

Fox Run Management LLC

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This Brochure provides information about the qualifications and business practices of Fox Run Management LLC. If you have any questions about the contents of this Brochure, please contact us at 203-629-1729 or pklein@foxrunlp.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Fox Run Management LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

Fox Run Management LLC is required to report all material changes to the information set forth in this Brochure since its last annual update of this Brochure which is dated February 23, 2015.

Since our last annual update of this Brochure, the following material changes have occurred:

Fox Run Management LLC is now a federally-registered investment adviser with regulatory assets under management in excess of \$100 million U.S. dollars. Accordingly, we have withdrawn our investment adviser registration with the State of Connecticut along with the investment adviser representative registrations of certain of our associated persons.

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Advisory Business

Fox Run Management LLC ("FRM" or the "Investment Adviser") is a Delaware limited liability company organized in 1997. FRM manages the investments of Fox Run Alpha Fund LP (the "Alpha Fund"), a hedge fund which is under common control with it, as well as the investments in a segregated portfolio for another private fund which is not affiliated or under common control with FRM (the "Unaffiliated Private Fund"). Although the segregated portfolio of the Unaffiliated Private Fund has other portfolios managed by third party unaffiliated advisers, FRM manages only the assets in a designated segregated portfolio of the Unaffiliated Private Fund. FRM does not manage, or have access to, any information, concerning the other segregated portfolios that are part of the Unaffiliated Private Fund.

FRM has been the investment adviser for Fox Run Alpha Fund LP (the "Alpha Fund") since the Alpha Fund's inception in 1997. The Alpha Fund is a quantitative hedge fund engaging in various algorithmic trading strategies sometimes referred to as Statistical Arbitrage.

As noted above, FRM manages a designated segregated portfolio of the Unaffiliated Private Fund on a *pari passu* basis with that of the Alpha Fund. FRM places trades on behalf of both the Alpha Fund and the segregated portfolio of the Unaffiliated Private Fund in a single omnibus account and then allocates the resulting positions, both long and short, as well as the resulting cash, whether arising from the sale of securities, or from the receipt of any dividends or distributions paid by the issuers of the companies whose securities make up the portfolio in the omnibus account, on a relative-size basis between the Alpha Fund and the segregated portfolio of the Unaffiliated Private Fund. Deductions of any commissions, fees, interest and other expenses paid to the broker-dealers executing such orders and the fees of the prime broker serving as custodian of the omnibus account, are made separately from each client account following allocations from the omnibus account and are based upon charges separately negotiated and agreed to by the prime broker and each of the Alpha Fund and the Unaffiliated Private Fund.

The Alpha Fund, the segregated portfolio of the Unaffiliated Private Fund and any other clients whose accounts may be managed by FRM in the future are hereinafter sometimes referred to collectively as the "clients." The strategies employed in managing both fund accounts typically try to profit from either mean reverting features of stock prices or momentum-like properties of stock prices. For instance, individual stock returns tend to revert to the mean or average in the short-term, so that a few days of strong relative performance is often followed by days of relative weakness. Also, stocks that have recently experienced positively-revised earning expectations tend to continue to receive positive revisions; this is often reflected in continued relative out performance. The trading strategies employed by FRM for its clients attempt to take advantage of these and other relatively short-term anomalies. The Investment Adviser has broad discretion to vary and redesign the strategies being used for trading at any time based upon the Investment Adviser's view as to which strategies have the greatest potential to generate favorable returns. Investments made through the various investment strategies may include common and preferred stocks, options, convertible debt, closed-end funds, warrants, bonds and other financial instruments if the Investment Adviser believes such investments would be advantageous. FRM also uses leverage (margin) and short selling techniques.

Since inception, Peter Klein has been the sole principal of FRM. He and his management team direct the investments made for clients.

FRM invests all assets it manages on a fully-discretionary basis. As of July 31, 2015, FRM had approximately \$186,217,203 in regulatory assets under management.

Fees and Compensation

FRM derives compensation from a management fee, which is payable quarterly in advance based upon the value of the account as of the close of the prior quarter. Currently, the fee equals one and one-half percent of the value of the account per year, or 0.375% quarterly, subject to an agreed upon monthly cap. This fee is deducted from the Alpha Fund's account by the General Partner of the Alpha Fund and paid to FRM as of the beginning of each calendar quarter. The fee charged to the segregated portfolio of the Unaffiliated Private Fund is submitted as an invoice and the account holder wires the funds to FRM.

