

Jefferies Investment Advisers, LLC
Global Macro Division

FORM ADV PART 2A

The Brochure

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Disclaimer

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Additional information about Jefferies Investment Advisers, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2. MATERIAL CHANGES

This is the initial filing for the Global Macro Division of Jefferies Investment Advisers, LLC. From November 2013 through June 2015, the Division was operated through our affiliate, Leucadia Asset Management LLC.

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ITEM 4. ADVISORY BUSINESS

Jefferies Investment Advisers, LLC ("JIA" or "we"), a registered investment adviser, is a wholly owned subsidiary of Jefferies Group LLC, an indirect wholly owned subsidiary of Leucadia National Corporation. JIA, established in 2002, has been registered as an investment adviser with the SEC since January 2003. This Brochure relates to our Global Macro Division ("Global Macro" or the "Division"). Global Macro engages in the business of offering advisory and portfolio management services to institutional clients through separately managed accounts ("SMAs") and private funds ("Funds," and each SMA and Fund, an "Account"). SMAs may also include sub-advisory arrangements with other investment managers.

Our principal places of business are in New York City, Stamford and Miami, where we perform portfolio management, research, trading, operations, accounting, legal and compliance functions. Various affiliates of Global Macro perform administrative functions and services (such as Human Resources, Information Technology, Accounts Payable, Treasury, and Purchasing) in New York, New York, Jersey City, New Jersey and other U.S. locations of Jefferies Group LLC and its subsidiaries.

The Global Macro programs involve global investments in securities, futures, commodities and currency asset classes and derivative contracts on such instruments. The objective of the Global Macro program is to provide clients with exposure to a diverse set of absolute return investments. The strategies which the Division employs trade fixed income securities, exchange-listed broad based index exchange-traded funds ("ETFs"), U.S. and non-U.S. futures, commodities, options, forward contracts (currency and otherwise) and other derivative instruments that are generally uncorrelated with each other.

JIA also distributes and publishes global macro-economic strategy and market commentary on securities, derivatives and currency markets and other matters, which is available by subscription.

Other brochures describe other services we offer outside of the Global Macro Division.

The AUM of the Global Macro Division is currently based on a sub-advisory relationship where the account is traded on the basis of a \$100,000,000 notional amount.

ITEM 5. FEES AND COMPENSATION

We typically receive management and/or incentive fees, which can vary by Fund and by SMA.

For Funds, management fees, which accrue monthly and are payable monthly or quarterly in arrears, are generally expected to be 1 - 2.0% per annum of the net asset value of the respective Fund. Management fees are appropriately prorated for partial periods. Incentive fees are typically 15 - 20% of net new appreciation attributable to each investor in the respective Fund, if such Fund's rate of return exceeds the relevant hurdle rate. Incentive fees are paid at the end of the calendar year or upon redemption. With the assistance of the Fund's third party administrator, we deduct our fees directly from the accounts of our Fund clients. Fund investors generally are subject to a withdrawal fee of 2% of the proceeds of any withdrawal occurring during the applicable lock-up period.

Management and incentive fees with respect to SMAs are generally similar to those charged to our private funds; however, we may agree with our SMA clients to alternate fee structures, including fee structures that involve only an incentive fee with no management fee. We invoice directly our SMA clients for any management fees periodically in arrears (typically quarterly), although we may agree to alternate billing arrangements. We do not deduct fees directly from SMA client accounts.

The fees received by us are explained more fully in the offering memorandum for each Fund (the "Offering Memorandum") or, in the case of an SMA, are set forth in the investment management agreement between the client and ourselves (together with any Offering Memorandum, the "Disclosure Document").

The fees described above are our typical fee rates. We may, in our sole discretion, waive all or a portion of the fees due to us. Each Fund has the right to enter into agreements with one or more of its investors providing for a waiver or modification of certain terms of the Fund. Such arrangements are documented in the offering documents or side letter agreements with particular investors in certain Funds.

The Division expects to receive an annual fixed subscription fee for global strategy and market commentary.

When we consider appropriate, we may invest a portion of an Account's assets in one or more money market funds. When any such investments are made, the Account will be paying, in addition to the compensation payable to us, the Account's proportionate share of any management fees charged by the manager of such money market fund, mutual fund or ETF.

Our SMA clients bear their own trading, financing, and operational expenses directly, and Funds generally bear all such expenses (other than initial organizational and offering expenses), as well as the costs related to the pro rata share of their respective master fund's operations. For both Funds and SMAs, we bear our own overhead costs (such as rent and salaries). Operational expenses borne by Accounts, as applicable, include, without limitation, legal fees; filing fees and expenses (including regulatory filings made

in respect of a Fund such as Form PF preparation and filing expenses); audit, tax, and administration fees; and execution, exchange, clearing and custody fees. Each Disclosure Document contains a complete description of expenses which are borne by an Account.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Performance Based Fees.

We receive performance-based fees from all of our clients in the form of incentive fees. Prospective investors should note that (i) the fact that incentive fees may be payable out of increases in net trading profits may create an incentive for us to make investments that are riskier or more speculative than would be the case if we were compensated solely based on a flat percentage of capital and (ii) we may receive increased compensation because the incentive fees are calculated on a basis that includes unrealized appreciation as well as realized gains.

Side-by-Side Management.

We intend to trade on behalf of multiple client Accounts. As described in "Fees and Compensation" above, we receive performance-based incentive fees from all Accounts. Some Accounts also pay us management fees. As a result, we have a conflict of interest, because we can potentially receive proportionately greater compensation from those Accounts that pay us incentive fees and management fees than from those Accounts that pay us incentive fees only.

