

## Part 2A of Form ADV: Firm Brochure

### Item 1 Cover Page

# The Cambridge Strategy (Asset Management) Limited

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Date: 12<sup>th</sup> March 2015

**This brochure provides information about the qualifications and business practices of The Cambridge Strategy (Asset Management) Limited. If you have any questions about the contents of this brochure, please contact Greg Brown at +44 (0)20 7659 9830. 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. Being a “registered investment adviser” does not imply a certain level of skill or training. Additional information about The Cambridge Strategy (Asset Management) Limited also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 Material Changes**

This brochure is an amendment of the Form ADV Part 2. Material changes are as follows:

- Item 4, the Adviser clarifies its affiliate relationships and updates its assets under management.
- Item 5, the Adviser provides disclosure on the applicability of performance fees by strategy.
- Item 7, the Adviser provides additional detail on the types of its clients.
- Item 8, the Adviser removes references to specific internal trading policy and investment restrictions. In addition, the Adviser adds a detailed description of its currency overlay strategy and expands on the material risks to its investment strategies.
- Item 9, the Adviser discloses a recent disciplinary event.
- Item 10, the Adviser adds a listing of its affiliates and adds information about its associated persons.
- Item 11, the Adviser discloses that employees may invest in the private funds managed by the Adviser under the same terms as Adviser's clients.
- Item 12, the Adviser expands on the criteria it uses for the selection of brokers, its soft dollar practices and its order aggregation policy.
- Item 13, the Adviser expands on the frequency and scope of its review of accounts.
- Item 15, the Adviser clarifies the different custodial arrangements for the funds versus the separately managed accounts.
- Item 16, the Adviser provides greater detail on the nature of its investment discretion.
- Item 17, the Adviser adds how clients can obtain information about proxy voting policies and how proxies were voted.

There are no other material changes.

The previous update was dated September 30, 2014.

### **Item 3 Table of Contents**

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## **Item 4 Advisory Business**

### **Firm Description**

The Cambridge Strategy (Asset Management) Limited is an asset management firm based in London with a subsidiary office in Hong Kong; and affiliated offices in Monaco, and New York.

The Cambridge Strategy (Asset Management) Limited was incorporated in England and Wales on the April 3, 2006, and the Company Registration Number is 5766019. The firm previously traded as Hammond Black Limited, but the name was changed in July 2007.

It is a Private Limited Company and is controlled by its three senior principals:

Edward Baker (former CIO of Emerging Markets at Alliance Bernstein)

Russell Thompson (former Head Trader of Asian Markets at AIG Trading)

Peter Henricks (former CEO of Alliance Capital, Asia)

The Cambridge Strategy (Asset Management) Limited is authorized by the U.K. Financial Conduct Authority (“FCA”), registered as an Investment Adviser with the U.S. Securities and Exchange Commission (“SEC”), registered with the U.S. Commodity Futures Trading Commission (“CFTC”), and a member of the U.S. National Futures Association (“NFA”).

Subsidiary: The Cambridge Strategy (Asset Management) Asia Limited is regulated by the Securities and Futures Commission (HK).

Affiliates: The Cambridge Strategy (Asset Management) S.A.M is authorized and Regulated by the Contrôle des Activités Financières, Monaco. The Cambridge Strategy (Americas) LLC is an associated company of The Cambridge Strategy (Asset Management) Limited. Collectively, these entities are referred to as ‘The Cambridge Strategy’, ‘TCS’ or ‘The Adviser’.

### **Types of Advisory Services Offered**

The Adviser provides advisory services on a discretionary basis to its clients, including separately managed accounts and pooled investment vehicles intended for sophisticated and institutional investors (‘accredited investors’). Services provided include currency alpha, currency overlay, emerging markets equities, and macro strategies.

The strategies can be tailored to clients’ requirements and clients may impose restrictions on investing in certain securities or types of securities.

As of 31<sup>st</sup> December 2014, the Adviser oversees approximately a total U.S\$ 3.17 billion on a discretionary basis.

## Item 5 Fees and Compensation

The Adviser does not have a standardized fee schedule with respect to its advisory services. The compensation received for advisory services is typically a mixture of a management fee, and/or a performance fee. The general principles and structures of the fees charged are detailed below:

### Management Fees:

The Adviser currently charges a maximum management fee of 2% per annum, based on the NAV (Net Asset Value) of the applicable account as of the first business day of each month and payable (by invoice) by the client in arrears. Fees are generally payable either monthly or quarterly in arrears.

