managers for its Clients, nor does it have any affiliations with broker-dealers.

The Adviser has and will continue to maintain and develop relationships with professionals who provide services it does not provide, including legal, accounting, tax preparation, banking, brokerage, and other services. In the Adviser's view, none of the above relationships presently create a material conflict of interest with any of the Adviser's Clients or its investors.

From time to time, the Adviser may receive training, information, promotional material, meals, or gifts from vendors and others with whom it may do business or to whom it may make business referrals. It is the Adviser's policy not to accept benefits, gifts, or other arrangements that are conditioned on directing individual Client or investor transactions to a specific security, product or provider.

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

CODE OF ETHICS

By law, the Adviser is a fiduciary of its Clients and owes each Client an affirmative duty of good faith and full and fair disclosure of all material facts. As a fiduciary, the Adviser and all employees must affirmatively exercise authority and responsibility for the benefit of Clients, and may not participate in any activities that may conflict with the interests of Clients except as permitted by law. Accordingly, as required by the Advisers Act, the Adviser has adopted a “**Code of Ethics**” that governs a number of potential conflicts of interest the Adviser has when providing advisory services to our Clients. This Code of Ethics is designed to ensure the Adviser meets its fiduciary obligation to Clients and to foster and maintain a reputation of integrity and professionalism.

The Code of Ethics will be provided to any Client or investor (or potential Client or investor) upon request. The Adviser’s Code of Ethics is distributed to each employee at the time of hire and annually thereafter (if there are changes). The Adviser also supplements the Code of Ethics with periodic education and ongoing monitoring of employee activity, as necessary.

The Adviser’s Code of Ethics and related procedures includes the following:

- Prohibitions on:
 - Insider trading (if the Adviser or its employees possesses material, non-public information);
 - Circulation of rumors, front-running, usurpation of Client opportunities, or any other form of illegal market manipulation;
- Reporting of gifts and business entertainment and political contributions above certain *de minimis* limits, and related restrictions;
- Protection of Adviser and Client confidential and proprietary information;
- Notice of employee outside business activities and other arrangements involving conflicts of interest;
- Maintenance of an Adviser “restricted list”, which would prohibit the Adviser and its employees from trading in a security on the list, such as due to the Adviser’s or its employees’ possession of material non-public information regarding such security (although the Adviser expects that it or its employees will rarely, if at all, come into possession of such information);
- Reporting, on a quarterly basis, all personal securities and other investment transactions (and the requirement for preclearance before an employee engages in certain limited categories of transactions, such as initial public offerings and private offerings, if any); and
- Periodic employee recertification requirements with respect to the Code of Ethics, including identification of any account to which the employee owns or controls.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

The Adviser, its principal, affiliates, and employees generally will engage in investment activities for their own accounts. Trading may be in the same, similar, or different instruments, strategies, or programs. Certain of the investment strategies and programs traded by the Adviser for its or its principal's own account may be open for investment to Clients as Programs, while others may not be, depending on the particulars of the investment strategy and program. Records of the Adviser's, its principal's and employees' proprietary or personal trading activities generally will not be available for inspection by Clients or investors. In addition, the Adviser's principal, affiliates, and employees may invest in the Funds alongside third party investors, on terms that may be the same or different than offered to outside investors. The foregoing activities may provide an incentive for the Adviser or such other persons or entities to act in a manner that favors such persons or entities over Clients. Accordingly, the Adviser has adopted its Code of Ethics as well as other written procedures that govern such activities. With respect to proprietary trading of the Adviser, its principal, and affiliates, where practicable to do so and except as the Client otherwise directs, it is the Adviser's policy to objectively allocate trade executions that afford each Client Account and Adviser Related Account invested in the same investment strategy or program the same likelihood of receiving favorable or unfavorable executions over time, using bunched orders. See Item 12 – Brokerage Practices – Block Trades and Trade Allocation.