We owe a fiduciary duty to our clients not to favor one Account over another, without regard to the types and amounts of fees paid by those Accounts. In light of the conflicts of interest described above, we have allocation policies and procedures in place to ensure that Accounts are treated fairly. Certain sub-advisory accounts perform their own execution of orders for securities, futures, derivatives and other instruments for SMAs. As a result, execution prices for SMAs may vary from prices executed for other Accounts by Division personnel. Generally, Accounts managed within the Division trade *pari passu* with each other. However, we do not necessarily trade for Accounts on a *pari passu* basis, as some Accounts may be distinguished from one another by their investment objectives, investment methodology, fee terms or other investment or trading parameters. Accordingly, our investment professionals may cause purchases or sales to be effected for one or more Accounts while not causing such purchases or sales to be effected for other Accounts. We may determine also to use substantially different degrees of leverage in certain Accounts when effecting a transaction, when maintaining a position, or in conducting an Account's activities generally. Discretion as to which Accounts will receive allocations of particular positions may occur whether investment opportunities are limited or unlimited, and opportunities to participate in transactions may not necessarily be allocated among the Accounts in any particular proportion. For example, but without limitation, proprietary accounts of our affiliates or client Accounts, in trading a new, experimental or different strategies, may enter the same markets earlier than (either days before or on the same day as) other Accounts.

If multiple Accounts qualify for participation in the purchase of a specific security or investment opportunity by such portfolio group, we will, in general, allocate the instruments among the Accounts for which the instrument or investment opportunity is appropriate, on a fair and equitable basis. Common trades on the same day for Accounts managed by the same portfolio management group generally are allocated, where possible, on the basis of the relative assets committed to the strategy at average prices among such Accounts. While no Account will be given investment priority over any other Account, each Account may have separate investment objectives and investment restrictions which we are required to follow; as a result, certain investment opportunities may be appropriate for certain Accounts and not for others. We apply such considerations as we deem appropriate, including relative size of such entities, amount of available capital, size of existing positions in the same or similar securities, leverage and tax considerations and other factors. Nevertheless, prospective investors should understand that we, and our investment professionals, may have an incentive to favor certain Accounts over others.

ITEM 7. TYPES OF CLIENTS

We provide advisory services to the following types of clients:

- Private funds (e.g., hedge funds);
- Corporations and other business entities; and
- Other institutional investors.

Private funds are generally organized as "master-feeder" structures whereby a U.S. feeder fund domiciled in Delaware and a non-U.S. feeder fund that is a Cayman Islands exempted company invest in a master fund that is also a Cayman Islands exempted company. Each private fund is excepted from the definition of an "investment company" pursuant to Section 3(c)(7) of the Investment Company Act of 1940 (the "Company Act"). The investors in these private funds are generally "accredited investors," as that term is defined in Regulation D promulgated under the Securities Act of 1933, and "qualified purchasers" as that term is defined

in the Company Act and the rules promulgated thereunder. Each of the private funds sets minimum investment requirements for the investors in such vehicle. These minimum investments are typically \$5,000,000. Such minimum investment requirements may be waived at our discretion, except to the extent that such waiver is expressly prohibited by the constituent documents of the private fund or applicable law.

SMA clients are typically institutional investors. These clients must be “qualified eligible persons” as that term is defined in Commodity Futures Trading Commission Rule 4.7 and/or “qualified clients” as defined in SEC Rule 205-3, as applicable. We review any requests for managed accounts on a case-by-case basis, but the minimum investment is typically \$25,000,000, which minimum we may waive in our discretion.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The following is a summary of the investment strategies and methods of analysis we generally employ on behalf of our clients. Specific descriptions of such strategies and methods are included in the relevant Disclosure Documents. All investments involve risk of loss that investors should be prepared to bear.

Investment Strategy and Methods of Analysis

Global Macro offers strategies which seek to achieve an investment objective agreed with the applicable client or as set forth in the relevant Disclosure Documents (the “Investment Objective”). Our strategies present risks to our clients and clients must fully understand and accept those risks before making any investment or establishing an SMA.

Each strategy, as well as trading approaches used in the strategies, is proprietary and highly confidential. Accordingly, clients should note that the descriptions set out below are general only and are not intended to be exhaustive.

Strategies offered through the Division primarily trade in global futures markets including commodity futures and other futures contracts, various global securities markets, exchange listed derivative contracts and global developed and emerging currency markets. While we may agree to provide cash management services to our clients (e.g., managing a portfolio of high quality short term credit instruments such as U.S. T-bills or by purchasing money market funds), it is not typically a source of performance for our strategies. Our strategies rely on the discretion of our investment professionals, who may employ one or more proprietary investment and/or trading strategies and methodologies (collectively “Strategies”).

We are under no requirement to limit ourselves to a particular Strategy level of exposure. In general, our Strategies are determined by the judgment or discretion of our investment professionals.

We may formulate new approaches and investment strategies to carry out our principal Investment Objectives based on, among other factors, changing market circumstances. This includes (without limitation) the incorporation of new markets, instruments and strategies. We will notify a client of such changes only if they amount to material changes to the Investment Objective.

At various times, we may employ on behalf of Accounts any of the Strategies discussed herein in various proportions as well as others, some of which may involve higher levels of risk. There is risk associated with each Strategy and there is no assurance that any of the Strategies will be profitable or that we will be able to achieve the Investment Objective or avoid losses. The Strategies used present special and significant risks which investors should carefully consider in conjunction with their investment, legal and tax advisors. In addition, clients may request, and/or we may develop, additional strategies with some similarities to existing strategies. Any such strategies may be subject to risks and conflicts of interest, and also may be subject to additional risks and conflicts of interest that may be described in the applicable Disclosure Documents. A description of certain of those risks appears below.

