

Form ADV Part 2A: Firm Brochure

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Systematica Investments Limited is an investment adviser that is registered with the United States Securities and Exchange Commission. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Systematica Investments Limited. If you have any questions about the contents of this brochure, please contact us at +44 1534 841 090. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Material Changes

We are updating this brochure to reflect the change in ownership of Systematica Investments Limited and certain of its affiliates as of January 2, 2015. Additionally, this brochure reflects that certain clients (to which BlueCrest Capital Management Limited previously acted as investment manager) assigned their investment management agreements to and appointed Systematica Investments Limited as their investment manager as of January 1, 2015.

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1. Advisory Business

Systematica Investments Limited is an investment advisory services firm which specializes in investment management for hedge funds and managed accounts.

Systematica Investments Limited, a limited company incorporated in Jersey, was founded in October 2014 and is controlled and managed by Leda Braga and her team. BlueCrest Capital Management Limited, an investment advisory firm which is registered as an investment adviser with the U.S. Securities and Exchange Commission, holds a minority interest in our firm and our affiliates. BlueCrest Capital Management Limited, acting solely in its capacity as general partner of BlueCrest Capital Management LP, was the previous investment manager to our clients, and as of January 1, 2015, our clients assigned their investment management agreements to and appointed Systematica Investments Limited, acting solely in its capacity as general partner of a newly-established limited partnership registered in Guernsey, Systematica Investments LP, as their investment manager.

We specialize in a wide range of global investment strategies in both the stock and bond markets. Our team advises clients on numerous investment strategies, including: systematic trading and high-frequency stock trading; managed futures trading; and quantitative strategies.

For more information on the investment strategy of each of our clients, please see Item 5: Method of Analysis, Investment Strategy and Risk of Loss.

Our firm tailors advisory services in accordance with each client's needs and investment strategy as disclosed in its offering document or managed account agreement. Our advisors adhere to the investment strategy and restrictions set forth in each client's offering document or managed account agreement. Restrictions on the types of securities in which we invest for our clients will vary from client to client as disclosed in the client's governing documents.

We do not participate in wrap fee programs.

The amount of client assets that we manage on a discretionary basis, as of January 1, 2015, (valued as of October 31, 2014), is \$10.3 billion. We do not manage any assets on a non-discretionary basis.

2. Fees and Compensation

We have intentionally omitted the full section on compensation for advisory services, as our firm is an SEC registered adviser and this brochure is being delivered only to "qualified purchasers" as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended.

The fees and expenses associated with an investment in our clients vary and are described in the governing documents. The following is a general description of the fees and expenses paid by our clients.

All compensation described below is deducted automatically from our client funds' accounts pursuant to their governing documents. A third-party administrator generally polices and

controls this process. We generally charge management fees to our clients based on each client's asset level. Our client funds typically pay management fees monthly in arrears.

We also charge performance-based compensation to our clients. Depending on the client, we assess these charges in arrears either at the end of each calendar quarter and/or the end of each calendar year.

Our client funds do not pay any asset-based management fees or performance-based compensation in advance. Investors in our client funds indirectly bear their pro rata share of the management fees and performance fees or allocations. If an investor withdraws or redeems from a client fund before the end of a payment period, the investor will indirectly be charged the performance compensation and the management fees at the time of its withdrawal or redemption on the withdrawn or redeemed amount.

With respect to our client managed accounts, our firm charges monthly management fees and receives quarterly or annual performance-based compensation.

In connection with our advisory services, our clients bear all of their own expenses (ordinary and extraordinary). The lists below are detailed but do not include every possible expense a client may incur.

Organizational Expenses

Our client funds and our managed accounts pay for expenses related to their organization, including:

- legal expenses;
- accounting expenses;
- filing expenses and fees incurred in connection with organizing and establishing the client; and
- expenses and fees incurred in connection with marketing and offering of interests in the client and its affiliates (including travel expenses, and printing costs or other similar amounts, incurred in connection with the offering of interests in a client).

Operational Expenses

Our client funds and managed accounts also pay for expenses related to their operation, including the following:

- expenses of any administrators, custodians, counsel, consultants and accountants (including the audit and certification fees and costs of printing and distributing reports to the client's investors);
- costs, fees and expenses paid by us or our affiliates on behalf of the client for research, operational, administrative, technological, advisory and other services;

- fees and expenses of any independent directors;
- interest, borrowing and leverage expenses;
- insurance expense for affiliates of the client;
- litigation, indemnification and other extraordinary expenses;
- all taxes and corporate fees payable to governments or agencies; and
- communication expenses for investor services and sending documents to investors.

Investment-Related Expenses

Our client funds pay for all of their own investment expenses, including all transaction costs, brokerage commissions and any issue or transfer taxes for any securities transaction.

For more information on brokerage transactions and costs, please see Section 9: Brokerage Transactions.

We allocate the expenses to the clients that incur them, and if multiple clients incur expenses in the same transaction, we allocate the expenses among the applicable client funds and managed accounts and the applicable investments of each client in a fair and reasonable manner.

Our firm will receive transaction-based compensation for the sale of securities of the non-U.S. funds we manage to non-U.S. investors pursuant to distribution agreements governed by English law. With respect to certain client funds, our firm, acting as agent of such funds, has appointed certain affiliates of BlueCrest Capital Management Limited to provide sales agent services to the funds in our firm's place, acting as an agent of the relevant client funds. However, we have full authority to supervise and monitor such entities, and we will ensure that they comply with our policies.

We will receive certain soft-dollar benefits in connection with the portfolio investments of our client funds. Please see Items 9 and 11 for a description of those anticipated arrangements.

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

Our firm or our affiliates receive performance-based compensation in the form of a performance fee or a performance allocation from some of our client funds and managed accounts. The existence of the performance fee or allocation may create an incentive for our firm or our affiliates to make riskier or more speculative investments on behalf of the clients paying a performance fee or performance allocation than would otherwise be the case.

In addition, the non-existence or the existence of different rates of performance fees or allocations may create an incentive for our firm or our affiliates to favor certain clients when making an investment decision than would be the case in the absence of these arrangements. Such conflicts are dealt with on a case by case basis, having regard to relevant facts and circumstances.

4. Types of Clients

All of our clients are either hedge funds or managed accounts. Our clients rely on certain exclusions from the definition of “investment company” in the Investment Company Act of 1940, as amended. Accordingly, none of our client funds or managed accounts is registered as investment companies with the Securities and Exchange Commission.

Our firm determines in its sole discretion any requirements for entering into an investment advisory contract with a client fund or otherwise opening or maintaining an account, including whether a private fund is large enough to implement its desired investment program.

We also provide investment advisory services to separately managed accounts and may, in the future, agree to provide services to additional separately managed accounts.

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

In managing our client funds and managed accounts, we employ methods of analysis and investment strategies suitable for each client’s investment objective. We employ a wide variety of investment strategies that vary from client to client and the specific investment strategies followed by our clients (which are more fully described in each client fund’s offering documents) are the following:

- Systematic trend following that involves trading managed futures across a wide range of markets; and
- Systematic high-frequency liquid equity trading across a range of markets.

We also act as investment manager (or investment adviser as the case may be) to certain investment vehicles utilized by a number of the above funds to make certain investments.

Investing in any security involves a risk of loss that clients and investors in our clients must be prepared to bear. Please see below for a detailed explanation of some of the significant risks associated with the investment strategies we will employ.

Certain general risks associated with an investment in any client we advise include:

General Economic and Market Conditions

General economic and market conditions influence the success of our clients’ activities. For example, interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls and national and international political circumstances may affect clients’ activities. These factors may affect the level and volatility of securities prices and the liquidity of the clients’ investments. Volatility or illiquidity could hurt our clients’ profitability or result in losses.