PERSONAL TRADING

The Code of Ethics sets forth standards of ethical and business conduct expected of the Adviser's employees and addresses conflicts that may arise from proprietary trading by the Adviser, its principal and affiliates, or personal trading by its employees. The Code of Ethics, among other things, requires compliance with the federal securities laws, reflects the Adviser's fiduciary responsibilities and those of its advisory personnel, requires the Adviser's employees to report periodically their personal securities and other investment transactions and to pre-clear certain securities transactions, and addresses prevention of the misuse of material nonpublic ("inside") information.

PRIVACY NOTICE

It is the Adviser's policy to keep all Client and investor information strictly confidential and not to disclose any such information to non-affiliated third parties, except as may be set forth in the Adviser's Privacy Notice (defined below) or as otherwise permitted by law.

The Adviser has adopted a policy regarding its use of personal, nonpublic information of Clients and Fund investors, and as required by SEC regulations, has prepared the following notice (the "**Privacy Notice**").

The Adviser will collect information about Clients and Fund investors provided in Investment Management Agreements, Fund subscription agreements, and on any other forms delivered to the Adviser by Clients or Fund investors. The Adviser will not disclose any nonpublic personal information about current or former Clients or Fund investors to anyone, except as permitted by law. With respect to internal security procedures, the Adviser will restrict access to Clients' and Fund investors' nonpublic personal information to those employees, and on rare occasions consultants or temporary employees, who need to know that information to perform advisory and related services to the Clients and Fund

investors. In addition, the Adviser maintains physical, electronic, and procedural safeguards that comply with federal standards to guard Clients' and Fund investors' nonpublic personal information.

A Client's or investor's receipt of this Brochure, which contains the above Privacy Notice, will satisfy the requirement that the Adviser deliver its Privacy Notice to new Clients and investors at the outset of the advisory or investment relationship. The Adviser will send Clients and Fund investors a copy of its Privacy Notice on an annual basis.

In general, the Adviser maintains safeguards that protect Client and investor information and restrict access to the personal and account information of Clients and investors to those employees who need to know that information in the course of their job responsibilities, and require that third parties with which the Adviser shares client and investor information must agree to follow appropriate standards of security and confidentiality.

The Adviser will continue to adhere to the privacy policies and practices described in this policy with respect to information about former Clients and Fund investors who terminated their relationship with the Adviser.

The Adviser's delivery of this Brochure to a Client or investor will constitute delivery of the foregoing Privacy Notice to such Client or investor.

Item 12 – Brokerage Practices

SELECTION OF BROKERS AND COUNTERPARTIES; BEST EXECUTION

The Adviser generally has full discretionary authority to place client trades with the brokers of its choice (except as a Client otherwise directs – see Directed Brokerage, below). Any limitations on the Adviser's authority with respect to the securities or investments to be bought or sold, including the selection of brokers and transaction costs paid, is determined on a Client-by-Client, and Program-by-Program, basis.

The Adviser may recommend prime brokers, or other clearing brokers, to Clients; otherwise, Clients may select the prime or clearing brokers, subject to acceptance by the Adviser. The Adviser will select the prime or clearing brokers used by the Funds. The Adviser is not affiliated with any broker-dealer.

The Adviser may use various brokers to execute its securities and other trades, subject to its duty of "best execution." In placing orders to purchase and sell securities and other trades for its Clients and for Adviser Related Accounts, the Adviser potentially may consider a number of factors in selecting appropriate broker-dealers, including, without limitation, execution capability, commission rates, technology, financial responsibility/counterparty risk, customer service/responsiveness, and the value of research or other goods and services provided (if any). The SEC has described the best execution requirement generally as a duty to execute securities transactions so that a client's total costs or proceeds in each transaction are the most favorable under the circumstances. The SEC also has stated that when seeking best execution an adviser should consider the full range and quality of a broker-dealer's services in placing trades. Best execution is not determined by the lowest possible commission costs, but by the best qualitative execution. Therefore, Clients and investors acknowledge and understand that the brokers the Adviser selects may not necessarily be the lowest cost available in the marketplace.