Risks Relating to Trading and the Markets

Accounts May be Highly Leveraged. There may be leverage inherent in our strategies. We will utilize leverage by purchasing Financial Instruments on margin and selling securities short. The more leverage is employed, the more likely a substantial change will occur in the value of an Account’s portfolio. In addition, trading on margin results in interest charges to the Account. In addition, leveraged exposure may also be achieved utilizing futures, forwards, swaps and other derivatives. On the other hand, we may determine not to use leverage and to hold a significant portion of an Account’s assets in cash and cash equivalents rather than investing them in portfolio instruments.

Because of the low margin deposits normally required in trading futures interests, an extremely high degree of leverage is typical of a futures interests trading account. As a result, a relatively small price movement in a futures interest may result in immediate and substantial losses to the investor. For example, if 10% of the face value of a contract is deposited as margin for that contract, a 10% decrease in the value of the contract would cause a total loss of the margin deposit. A decrease of more than 10% in the value of the contract would cause a loss greater than the amount of the margin deposit. Where the client is unable to make a margin payment within the time required, its position may be liquidated at a loss and the client will be responsible for the resulting deficit. Leverage may be used with other instruments in addition to futures interests, with similar risks of loss.

Futures Interests Trading Is Speculative and Volatile. The rapid fluctuations in the market prices of futures interests make an investment volatile. Volatility is caused by changes in supply and demand relationships; weather; agricultural, trade, fiscal, monetary and exchange control programs; U.S. and non-U.S. political and economic events and policies; and changes in interest rates, among other factors. If we incorrectly predict the direction of the price in a futures interest, large losses may occur. Each Account could lose all or substantially all of its assets.

Futures prices are highly volatile and are affected by a wide variety of complex and hard to predict factors; consequently, a primary risk in trading these instruments is rapid fluctuations in market prices in a short time period. Price fluctuations may affect the Account's ability to earn investment returns. Market volatility may also depart significantly from historical averages, which could affect performance. Volatility could create adverse results for the performance in several ways. A period of substantial volatility shortly after initial investment, or additional investments thereafter, could adversely affect performance and cause a significant reduction in equity, making it more difficult to achieve profitability. Substantial volatility prior to the time of a planned withdrawal could adversely affect performance, and could reduce the amount of proceeds actually received when the withdrawal has been completed.

Non-U.S. Futures. Foreign futures transactions involve executing and clearing trades on non-U.S. futures exchanges. This is the case even if the foreign exchange is formally "linked" to a U.S. futures exchange, whereby a trade executed on one exchange liquidates or establishes a position on the other exchange. No U.S. organization regulates the activities of a foreign exchange, including the execution, delivery and clearing of transactions on such an exchange, and no domestic regulator has the power to compel enforcement of the rules of the foreign exchange or the laws of the foreign country. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, Accounts may not be afforded certain of the protections which apply to domestic transactions, including the right to use domestic alternative dispute resolution procedures. In particular, funds received from customers to margin foreign futures transactions may not be provided the same protections as funds received to margin futures transactions on domestic exchanges. In addition, the price of any foreign futures or option contract and, therefore, the potential profit and loss resulting therefrom, may be affected by any fluctuation in the foreign exchange rate between the time the order is placed and the time the foreign futures contract is liquidated or the foreign option contract is liquidated or exercised.

Because Futures Contracts Have No Intrinsic Value, Positive Performance is Wholly Dependent Upon an Equal and Offsetting Loss. Futures trading is a risk transfer economic activity. For every gain there is an equal and offsetting loss rather than an opportunity to participate over time in general economic growth. Overall stock and bond prices could rise significantly and the economy as a whole prosper while futures trade unprofitably.

Options Trading can be More Volatile than Securities or Futures Trading. We may trade exchange-traded options on securities and on futures. Options trading is speculative and involves a high degree of risk. Although successful options trading requires many of the same skills as successful securities and futures trading, the risks are somewhat different. Successful options trading requires a trader to assess near-term market volatility accurately because that volatility is directly reflected in the price of outstanding options.

The higher the leverage chosen for an Account, the greater the profit potential and risk of loss in proportional terms as well as the higher the expected volatility and brokerage commission expense.

Equities and Equity-Related Securities and Instruments. We may invest in indices of common stocks of U.S. and non-U.S. issuers traded on national or regional securities exchanges and over-the-counter markets. Equity securities fluctuate in value in response to many factors, including the activities, results of operations and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, events such as domestic and international political instability, terrorism and natural disasters may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by an Account.

Fixed-Income Investments and Non-U.S. Debt Obligations. We may invest in secured or unsecured, investment-grade and sub-investment grade fixed-income securities or indices based on these securities, including unrated fixed-income securities of U.S. or non-U.S. issuers, including, without limitation, listed interest rate futures/options; exchange traded swaps/swaptions/overnight indexed swaps/forward rate agreements; cash sovereign debt; sovereign debt listed futures/options; U.S. government-sponsored enterprise debt, U.S. agency mortgage-backed securities, collateralized mortgage obligations and similar instruments; and all other types of instruments. Fixed-income securities pay fixed, variable or floating rates of interest. The value of fixed-income securities in which the Fund may invest will change in response to fluctuations in interest rates. Except to the extent that values are independently affected by currency exchange rate fluctuations, when interest rates decline, the value of fixed-income securities is generally expected to rise. Conversely, when interest rates rise, the value of such securities is generally expected to decline. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Fixed-income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). Investments in lower rated or unrated fixed-income securities, while generally providing greater opportunity for gain and income than investments in higher rated

securities, usually entail greater risk (including the possibility of default or bankruptcy of the issuers of such securities). In addition, during times of market stress, there may be a significant decline in the liquidity of fixed-income investments.