### Performance Fees:

The Adviser currently charges a maximum performance fee of 20% of the net realized and unrealized trading gains subject to a high water mark which are payable annually, semi-annually, quarterly, or monthly in arrears. Any performance-based compensation will be in conformity with Rule 205-3 under the Investment Advisers Act of 1940 (the “Advisers Act”), as applicable.

As mandates can have many different facets, the fee structures are negotiated on a client by client basis. This may include the amount of notional assets and the type of advisory services involved. The table below identifies which types of fees are currently generally charged for various advisory services:

<i>Service</i>	<i>Management Fee</i>	<i>Performance Fee</i>
Currency Alpha Strategies	Yes	Yes/ No
Long Only Equity Strategies	Yes	No
Currency Overlay Strategy	Yes	No
Macro Strategies	Yes	Yes/ No

All management and performance fees (if applicable) are billed to the client before payment. Client advisory agreements are generally terminable upon 30 days prior written notice, without penalty. Managed Account clients may terminate anytime without penalty. Should an account be terminated at a time other than a NAV calculation date for fee purposes then any fees charged in arrears will be pro-rated to reflect that date.

The Adviser’s fees do not include brokerage and transaction fees, costs and charges, and other related costs and expenses which will be incurred by Clients regarding the trading and maintenance of Client accounts. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as commissions, custodial fees, and other fees and taxes on brokerage accounts and securities transactions. Additional information about brokerage and transaction costs can be found under “Brokerage Practices” below.

The Adviser does not enter into arrangements that would require the client to pay fees in advance.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

Performance-based compensation will be in conformity with Rule 205-3 under the Investment Advisers Act of 1940 as applicable. The Adviser is compensated for performance based fees on a predetermined water mark and calculated as a percent of the gain of the NAV, payable annually, semiannually, quarterly, or monthly in arrears.

As mandates can have many different facets, the fee structures are negotiated on a client by client basis. This may include the amount of assets under management and the type of advisory services involved.

Managing accounts that are charged performance-based compensation and accounts that are not may give rise to a potential conflict of interest, as the Adviser may have an incentive to favor the accounts of clients for which it receives performance-based compensation over accounts for which it receives only asset-based fee.

The Adviser has established trade allocation procedures to ensure that all clients are treated fairly and equitably on an overall basis.

## **Item 7 Types of Clients**

The Adviser provides investment advisory services only to private funds (i.e., hedge funds) and separately managed accounts (whose beneficial owners may be, for example, pension plans, trusts or investment companies). The minimum initial investment in the funds is U.S. \$1,000,000, subject to waiver, reduction, or increase by the general partner or the board of the directors, as the case may be (but in no event will the minimum be less than U.S. \$100,000). Potential investors must meet the requirements set forth in the funds' subscription documents in order to invest in the funds.

The typical minimum account size of separately managed accounts is U.S. \$10,000,000, but minimum account size can vary depending on the investment strategy.

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

The Adviser specializes in a range of investment strategies, the details of which are summarized below.

### **Currency Alpha:**

The various currency alpha Strategies advised by the Adviser aim to profit from short and medium term moves in various currency pairs (the Strategies have different geographical focuses, but follow a common investment approach). To achieve this, the Adviser employs a largely systematic approach, designed to perform across diverse market environments. Depending on market conditions and volatility, the strategy combines a mixture of the following strategies: Systematic Technical, Systematic Fundamental, and/or Market Information Strategies.

The Systematic Technical Strategy uses a series of proprietary trading algorithms operating over multiple time frames. The algorithms combine trend continuation and trend reversal signals. It has characteristics often associated with CTAs (Commodity Trading Advisers).

The Systematic Fundamental Strategy reflects a predetermined set of positions designed to reflect 'market' views on the relative attractiveness of currencies versus the U.S.\$ thereby seeking to realize the inherent benefits of the carry trade.

The Market Information Strategy leverages the experience and global network of our portfolio managers and seeks to capture and exploit the behavior of market participants that cannot be modeled. It has characteristics often associated with discretionary managers.