RESEARCH AND OTHER SOFT DOLLAR BENEFITS

"Soft dollar" or other equivalent arrangements generally arise when an investment adviser obtains products and services, other than securities execution, from a broker-dealer in return for directing client securities transactions to the broker-dealer.

As of the date of this Brochure, the Adviser does not share in any of the revenues generated by a Client's brokerage or over-the-counter transactions, or otherwise use soft dollars to pay for research or other services pursuant to soft dollars arrangements with brokers. Although not currently contemplated, the Adviser reserves the right to enter into soft dollar arrangements with any of its brokers. If the Adviser used soft dollars, this may cause a Client to pay commissions in excess of the lowest commission available in the marketplace. Use of soft dollars may present the Adviser with an incentive to use brokers in order to receive such products and services, rather than based on a Client's interest in receiving the most favorable trade execution. However, if the Adviser used soft dollars, the Adviser generally would determine, in good faith, that the amount of the commission charged is reasonable in relation to the value of the brokerage, execution, research, and other services and products provided by the broker for the benefit of all of its Clients, and that any such arrangements are equitable and consistent with Client investment guidelines, if any. In addition, the Adviser expects that any soft dollar services which it receives will fall within the safe harbor afforded by Section 28(e) of the Securities Exchange Act of 1934, as amended. However, the use of soft dollar services that could be deemed to

fall outside the Section 28(e) safe harbor but that are consistent with the Adviser's fiduciary duties to the Client and the other Accounts managed by it, is not prohibited if otherwise legally permitted by the terms of the Advisory Agreement and other relevant documentation with the Client.

Notwithstanding the foregoing, as of the date of this Brochure, certain of the Adviser's clearing brokers provide the Adviser with dedicated trading lines for electronic trading free of charge, which the Adviser uses for the benefit of its Client accounts and Adviser Related Accounts. In addition, from time to time, the Adviser may participate in the clearing brokers' complementary "capital introduction" services, and the Trading Advisors may receive complementary research reports made available to the brokers' customers generally. The Adviser may have an incentive to continue to utilize these brokers over other brokers that may provide more favorable execution but that do not provide such incidental products and services. However, the Adviser does not consider receipt of the foregoing products and services, which are of *de minimis* monetary value, to be a factor in the Adviser's decision to utilize its present clearing brokers, and the Adviser will endeavor to act in the best interest of its Clients in the selection of brokers.

BLOCK TRADES AND TRADE ALLOCATION

It is the Adviser's policy that no Account will be owed a greater or lesser degree of loyalty than another Account and, therefore, no account or group of accounts (whether Client Accounts or Adviser Related Accounts) should be given preferential treatment in connection with investment opportunities and orders.

Where practicable (and except as a Client otherwise directs – see Directed Brokerage, below), the Adviser generally will combine, or "bunch", Client and proprietary orders with the same material terms to submit for execution, on an investment program-by-investment program basis (including the Programs). Block orders for each investment program generally are then entered randomly and programmatically pursuant to the Adviser or a broker-provided system.

It is the Adviser's policy to objectively allocate trade executions that afford each Client Account and Adviser Related Account in an investment program the same likelihood of receiving favorable or unfavorable executions over time. Both the allocations made pursuant to these algorithms and the allocation procedures themselves are periodically reviewed to confirm that all of the Adviser's Clients and its related accounts are treated equitably and in accordance with the Adviser's policies.

The Adviser generally will allocate trades among each Client Account and Adviser Related Account that trades an investment program pursuant to a series of computer algorithms. One or more fair and non-preferential methodologies may be used to programmatically allocate trades among the participating Accounts, on a pro rata basis.

PRINCIPAL AND CROSS TRADE DISCLOSURE

Although not presently contemplated, the Adviser reserves the right to engage from time to time, in principal or cross transactions, as defined. These transactions may be undertaken for efficiency purposes in connection with portfolio rebalancings as a result of capital inflows and outflows, or for other purposes. A "**cross transaction**" occurs where an adviser causes one advisory client to buy from or sell any security to another advisory client. By investing with the Adviser, Clients and investors acknowledge and agree that the Adviser may engage in cross transactions, which will be effected at the prevailing market price.

