



ESTLANDER
& PARTNERS

ESTLANDER & PARTNERS LTD

20 JUNE 2014

This brochure provides information about the qualifications and business practices of Estlander & Partners Ltd. If you have any questions about the contents of this brochure, please contact us at +358 20 761 3300 and/or info@estlanderpartners.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Our registration as an investment adviser does not imply a certain level of skill or training or that the SEC has endorsed our qualifications to provide the advisory services described in this brochure.

Additional information about Estlander & Partners Ltd also is available on the SEC's website at www.adviserinfo.sec.gov

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Item 2 - Material Changes

The purpose of this page is to inform you of material changes since the last annual update to this brochure. If you are receiving this brochure for the first time, this section may not be relevant to you.

This brochure is reviewed and updated by Estlander & Partners Ltd at least annually in order to confirm that it remains current. The below summary sets out the material changes made to this brochure since the most recent version thereof.

Material changes from Estlander & Partners Ltd's brochure dated March 2014:

There has been a change among the management persons of Estlander & Partners Ltd. Effective as of June 2014, Mathias Österberg, partner of the firm, has been appointed CEO of Estlander & Partners Ltd. Martin Estlander, founder and previous CEO of the firm, continues being involved in the firm's business as Chairman and of the board.

Estlander & Partners Ltd has revised its investment program offerings. The investment programs currently being offered to "qualified investors" in the U.S. are the Alpha Trend Program and the Presto Program.

The wholly owned subsidiary of Estlander & Partners Ltd, Estlander & Partners Inc., has ceased providing business development and client relationship services and has consequently also withdrawn from being a member of the National Futures Association.

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Item 4 – Advisory Business

Estlander & Partners Ltd (“Estlander & Partners”) is an investment adviser with its principal place of business in Helsinki, Finland. Estlander & Partners is a limited liability company organized under the laws of Finland. The business of Estlander & Partners was formerly conducted by Estlander & Partners’ subsidiary since 2000. The current entity has been established April 7, 2000. Estlander & Partners is currently owned by Estlander Holding Ltd (88%) and seven key employees (12%) of Estlander & Partners. The sole owner of Estlander Holding Ltd is Martin Estlander. None of the key employees have an ownership interest exceeding 5%. The principal owners of Estlander & Partners are thus Estlander Holding Ltd and Martin Estlander.

We provide commodity interest trading advisory services pursuant to systematic strategies to private pool vehicles and managed accounts which are intended for sophisticated investors and institutional investors. We trade the following commodity interests: futures on currencies, financial instruments, stock indices, agricultural products, precious metals and energy products; forward contracts on currencies in the interbank market; spot currencies; and engage in “exchange-for-physicals” transactions (“EFPs”) in currencies generally to convert a position in the interbank market into a futures position. We also provide similar services to foreign funds which are not discussed in this document. We do not provide investment advice with respect to securities.

We do not tailor the investment program for individual clients; however consideration would be given to removing markets from the portfolio of a managed account for a client if they had, for example, regulatory reasons for not wishing to trade them.

We do not participate in wrap fee programs.

As at 31st of May 2014, we have assets under management in commodity interests of approximately US\$ 505,000,000 on a discretionary basis. We do not manage any client assets on a non-discretionary basis.

Item 5 – Fees and Compensation

We receive a monthly management fee which is based on the percentage of a client’s assets under management. The management fee is paid monthly in arrears. In addition, we may receive a performance fee which is paid monthly, quarterly or upon the withdrawal. The performance fee is

calculated using the “high water mark” method. The rate of the management fee is dependent of the trading strategy chosen by the client. The annual management fee for Estlander & Partners Alpha Trend program is 1.5 %, and annual management fee for Estlander & Partners Presto program is 1.75 %. The rate of the performance fee is 20%. The rate of the management fee and performance fee may be negotiable.

We may waive or modify the management fee and/or the performance fee for investors that are our employees or affiliates, and for certain strategic investors.

We send all clients an invoice for management fees and performance compensation due. A client may choose to pay such invoices out of their brokerage accounts or to be billed for fees incurred.

In addition to management and performance fees, holders of separately managed accounts may also have to pay brokerage commissions, exchange fees, give up fees, NFA fees, interest charges and related transactional fees and expenses as well as such account holders’ own fees and expenses. (See Item 12 – Brokerage Practices for further information)

We do not require our clients to pay any fees in advance for our advisory services.

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

We charge performance fees as described in Item 5 – Fees and Compensation. Any potential conflict that may be caused by charging clients different performance or management fees is addressed by the allocation methodology (See Item 12 – Brokerage Practices).