In addition to the quarterly management fee paid to the Investment Adviser, the General Partner of the Alpha Fund, which is an affiliate of the Investment Adviser, is entitled to receive an annual incentive allocation (substantially similar to a performance-based fee) equal to 20% of the profits generated by the Alpha Fund's trading. Likewise, FRM is entitled to receive an annual performance-based fee equal to 20% of the profits generated in the segregated portfolio of the Unaffiliated Private Fund. See the Section of this Brochure entitled "Performance-Based Fees and Side-By-Side Management" for a discussion of such incentive allocation.

Fees may be subject to negotiation with each client.

In addition, the General Partner has the right to reallocate any portion of its incentive allocation to a limited partner in the Alpha Fund. Any such reallocation would be substantially the same as a reduction or discount in the incentive allocation charged to that limited partner.

In addition to the management fee, the Alpha Fund and the segregated portfolio of the Unaffiliated Private Fund may be charged reasonable travel, legal, accounting, audit and tax return preparation fees and expenses relating to its operations, as well as the costs associated with investigating potential investments or ways to maximize return on existing investments. All custodial fees, interest on borrowed funds, transfer taxes, brokerage commissions, finder's fees, fees and expenses for consulting, research and statistical services (including but not limited to technology, hardware, software and data feeds), are also paid in varying degrees by the Alpha Fund and the segregated portfolio of the Unaffiliated Private Fund. The actual charges allocated to clients may differ based on negotiated fee structures and their relative percentages of total assets under management. Charges for data-feeds that drive the models that are used for trading is usually the largest portion of these charges.

In the event of the termination of the investment management agreement that the Investment Adviser has entered into with a client as of any day other than the end of a calendar quarter, a pro-rated portion

of the management fee which was paid in advance for that calendar quarter will be refunded by the Investment Adviser.

Performance-Based Fees and Side-By-Side Management

FRM receives fees based on performance from the segregated portfolio of the Unaffiliated Private Fund equal to 20% of the segregated portfolio of the Unaffiliated Private Fund's profits in any year. In addition, although FRM does not itself receive any fee based on performance from the Alpha Fund, as noted above, the General Partner of the Alpha Fund, Fox Run GP Services LLC, which is an affiliate of FRM (the "General Partner"), receives a performance-based incentive allocation equal to 20% of the Alpha Fund's profits in any year. However, since the incentive allocation is paid by the Alpha Fund to the General Partner, and the incentive fee paid to FRM by the segregated portfolio of the Unaffiliated Private Fund, are both paid on what is commonly called a "high water mark" basis, no performance-based compensation is paid on any profits until the profits generated exceed any prior losses incurred by the client.

If, in the future, the Investment Adviser manages any other accounts, it is anticipated that the fees applicable to such accounts would be structured in substantially the same manner, although the specific percentages of either the quarterly management fee or the annual incentive fee may be separately negotiated with each client.

Types of Clients

FRM currently only provides investment advice to two private funds, namely the Alpha Fund and the segregated portfolio of the Unaffiliated Private Fund, both of which are hedge funds.

Methods of Analysis, Investment Strategies and Risk of Loss

FRM uses extensive quantitative and statistical research to design, test and implement a variety of computer driven investment strategies. The Investment Adviser attempts to select strategies designed to deliver consistent returns in different market environments with little or no correlation with the performance of the stock market as a whole. Use of these strategies, like any investment, involves the risk of loss that investors must be prepared to bear. Specifically, the fact that a particular strategy has been profitable in the past does not guarantee that it will continue to be profitable in the future, or that it will not result in losses, and many once profitable strategies go through extended unprofitable periods. FRM devotes much effort to managing the relative weights of active strategies in an attempt to enhance profitability and control risk.

FRM attempts to design strategies with a view to mitigating the risks associated with owning individual securities, and to limiting exposures to particular sectors or industry groups as well as exposure to the broad market. Furthermore, the various strategies typically have balanced dollar and volatility exposures

on the long and the short side, as well as similar long and short dollar amounts invested in specific sectors. In addition, the Investment Adviser seeks to trade securities that have a high degree of liquidity. As is always the case with short sales, there is a theoretically unlimited potential for loss since there is no limit on how high the shorted security could rise in price. The Investment Adviser attempts to mitigate this risk through diversification.