As distinct from a cross transaction, a “**principal transaction**” is a transaction where an investment adviser, acting as principal for its own account (which is deemed to include a fund owned in significant part by the investment adviser or its principals), knowingly or intentionally buys from or sells any security to an advisory client. Any such principal transactions will be completed in compliance with applicable law including, without limitation, obtaining the consent of the Client involved in the transaction opposite the Adviser.

With respect to potential principal transactions, the Adviser will have a conflict between acting in the best interests of the Client Account(s) involved and assisting itself or its affiliates by selling or purchasing a security in which the Adviser or its affiliates have an interest. The Adviser will endeavor to resolve such conflicts in a manner that it deems equitable to the extent possible under the prevailing facts and circumstances and applicable law.

In addition to potential cross or principal transactions, from time to time, it is possible that the electronic trading systems of a broker, exchange, or market could inadvertently match two Client Accounts, or a Client Account and an Adviser Related Account. Any such matching, which would be done without the direction or knowledge of the Adviser, would be done in the open market at the prevailing market price.

TRADE ERROR POLICY

The Adviser will take care to assure that orders are entered correctly. However, given the nature and extent of the Adviser’s trading activity, the Adviser acknowledges that trade errors will from time to time occur as part of the normal trading process. The Adviser has a fiduciary duty to promptly identify trade errors and resolve them as appropriate. Errors may be due to technological or human error, and may arise in a variety of contexts, including systems errors, order entry or allocation errors, portfolio guidelines errors, and operational errors.

Given the variety of ways in which an error may occur in the normal course of business, by necessity errors will be resolved on a case-by-case basis, taking into account the particular circumstances. In general, however, it is the Adviser’s policy that the effect of errors (positive and negative) will be borne by the Account(s) participating in the trade, absent extraordinary circumstances (e.g., a material error by the Adviser as a result of its or its employees’ gross negligence or under similar egregious circumstances), as determined in good faith by management, or as otherwise required by applicable law.

BROKERAGE FOR CLIENT REFERRALS – Not Applicable

The Adviser does not consider, in selecting broker-dealers, whether the Adviser receives Client or investor referrals from a broker-dealer or third party pursuant to referral arrangements. However, as mentioned in Item 12 – Brokerage Practices – Research and Other Soft Dollar Benefits, the Adviser may participate in complementary “capital introduction” services offered by its brokers, or brokers being considered by the Adviser.

DIRECTED BROKERAGE

As mentioned in Item 12 – Brokerage Practices – Selection of Brokers and Counterparties; Best Execution above, generally the Adviser will have full discretionary authority to select the brokers and dealers

through whom the Adviser will execute securities and other investment transactions for the Client's account (including negotiating transaction costs), absent specific agreement with the Client to the contrary. The Adviser does not recommend, request, or require that its Clients direct the Adviser to execute securities transactions through a specified broker-dealer. However, where specifically requested by a Client, the Adviser may consider accepting a "directed brokerage" arrangement (in which the Client directs the Adviser to execute securities transactions through a broker of Client's choice). Were the Adviser to accept such a directed brokerage arrangement, depending on the specifics of the arrangement, the Adviser may be unable to achieve the most favorable execution of Client securities transactions for a variety of reasons, some of which are noted below. Directing brokerage may result in the Client paying higher transaction costs or receiving less favorable execution than it would were it not to require a directed brokerage arrangement, because the Adviser may not be able to aggregate orders in order to reduce transaction costs and achieve more equitable fills among participating accounts. Any Client directions regarding the securities brokers to be used must be in writing from the Client.