Item 7 – Types of Clients

We provide our services generally only to sophisticated investors such as pooled investment vehicles, trusts, pension funds and other institutional investors.

All of our clients are “qualified clients” eligible to be charged performance compensation under Rule 205-3 under the Investment Adviser.

The stated minimum investment conditions for managed accounts in investment programs are as follows:

- Estlander & Partners Alpha Trend Program: USD 30 million
- Estlander & Partners Presto Program: USD 10 million

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

Methods of Analysis

We employ a computerized, technical trading system that relies primarily upon a quantitative analysis of market prices. The system is designed to identify and track medium to long-term price movements. The system may also identify price movements of various time horizons and price movements based on other technical or fundamental data. It can be applied to a variety of markets because it has a highly developed ability to adapt to different market characteristics. Investing in any of our strategies involves a risk of loss that our clients should be prepared to bear. (Please see “Risk Factors” under this chapter for more information)

Investment Strategies

We offer two primary trading programs; the Alpha Trend Program and the Presto Program.

Estlander & Partners Alpha Trend

Alpha Trend is a broadly diversified (70 exchange traded futures markets) short/medium term CTA program that attempts to capitalize on price trends. The investment and trading decisions of the program are 100% systematic. The program uses a unique environmental analysis to determine the sensitivity to breakouts and is designed to select only trades with a high probability of success. The program identifies the broad market environment and the environmental analysis then determines the sensitivity of a long and/or short signal. A technical trigger is used for the trade timing. Moving averages, chart patterns, momentum oscillators, support/resistance and overbought/oversold measures are used for decision making and only directional positions are traded. The program has an average trade length of 30 days and a trade frequency of 900 round-turn contracts/one million USD under management. The high level of trade selectivity results in only 4 trades per market per year and average margin to equity of 10%. The goal of ongoing research is to ensure that the profitability of the models is maintained on a high level and that the models adapt to changing circumstances. Our futures trading for the Alpha Trend Program includes, but is not necessarily limited to the following: energy products, precious metals, base metals, agricultural products, softs, currencies, interest rates, equity indices.

Estlander & Partners Presto

Presto consists of short-term trend following models that follow a systematic trading approach in liquid futures and forward markets globally. 74 markets are traded in the program. The decision making process is based on price data and, to a smaller extent, fundamental inputs. The models have holding periods ranging from a few hours up to a month, with an average of 2 days. In signal construction, the underlying market data is augmented by information from related markets. Price data is combined with fundamental indicators in position sizing. The distinct nature of the different models allows for efficient diversification at the overall strategy level. Market exposure and position sizing is determined systematically and depends on the balance between the expected return and risk. An important part of this process is a proprietary “Achilles” risk measure. This is a forward looking and dynamic estimate of the worst case outcome for each model as well as for the program as a whole.

Risk Factors

For these trading strategies we have identified at least the following risk factors:

- The strategies are speculative and involve a substantial degree of risk including the risk that an investor may lose some or all of its investment, and in the case of a holder of a managed account, an amount in excess of the amount committed to a managed account
- Past performance is not indicative of future results
- The performance will be volatile
- The fees and expenses are significant. Profits must be greater than fees and expenses to avoid loss of capital
- Orders executed on clients’ behalf will take place on non-U.S. and U.S. markets
- The client accounts may be subject to conflict of interest due to the fact that:
 - we trade for other accounts and clients; and
 - we assign executed trades on systematic basis among all client accounts. Because we receive differing compensation from our clients, we may have a financial incentive to favor the accounts where our compensation is greater. We will not knowingly or deliberately favor one client account over another; and
 - the performance based fees may create an incentive for us to make investments that are more speculative or subject to greater degree of risk than if no such arrangement existed.

- The strategies may use high degree of leverage
- There may be times, due to market factors, that the programs are not well diversified
- The programs are not diversified into other investment vehicles such as stocks or bonds.
- We have the power to expand, revise or alter our trading strategies. Any such change could result in exposure of the client's assets to additional risks.
- Governmental intervention may affect the prices of the instruments we trade

Furthermore Estlander & Partners Presto engages in FX-forwards trading and it includes such additional risks as:

- Because the performance of forward contracts is not guaranteed by any exchange or clearing house, participants in such market are subject to counterparty risk

We engage in the trading technique known as "exchanges for physical", whereby positions in the forwards markets can be exchanged for futures positions on regulated exchanges. If we were precluded from using this technique due to a change in regulatory treatment of EFPs, the performance of accounts managed by us might be adversely affected.