Market Disruptions

Our client funds may incur major losses in the event of disrupted markets or other extraordinary events. These losses may affect markets in a way that is inconsistent with historical pricing relationships. Illiquid positions increase the risk, making it difficult or impossible to close out positions against which the markets are moving. Market disruptions typically reduce finance available from the banks, dealers and other counterparties to our clients. A reduction may result in substantial losses to our clients and in turn to our clients. The dealer community's sudden restriction of credit has resulted in forced liquidations and major losses for a number of investment funds and other vehicles. Because market disruptions and losses in one sector can cause ripple effects in other sectors, many investment funds and other vehicles have suffered heavy losses even though they were not necessarily heavily invested in credit-related investments. In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for our clients. These events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. A suspension could render it difficult or impossible for our clients to liquidate affected positions, which would expose them to losses. There is also no assurance that off-exchange markets will remain liquid enough for our clients to close out positions.

Conflicts of Interest

Our firm, service providers and certain entities appointed to provide investment management services and/or their respective affiliates or any person connected with them may from time to time act as directors, investment manager, manager, sub-investment manager, sales agent, prime broker, broker, execution broker, custodian, director, registrar, broker, administrator, investment advisor, distributor or dealer in relation to, or be otherwise involved in, other investment funds and/or other vehicles (including those which invest in our clients, either directly or indirectly, and/or in which our clients, either directly or indirectly) which have similar or different objectives to other funds. It is, therefore, possible that any of the foregoing may, in the course of business with one fund, have potential conflicts of interest with another fund.

Further, where permitted by applicable law, any of the foregoing entities may deal, as principal or agent, with our fund clients, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis. Our firm, its affiliates or any person connected with them may invest in, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets which may also be purchased or sold by our clients. None of our firm, our affiliates or any person connected with them is under any obligation to offer investment opportunities of which any of them becomes aware to our clients or to account to our clients in respect of (or share with our fund clients or inform the our clients of) any such transaction or any benefit received by any of them from any such transaction, but will allocate such opportunities at their discretion on an equitable basis among our clients having regard to the nature (including the risk profile) of our clients.

Members of our firm, our affiliates or any person connected with them, may advise and/or manage certain investors in our client funds as well as such client funds and, as a result of these separate capacities, may have access to more information regarding the investments of these

client funds than is generally available to other investors. Accordingly, in the course of business, the relationship among certain investors, our client funds and members of our firm or our affiliates or any person connected with them may pose potential conflicts of interest.

The potential fees payable to us by certain clients may exceed the potential fees payable by other clients. Our firm will allocate resources as it in its sole discretion considers appropriate in managing the assets of our clients and any other investment funds, vehicles or accounts in accordance with their respective investment objectives and strategies.

Investment funds, vehicles or accounts managed by BlueCrest Capital Management Limited and/or its affiliates or persons connected with them may from time to time invest (either directly or indirectly) in our clients. To the extent that such other investment funds, vehicles or accounts invest in similar markets or investments at or about the same time, such other investment funds, vehicles or accounts may compete with our client funds with respect to such investments. Further, certain affiliates of BlueCrest Capital Management Limited may provide investment management services to such investment funds, vehicles or accounts and therefore such investment funds, vehicles or accounts may receive additional information regarding our client funds that is not available to the other investors of such client funds. It is therefore possible that any of the foregoing may, in the course of business, have potential conflicts of interest with our client funds.

Other Clients

Members of our firm, our affiliates or any person connected with them may manage or advise other funds and/or accounts and each will remain free to provide such services to additional funds and accounts, including for their own accounts, in the future. Members of our firm, our affiliates or any person connected with them may vary the investment strategies employed on behalf of our clients from those used for themselves and/or for other clients. No assurance is given that the results of the trading by our firm, our affiliates or any person connected with them on behalf of our clients will be similar to that of other funds and/or accounts concurrently managed by the our firm, our affiliates or any person connected them. It is possible that such funds and accounts and any additional funds and accounts to which we in the future provide such services may compete with our clients for the same or similar positions in the markets. Our firm and our affiliates own (and may transfer and/or license to any affiliate or person connected with our firm or its affiliates as they see fit) any intellectual property developed by them in the performance of services to our clients, including without limitation any intellectual property in the investment approach and strategies of our clients. Our firm and our affiliates may use information, intellectual property and trading strategies which any of them obtains, produces, creates, develops or utilizes in the performance of services to our clients in relation to other investment funds, vehicles or accounts, as they determine in their sole discretion.

Regulatory Risks of Hedge Funds

The regulatory environment for hedge funds is evolving and changes therein may adversely affect the ability of our clients to obtain the leverage they might otherwise obtain or to pursue their investment strategies. 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 our clients. The effect of any future regulatory or tax change on our clients is impossible to predict.

In particular, the Dodd-Frank Wall Street Reform and Consumer Protection Act (also known as the Dodd-Frank Act) will impact us and our clients. However, as many provisions of the Dodd-Frank Act require rulemaking by the applicable regulators before becoming fully effective, it is difficult to predict the impact of the Dodd-Frank Act, and the markets in which our clients trade and invest. The Dodd-Frank Act could result in certain investment strategies in which our clients engage or may have otherwise engaged becoming non-viable or non-economic to implement. The Dodd-Frank Act and regulations adopted pursuant to the act could have a material adverse impact on the profit potential of our clients.

In addition, under the Directive of the European Parliament and the Council of the European Union on alternative investment fund managers (commonly referred to as “AIFMs”) (known as the AIFM Directive), certain conditions must be met to permit the marketing of interests to prospective and existing investors in the European Union, including that prescribed disclosures are made to such investors. Certain provisions of the AIFM Directive still require the establishment of guidelines and the AIFM Directive is still being implemented in certain European Union Member States. It is also possible that interpretation of the AIFM Directive may vary among the European Union Member States. It is therefore difficult to predict the full impact of the AIFM Directive on our clients, our firm and our affiliates and the effect on our clients, our firm and our affiliates may vary over time. The AIFM Directive will result in requirements to make certain reports and disclosures to the regulators of the European Union Member States and of members of the European Economic Area (known as the EEA) in which a fund client is marketed. Such reports and disclosures may become publicly available.

Global Financial Market Crisis and Governmental Intervention

The financial crisis of 2008 and its consequences for global financial markets have created extraordinary uncertainties. The extent to which the underlying causes of instability have the potential to cause further instability remains unclear, but they have led to extensive and unprecedented governmental intervention. Regulators in many jurisdictions have implemented a number of wide-ranging emergency regulatory measures. Intervention has in certain cases been implemented on an “emergency” basis and there can be no guarantee that any further emergency measures will not affect the ability of market participants to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, due to the uncertain stability of global financial institutions, the security of assets held by any financial institution cannot be guaranteed, notwithstanding the terms of any agreement with such institution. Given the complexities of the global financial markets and limited time frame within which governments have been able to take action, these interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of these markets as well as previously successful investment strategies.

It is impossible to predict with certainty what additional temporary or permanent restrictions governments or regulators may impose on the markets and how those will impact investment objectives of our clients.

Concentration of Investments

Our firm and our affiliates will generally seek to maintain a diversified portfolio of investments on behalf of our clients. However, some of our clients may at certain times hold relatively few investments. Accordingly, a client could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected.

Currency Exposure

Some of our clients' holdings are denominated in U.S. dollars. The clients' assets may, however, be invested in securities and other investments which are denominated in currencies other than U.S. dollars. Accordingly, the value of those assets may be affected favorably or unfavorably by fluctuations in currency rates. Our firm and our affiliates will usually seek to hedge our clients' foreign currency exposure. However, the clients' assets will necessarily be subject to foreign exchange risks. Accordingly, there is a potential risk of loss arising from fluctuations in value between the U.S. dollar and other currencies.