It should be noted that Adviser will submit parallel orders to all its brokers (directed and non-directed) contemporaneously with one another on a rotating, random or other fair and equitable basis. Such orders will be executed at different times by the different brokers using different broker-provided algorithms, meaning that on any given trade, a Client's order may be entered and executed after other parallel orders. As a result of these and other differences (including any that are not presently foreseeable), a difference may occur between the execution prices, timing and fill rates received by any one Account and other Accounts who utilize different brokers (whether directed or non-directed). Further, a directed Account may not be able to participate in certain trades, resulting in a portfolio composition for such Account that is different from the composition of other Accounts that are managed pursuant to the same Program. Any or all of the foregoing differences may result in performance results for the Account that are different than Adviser's other Accounts.

Item 13 – Review of Accounts

Client accounts are continuously managed pursuant to a variety of systematic trading methodologies and subject to various ongoing administrative review and compliance checks by relevant Trading, Operations, and Compliance Department personnel. In addition, Portfolio Managers engage in periodic review of Account performance and Program objectives, trading methodologies and processes.

The Adviser will provide Managed Account Clients with such periodic reports and information as agreed with the Adviser. Fund investors generally are provided with written monthly or quarterly account statements, depending upon the Fund, which may be delivered electronically.

In addition, independent public accountants audit the Funds annually and the audited financial statements are distributed to Fund investors.

Item 14 – Client Referrals and Other Compensation

The Adviser may enter into contractual agreements with individuals or entities who may solicit Managed Account Clients (“**Solicitors**”). The arrangements are made in writing pursuant to the Advisers Act Rule 204(6)-3 (the “**solicitors rule**”). The solicitors rule specifies certain standards that must be met by a registered investment adviser prior to the payment of a cash fee, directly or indirectly, for the solicitation or referral of a client to a Solicitor, including delivery of a written disclosure statement outlining the solicitation arrangement, to the prospective client. Pursuant to these agreements, the Adviser may pay a Solicitor a portion of its Management Fees or Performance Fees related to Clients that are solicited by the Solicitor. Clients generally will not pay higher Fees to the Adviser because of the Adviser’s engagement of the Solicitor.

In addition, the Adviser or a Fund may engage third parties to assist in the offer and sale of interests in a Fund to qualified investors (“**Placement Agents**”). Fund placement agent arrangements generally are not subject to the solicitors rule. However, Placement Agents will be required to be appropriately registered in order to perform these services including, as applicable, registration as a broker-dealer with the SEC and the applicable states and membership in the Financial Industry Regulatory Authority. The Adviser may pay a Placement Agent a portion of its Management Fees or Performance Fees related to Fund investors that are introduced by the Placement Agent. Fund investors generally will not pay higher Fees to the Adviser because of the Adviser’s or the Fund’s engagement of the Placement Agent.

As of the date of this Brochure, the Adviser has not entered into any referral arrangements with Solicitors or Placement Agents, but may do so in the future.

Item 15 – Custody

Registered investment advisers with actual or constructive custody or possession of client funds or securities are required to comply with Advisers Act Rule 206(4)-2 (the “**custody rule**”).

All Client assets and securities are held in separate accounts in the Client’s name with registered broker/dealers, futures commission merchants, or banks (i.e., “**qualified custodians**”). The Adviser will not have actual custody of Client assets or securities. Qualified custodians generally will deliver to the Client quarterly or other periodic account statements, with copies to the Adviser. Clients are urged to independently review these account statements to confirm their accuracy, and to compare these statements with any statements that may be sent by the Adviser.

The Adviser generally will endeavor to structure Managed Accounts so that the Adviser is not deemed to have custody of the assets in the Account under the custody rule. Managed Account assets will be held with those qualified custodians, at the direction of the Client, that are acceptable to the Adviser. In accordance with the Advisory Agreement, the Adviser will have the authority to trade the Managed Account, but generally will not have the ability to deduct advisory fees without the Client’s consent or withdraw or transfer securities outside of the Account without the Client’s consent.