We may also invest in non-U.S. debt obligations. Investments in non-U.S. debt securities, whether issued by a non-U.S. government, bank, corporation or other issuer, may present a greater degree of risk than investments in securities of domestic issuers because of less publicly-available financial and other information, less securities regulation, potential imposition of foreign withholding and other taxes, war, expropriation or other adverse governmental actions. Non-U.S. banks and their non-U.S. branches are not regulated by U.S. banking authorities, and generally are not bound by the accounting, auditing and financial reporting standards applicable to U.S. banks. The legal remedies of investors may be more limited than the remedies available in the United States.

International Investing. Investing outside the United States may involve greater risks than investing in the United States. These risks include: (i) less publicly available information; (ii) varying levels of governmental regulation and supervision; and (iii) the difficulty of enforcing legal rights in a non-U.S. jurisdiction and uncertainties as to the status, interpretation and application of laws. Moreover, non-U.S. companies are generally not subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to United States companies.

Non-U.S. markets may also have different clearance and settlement procedures, and in certain markets there have been times when settlements have failed to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Delays in settlement could result in periods when assets of an Account are uninvested and no return is earned thereon. The inability of an Account to make intended security purchases due to settlement problems or the risk of intermediary counterparty failures could cause the Account to miss investment opportunities. The inability to dispose of a security due to settlement problems could result either in losses to the Account due to subsequent declines in the value of such security or, if the Account has entered into a contract to sell the security, could result in possible liability to the purchaser. Transaction costs of buying and selling non-U.S. securities, including brokerage, tax and custody costs, may be higher than those involved in U.S. transactions. Furthermore, many non-U.S. financial markets, while generally growing in volume, have, for the most part, substantially less volume than U.S. markets, and securities of many non-U.S. companies are historically less liquid and their prices historically more volatile than securities of comparable U.S. companies.

The economies of individual non-U.S. countries may also differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, interest rates, resources, self-sufficiency and balance of payments position.

Non-U.S. Securities and Non-U.S. Dollar Currencies. We may invest in securities of non-U.S. issuers (including by entering into total return swaps and similar Financial Instruments), securities denominated in non-U.S. dollars, and depository receipts, such as American Depositary Receipts ("ADRs"), which are receipts typically issued by a U.S. bank or trust company and which evidence ownership of underlying securities of non-U.S. corporations. Investing in non-U.S. securities, currencies, and/or ADRs may present a greater degree of risk than investing in U.S. securities and currencies due to possible exchange rate fluctuations, a change in trade balances, possible exchange controls, less publicly-available information, more volatile markets, less regulation, less favorable tax provisions (including possible withholding taxes), war or expropriation. In particular, the dollar value of portfolio securities of non-U.S. issuers fluctuates with changes in market and economic conditions abroad and with changes in relative currency values. The application of non-U.S. tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect investment in non-U.S. securities.

An Account may trade on exchanges located outside the United States. Trading on U.S. exchanges is subject to SEC and Commodity Futures Trading Commission ("CFTC") regulation and oversight, as applicable, including, for example, minimum capital requirements for commodity brokers, regulation of trading practices on the exchanges, prohibitions against trading ahead of customer orders, prohibitions against filling orders off exchanges, prescribed risk disclosure statements, testing and licensing of industry sales personnel and other industry professionals, and recordkeeping requirements. Trading on foreign exchanges is not regulated by the SEC, CFTC or any other U.S. governmental agency or instrumentality and may be subject to regulations that are different from those to which U.S. exchange trading is subject, provide less protection to investors than trading on U.S. exchanges, and may be less vigorously enforced than regulations in the U.S. Positions on foreign exchanges also are subject to the risk of exchange controls, expropriation, excessive taxation or government disruptions.

Emerging Market Currencies and Securities Involve Substantial Risks. We may invest a portion of its assets in the securities (or instruments related thereto) of less developed countries or countries with new or developing capital markets ("Emerging Markets") as well as trade the currencies of such countries. The value of Emerging Market currencies and securities may be drastically affected by political developments in the country of issuance. In addition, the existing governments in the relevant countries could take actions that could have a negative impact on the Fund, including nationalization, expropriation, imposition of confiscatory taxation or regulation or imposition of withholding taxes on interest payments. We may invest in Financial Instruments that trade on non-U.S. exchanges, including exchanges in Emerging Markets.

Some of the countries in which the Division may invest have experienced political, economic and/or social instability. Many such countries have also experienced dramatic swings in the value of their national currency. There can be no assurance that such instability or such fluctuations will not occur in the future and, if they do occur, that they will not have a substantial adverse effect on the performance of Accounts.

The economies of many of the Emerging Market countries are still in the early stages of modern development and are subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions having sudden and widespread effects. Also, many Emerging Market country economies have a high dependence on a small group of markets or even a single market.

Emerging Market countries tend to have periods of high inflation and high interest rates as well as substantial volatility in interest rates, which could affect Accounts adversely.

Financial Instruments of Emerging Market countries purchased by, and the instruments relating hereto entered into by, the Division may lack a liquid trading market, which may result in the inability to sell such Financial Instrument or to close out a transaction, thereby forcing an Account to incur potentially unlimited losses.