Debt Securities

Our clients may invest in both investment grade and sub-investment grade debt securities in the expectation that positive returns can be made. For investment grade securities this will normally be with an assumption that the issuer will be able to make payment of interest and/or principal which will be part of the returns together with any appreciation of the debt security. Sub-investment grade debt securities are subject to a greater risk of loss of principal and interest than higher-rated debt securities. Our clients may invest in distressed debt securities which are subject to a significant risk of the issuer's inability to meet principal and interest payments on the obligations and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity risk. Our clients may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. Our clients may also invest in debt securities that are not protected by financial covenants or limitations on additional indebtedness and may invest in debt securities or obtain exposure to those debt securities by selling the securities short.

The issuers of debt securities may default on their obligations, whether due to insolvency, bankruptcy, fraud or other causes, and their failure to make the scheduled payments could cause our clients to suffer significant losses. Our clients will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, and making comparison between countries is difficult. In addition, the market for debt securities may be inefficient and illiquid, making it difficult to accurately value financial instruments.

The following is a description of some important risks associated with the investment strategies that we employ. The following explanation of certain risks is not exhaustive, but rather highlights the significant risks involved in our investment strategies. We do not use every strategy listed below when managing each client's assets, but rather we will use various combinations of strategies that depend on each client's circumstances and investment goals.

Analytical Model Risks

Our client funds will employ certain strategies which depend upon the reliability, accuracy and analyses of our firm's and/or our affiliates' analytical models. To the extent these models (or the assumptions underlying them) do not prove to be correct, our client funds may not perform as anticipated, which could result in substantial losses. All models ultimately depend upon the judgment of the investment team and the assumptions embedded in the models. To the extent that our judgments or assumptions are incorrect, our client funds can suffer substantial losses.

The trading decisions of our firm are based in part on trading strategies which utilize mathematical analyses of technical factors relating to past market performance. The buy and sell signals generated by a technical, trend-following trading strategy are based upon a study of actual daily, weekly and monthly price fluctuations, volume variations and changes in open interest in the markets. The profitability of any technical, trend-following trading strategy depends upon the occurrence in the future of significant, sustained price moves in some of the markets traded.

Our client funds may therefore incur substantial trading losses:

- during periods when markets are dominated by fundamental factors that are not reflected in the technical data analyzed the models;
- during prolonged periods without sustained moves in one or more of the markets traded; and
- during “whip-saw” markets, in which potential price trends start to develop but reverse before actual trends are realized.

In the past there have been prolonged periods without sustained price moves in various markets. Presumably, such periods will recur. A series of volatile reverses in price trends may generate repeated entry and exit signals in trend-following systems, resulting in unprofitable transactions and increased brokerage commission expenses.

Technical, trend-following trading systems are used by many other traders and in recent years there has been a significant increase in the use of technical, trend following trading systems. At times, the use of such systems may:

- result in increased competition in the markets;
- result in traders attempting to initiate or liquidate substantial positions in a market at or about the same time;
- alter historical trading patterns;
- obscure developing price trends; or
- affect the execution of trades.

While our program is predominantly algorithmic and mechanical, from time to time our firm or its affiliates may exercise discretion over trading orders. No assurance can be given that such use of discretion will enable our clients to avoid losses and in fact such use of discretion may cause our clients to forego profits which it may have otherwise earned had such discretion not been used.

The computerized trading systems of our program rely on the ability of our personnel to accurately process such systems' outputs and to use the proper trading orders, including stop-loss or limit orders, to execute the transactions called for by the systems. In addition, our firm relies on its staff to properly operate and maintain the computer and communication systems upon which the trading systems rely. Our systems are accordingly subject to human errors, including the failure to implement, or the inaccurate implementation of any of our systems, in addition to errors in properly executing transactions. This could cause substantial losses on transactions, and any such losses could substantially and adversely affect the performance of our clients.

Our program may use automated order routing and execution systems in its trading. Such systems are typically provided on an "as is" basis. Such systems may experience technical difficulties which may render them temporarily unavailable. In addition, such systems may fail to properly perform. Such failures may result in losses to our clients, for which losses the providers of such services have disclaimed all liability. In an effort to mitigate such risks, we closely monitor trades executed through automated order routing and execution systems and the operation of the systems themselves.

Our program is highly dependent on the proper functioning of its internal computer systems. Accordingly, systems failure, whether due to third party failures upon which such systems are dependent or the failure of our program's hardware or software, could disrupt trading or make trading impossible until such failure is remedied. Any such failure, and consequential inability to trade (even for a short period of time), could, in certain market conditions, cause the accounts of our fund clients to experience significant trading losses or to miss opportunities for profitable trading. Additionally, any such failures could cause a temporary delay in reports to investors.

Our program depends to a significant degree on the receipt of timely and accurate market data from third party vendors. Any failure to receive such data in a timely manner or the receipt of inaccurate data for any reason could disrupt and adversely affect the trading for our fund clients until such failure or inaccuracy is corrected.

Convertible Securities

Convertible securities entitle the holder to receive interest payments paid on corporate debt securities or the dividend preference on preferred equity securities until such time as the convertible security matures or is redeemed or until the holder elects to exercise the conversion privilege. As a result of the conversion feature, convertible securities typically offer lower interest rates than if the securities were not convertible. It is possible that the potential for appreciation on convertible securities may be less than that of a common stock equivalent.

Convertible securities may or may not be rated within the four highest categories by Standard & Poor's and Moody's and, if not so rated, would not be investment grade. To the extent that

convertible securities are rated lower than investment grade or not rated, there would be greater risk as to timely repayment of the principal of, and timely payment of interest or dividends on, those securities.

Also, in the absence of adequate anti-dilution provisions in a convertible security, dilution in the value of the Master Fund's holding may occur in the event the underlying stock is subdivided, additional securities are issued, a stock dividend is declared or the issuer enters into another type of corporate transaction which increases its outstanding securities.

Counterparty Risk

Our clients will be at risk if any counterparty is unable to perform in terms of a transaction because of, among other things, insolvency, bankruptcy or inability of the counterparty to access finance and/or assets to meet its obligations.

Where any counterparty enters an insolvency procedure, our clients could experience delays in liquidating their positions and significant losses, including the following:

- loss of that portion of our client's portfolio financed through the counterparty transaction;
- a decline in value of its investment during the period in which our client seeks to enforce its rights;
- an inability to realize any gains on its investment; and
- fees and expenses incurred in enforcing its rights.

During an insolvency procedure (which may last many years) our clients may have restricted use of assets that are held by or on behalf of the relevant counterparty. Restricted use of the assets may give rise to the following consequences:

- our ability to fulfill the investment objective of the client may be impaired;
- we may require our client to suspend the calculation of the net asset value and as a result subscriptions for and withdrawals or redemptions of limited partners interests or shares; and/or
- the net asset value may be otherwise affected.

During an insolvency procedure, our clients will likely be unsecured creditors in relation to certain assets (including those which they had previously been secured creditors), and, because of this, our clients may be unable to recover the assets from the insolvent estate of the relevant counterparty in full, or at all.

Credit Default Swaps

Our client funds may take long and short positions in credit default swaps. A credit default swap is a type of credit derivative which allows one party (the “protection buyer”) to transfer credit risk of a reference entity (the “reference entity”) to one or more other parties (the “protection seller”). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of a number of events experienced by the reference entity. Credit default swaps carry specific risks, including high levels of gearing, wide bid/offer spreads and documentation risks. In addition, there can be no assurance that the counterparty to a credit default swap will be able to meet its obligations to our clients if a credit event occurs in respect of the reference entity. Further, the counterparty to a credit default swap may seek to avoid payment following an alleged credit event by claiming that there is a lack of clarity in, or an alternative interpretation of, language used in the contract, most notably the language specifying what would amount to a credit event.

Derivatives

Our clients may utilize both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps, options and contracts for differences, as part of their investment policy and for hedging purposes. These instruments can be highly volatile and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in these instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unlimited further loss exceeding any margin deposited. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses. Further, when our clients use derivatives for hedging purposes, there may be an imperfect match between these instruments and the investments or market sectors being hedged. Transactions in over-the-counter contracts may involve additional risk since there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

Contractual differences and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in net asset value of our clients, incorrect collateral calls or delays in collateral recovery. Our clients may also sell covered and uncovered options on securities and other assets. To the extent that the options are uncovered, our clients could incur an unlimited loss.