A proprietary Global Volatility Indicator serves as the regime shifting mechanism within the systematic strategies. The Cambridge Strategy believes that long run success is achieved through successful mitigation of downside returns with risk controlled at the portfolio, strategy and individual trade levels. Daily VAR (Value at Risk) limits are enforced at the aggregate portfolio and sub-strategy level. Left hand tail risk is monitored using a proprietary methodology grounded in Extreme Value Theory.

### **Long only Equity:**

The long only Strategy advised by the Adviser is based on the belief that investment opportunities in these emerging markets are driven by key top-down factors which play a dominant role in earnings potential, investor sentiment, and in setting stock price multiples. Hence, the investment process places a heavy emphasis on the evaluation of the global top-down framework.

The Adviser seeks to identify the key macroeconomic and structural themes that it believes are changing and that will impact markets going forward. The determination of consensus views is an important ingredient of its assessments. The Adviser particularly seeks top-down themes that it believes are misunderstood or ripe for change in ways not anticipated by others. The evaluation of the top-down themes includes an assessment of the evolution of the economic and risk framework in the world's developed markets with an emphasis on how this framework will

influence the emerging markets. Regional, country, and sector themes in the emerging markets are then systematically reviewed in this broader framework.

The Adviser seeks to emphasize those regions, sectors and countries that will be most strongly influenced by the top-down themes identified. However, valuation assessments play a key role in determining allocations. Everything else equal, the Adviser will emphasize those countries and sectors that it believes have the most attractive valuations. Currency exposure is a related source of portfolio risk and reward and is explicitly managed.

Long-term investment success requires integrated risk management applied at every level of the investment process. Portfolio tracking error is explicitly managed. Liquidity is monitored, to avoid holdings that cannot be liquidated over a reasonable time frame. Investments in non-benchmark stocks, including frontier markets, are generally smaller and made only when the Adviser believes they offer exceptional upside potential.

**Macro (discretionary, multi regional Strategies):**

The macro Strategies advised by the Adviser are discretionary in nature, whereby the investment decisions are made by distinct portfolio management teams within the Adviser. The Strategies utilise a combination of liquid currencies, interest rate and/ or equity instruments, to most efficiently express the identified investment themes.

Consistent with the Adviser's investment philosophy previously outlined in relation to its long only emerging markets Strategy, the investment process is one that depends largely on the identification of key top-down drivers as the determinate of global investment opportunities, while being nimble and alert to "shocks" to the market and their impact on investment themes. Changes in momentum, fund flows, and central bank intervention are monitored and short term tactical trading on an opportunistic basis and to hedge the portfolio is utilised.

The process first identifies the key cyclical, fundamental and structural factors which the Adviser expects to emerge over the short to medium term. The Advisor undertakes top-down analysis of the key drivers of sentiment in the market: economic developments, liquidity, and valuation on a thematic basis. Views are taken across asset classes and countries to establish the most efficient way of realizing the investment ideas and identifying the appropriate instruments to use (i.e. identify favorable risk/return characteristics and pay particular attention to liquidity, cost, volatility, and capital efficiency). These are then aligned with the most attractive investment opportunities.

At the Strategy level, risk is actively managed. A risk parity approach to asset allocation is used to avoid overexposure to any asset class. The portfolio has forward looking CVaR (Conditional Value at Risk) limits, proprietary methods for evaluating left hand tail risk that incorporates Extreme Value Theory, as well as portfolio stop losses.

## Currency Overlay

### Passive Hedging

The passive hedging strategy is non discretionary hedging of a proportion of the client's international assets. Passive hedging involves the symmetrical elimination of currency volatility, whether beneficial or adverse. The Adviser's passive hedging Programs are designed to minimize transaction costs and to make the resultant cash flows easier to manage.

### Dynamic Hedging

The dynamic hedging strategy allows discretion around the extent of hedging in place and is systematically applied to remove foreign currency exposure during periods where those currencies are observed to be weakening against the base currency.

Dynamic hedging imposes a systematic process to seek to protect from adverse currency movements, while allowing the client to benefit from positive movements. This is therefore an asymmetric process, which is intended to provide downside protection.