With respect to the Funds, the Adviser may be deemed to have custody of certain Fund assets under the custody rule, because the Adviser or one of its affiliates, by virtue of it being the managing member of a limited liability company (where the Fund is organized as a limited liability company) or the general partner of a limited partnership (where the Fund is organized as a limited partnership), has the ability to transfer funds or make withdrawals on behalf of the Fund. An independent public accountant will audit annually these Funds and the audited financial statements will be distributed to the investors in the Funds within 120 days after the end of the Fund’s fiscal year (180 days for a fund-of-funds), in accordance with the requirements of the custody rule.

Item 16 – Investment Discretion

The Adviser generally will have full discretionary authority to manage the Client's Account, in accordance with the Program selected by the Client. Any limitations on the Adviser's authority with respect to the securities or other investments to be bought or sold, and the terms of such transactions, are determined on a Client-by-Client basis, based on the stated investment objectives and strategies of the Program, as may be modified or supplemented by any investment guidelines agreed upon by the Client and the Adviser.

Funds execute an investment management agreement to provide trading authority to the Adviser. Upon executing the subscription agreement (which accompanies the Offering Memorandum), Fund investors appoint the Adviser as the investor's attorney-in-fact with respect to trading the Fund's assets. Clients opening Managed Accounts execute an Advisory Agreement whereby the Client appoints the Adviser as discretionary investment manager on behalf of the Managed Account. A Client or investor may impose limitations on the Adviser's authority, including through "side letter" agreements, and the Adviser may choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon a Client's or investor's account must be presented to the Adviser in writing and agreed to by all parties. The Adviser is not necessarily required to notify its other Clients or investors of any such arrangements.

Any limitations on the Adviser's investment discretion in the form of agreed-upon investment guidelines or other parameters will be stated in the Offering Memorandum or Advisory Agreement, as applicable.

Item 17 – Voting Client Securities

As part of its fiduciary duty, the Adviser may vote certain proxies on behalf of its Clients as described below, unless the Client has not given the Adviser discretion to do so in its Advisory Agreement. The Adviser has adopted a proxy voting policy, as required by the Advisers Act, that is reasonably designed to ensure that the Adviser votes proxies in the best interest of its Clients, describes its proxy voting procedures, and informs its Clients how they may obtain information about how the Adviser vote their proxies.

When considering proxies for Client accounts, the Adviser's primary objective is to make voting decisions solely in the best economic interest of its Clients. As a systematic investment manager, the Adviser's main goal is to enhance returns for its Clients, and the Adviser is not in a position to express an opinion on company management or its policies. Accordingly, the Adviser believes that it is in the best interest of its Clients (both Funds and Managed Accounts) that the Adviser not vote or advise its Clients on corporate governance matters (such as the election of directors or voting on shareholder proposals) or litigation matters. As such, it is the Adviser's general policy to decline to vote such proxy matters on behalf of Clients, or to notify or advise Clients of such proxy matters.

However, where it is able to do so (and absent a specific agreement with the Client to the contrary), in the discretion of the Adviser, the Adviser may (but is not required to) determine to exercise its vote regarding matters that it believes will directly and materially affect the Client's monetary interest in the security, such as requests for elections related to the declaration of dividends, share exchanges, tender offers, and other corporate actions. Alternatively, the Adviser may choose certain elections as a "default", or allow its brokers or dealers to make elections on the Adviser's behalf (such as in the case of corporate actions relating to over-the-counter derivatives).

Clients should note that the Adviser generally will not forward proxy or litigation solicitations or other similar shareholder notices to the Client. Managed Account Clients should direct their brokers to forward any such notices directly to the Client, not the Adviser.

For more information regarding this policy or how proxies or other matters may be voted for a Client (if at all), please contact our Client Relations Manager, Nicki Northcott, at (425) 213-5700, or investments@rotellacapital.com.

Item 18 – Financial Information

The Adviser does not require or solicit prepayment of fees, so a balance sheet is not required or included in this Brochure.

The Adviser does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients.

Item 19 – Requirements for State-Registered Advisers

Not Applicable.