Enhanced Regulation of the OTC Derivatives Markets

There has been an international effort to increase the stability of the financial system in general, and the OTC derivatives market in particular, in response to the recent financial crisis. In many jurisdictions, regulators have begun to require OTC standardized derivative contracts to be cleared through central counterparties or, where appropriate, traded on exchanges or electronic trading platforms and that OTC derivative contracts be reported to trade repositories and non-centrally cleared contracts should be subject to higher capital requirements.

Rules and regulations required under the Dodd-Frank Act have recently begun to become effective and comprehensively regulate the OTC derivatives markets for the first time. The CFTC has recently required that certain interest rate and credit default index swaps be centrally cleared, and the first requirement to execute certain interest rate swap contracts through a swap execution facility. Additional standardized swap contracts are expected to be subject to new clearing and execution requirements in the future. OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible margin requirements mandated by the SEC. The regulators also have proposed but have not yet finalized margin requirements on non-cleared OTC derivatives. Although the Dodd-Frank Act includes limited exemptions from the clearing and margin requirements for so-called “end-users”, our firm and our affiliates are not eligible to rely on those exemptions. In addition, the OTC derivative dealers with which our clients execute the majority of their OTC derivatives will not be able to rely on the end-user exemptions under the Dodd-Frank Act and therefore those dealers will be subject to clearing and margin requirements notwithstanding whether our clients are subject to those requirements. OTC derivative dealers are required to post margin to the clearinghouses through which they clear their customers’ trades instead of using margin in their operations for cleared derivatives, as is currently permitted. This will increase the OTC derivative dealers’ costs, and these increased costs are expected to be passed through to other market participants in the form of higher upfront and mark-to-market margin, less favorable trade pricing, and possible new or increased fees.

The SEC and CFTC are also expected to increase the portion of derivatives transactions that will be required to be executed through regulated securities, futures, or swap exchange or execution facilities. These requirements may make it more difficult and costly for investment funds, including our clients, to enter into highly tailored or customized transactions. They may also render certain strategies in which our clients might otherwise engage impossible or so costly that they will no longer be economical to implement. OTC derivative dealers and major OTC derivatives market participants have now registered with the SEC and/or CFTC and the CFTC’s broad interpretation of its jurisdiction has recently required additional dealers to register. Our clients, our firm or our affiliates may be required to register as major participants in the OTC derivatives markets if their swaps positions are too large or leveraged but the SEC’s and the CFTC’s definition of major swap participant make such registration unlikely. Dealers and major participants will be subject to minimum capital and margin requirements. These requirements may apply irrespective of whether the OTC derivatives in question are exchange-traded or cleared. OTC derivatives dealers are also subject to new business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, limitations on conflicts of interest, and other regulatory burdens. These requirements may increase the overall costs for OTC derivative dealers, which are likely to be passed along, at least partially, to market participants in the form of higher fees or less advantageous dealer marks. In addition, the CFTC has proposed position limits for certain physical commodity contracts and other reference contracts, such as swaps that relate to the futures contract, which would limit the ability of our clients to concentrate on a particular type of contract. Our clients are also subject to recordkeeping and depending on the identity of the swaps counterparty, reporting requirements. While many of the requirements of the Dodd-Frank Act have been adopted, the final overall impact of the Dodd-Frank Act on our clients is uncertain, and it is unclear how the OTC derivatives markets will adapt to the final regulatory regime.

Steps are also underway to regulate OTC derivative transactions in Europe. A regulation on OTC derivatives, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation) came into force in August 2012. The regulation introduces uniform requirements covering financial counterparties, such as investment firms, credit institutions, insurance companies and managers of alternative investment funds such as our clients and certain non-financial counterparties in respect of OTC derivative contracts. Financial counterparties are subject to a general obligation to clear all so-called “eligible” OTC derivative contracts through a duly authorized central counterparty (known as a “clearing obligation”) and to report the details of all such contracts to a trade repository (known as a “reporting obligation”). A non-financial counterparty may also be subject to the clearing obligation and the reporting obligation, subject to its positions in OTC derivatives contracts exceeding certain thresholds. In addition, a financial counterparty or a non-financial counterparty subject to the clearing obligation which enters into an OTC derivative contract which is not eligible for the clearing obligation would have to ensure that appropriate procedures and arrangements are in place to measure, monitor and mitigate operational and credit risk. Many provisions of the regulation require the adoption of delegated acts by the European Commission before becoming fully effective not all of which have been proposed or finalized as yet. Accordingly, it is difficult to predict the precise impact of the draft regulation on our clients. The regulatory changes arising from the draft regulation may in due course adversely affect the ability of our clients to adhere to their investment approaches and achieve their investment objectives.

Eurozone Crisis

The current economic situation in the Eurozone has created significant pressure on certain European countries regarding their membership of the Euro. Some economists advocate the exit of certain countries from the Eurozone, and political movements in some Eurozone countries also promote their country’s exit from the Eurozone for economic or political reasons, or both. It is possible that one or more countries may leave the Eurozone and return to a national currency (which may also result in them leaving the European Union) and/or that the Euro will cease to exist in its current form, or entirely, and/or lose its legal status in one or more of the current Eurozone countries.

There are no historical precedents, and the effect of any such event on our clients is impossible to predict. However, any of these events might, for example:

- cause a significant rise or fall in the value of the Euro against other currencies;
- significantly affect the volatility of currency exchange rates (particularly for the Euro) and of the prices of other assets;
- significantly reduce the liquidity of some or all of our clients’ investments (whether denominated in the Euro or another currency) or prevent a client from disposing of them at all;
- change, through operation of law, the currency denomination of cash, securities, transactions and/or other assets of our clients that are currently denominated in the

Euro to the detriment of a client or at an exchange rate that we or our affiliates may consider unreasonable or wrong;

- adversely affect a client's ability to enter into currency hedging transactions and/or increase the costs of such transactions (which may prevent that client from allocating losses on currency hedging transactions in accordance with its usual allocation policies, or from protecting certain share classes against exposure to foreign exchange rates through hedging);
- affect the validity or interpretation of legal contracts on which a client relies;
- adversely affect the ability of a client to make payments of any kind or to transfer any of its funds between accounts;
- increase the probability of insolvency of, and/or default by, its counterparties (including prime brokers, custodians and account banks); and/or
- result in action by national governments or regulators which may be detrimental or which may serve to protect certain types of market participants at the expense of others.

Such factors could, individually or in combination with each other, impair a client's profitability or result in significant losses, prevent or delay that client from being able to value its assets and/or calculate its net asset value and affect the ability of the client to redeem interests and make payments of amounts due to investors. Although we and/or our affiliates might be able to identify some of the risks relating to the possible events described above, there might be no practicable measures available to them that would reduce the impact of such events on our clients.

Foreign Exchange Trading

In general, foreign exchange rates can be extremely volatile, and market movements can be difficult to predict. Currency prices may be influenced by, among other factors: changing supply and demand for a particular currency; trade, fiscal and monetary policies of governments (including, without limitation, exchange control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or on investment by residents of a country in other countries; political events; changes in balances of payments and trade; domestic and foreign rates of inflation; domestic and foreign rates of interest; international trade restrictions; and currency devaluations and restrictions). Differences in the amount of volatility of the market from our expectations may produce significant losses to our clients, particularly in the case of transactions entered into pursuant to non-directional strategies.

Currency exchange rates and currency transactions are subject to certain risks arising from government activities, including those of the U.S. Federal Reserve Board, through regulation of or intervention on the currency markets, regulation of the local exchange market, restrictions on foreign investments by residents or limits on inflows of investment funds.