Foreign investment in Emerging Market countries is in some cases restricted. Many of these countries have non-convertible currencies and the value of investments may be affected by fluctuation in available currency rates and exchange control regulations. The remittance of profits may therefore be restricted, and the Division may need to utilize swaps, participation agreements, loans, and other indirect investment techniques to access markets and remit profits. Moreover, the banking systems in these countries are not as developed as their Western counterparts and considerable delays may occur in the transfer of funds within, and the remittance of monies out of, these countries.

In certain cases, the structures which the Division may employ to make trades in Emerging Market currencies and other Financial Instruments may be complex, entail significant counterparty exposure and/or not clearly comply with local law. The Division may invest in Emerging Markets Financial Instruments through various swaps and derivatives.

Certain Emerging Markets countries are particularly likely to require identifying information about entities and persons who have direct, or even indirect, exposure to the securities of issuers in those countries. This may require us to provide information about Account investors to regulators of such countries or to the brokers who are providing services to the Division in connection with trading activities.

Hedging Instruments. To the extent permitted by the Disclosure Documents, we may cause Accounts to enter into swaps, forwards and other negotiated principal transactions and to sell Financial Instruments short for hedging, leveraging or other purposes. Typically, these techniques involve one or more of the following risks: (i) imperfect correlation between the performance and value of the instrument and the value of the Account's securities; (ii) possible lack of a secondary market for closing out a position in such instrument; (iii) losses resulting from interest rate, spread or other market movements not anticipated by us; (iv) the possible obligation to meet additional margin or other payment requirements, all of which could worsen the Account's position; (v) default or refusal to perform on the part of the counterparty with which the Account trades; and (vi) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of a portfolio's assets segregated to cover its obligations. The ability of the Account to hedge successfully will depend on our ability to predict pertinent market movements, which cannot be assured. We are not required to hedge and there can be no assurance that hedging transactions will be available or, even if undertaken, will be effective. In addition, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. Moreover, it should be noted that the Accounts will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties). By hedging a particular position, any potential gain from an increase in value of such position may be limited.

Credit Risk. To the extent that an Account enters into over-the-counter contracts, there may be no daily settlements of variations in value, and there is no requirement to segregate funds held with respect to such contracts. In such cases, the Account is subject to the credit risk of any other securities brokerage firm, foreign exchange broker or OTC counterparty with which it enters into a swap or OTC transaction.

Possibility of Additional Government or Market Regulation. Market disruptions and the dramatic increase in the capital allocated to automated, systematic trading strategies and alternative investment strategies (including futures strategies) during recent years have led to increased governmental as well as self-regulatory scrutiny of investment strategies. In addition, certain legislation proposing greater regulation of the industry is periodically considered by the U.S. Congress, as well as the governing bodies of non-U.S. jurisdictions. It is impossible to predict what, if any, changes in the regulations applicable to us, the markets in which our clients

trade and invest, the size of position limits, or the counterparties with which our clients do business may be instituted in the future. Any such regulation could have a material adverse impact on our clients, require increased transparency as to the identity of our clients, or restrict our ability or willingness to continue providing our advisory services.

Failure of a Client's Custodian. Certain clients may choose a bank, broker dealer or futures commission merchant with which to custody account assets. If such service provider incurs financial difficulties, the client could lose all or substantially all of the Account's funds on deposit with such third party.

Speculative Position Limits. The CFTC and the U.S. commodities exchanges have established limits referred to as "speculative position limits" on the maximum net long or net short speculative positions that any person may hold or control in any particular futures or options on futures contracts traded on U.S. commodities exchanges. All proprietary or client accounts owned or managed by us are each combined for purposes of calculating position limits. An Account could be required to liquidate positions, or may not be able to fully implement its strategies, in order to comply with such limits, even though the positions attributable to the Account do not themselves trigger the position limits or are a small portion of the aggregate positions directed by the Account. Position limits could force the Account to liquidate profitable positions, result in a tracking error between the Account's portfolio and our standard trading program and cause the Account to incur substantial transaction costs.

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") significantly expands the CFTC's authority to impose position limits with respect to futures contracts, options on futures contracts, swaps that are economically equivalent to futures or options on futures, swaps that are traded on a regulated exchange and certain swaps that perform a significant price discovery function. In particular, Dodd-Frank requires the SEC to set position limits on security-based swaps. If implemented, any such limits may prevent us from acquiring positions for an Account that might otherwise have been desirable or profitable.

Institutional Risk. The institutions, including brokerage firms and banks, with which Accounts trade or invest, or which act as prime brokers or custodians, may encounter financial difficulties that impair the operational capabilities or the capital position of such Accounts. Institutions performing services for Accounts or relating to a strategy's trading activity may encounter financial difficulties that impair their operational capabilities. In such event, there is a risk that Accounts could be faced with trading or settlement delays and/or portfolio losses. In addition to the risk of a counterparty or broker defaulting, there is also the risk that major institutional investors in a Fund may be compelled to withdraw from the Fund or that its counterparties or brokers will be required to restrict the amount of credit previously granted to the Fund due to their own financial difficulties, resulting in forced liquidation of substantial portions of the Fund's portfolio.

Reliance on Our Discretion. We are responsible for making all trading decisions for Accounts and no guarantee or representation is made that our Strategies employed will be successful. Our discretion may involve the use of one or more Strategies and/or methodologies. Use of the Strategies is unlikely to be successful unless the relationships and patterns underlying the methodologies are correct and remain correct in the future. In general, the risks associated with investing pursuant to our discretion are magnified because of the confidential and proprietary nature of our Strategies. As a result, prospective investors need to consider the appropriateness of an investment with us even more carefully than they would in the case of a similar investment with more transparency.