To achieve this, the Adviser employs a systematic approach, designed to perform across diverse market environments. Depending on market conditions and volatility, the strategy combines a mixture of the following strategies: Systematic Technical and Systematic Fundamental, Strategies.

The Systematic Technical Strategy uses a series of proprietary trading algorithms operating over multiple time frames. The algorithms combine trend continuation and trend reversal signals. It has characteristics often associated with CTAs (Commodity Trading Advisers).

The Systematic Fundamental Strategy reflects a predetermined set of positions designed to reflect 'market' views on the relative attractiveness of currencies versus the U.S. dollar thereby seeking to realize the inherent benefits of the carry trade.

A proprietary Global Volatility Indicator serves as the regime shifting mechanism within the systematic strategies. The Cambridge Strategy believes that long run success is achieved through successful mitigation of downside returns with risk controlled at the portfolio, strategy and individual trade levels. Daily VAR (Value at Risk) limits are enforced at the aggregate portfolio and sub-strategy level. Left hand tail risk is monitored using a proprietary methodology grounded in Extreme Value Theory.

## Material Risks of the Adviser's Investment Strategies

The Adviser has broad discretion in making investments for its funds and separate accounts. Investments contained in these structures may be affected by business, financial market or legal uncertainties. Material risks in any particular investment strategy may include, but are not limited to, the following:

- Operating History: The past performance of the investments on which the Adviser may have managed may not be indicative of the future performance. There can be no assurance that the Adviser will achieve its investment objective and the past investment performance of the principals of, or entities associated with, the Investment Manager may not be construed as an indication of the future results.
- There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments.
- Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Adviser's activities and the value of its investments.
- Competitive investment activity by other firms tends to reduce the Adviser's opportunity for profit by reducing the magnitude as well as the duration of the market inefficiencies which it seeks to exploit.
- Debt instruments, options, swaps, derivative or synthetic instruments, forward contracts, or other over-the-counter transactions are subject to credit risk with regard to counterparties and may also bear the risk of settlement default.
- Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss).
- Derivative financial instruments impose certain risks and may involve the use of leverage. These risks include:
  - (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations);
  - (2) market risk (adverse movements in the price of a financial asset);
  - (3) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could preempt otherwise enforceable contract rights);
  - (4) operations risk (inadequate controls, deficient procedures, human error, system failure or fraud);
  - (5) documentation risk (exposure to losses resulting from inadequate documentation);
  - (6) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative);
  - (7) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system);

- Short sales can, in certain circumstances, substantially increase the impact of adverse price movements. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.
- The Adviser may invest in securities that are illiquid or thinly-traded, making the purchase or sale of such securities at desired prices or in desired quantities difficult or impossible. Furthermore, the sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value any such investments accurately.
- The use of leverage exposes Client assets to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the fund/ separate managed account not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Client's cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the Client's assets, it might not be able to liquidate assets quickly enough to repay borrowings, further magnifying Client losses.
- The Adviser's currency hedging activities may generate losses in any month or quarter, the Adviser may liquidate a portion of the Clients' investment portfolios to cover such losses.
- Dependence on Key Individuals: The Adviser will make all decisions with respect to the allocation of the assets and the Adviser will make all decisions with respect to the trading activities and thus success depends upon the ability of the directors or partners of the Adviser to develop and implement investment strategies that achieve the strategy's investment objective.

That the Adviser has in place policies and procedures to address risk. Some of these procedures are detailed below:

### **Currency Alpha:**

Active risk management is a core part of our strategies. Risk is monitored on a real-time basis at the Portfolio level, where daily VaR is set at a pre-determined level. Daily VaR is also maintained within the Technical and Fundamental Strategies and proprietary and external systems to monitor risk.

### **Equity (long-only emerging markets):**

Portfolio tracking error is carefully monitored as we believe exposure limits are the most effective risk control tool available. Limits are set at the region, country, sector and individual stock levels. Liquidity is carefully monitored to avoid holdings that cannot be liquidated over a reasonable time frame.

**Macro (discretionary, multi regional Programs):**

Risk management and downside protection form the cornerstone of the investment philosophy. The allocation of risk between asset classes (Equity, FX, Rates) is done using a risk parity framework in which each asset class should generally contribute equally to the overall portfolio risk. Since risk contribution equates to loss contribution, this is intended to reduce the impact of an adverse move in positions in one asset class on the overall portfolio, and we believe should result in superior returns for a given level of risk as compared to a traditional mean variance optimization.