Regulation or intervention could adversely affect our clients' performance. Our clients' investment in securities issued or guaranteed by sovereign governmental entities may also present risk of loss in the event of a default by a government or government agency.

Politics, recession, inflation, employment levels, trade policies, international events, war and other unforeseen events can also have significant impact upon prices. A variety of possible actions by various government agencies also can hurt the profitability of our clients' business or can result in losses. These events, which can result in huge market movements and volatile market conditions, create the risk of catastrophic losses for clients. We employ various techniques to attempt to reduce a portion of the risks inherent in the trading strategy utilized on behalf of our clients. The ability to achieve the desired effect through a particular technique is dependent upon many factors, including the liquidity of the market at the desired time of execution. Because of this, substantial risk remains that the techniques employed on behalf of our clients cannot always be implemented or effective in reducing losses.

The currency market allows investors to have a substantial degree of leverage. This leverage presents the potential for significant profits, but also entails a high degree of risk. Since clients may maintain currency positions with an aggregate value in excess of their net asset values, these include the risk that losses in excess of the amount invested will be sustained. These losses may result, for example, from significant directional movements in currency exchange rates. In times of significant volatility in the foreign exchange markets, margin requirements for exchange-traded futures or option contracts (in the context of exchanges that impose margin requirements) may be increased substantially. Any increase would reduce the degree of leverage and, therefore, the potential profitability to clients of the underlying positions. The degree of clients' leverage may also be reduced if any counterparty requires them to collateralize their contingent liabilities arising from over-the-counter forward, spot or option contracts.

Forward Foreign Exchange Contracts

Our clients may enter into forward foreign exchange contracts. A forward foreign exchange contract is a contractually binding obligation to purchase or sell a particular currency at a specified date in the future. Forward foreign exchange contracts are not the same in the quantity or time at which a currency is to be delivered and are not traded on exchanges. Rather, they are individually negotiated transactions. Forward foreign exchange contracts are effected through a trading system known as the interbank market. It is not a market with a specific location but rather a network of participants that are electronically linked.

There is no limitation as to daily price movements on this market and in exceptional circumstances there have been periods during which certain banks have refused to quote prices for forward foreign exchange contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell.

Transactions in forward foreign exchange contracts are not regulated by any regulatory authority and are not guaranteed by an exchange or clearing house. Our clients will be subject to their counterparties' inability or refusal to perform with respect to these types of contracts. Any default would eliminate any profit potential and force our clients to cover their commitments for

resale or repurchase, if any, at the then current market price. These events could result in significant losses.

Highly Volatile Markets

The prices of derivative instruments, including options prices, are highly volatile. Price movements of forward contracts and other derivative contracts in which our clients may invest are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets. These types of intervention are often intended directly to influence prices and may, together with other factors, cause all of these markets to move rapidly in the same direction because of, among other things, interest rate changes. Our clients are also subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearing houses.

Identification and Exploitation of Investment Strategies

The success of our clients' investment activities depends on our affiliates' ability to identify overvalued and undervalued credit situations and to exploit price differences in the financial markets, as well as to assess the impact of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued by our clients involves a high degree of uncertainty.

Our clients may be adversely affected by unforeseen events, including:

- matters such as changes in interest rates or the credit status of an issuer or counterparty;
- forced redemptions of securities or acquisition proposals;
- break-ups of planned mergers;
- unexpected changes in relative values, volatility levels or liquidity conditions;
- an inability to short stock; or
- changes in tax treatment.

Short Selling

Our clients may engage in short selling of securities. Short selling may expose a portion of a client's assets committed to these activities to unlimited risk. Unlimited risk occurs where no upper limit exists on the price to which a security may rise.

In response to the volatility of global financial markets, regulators have taken action to restrict taking short positions on certain securities. The levels of restriction vary across different jurisdictions and are subject to change in the short to medium term. These restrictions have

made it difficult and in some cases impossible for a number of market participants either to continue to implement their investment strategies or to control the risk of their open positions. As a result, our clients may be constrained in fulfilling their investment objectives.

Enhanced Regulation of Short Sales, Credit Default Swaps and Other Swaps

A short sale involves the sale of a security that a fund does not own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To deliver to the buyer, a fund must borrow the security and later purchase the security to return to the lender. A short sale involves a risk of a theoretically unlimited loss due to an increase in the market price of the security. A credit default swap is a derivative contract, typically negotiated over-the-counter, whereby credit exposure relating to a fixed income product is transferred to a counterparty. The purchaser of a credit default swap generally makes payments to its writer up until its maturity date and, in exchange, the writer agrees to pay a third party debt in case of default.

The European Union regulation on short selling and certain aspects of credit default swaps (known as CDS) applies to short sales or and short positions relating to (a) the issued share capital of companies whose shares are admitted to trading on a regulated market or multilateral-trading facility in the EEA (unless the principal trading venue for the relevant shares is located in a country outside the EEA), and (b) debt instruments issued by an EEA sovereign issuer.

This regulation provides for the disclosure of net short positions in EEA listed shares and EEA sovereign debt. It applies to all natural or legal persons, irrespective of regulatory status, located inside and outside the EEA. The regulation also contains prohibitions on uncovered or “naked” short sales of EEA listed shares and EEA sovereign debt in certain circumstances, as well as a prohibition on uncovered CDS referencing EEA sovereign debt (i.e., where the investor does not have an exposure that it is seeking to hedge either to the sovereign debt itself or to assets or liabilities whose value is correlated to the sovereign debt). In addition, this regulation permits the competent authorities of European Union Member States to prohibit or restrict short sales, limit sovereign credit default swaps and impose emergency disclosure requirements, among other things, during times of stressed markets. Competent authorities may also restrict short sales of individual financial instruments which have suffered a significant fall in price in a single day. The provisions of the regulation may hinder the investment programs of our clients by preventing them from taking positions that our firm or our affiliates consider favorable. They may also result in overvaluations of certain financial instruments due to restrictions on market efficiency. In addition, the emergency powers granted to competent authorities during times of stressed markets and with respect to individual financial instruments may adversely affect our clients by preventing them from taking hedging positions or other positions that our firm or our affiliates consider to be in their best interests. The imposition of emergency measures under the regulation could, therefore, result in substantial losses to our clients.

In the United States, a credit default swap is either a securities-based swap or it is related to a broad-based index, a swap subject to the clearing position limit and other costs and risks described in the risk factor entitled “Enhanced Regulation of the OTC Derivatives Market.”

Sovereign Debt Crisis

Government interference with international transactions in its currency or the debt obligations of itself or its nationals through various means, including, without limitation, regulation of the local exchange market, restrictions on foreign investments by residents, limits on flows of investments funds from abroad and debt moratoria, may expose clients to unanticipated losses.

There are increasing concerns regarding the ability of multiple sovereign entities to continue to meet their debt obligations. In particular, ratings agencies have recently downgraded the credit ratings of various countries. Many economies are facing acute fiscal pressures as they struggle to balance budgetary austerity with stagnant growth. Many observers predict that a depressed economic environment will cause budget deficits in these economies to expand in the short term and further increase the perceived risk of a default, thereby rendering access to capital markets even more expensive and compounding the debt problem.

Transaction Costs

Our clients' investment approaches may involve a high level of trading and turnover of investments. This investment approach may generate substantial transaction costs for which the relevant client will be liable.

Error Trades

Unintended errors in the communication or administration of trading instructions may, from time to time, arise. Except in the case of the negligence, fraud or willful default of our firm or its affiliates, as the case may be, losses (if any) arising from such errors will be for the account of our clients on the basis that profits from such errors (if any) will also be for the account of our clients.