Strategy Risk. There can be no assurance that the Strategies we use on behalf of Accounts will be effective or that they will be effectively utilized by us. Moreover, there can be no assurance that we will be able to continue to develop, maintain and update the Strategies so as to effectively implement each Strategy.

We anticipate the continued modification, enhancement and development of Strategies. Each new generation of Strategies (including incremental improvements to current models) exposes the Accounts to the possibility of unforeseen losses from a variety of factors, including conceptual failures and implementation failures.

Potential Loss of Investment and Amounts in Excess of the Investment. The past results of our portfolio managers or other investment professionals, and our past results or those of our affiliates, are not necessarily indicative of the future performance of an Account. As is true of any investment, there is a risk that an investment with us will be lost entirely or in part, including losses in excess of the amount committed to an Account, requiring an investor to commit additional capital to cover those losses. None of our strategies is a complete investment program (nor are all strategies together a complete investment program) and should represent only a portion of an investor's portfolio management strategy.

Our Performance May Be Adversely Affected by Increased Assets Under Our Management. The success achieved by trading advisers or managers often diminishes as the assets under their management increases. We have not agreed to limit the amount of additional assets that we will manage.

Dependence Upon a Limited Group of Investment Professionals. The Strategies are substantially dependent upon the skill, judgment and expertise of a very limited group of our investment professionals, in particular, David Zervos, Chief Investment Officer of the Division. The death, disability or other unavailability of Mr. Zervos could be material and adverse to the client Accounts.

Competition. In the past decade, there has been a marked increase in the number of, and flow of capital into, investment vehicles established in order to implement alternative asset investment strategies, including strategies similar to the strategies to be implemented by us. While the precise effect cannot be determined, such increase may result in greater competition for investment opportunities, or may result in increased price volatility or decreased liquidity with respect to certain positions. Prospective investors should understand that we may compete with other investment vehicles.

Operating History. Our Funds have no operating history and our Strategies have a limited operating history. While we have substantial experience relating to the types of opportunities the Strategies pursue, there can be no assurance that we will generate performance results equivalent to the results generated by these investment professionals in the past (or avoid losses). Market conditions and trading approaches are continually changing, and the fact that we may have achieved certain performance in the past may be largely irrelevant to future prospects. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. NO ASSURANCE CAN BE MADE THAT PROFITS WILL BE ACHIEVED, THAT SUBSTANTIAL LOSSES WILL NOT BE INCURRED, OR THAT THE RELEVANT PROGRAM'S INVESTMENT OBJECTIVE WILL BE ACHIEVED.

Substantial Charges. Each Account is subject to substantial charges, and must generate profits and interest income which exceed its fixed costs in order to avoid depletion of its assets. Such charges include, among others, brokerage commissions, exchange fees and management fees regardless of performance.

ITEM 9. DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a client's or a prospective client's evaluation of our advisory business or the integrity of our management.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Material Financial Industry Affiliations of the Firm

In addition to our being a registered investment adviser, certain of our employees are registered representatives of our affiliate Jefferies LLC, a registered broker dealer.

Jefferies LLC is the principal subsidiary of Jefferies Group LLC, which is an indirect, wholly-owned subsidiary of Leucadia. Jefferies LLC acts as a placement agent for the private funds which we manage. At the current time, no placement fees are charged to an investor in a private fund; however, we may pay a portion of our fees to Jefferies LLC or other placement agents, whether affiliated or unaffiliated, for having introduced an investor to the private fund. We may also pay such fees to Jefferies LLC for SMA clients they introduce to us.

We do not currently use our affiliates as executing brokers for Accounts.

Our affiliates may be advising or may in the future play an advisory role or perform other services for our advisory clients and/or for one or more of a client Account's portfolio companies. Using information walls and similar policies and procedures, we seek to avoid becoming aware of the roles our affiliates are playing. However, if one of our affiliates decides to play such a role, e.g., act as adviser to a portfolio company, and in the unlikely event that we are aware or are deemed to be aware of that role, our advisory client Account may be required or expected to liquidate its position in such portfolio company. Such a transaction may cause the client Account to realize reduced profits or losses. Similarly, if the client Account maintains a short position in a company for which our affiliate intends to play an advisory role, and if we become aware or are deemed to become aware of that role, the client Account may be forced to cover the short prematurely, which, in turn, may result in reduced profits or losses. If the client Account is permitted to maintain its position in such instance, our affiliate may take actions or provide advice with respect to the portfolio company that could result in adverse consequences to the client Account and the restriction on the ability to close such position.

By reason of the advisory, investment banking, and/or other activities of our affiliates, we and our affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. We will not be free to divulge, or to act upon, any such confidential or material non-public information and, due to these restrictions, we may not be able to initiate a transaction for a client Account that we otherwise might have initiated. A client Account may be frozen in an investment position that it otherwise might have liquidated or closed out.

Certain of our affiliates are investment advisers and other financial institutions whose businesses have no material relationship to our business. Certain of our officers and directors also serve as officers and directors of other Jefferies Group LLC companies.

We are also registered as a commodity trading advisor and a commodity pool operator with the CFTC.