Item 9 – Disciplinary information

As far as we are aware, there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Neither we nor any management person has been involved in a criminal or civil action in a domestic, foreign or military court of competent jurisdiction.

Neither we nor any management person has been involved in a self-regulatory organization proceeding.

Item 10 – Other Financial Industry Activities and Affiliations

Neither we nor any management person or employee is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

We are registered with the Commodity Futures Trading Commission as a commodity trading advisor and commodity pool operator and are a Member of the National Futures Association. The following management persons are also registered with the NFA:

Name	Title	Registration	Registration Number
Martin Estlander	Chairman	Principal and Associated Person	0244826
Mathias Österberg	CEO, Partner	Principal and Associated Person	0478015
Per-Johan West	CFO, Partner	Principal	0355108

We do not recommend or select other investment advisers for our clients for which we receive compensation either directly or indirectly.

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

We have adopted a Code of Ethics (the “Code”) that obligates us and our personnel to put the interest of our clients before our own interests. All of our personnel are also required to comply with all applicable law, rules and regulations as well as internal processes and procedures. Investors or prospective investors may obtain a copy of the Code by contacting us at info@estlanderpartners.com or by telephone at +358 20 761 3300.

Neither we nor a related person recommends to clients, buys or sells for client accounts, securities in which we or any related person has a material financial interest.

We have implemented a total ban for our personnel to invest in any of the instruments we trade on behalf of our clients. Each of our employees is obliged to update their declaration of any holdings to the Compliance Officer whenever there is a change in the ownership in excess of EUR 5,000 (in comparison with the value of the previous declaration). The declaration must be carried out within seven days of the change in ownership. An employee is obliged to update his/her declaration of holdings annually by the end of January each year, even if the value of the holdings has not changed.

Item 12 – Brokerage Practices

In general, our managed account clients are free to select any brokerage firm (futures commission merchant or introducing broker) with which they will maintain their commodity interest account (or, in the case of an introducing broker, through which their account will be introduced). However, we reserve

the right to require a client to select a different broker if the service provided by the broker is inadequate in our opinion.

In order to seek best execution for the clients, orders will be aggregated. The allocation of executed orders occurs by means of an automated process having no human discretion. There is no preference given to any party when the orders are allocated. By undertaking trade aggregation, we might be able to reduce transaction costs for our clients.

We do not participate in any research or other soft-dollar arrangements.

Item 13 – Review of Accounts

Due to frequent investment activity that characterizes our investment strategies, our Risk Manager and Back Office team review all accounts on daily basis. Our Risk Committee and our Compliance Team also oversee this process. We manage the accounts pursuant to our proprietary systematic strategies, with a foregoing focus on developing and evolving our investment systems, models and monitoring tools in general, rather than on reviewing the accounts on individual basis, but we do monitor tracking error between accounts with the same mandates.

Our Risk Manager and our Compliance Team review the investment restrictions for all accounts. Risk Manager is overseen by the Risk Committee and eventually by the Board of Directors to whom the Risk Committee directly reports. Risk Manager can also report directly to the Board of Directors.

All our clients receive our monthly report and such other reports as we and the holders of such managed accounts may agree from time to time.

Item 14 – Client Referrals and Other Compensation

We do not receive any economic benefit from any third parties in return for providing investment advice or other services.

Neither we nor a related person directly or indirectly compensates any person who is not one of our supervised persons for client referrals.

Item 15 – Custody

We do not have custody of client funds or securities.

Item 16 – Investment Discretion

We have a discretionary management authority on behalf of our clients. We do not generally accept investment instructions or limitations on investment authority from individual investors. Consideration would however be given to removing markets from the portfolio of a managed account for a client if they, for example, had regulatory reasons for not wishing to trade them.

Prior to assuming full discretion in managing assets, we enter into an investment management agreement that sets forth the scope of our discretion.

Item 17 – Voting Client Securities

We do not engage in proxy voting as none of the instruments which we trade carry any voting rights. Therefore, we do not have a proxy voting policy.

Item 18 – Financial Information

This item is not applicable as we do not require payment of advisory fees in advance.

There are no financial conditions that are reasonably likely to impair our ability to meet contractual commitments to our clients.

We have not been subject to any bankruptcy petition during the past ten years.

Item 19 – Requirements for State-Registered Advisers

We are not registered or registering with any state authorities.

Disclaimer

This material has been prepared by Estlander & Partners which is authorized and regulated for investment management by the Finnish Financial Supervisory Authority.

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