Reliance on Models/Information Technology

Our clients' investment approach is based in whole or in part on mathematical models, which are implemented as automated computer algorithms, which our investment professionals have developed over time. Our firm and our affiliates commit substantial resources to the updating and maintenance of existing models and algorithms as well as to the ongoing development of new models and algorithms. The successful operation of the automated computer algorithms on which the investment approach of certain clients is based relies on our affiliates' information technology and our ability to ensure those systems remain operational and that appropriate disaster recovery procedures are in place. Further, as market dynamics shift over time, a previously highly successful model may become outdated, perhaps without our firm and our affiliates recognizing that fact before substantial losses are incurred. There can be no assurance that our affiliates will be successful in maintaining effective mathematical models and automated computer algorithms.

Investment Vehicles

Our clients may form investment vehicles and structure their economic interest in in such investment vehicles through a variety of means, including without limitation by holding equity

interests, debt instruments (including debt instruments secured on the assets of the relevant investment vehicle) or derivatives, or a combination thereof.

Third parties may also have ownership and/or economic interests in such investment vehicles, which may rank senior to the interests of our clients in them. Investment vehicles may make a number of investments, some of which may not be for the benefit of our clients. In the event of losses attributable to a particular investment (which may not be for the benefit of a client), or the insolvency of an investment vehicle (which may be caused, or contributed to, by an investment or investments not for the benefit of a client), or other event affecting an investment vehicle, a client could be subject to significant losses.

6. Disciplinary Information

Neither our firm nor any management person has been involved in any criminal or civil actions in a domestic, foreign or military court.

Neither our firm nor any management person has been subject to an administrative proceeding before the Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority.

7. Other Financial Industry Activities and Affiliates

Neither our firm nor any of our management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither our firm nor any of our management persons is registered, or has an application pending to register, as a futures commission merchant or is an associated person thereof.

Our principal, Leda Braga, owns a majority shareholding in, and maintains control over and carries out the management of, our firm. BlueCrest Capital Management Limited, acting solely in its capacity as general partner of BlueCrest Capital Management LP, retains a minority shareholding in, and does not maintain control over or carry out the day-to-day management of, our firm.

Our firm owns Systematica GP I Limited, a Cayman Islands exempted company which acts as managing general partner to BlueTrend Fund L.P. and general partner to BlueMatrix L.P., BlueTrend 2x Leveraged Fund L.P. and BlueCrest Managed Futures Fund L.P. Systematica Investments Limited acts solely in its capacity as the general partner of Systematica Investments LP, a Guernsey limited partnership. Unlike a U.S. limited partnership, Systematica Investments LP does not have legal personality and therefore acts through its general partner, our firm. Although Systematica GP I Limited is under ultimate common control with us, it has at least a majority of independent directors.

The following entities, which directly or indirectly provide trading, certain compliance support, legal, finance and accounting, human resource, information technology, software and middle and back office, marketing and certain other services for our firm, our affiliates and our client funds, are under ultimate common control with us:

- Systematica Investments Jersey Limited, a Jersey limited company;
- Systematica Investments GP Limited, a Jersey limited company,
- Systematica Investments Guernsey LP, a Guernsey limited partnership;
- Systematica Investments Services Limited, an English private limited company; and
- Systematica Investments US LLC, a Delaware limited liability company.

We utilize certain affiliated entities to directly or indirectly provide certain marketing, trading and trade execution and back-office services for our firm, our affiliates and our client funds. We also engage certain entities which are affiliated with and under common control with BlueCrest Capital Management Limited to provide certain marketing, legal, compliance support, finance and accounting, human resource, information technology and software, middle and back office, trade execution, certain modeling and strategy research, implementation and technology and other related services to our firm.

Our firm supervises and monitors each of our affiliates and other services providers, including those affiliated with BlueCrest Capital Management Limited, and seeks to ensure that these entities comply with our policies. As long as our firm is a registered investment adviser with assets under management, it will seek to ensure that each of its sub-investment managers conducts its investment advisory activities with respect to U.S. clients as if it were itself so registered.

For the strategy and other relevant information for each client that our firm or our affiliates manage, please see Item 4: Types of Clients.

Our firm acts as commodity pool operator and commodity trading adviser to certain of its clients. We are registered as a commodity pool operator and as a commodity trading advisor under the U.S. Commodity Exchange Act, as amended, with the CFTC and are a member of the U.S. National Futures Association. We have filed a claim of exemption pursuant to the CFTC regulation 4.7 in connection with acting as the commodity pool operator of our fund clients.

We do not have any arrangements with the following types of related persons that create a material conflict of interest:

- a broker-dealer, municipal securities dealer or government securities dealer or broker;
- a futures commissions merchant, commodity pool operator or commodity trading adviser;
- a banking or thrift institution;
- an accountant or accounting firm;
- a lawyer or law firm;

- an insurance company or agency;
- a pension consultant; or
- a real estate broker or dealer.

We do not recommend or select unaffiliated investment advisers for our clients, receive compensation directly or indirectly from unaffiliated advisers that will create a material conflict of interest or have other business relationships with them that will create a material conflict of interest.

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

Our firm has established a Code of Ethics that sets forth standards of ethical conduct for our professionals. Our employees must seek to avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interests of our clients as a whole.

Our code of ethics mandates that our employees will at all times:

- place our collective clients' interests ahead of the interests of the firm;
- only engage in personal investing that is in full compliance with our Code of Ethics, including the personal account dealing policy;
- abide by our market abuse policies; and
- avoid taking advantage of the employee's position of employment by accepting investment opportunities, gifts or other gratuities from individuals seeking to conduct business with our firm, other than in accordance with our gift policy.

Additionally, our Code of Ethics provides for a range of sanctions, as deemed appropriate by our senior management, should anyone violate the Code of Ethics. These sanctions include, but are not limited to, a warning, fines, disgorgement, suspension or termination of employment.

In addition, we have established policies and procedures that address, among other things, potential conflicts of interest that might arise in the management of our clients.

The paragraphs above only represent a summary of key provisions in our Code of Ethics. We will provide a copy of our entire Code of Ethics to any prospective client, any client or any investor in our hedge fund clients upon request.

We generally do not buy securities from or sell securities to our client funds or managed accounts. However, we may engage in these transactions in certain limited circumstances. These types of transactions are known as "principal transactions." This could potentially create a conflict of interest between our firm and a client fund. As a result, we have established the following policies and procedures that address these principal transactions in order to minimize any conflicts of interest:

- Our firm or our employees may not enter into a principal transaction with a client if any employee, or any person controlling, controlled by or under common control with, our firm receives compensation from any source for acting as broker for the transaction.
- Before the execution of the transaction, our firm will prepare a brief memo discussing the proposed transaction, including the proposed price, any potential commissions, the reason for the transaction and any other material information about the transaction. Our firm's Chief Compliance Officer must approve the memo before the execution of the transaction.
- The approval must be available to the client for review, and a knowledgeable representative of our firm must be available to answer any questions about the transaction.
- The client must consent to the transaction before its execution.

Finally, these entities may deal with our clients as a principal or agent as long as the transactions are completed as if they were made on normal commercial terms and negotiated on an arm's length basis.

Our firm may only undertake "agency cross transactions" (that is, transactions in which our firm, or any person controlling, controlled by, or under common control with our firm, acts as a broker both for a client and for a person on the other side of the transaction) unless certain conditions are met, including:

- The client must execute a written consent prospectively authorizing our firm to effect agency cross transactions for the client and the client must receive full written disclosure with respect to the agency cross transactions before consenting.
- Our firm must send the relevant client(s) a written confirmation at or before the completion of each agency cross transaction.
- Our firm must send to the relevant client(s), at least annually, a written disclosure statement identifying the total number of agency cross transactions during the period since the date of the last statement and the total amount of all commissions or other remuneration received or to be received by us.
- No agency cross transactions may be effected in which our firm or any person controlling, controlled by or under common control with our firm recommended the transaction to both any seller and any purchaser.

Finally, our firm may not cause one client fund to sell a security to another client fund in an agency cross transaction if any employee or any person controlling, controlled by, or under common control with our firm receives compensation from any source for acting as broker.