The Investment Adviser also uses leverage in its investment strategies, sometimes significantly. The use of borrowed funds in this manner can amplify losses as well as gains.

The Investment Adviser also attempts to mitigate risks associated with general risk factors besides market risk, e.g., size and momentum. These exposures are managed when necessary by making appropriate adjustments in the particular investment strategies being employed at the time.

There is no guarantee that any of these risk mitigation techniques will work in the future.

The investment strategies FRM uses are researched and designed primarily through backtesting and simulations. This is a process that involves the application of a strategy against actual historical market data to see how it would have performed if it had been used during various periods and under various market conditions. While this method of testing a particular strategy can be helpful in determining how the strategy may operate in the future, no amount of backtesting can assure success. The securities markets are always changing, so a strategy that would have been profitable in the past under the specific market conditions that then existed may not operate in the same way or be profitable under current or future market conditions. Transaction costs can also negatively affect the profitability of a trading strategy. FRM carefully analyzes these costs in the research and implementation process.

Additional risks may arise through programming or operational errors. Actual results are carefully compared to simulated results in an attempt to quickly discover such errors.

The strategies recommended by the Investment Adviser involve frequent trading, high turnover and short holding periods. While this can be helpful in controlling risk, there are drawbacks to that approach as well. Transaction costs from frequent trading can significantly limit profits. Therefore, the successful use of these strategies will depend partially on the Investment Adviser's ability to negotiate low execution and clearing costs with the broker-dealer used to execute transactions, and there is no guarantee that the Investment Adviser will always be successful in keeping these costs low. Another consequence of high turnover is a short holding period. As a result, there is no expectation that a client will be able to get long-term capital gains treatment for any profits, and all profits will be taxed at higher ordinary income rates. In these, as with any other tax-matters, investors should consult with their tax advisers.

Disciplinary Information

In this Section of this Brochure, we would disclose any material legal or disciplinary matters that would have a bearing on a prospective client's evaluation of our business or the integrity of our management. Neither FRM nor any of its associated persons has been the subject of any material disciplinary events.

Other Financial Industry Activities and Affiliations

As noted earlier, the General Partner of the Alpha Fund is affiliated with FRM since Peter Klein is the sole principal of each company.

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

FRM has adopted a Code of Ethics which sets forth the standards of conduct expected of its associated persons, and which addresses the conflicts that can arise from personal trading by them. The Code of Ethics requires our associated persons to notify the Investment Adviser of the existence of any securities accounts in which they or members of their households have an interest. The Code of Ethics also requires periodic reporting by such persons through duplicate copies of confirmations and account statements, so that the Investment Adviser can monitor such persons' trading to prevent any violations of the Code of Ethics or other conflicts of interest which could result from employee trading. A copy of our Code of Ethics will be provided to clients or prospective clients upon request.

FRM's associated persons are not prohibited from buying, selling or holding securities that have been bought or sold for a client's account. However, the Code of Ethics requires such persons to conduct their personal securities transactions in a manner that does not interfere with transactions for any client or take unfair advantage of their relationship with such client's account. Due to the nature of the Investment Adviser's trading strategies, however, which consist of very short term trading of relatively small amounts of highly liquid securities, with orders placed almost instantaneously after the generation of a trading signal, it is virtually impossible for any trading by an associated person to interfere with or "front-run" client transactions. In addition, because of the relatively small size of FRM's trades in such highly liquid securities, it is unlikely that FRM's trading could have any meaningful market impact. As a result, there would be virtually no possibility that any person could profit by front-running or trading ahead of the FRM on behalf of its clients.

Brokerage Practices

FRM executes almost all recommended trades through J.P. Morgan, its Prime Broker, which is also the custodian of both the Alpha Fund's and the segregated portfolio of the Unaffiliated Private Fund's assets. The Investment Adviser selected J.P. Morgan based on a range of criteria, the most important being cost, quality of service and credit worthiness. FRM periodically reevaluates the commissions it pays to J.P. Morgan to ensure that its charges are competitive.

FRM receives some benefits, called “soft-dollar” benefits, from J.P. Morgan for the transactions executed through that firm, including research and an execution platform. These soft-dollar benefits presently benefit all of FRM’s clients.