Potential Conflicts of Interest

David Zervos

Chief Market Strategist, Jefferies LLC & Chief Investment Officer, Jefferies Investment Advisers, LLC, Global Macro Division

David Zervos, as Chief Market Strategist for Jefferies LLC, provides ongoing analysis of global macro-economic and financial trends to the clients of Jefferies LLC and its affiliates. In his role as Chief Market Strategist, he provides regular commentary, along with frequent face-to-face meetings, to the equity, fixed income and investment banking clients across the entire Jefferies LLC platform. In this role, David also engages in public media appearances and attends a variety of financial market conferences where he discusses these trends and views. In addition, David serves as the Chief Investment Officer for the Division. In his role as Chief Investment Officer, he manages third party client funds through SMAs and Funds. Investments of these funds will be based on David's views of global macroeconomic and financial trends in highly liquid equity, fixed income, currency and commodity markets.

In his roles with the Division, Jefferies LLC and potentially other affiliated entities, David has distributed and published, and will in the future distribute and publish, global macro-economic strategy and market commentary on securities, derivatives and currency securities and other matters. JIA will receive compensation for providing such strategy and market commentary. As a result of the Division's distributing or publishing such opinions or recommendations, an Account may be restricted from buying or selling securities of a company for a limited period of time when the Account otherwise could realize profit or avoid loss. This restriction may adversely affect the Account's flexibility with respect to buying or selling financial instruments and may result in losses or reduced profit to the Account.

Compensation. We could receive compensation in the form of management fees, even from Accounts that lose value.

Advisory Time. We devote as much time to the business of each of our divisions and each of our Accounts as in our judgment is reasonably required. However, we also provide investment advisory services for other clients (including other managed accounts as well as pooled accounts) and engage in other business ventures (including, without limitation, Mr. Zervos' activities described above) in which our advisory clients have no interest. As a result of these separate business activities, we may have conflicts of interest in allocating management time, services, and functions among Accounts and other business ventures or clients.

Other Clients; Allocation of Investment Opportunities. We are responsible for the investment decisions made on behalf of Accounts. As described above, there are no restrictions on our ability to manage any number of accounts for other clients following the same or different Investment Objectives, philosophies and strategies. As a general matter, it would not be expected that Accounts with different portfolio managers would share information relating to potential transactions. Therefore, one Account may trade prior to and at a better price than another Account trading in the same instrument.

These situations may involve conflicts between our interests or those of our related persons, on the one hand, and the interests of our clients, on the other.

Asset Valuation. Our fees are based directly on the value of the Accounts as of various dates. To the extent that our agreements with our clients provide that we will value the clients' assets, we will have a conflict of interest in reviewing or determining such valuations because the valuations directly affect the value of the Account and thus the amount of fees that we receive. Prices assigned to portfolio positions by us may not necessarily conform to the prices assigned to the same financial instruments if held by our affiliates.

Side Letters. As described above in Item 5, we may enter into side letters to agree to different fee terms or other negotiated terms.

General. We may, without prior notice to a client, arrange, recommend, and/or effect transactions in which, or provide services in circumstances where, we have, directly or indirectly, a material interest or relationship with another party that may present a potential conflict with our duty to a client.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

Our employees are subject to the Jefferies Investment Advisers, LLC Code of Ethics (the "Code"). The Code incorporates and supplements the Jefferies Group LLC Code of Ethics with policies and procedures applicable to our employees. The purpose of the Code is to identify the ethical and legal framework in which we and our personnel are required to operate and to highlight some of the guiding principles and mechanisms for upholding our standard of business conduct. A complete copy of the Code is provided to clients and prospective clients upon request.

The Code is based on a few basic principles: (i) the interests of our clients come before our interests and those of our personnel; (ii) the professional activities and personal investment activities of our personnel must be consistent with the Code and avoid any actual or potential conflict between the interests of clients and those of our firm or our personnel; (iii) the activities of our personnel must be conducted in a way that avoids any abuse of any such person's position of trust with and responsibility to our firm and its clients;

and (iv) our personnel may not engage in any act, practice or course of conduct that would violate the provisions of the federal securities laws.

Interested Transactions

Participation or Interest in Client Transactions. We and our affiliates may have an interest in transactions for our advisory clients to the extent permitted by law and by the constituent documents of the applicable Account. For example, from time to time, we may take the following actions: (1) buy or sell instruments in which we or our related persons have an interest and (2) buy or sell instruments in which we, our related parties or other Accounts are at the same time effecting a sale or purchase. Furthermore, we may act as investment adviser for related persons. We have adopted policies and procedures with respect to permitted transactions with our affiliates designed to assure that our clients are treated fairly.

Various potential and actual conflicts of interest may arise from our overall advisory, investment and other activities and our affiliates and clients. These conflicts are explained more fully in the relevant Disclosure Document.

Instruments in Which We or Our Affiliates Hold Interests. We may, from time to time, recommend to or purchase or sell on behalf of clients, securities or other investment products in which we, our affiliates or other related persons have a financial interest.

We and our affiliates may receive fees from third parties for performing consulting, merger and acquisition structuring or other financial advisory services or acting as directors, officers or creditors' committee members. These fees can relate to actual, contemplated or potential investments of our clients. Such fees may be retained entirely by us or our affiliates.

Proprietary Trading. Our proprietary activities or portfolio strategies and those of our principals, affiliates and employees or the activities or strategies used for Accounts could conflict with the transactions and strategies employed for a client and affect the prices and availability of the instruments in which the client invests. Issuers of instruments held by the client may have publicly or privately traded securities in which we and our affiliates are investors or make a market. Our trading activities and those of our affiliates generally are carried out without reference to positions held directly or indirectly by Accounts and may have an effect on the value of the positions so held or may result in us and our affiliates having an interest in the issuer adverse to that of a client.