In the event that we cause one client fund to purchase an investment from another client fund (known as a “cross trade”), there may be a conflict of interest in how we allocate that trade. We will try to ensure that any conflict of interest that we become aware of is resolved fairly. Prior to execution of a cross transaction, a person familiar with the trade will be responsible for preparing a brief memorandum setting forth the reasons why the transaction is suitable for each client involved (including differences in invested positions, investment objectives, risk tolerances, and tax situations). The officer or employee who prepared the memorandum must sign it and seek approval from our firm’s Chief Compliance Officer.

Our firm’s general policy is that an employee may only make a cross trade if there is cash consideration within the current market range of prices for the security, based on current sales data relating to transactions of comparable size. If no comparable sales data are available on the day in question, then the cross trade must be at a price equal to the average of the highest current independent bid and lowest current independent offer determined on the basis of reasonable inquiry. There may not be any brokerage commission, fee (except for customary transfer fees) or other remuneration in connection with any cross transaction. However, trading desks may deviate from this policy and/or formulate different procedures covering their desks, with the prior approval of our firm’s Chief Compliance Officer. Our firm requires the documentation of any deviations.

Principals and employees of our firm may buy and sell for themselves securities that they also buy and sell for our clients. This could create a conflict of interest if our principals and employees receive more favorable execution prices than do our clients because our principals’ and employees’ trades might have driven up the market prices of target securities. However, we contain this conflict through the personal trading policy for all of our staff below.

Purpose

The activities related to personal account transactions which are prohibited are those:

- which give rise to a conflict of interest with the firm’s regulatory obligations to our clients;
- which involve insider dealing (including dealing ahead of a client order), disclosing inside information other than in the proper course of the exercise of employment, market manipulation or any other behavior prohibited under applicable law, including the European Union Market Abuse Directive;
- which involve advising or procuring, other than in the proper course of employment, any other person to enter into a transaction which would be covered by the above; or
- which involve disclosure, other than in the proper course of someone’s employment, of any information or opinion to another person where the person disclosing that information knows, or ought reasonably to know, that the person receiving that information is likely either to deal based on that information or to encourage another to deal.

Application

This policy applies to dealings by:

- all of our firm's personnel including all employees in all of our offices, wherever located, and their spouses, partners and dependent children or stepchildren; and by
- any person whose relationship with a member of our firm's personnel results in the member of our firm's personnel having a direct or indirect material interest in the outcome of the transaction.

These procedures do not apply to:

- transactions entered into, without consultation with our employee, through a discretionary account;
- transactions in life assurance policies;
- cash deposit accounts; or
- spot or forward foreign exchange transactions.

Permission to Deal

Our firm's personnel or their related persons must obtain approval from our compliance department before undertaking a personal account transaction in investments in relation to all types of investments, including, but not limited to:

- equity securities (both publicly quoted and private, and including initial public offerings and capital raisings);
- contracts for difference or spreadbets (including spreadbets on indices);
- warrants;
- bonds (including convertible bonds);
- commodities;
- indices;
- exchange-traded futures;
- limited partnerships; and
- foreign exchange derivatives.

As part of the approval process, our compliance department may seek approval for the transaction from the head of the relevant trading desk (or another relevant portfolio manager). We do not require our personnel to obtain this approval themselves. Approvals to deal are valid until close of business on the day following the date on which approval is given. The term “close of business” applies to the market in the country in which the individual is based. Regardless of any permission granted, no dealing may take place if, at the time of dealing, the person with the approval is in possession of material, non-public information about the relevant security.

There is a minimum holding period of one month for all personal account transactions. This holding period applies from the date of execution.

Our firm’s personnel may not deal in the same investment and in the same direction ahead of a client order in that investment.

Heads of trading desk should not approve any personal account transaction if, at the time the approval is sought, there is a current unexecuted order to deal in the same investment in the same direction.

Our firm’s personnel may not sell an investment to or buy one from any of our clients unless our compliance department has pre-approved the transaction. Prior approval is also required for our firm’s personnel or their related persons to deal in shares of the London Stock Exchange listed entities BlueCrest AllBlue Fund Limited and BlueCrest BlueTrend Limited.

Below is a summary of the procedure for obtaining approval for personal account transactions:

- Our firm’s employee must complete the online Personal Account Dealing Request which is sent to our compliance department.
- Our compliance department will send the employee an email approving the transaction. The employee must wait for approval before dealing.

Disclosure of Personal Account Transactions and Certification of Holdings

Our firm’s personnel must arrange for our compliance department to receive promptly a copy of the contract note/confirm for each personal account transaction within seven days of trading. While arrangements can be made to have the contract notes/confirm provided directly to our compliance department by the broker used for the transaction, responsibility for providing the information remains with the employee. Failure to provide contract notes/confirm may prevent approval of further personal account transactions.

Certification of Holdings

Our firm’s personnel are required to make initial disclosure of their holdings in all investments covered by this policy at the time they begin employment at our firm. Our firm’s personnel are also required to certify to our compliance department, on an annual basis, details of all holdings in all investments covered by this policy.

Please see the disclosure immediately above for a description of how we generally address conflicts that arise in the sale of securities between clients.

9. Brokerage Practices

In determining which brokers, dealers and counterparties we use, and when we place portfolio transactions and negotiate commission rates, our firm generally seeks to obtain the best execution for our clients' portfolios, and we take into account the following factors:

- the size of order and difficulty of execution;
- confidentiality and/or other disclosure issues;
- the financial strength, integrity and stability of the broker;
- the firm's risk in positioning a block of securities;
- creditworthiness of the broker;
- the quality, comprehensiveness and frequency of available research services considered to be of value; and
- the competitiveness of commission rates in comparison with other brokers satisfying our firm's other selection criteria.

Research and Other Soft Dollar Benefits

Because we strive for all-around best execution, our firm may pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide us with investment and research information, so long as the prices are reasonable in relation to the research products and services we obtain from broker-dealers. These research products and services are often referred to as "soft dollar" benefits. The research services that broker-dealers might provide include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistical data; and discussions with research personnel. The products and services that we may obtain from broker-dealers include analytical tools, pricing services, on-line research, reports on particular industries and companies, market and economic surveys and analyses, recommendations as to specific securities and discussions with research personnel. The soft dollar benefits we receive do not generally have a mixed use nor do we use them for functions unrelated to making investment decisions.

Under our soft dollar arrangements, our firm or our affiliates may agree that:

- a broker will set aside a proportion of the commission earned on transactions and use such amount to discharge the cost of certain permitted services related to the execution of transactions on behalf of the relevant client and the provision of investment research received by our firm or our affiliates; or

- a broker will receive a commission in excess of the amount another broker would receive for effecting a particular transaction in recognition of execution and research services provided by the broker. However, our firm must determine that the amount of the commission is reasonable in relation to the value of the brokerage and/or research services provided by such broker for the benefit of the client.

Although we generally do not enter into soft dollar arrangements where the goods and/or services under these arrangements relate to the execution of trades on behalf of a client, our policy requires us and our affiliates to ensure that the relevant goods and/or services are:

- linked to the arranging and conclusion of a specific investment transaction (or series of related transactions); and
- provided between the point at which our firm or our affiliate makes an investment or trading decision and the point at which the investment transaction (or series of related transactions) is concluded.

Where the goods and/or services under these soft dollar arrangements relate to the provision of research, our firm or our affiliates must ensure that the relevant research:

- is capable of adding value to the investment or trading decisions by providing new insights that inform our firm or our affiliates when making such decisions about a client's portfolio;
- whatever form its output takes, represents original thought in the critical and careful consideration and assessment of new and existing facts and does not merely repeat or repackage what has been presented before;
- has intellectual rigor and does not merely state what is commonplace or self-evident; and
- involves analysis or manipulation of data to reach meaningful conclusions.