In addition to the above mentioned risk controls, risk is monitored in real time at the total portfolio level, where daily CVaR (2 standard deviation move over a 24 hour time period) is set at a pre-determined level. Diversifications (and correlation) are therefore captured via CVaR.

We also use our proprietary EVaR risk measure, which incorporates Extreme Value Theory to traditional VaR and CVaR methods. Along with better assessing left hand tail risk in the portfolio, EVaR has a forward looking component which we believe makes it a useful tool.

Additionally, we have a hard monthly stop loss at the portfolio level.

We also actively perform correlation and beta analysis and monitor and assess counterparty risk.

**Currency Overlay:**

Risk is monitored on a real-time basis at the Portfolio level, where daily VaR is set at a pre-determined level.

## **Item 9 Disciplinary Information**

In January 2015, The Adviser paid a \$30,000 fine imposed by the National Futures Association ('NFA') for failing to timely file with NFA three quarterly pool reports, eight annual pool financial statements, and three CTA PR reports, in violation of NFA Compliance Rules 2-46 and 2-13(a).

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

Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

There are related party directors of the Adviser to certain accounts overseen by the Adviser.

The Cambridge Strategy (Asset Management) Limited is authorized by the U.K. Financial Conduct Authority (“FCA”), registered as an Investment Adviser with the U.S. Securities and Exchange Commission (“SEC”), registered with the U.S. Commodity Futures Trading Commission (“CFTC”), and a member of the U.S. National Futures Association (“NFA”).

Subsidiary: The Cambridge Strategy (Asset Management) Asia Limited is regulated by the Securities and Futures Commission (HK).

Affiliates: The Cambridge Strategy (Asset Management) S.A.M is authorized and Regulated by the Contrôle des Activités Financières, Monaco. The Cambridge Strategy (Americas) LLC is an associated company of The Cambridge Strategy (Asset Management) Limited.

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

The Adviser has a Code of Ethics (contained in its Compliance Manual) for all supervised persons that describes its high standard of business conduct and fiduciary duty to its clients. A copy of this is available on request.

The Code of Ethics and Compliance Manual include provisions relating to, among other things:

- confidentiality of client information;
- prohibitions on insider trading;
- “pay-to-play” and market manipulation;
- restrictions on the acceptance of significant gifts;
- reporting of certain gifts and entertainment;
- outside activities; and
- personal securities trading procedures.

The Code of Ethics contains policies and procedures that, among other things:

- prohibits supervised persons from taking personal advantage of opportunities belonging to Clients;
- prohibits trading on the basis of material nonpublic information; and
- places limitations on personal trading by supervised persons and impose preclearance (in certain cases) and reporting obligations with respect to trading.

We have a Chief Compliance Officer, compliance specialists and a compliance committee who monitor the Adviser’s compliance with internal and external guidelines and policies. We also employ independent external compliance firms to advise us of updates to regulatory rules and conduct an ongoing compliance audit. If an employee of the Adviser invest in a fund alongside external customers they do so on the same terms.

## **Item 12 Brokerage Practices**

Brokers are not recommended to clients.

Generally, in determining which broker or dealer to use, the Adviser looks at the character of the market for the security, including, but not limited to, the security's price, volatility, and liquidity, as well as the size and type of transaction. Specifically, in making any such determination, the Adviser may consider one or more factors, including, without limitation:

- the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- the operational efficiency with which transactions are effected and the efficiency of error resolution, taking into account the size of order and difficulty of execution;
- the financial strength, integrity and stability of the broker;
- special execution capabilities;
- clearance & settlement;
- reputation;
- electronic pricing;
- block trading and block positioning capabilities;
- willingness to execute related or unrelated difficult transactions in the future;
- order of call;
- on-line access to computerized data regarding clients' accounts;
- performance measurement data;
- the quality, comprehensiveness and frequency of available research and related services considered to be of value; and
- provision of the opportunity to participate in capital introduction events sponsored by the broker-dealer;

### **Research and Other Soft Dollar Benefits.**

In relation to soft dollars, if the firm receives such costs they are used to the benefit of client accounts as per the Financial Conduct Authority in the UK ('FCA') requirements, which is the over-arching regulatory authority for the firm. All client transactions in the last fiscal year were on a best execution basis and no client transactions were directed to a particular broker-dealer in return for soft dollar benefits.