Notwithstanding the foregoing, all employees when trading for their own accounts will do so in accordance with our Personal Account Trading Policy (described below).

Personal Trading

Personal Securities Transactions. Our policies require that our employees do not trade securities or commodities for their own account, except for (i) government and municipal securities, open-ended mutual funds and registered commodity pools, or (ii) otherwise with pre-approval from our compliance personnel. Without limiting the foregoing, we may under certain circumstances permit an employee to maintain a position in a security even if an Account trades the instrument. There is no current intention to change this policy, but the policy is subject to change in our sole discretion. The records of such trading, whether under the current or a new policy, are not made available to the clients for inspection.

Insider Trading. Our personnel may not trade, either personally or on behalf of another, on material non-public information or communicate material non-public information to another person in violation of the law. This policy applies to all of our personnel and extends to their activities both within and outside their duties with us.

ITEM 12. BROKERAGE PRACTICES

Investment or Brokerage Discretion.

In selecting the brokers for performing portfolio executions, we take into account various factors, including the brokers' ability to obtain best execution. We also take into account such factors as the financial stability and reputation of the broker, the quality of the investment research, investment strategies, special execution capabilities, clearance, settlement, custody, recordkeeping and other ancillary services. Accounts may pay more than the lowest available commission in consideration for our receipt of any or all of the above services.

Our SMA clients are expected to make their own arrangements for clearance and custody of their Account assets and to negotiate the fees in connection with those services. We assist in the selection of these service providers for our Funds and in the negotiation of related fees.

We are not required to allocate either a stated dollar or stated percentage of our brokerage business to any broker for any minimum time period, and we review brokerage relationships from time to time.

Soft Dollars

"Soft dollars" refers to the provision by brokers of services and equipment to an adviser as a consequence of the adviser directing the trading of accounts it manages through such broker. The Division does not intend to maintain soft dollar arrangements.

Trade Errors

We reserve the right, depending on the circumstances, to decline to reimburse an Account for any clerical errors or mistakes with respect to our placing or executing trades for such Account ("Trade Errors"), as such errors may be considered by us to be a cost of doing business. However, we will reimburse such Account for any net loss from a material Trade Error resulting from our willful misconduct, bad faith, or gross negligence. We, subject to our fiduciary obligations, will determine whether or not any Trade Error is required to be reimbursed in accordance with such liability and exculpation provisions. Our reimbursement of an Account for any particular Trade Error or Trade Errors will not constitute a waiver of any policy to cause such Account to bear the losses from such Trade Errors. We have an inherent conflict of interest with respect to the discovery and treatment of Trade Errors. Any net gain resulting from Trade Errors will be for the benefit of the client, and will not be retained by us. Though we attempt to correct trading errors committed by a broker as soon as they are discovered, we are not be responsible for poor executions or such trading errors.

Trade Aggregation

We aggregate and allocate trades as discussed in Item 6, "Performance-Based Fees and Side-by-Side Management – Side-by-Side Management."

ITEM 13. REVIEW OF ACCOUNTS

Accounts are monitored and reviewed as follows: For each Account, the portfolio manager(s) monitor the performance of their respective Account(s) on an ongoing basis. On a daily basis our operations staff review and reconcile the positions and market value of each Account. In addition, a committee including legal, compliance, operations and finance staff meets periodically to review items related to trading in the Accounts.

We, either directly or through the third-party administrator to the Funds, provide the following reports to investors in our Funds: monthly statements, annual audit report for Funds, and for investors in U.S. Funds an IRS Schedule K-1. We may provide additional reports to the investors in the Funds as we deem necessary. Upon request, select Funds will provide weekly and monthly estimates to investors. Upon request, certain investors in a Fund may receive more frequent and/or more detailed information from us, in our sole discretion. Our investment staff is available for conference calls or meetings for those clients, investors or prospective clients or investors that wish to undertake a due diligence review of our operations.

SMA clients generally have daily access to account information through service providers other than ourselves. We may also provide such other reports to SMA clients as agreed to with the client.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

For a discussion of Jefferies LLC as placement agent, please see Item 10.

We may also, from time to time, have one or more arrangements in place with unaffiliated placement agents. Investors solicited by such placement agents will be informed of any placement fee paid by us to the placement agent, and will be informed of any placement fee to be paid by the investor, each to the extent required by law.

We do not direct brokerage for client referrals.

ITEM 15. CUSTODY

We are typically deemed to have custody of the assets of certain of our Funds since we serve as managing member of those Funds. Investors will not receive statements from the Funds' custodian with regard to portfolio holdings and transactions. Instead, the Funds are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the Funds' fiscal year ends.

For SMA clients, we do not have custody. The terms of our Disclosure Documents do not permit us to withdraw our fees or transfer funds from our clients' Accounts. Additionally, we do not permit our SMA clients to custody Accounts with our affiliates.

ITEM 16. INVESTMENT DISCRETION

We have full discretionary authority with respect to investment decisions and advice to the Funds and generally have discretionary authority with respect to investment decisions and advice to SMAs. This advice is provided in accordance with the investment

objectives and guidelines as set forth in the Disclosure Documents. As agreed and outlined with certain clients, for such clients' SMAs we may provide non-discretionary investment advice and will not have trading authority.

ITEM 17. VOTING CLIENT SECURITIES

To the extent applicable, we may be responsible for voting on shareholder proxies and may do so only in accordance with our Proxy Voting Procedures, in the best interest of a client and as agreed to by the advisory client.

ITEM 18. FINANCIAL INFORMATION

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients and we have not been the subject of a bankruptcy proceeding. We do not require any payment in advance.