In addition, our firm will only effect a soft dollar transaction where the execution and research services received will reasonably assist us and our affiliates in the provision of our services to a client and do not, and are not likely to, compromise the ability of our firm or our affiliates to comply with their best execution obligations under Section 28(e) of the Securities Exchange Act of 1934, as amended.

We intend that our soft dollar arrangements will fall within the safe harbor afforded by Section 28(e) of the Securities Exchange Act of 1934, and our firm's Chief Compliance Officer must approve all soft dollar transactions.

Upon request from a client or an investor in a client fund, we will provide the client or investor with a statement detailing the goods and services that we have received from the client's account during the last year under our soft dollar arrangements.

The Use of Soft Dollars Can Create a Conflict of Interest

Using client transactions to obtain research and other benefits may create incentives that result in conflicts of interest between advisers and their clients. If we use client markups or markdowns to obtain research products and services, our firm will receive a benefit because we will not have to pay for the research products and services. The availability of these benefits may influence us to select one broker-dealer rather than another to perform services for our clients based on our interest in receiving the products and services instead of on our clients' interest in receiving the best execution prices. Obtaining these benefits may cause our clients to pay higher fees than those charged by other broker-dealers.

We Use Particular Procedures to Direct Transactions in Return for Soft Dollars

We direct our clients' transactions to particular broker-dealers after weighing the applicable factors and considerations described earlier in this section.

We Allocate Soft Dollars among Clients

We allocate the soft dollar benefits to the clients that benefit from them, and if multiple clients benefit from them, we allocate these soft dollar benefits among the applicable client funds and managed accounts and the applicable investments of each client in a fair and reasonable manner.

Referrals in Selecting or Recommending Broker-Dealers.

We do not receive referrals for clients from any broker-dealers. For more information on our affiliates, please see Item 7: Other Financial Industry Activities and Affiliates.

Directed Brokerage.

As our clients are all private investment funds and separately managed accounts managed by us, we select all broker-dealers and do not permit our clients to direct brokerage.

Aggregation of Trades – Policies and Procedures

In certain circumstances, we may combine orders on behalf of our clients if we decide to invest in the same security for more than one client. In these cases, we will allocate the securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the clients participating in the transaction. While the combining orders in this way may, over time, benefit all clients, in particular cases the average price could be less advantageous to one client than if that client had been the only participant in the transaction or had completed its transaction before the other clients.

10. Review of Accounts

Client Funds

Our client funds follow systematic and quantitative processes, including the following strategies:

- A quantitative strategy aimed at predicting and capturing directional movements in a large number of liquid markets across a number of key asset classes across the globe. This strategy systematically adjusts its positions within each market, and hence achieves a dynamic distribution of risk, according to proprietary signals and market risk levels. This trading takes place through liquid markets, principally utilizing exchange traded forwards alongside a number of highly liquid OTC markets.
- A quantitative strategy aimed at identifying anomalies between groups of individual stocks with a view that these temporary dislocations will mean revert. This strategy trades across a broad range of single-stocks on major stock exchanges around the globe.

Managed Accounts

Our managed accounts are managed using a fully systematic proprietary method that has the main goal of balanced risk apportionment across securities and sectors to allocate to these client accounts. There are no fixed selling levels or fixed profit taking levels. The team reviews the systematic trading model quarterly.

Investors in our clients that are hedge funds receive the following written reports regarding the client or clients in which they have invested:

- Weekly net asset value estimates;
- Monthly final net asset value calculations;
- Monthly “value-at-risk” reports;
- Monthly profit and loss comparisons; and
- Annual and, when appropriate, semi-annual financial reports.

11. Client Referrals and Other Compensation

To the extent that commissions paid to brokers are shared with third parties from whom we may obtain data and research, our firm may be deemed to receive a benefit. For more information on our “soft-dollar” practices, the potential conflicts of interest and how we will resolve them, please see Item 9: Brokerage Practices.

Other than any potential benefits discussed in this brochure, our firm does not, nor do any of the principals or employees of our firm, benefit from non-clients providing investment advice or other advisory services to our clients.

We have entered into sub-distribution agreements for the marketing and distribution of several of our client funds by third parties. The third parties are paid certain compensation for their activities. Compensation is in the form of a percentage from management fees, performance-based fees and/or distribution fees. All terms with these third parties are negotiated on an arm’s-length basis.

12. Custody

Due to (i) our access to client funds and authority to instruct the administrator to deduct fees and other expenses from a client fund's account and (ii) services provided by our firm and our affiliates as general partners of certain of our hedge fund clients, we are deemed under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, to have custody of these clients' funds.

We utilize the services of banks or other qualified custodians (as defined under Rule 206(4)-2) to hold all assets of these clients. We also endeavor to ensure that the qualified custodians maintain these funds in accounts that contain only clients' funds and securities, under the fund client's name or our name as agent or trustee for the clients.

While Rule 206(4)-2 generally requires an investment adviser to ensure that a qualified custodian sends account statements to clients at least quarterly, we are not subject to this requirement because all hedge fund clients managed by our firm are subject to audit at least annually by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. In these cases, we expect to distribute audited financial statements to all investors in our hedge fund clients within 120 days of the end of the fiscal year of the client.

We do not have custody of the assets of our managed account clients. These clients will receive account statements directly from their custodians.

13. Investment Discretion

Our firm accepts discretionary authority to manage our clients' securities accounts. Despite this broad authority, we are committed to adhering to the investment strategy and program set forth in each of our clients' private offering documents and/or managed account documentation. These documents cover various matters, including:

- the types and amounts of securities of which a client's portfolio will consist;
- portfolio allocation limitations; and
- the degree of risk assumed by a client's portfolio.

Before we accept the discretionary authority inherent in managing our clients, we carefully review the investment strategies and investment programs set out in the appropriate offering documents. By completing subscription documents to acquire an interest in one of our clients, investors give us complete authority to manage their investments in accordance with the offering documents that they each received.

Before we provide investment advice to managed account clients, we require each client to appoint us as agent and attorney-in-fact of its portfolio. This gives us complete discretionary authority to buy and sell any investment securities and instruments in the amounts and at the prices that we determine, subject to any restrictions that may be imposed in the client's managed account agreement.

14. Voting Client Securities

Proxy Voting Policies

We implement proxy voting policies in accordance with securities laws and our legal and regulatory obligations to our clients. We strive to vote client proxies in a manner consistent with clients' best interests.

We abstain from voting when we reasonably believe that the outcome of the vote has been decided, regardless of how we may vote, or when the subject of the vote is not material to the interest of our client. Given that we use systematic trading models for our clients and given that we invest on behalf of our clients across a wide range of markets, we generally abstain from proxy voting as a matter of policy.

We may hire independent third parties to provide certain proxy voting and record-keeping services in accordance with this policy. We will monitor the performance of these proxy voting services to ensure their compliance with our firm's policies.

Our policy requires us to maintain a record of all proxy votes cast on behalf of our clients. In addition, we may rely upon third-party service providers to maintain the records of votes cast as long as those service providers have agreed to provide a copy of the records promptly upon our request.

In the event there is a conflict of interests or potential conflict of interests in voting a proxy, our firm's Group Chief Compliance Officer will determine whether the conflict is material. If a conflict is not considered material, we may vote the relevant proxy normally and as described in this policy. If a conflict is deemed material, we will hire an impartial third party to vote the proxy on our behalf, or may use any other method our firm's Group Chief Compliance Officer deems appropriate under the circumstances and given the nature of the conflict of interest.

Our firm will provide a copy of the proxy voting policies and information regarding any proxies actually voted by our firm to any client, including any investor in a client fund, upon the request of the client, at no cost.

In limited situations, we may not have the authority to vote on certain clients' securities. In these cases, clients may contact us, at any time, with questions about a particular proxy solicitation.

15. Financial Information

We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

We do not believe any financial condition exists that is reasonably likely to impair our ability to meet contractual commitments to our clients. Our firm is newly established and therefore has never been the subject of a bankruptcy petition.