The Adviser may take into account whether a broker provides research and the value of such research. The Adviser may compensate a broker for providing certain brokerage and research services by paying commissions that may be more than would have been paid to another broker-dealer for execution only. Commissions paid on these trades are known as "soft dollars."

Research may be obtained from broker by paying higher commissions, even though the particular client may not be the beneficiary of such services. Such research may include the broker's proprietary research or third party research obtained through commission sharing arrangements with the broker and independent research providers. Research and information may be used by the Adviser or its affiliates in serving other discretionary clients of the Adviser and its affiliates.

When the Adviser directs commission business to these brokerage firms, it receives a benefit because it does not have to produce or pay for the research. The selection of broker to execute trades in exchange for research, which could possibly reduce the Adviser's cost of paying for research directly, presents a potential conflict of interest.

The Adviser believes it greatly reduces these conflicts by directing only de-minimus amounts of commission business to broker who provide research services to the Adviser. Eligible soft dollar trades have typically represented less than 1% of all commissions paid by the Adviser over the last calendar year.

The form of research provided by broker-dealers has typically included access to management of companies with which the broker have relationships and access to conferences and seminars that provide substantive content relating to issuers and industries.

The Adviser does not seek/seeks to allocate soft dollar benefits among client accounts proportionally to the commissions paid. As permitted under Section 28(e) of the Securities Exchange Act of 1934 (the "Exchange Act") , brokerage and research services provided by broker-dealers may be used by the Adviser in servicing other accounts it manages and not all of the research services it uses will necessarily be used in connection with any one account.

It is the Adviser's policy that all research or brokerage services obtained from broker in connection with transactions be consistent with Section 28(e) of the Exchange Act.

### **Directed Brokerage**

A client may be permitted to direct brokerage. If clients choose to direct brokerage they are notified that this may result in the inability to achieve most favorable execution of client transactions and may cost clients more money by way of potential for increased transaction costs and the possibility of a less favorable price than otherwise may have been possible.

### **Order Aggregation**

The Adviser will enter trades in the separately managed accounts and the funds with the intention that allocation (on a pari parsu basis of the separately managed accounts be substantially similar to that of the funds.

Process: The Adviser will typically enter a trade at a 'parent' level with a broker for a particular strategy. The 'parent' trade will be then allocated between eligible accounts ('child' level) on the basis off notional assets under management for each eligible account.

## **Item 13 Review of Accounts**

### **Frequency and Nature of Review**

The portfolio manager(s) and analysts of the Adviser regularly evaluate the portfolios of the funds and separately managed accounts on a real-time basis. The funds are actively managed by the respective portfolio manager(s) of each fund through daily position sizing evaluations, liquidity reviews, hedging adjustments and overall maintenance of the stated portfolio parameters as set forth in the offering memoranda or investment advisory agreement (as applicable).

### **Factors Prompting a Non-Periodic Review of Accounts**

The funds and the separately managed accounts are actively managed and are reviewed regularly throughout the trading day. Additional reviews may be conducted as a result of changes in market conditions, security positions, changes in investment objectives, or at a Client's request.

### **Content and Frequency of Regular Account Reports**

Reports provided to investors in the funds – (i) audited financial statements after the end of each fiscal year, (ii) a monthly account balance statement from the funds' administrator, (iii) monthly unaudited reports of the performance of the funds.

### **Reports Provided to Separately Managed Account Investors**

Separately managed accounts investors receive the information as agreed upon in their agreement with the Adviser.

All reports described above are written (although some may be delivered electronically).

The Adviser reconciles positions daily to an account's Prime Broker and where applicable to an account's Administrator and/ or Custodian.

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

The Adviser does not compensate third parties for Client referrals. It does not receive any economic benefit for providing advisory services to its Clients from anyone other than its Clients.

## **Item 15 Custody**

The Adviser (and in certain cases, an affiliate of the Adviser) is deemed to have custody of Client assets in the funds for purposes of Rule 206(4)-2 of the Investment Advisers Act of 1940. In accordance with Rule 206(4)-2, audited financial statements prepared by independent public accountants are furnished annually to all investors in the funds. Such investors are also provided with periodic unaudited reports including information regarding such fund's performance and current balance of the investor's investment in such fund. The custodians for the funds are identified in ADV Part 1. Clients should carefully review any statements.

The Adviser or its affiliates do not maintain custody of any other Client fund or securities. Unaffiliated third parties serve as custodians for these accounts.

## **Item 16 Investment Discretion**

The Advisor provides investment advisory services on a discretionary basis to Clients. Please see Item 4 for a description of the Advisor's discretionary services.

Prior to assuming discretion in managing a Client's assets, the Advisor enters into an investment management agreement or other agreement that sets forth the scope of the Advisor's discretion.

Unless otherwise instructed or directed by a Client, the Advisor has the authority to determine (i) the securities to be purchased and sold for the Client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines), and (ii) the amount of securities to be purchased or sold for the Client account. Because of the differences in Client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among Clients in invested positions and securities held.

The Advisor has discretionary authority from the outset of its advisory relationship with each fund to select the identity and amount of securities to be bought or sold for its portfolio. In all cases, however, such discretion is exercised by the Advisor in a manner consistent with the stated investment objectives and guidelines for the particular fund account, as these are set forth in the Offering Memoranda.

Investors have no ability to request or direct a change in the stated investment objectives and guidelines for the fund that they are investing in.

For separate managed accounts, the Advisor has discretionary authority from the outset of its advisory relationship to select the identity and amount of securities to be bought or sold for its portfolio. In all cases, however, such discretion is exercised by the Adviser in a manner consistent with the stated investment objectives and guidelines for the particular account, as these are set forth in the investment management agreement. Investors have no ability to request or direct a change in the stated investment objectives and guidelines for a separate managed accounts without an amendment to the investment management agreement.

## **Item 17 Voting Client Securities**

The Adviser retains the services of Glass Lewis to advise proxy voting issues on behalf of the firm and its clients, including all funds (and separately managed accounts) for which the Adviser acts as the investment Adviser. However the Adviser maintains oversight rights that provide the opportunity to override vote decisions made by Glass Lewis should it be deemed in the best interest of the Adviser's funds and (and separately managed accounts) clients. This oversight function is managed by senior members of the Adviser's Portfolio Management and Administration Groups and is advised by the Adviser's Compliance Committee.

Glass Lewis votes (or refrains from voting) proxies for each fund (and separately managed accounts) in a manner that Glass Lewis, in the exercise of its independent business judgment, concludes are in the best economic interests of the Adviser's clients.

In some cases, Glass Lewis may determine that it is in the best economic interests of a fund to refrain from exercising the fund's proxy voting rights (for example, proxies on certain non-U.S. securities that might impose costly or time-consuming in-person voting requirements or that involve trading blackouts).

Glass Lewis will normally vote on specific proxy issues in accordance with Glass Lewis' proxy voting guidelines. Glass Lewis' proxy voting guidelines provide detailed guidance as to how they intend to vote proxies on certain important or commonly raised issues. Glass Lewis may, in the exercise of its business judgment, conclude that the proxy voting guidelines do not cover a specific matter upon which a proxy vote is requested, or that an exception to the proxy voting guidelines would be in the best economic interests of the shareholders. In such cases, Glass Lewis will communicate with the Adviser to convey that indicated vote. The Adviser will then have the opportunity to agree or override Glass Lewis' decision.

Glass Lewis votes (or refrains from voting) proxies without regard to the relationship of the issuer of the proxy (or any shareholder of such issuer) to the Adviser or its affiliates or clients.

When voting proxies, Glass Lewis encourages companies to follow practices that enhance shareholder value and increase transparency so that the market can place a proper value on their assets.

Clients may obtain information on the how the Adviser voted on a Fund and its proxy voting policies by making a request in writing to the Chief Operating Officer at the Adviser's London office.

## **Item 18 Financial Information**

The Adviser does not require or solicit prepayments from its clients. The firm's financial condition supports its ability to meet contractual commitments to clients.

The Adviser has not been the subject of a bankruptcy petition at any time.

**Item 19        Requirements for State-Registered Advisers**

The Adviser is not a State Registered Adviser.