The Investment Adviser maintains relationships with other brokerage firms and regularly sends a small number of orders to them for execution. These small orders have somewhat higher execution costs than those charged by J.P. Morgan, but it is the opinion of the Investment Adviser that having alternative means for execution for periods when there may be an outage or other difficulties in trading through J.P. Morgan is worth the small added costs. In addition, the Investment Adviser receives some research in return for this order flow, which also directly benefits its clients.

To the extent that we obtain research in return for the client commissions paid, FRM may be viewed as receiving a benefit because FRM will not have to produce or pay for such research ourselves. In addition, we may have an incentive to select a broker-dealer on the basis of the soft-dollar benefits received rather than our clients’ interest in receiving the most favorable execution. FRM’s Code of Ethics requires us to act only in the best interests of our clients, and we periodically review all brokerage arrangements to assure that our clients’ interests are being properly served.

Any soft-dollar benefits received by FRM benefit all clients to an equal extent so long as trades for all clients are made in aggregated, or bunched, orders with shares allocated among client accounts equally on a pro-rated basis. The costs of the soft dollar arrangements are equally borne by all clients.

We do not require that clients to use any specific broker-dealer to execute transactions. However, while identical trades may be made for clients who direct their executions to their own brokers, such clients would not necessarily pay or receive the same price as those whose trades are executed in a bunched order with other clients, and they may not be able to take advantage of any commission discounts or lower execution costs that may apply to the larger bunched order. Accordingly, the performance of such clients’ accounts may suffer due to possibly less advantageous trade prices and costs.

Review of Accounts

FRM’s Portfolio Manager, Trader, and Analysts review the portfolios of our clients on an ongoing daily basis. This review includes reconciling the accounts of J.P. Morgan, the Prime Broker for both the Alpha Fund and the segregated portfolio of the Unaffiliated Private Fund, with trading blotters, as well as reviewing market sector and industry exposures.

Our independent accountant, Halpern & Associates LLC, provides the limited partners of the Alpha Fund with monthly statements of the performance of the Alpha Fund, including account statements for their individual interests therein. EisnerAmper LLP, performs a year-end audit of the Alpha Fund, and the audited financial statements are distributed annually to the limited partners thereof.

Client Referrals and Other Compensation

Neither FRM nor its affiliate, the Alpha Fund's General Partner, presently have any arrangements with any third-party solicitor to solicit potential investors for the Alpha Fund, or to solicit potential clients to open other advisory accounts, although they may enter into such an agreement in the future. If they did enter into such an agreement, the solicitor would receive a payment from FRM and/or the General Partner equal to a portion of the fees received by them as a result of the referred investor's investment in the Alpha Fund or in another advisory account, but no client or investor would pay any greater management fee as a result of such arrangement.

Custody

The funds and securities owned by the Alpha Fund and the segregated portfolio of the Unaffiliated Private Fund are held by J.P. Morgan, the Alpha Fund's and the segregated portfolio of the Unaffiliated Private Fund's Prime Broker. J.P. Morgan provides FRM, the General Partner of the Alpha Fund, and the segregated portfolio of the Unaffiliated Private Fund with monthly statements of account. It is likely that funds and securities of any additional clients FRM may serve in the future would also be held by J.P. Morgan, which would send monthly account statements to such clients as well. If FRM also sends statements or other reports to such clients, clients will be advised to carefully review and compare our reports to those provided by the independent custodian of their accounts.

Investment Discretion

Pursuant to the investment management agreements between FRM and its clients, FRM has full discretionary authority to manage the investments on behalf of its clients, and it would expect to have similar authority with respect to all future clients. There are no limitations on the discretionary authority granted by the clients.

Voting Client Securities

The Investment Adviser generally does not vote proxies relating to clients' shares. The short-term nature of the Investment Adviser's trading strategies is such that it is inappropriate to do so, primarily because the Alpha Fund and the segregated portfolio of the Unaffiliated Private Fund have no long-term interest in any security purchased, and their investments in any particular security would likely be liquidated prior to the shareholder's meeting for which the vote would have been cast.

Financial Information

In this Section of this Brochure, investment advisers are required to provide clients with certain financial information or disclosures about their financial condition which are reasonably likely to impair their ability to meet contractual commitments to clients. We have no such financial condition to disclose.

Performance Based Fees

As previously discussed in the Sections entitled "Fees and Compensation" and "Performance-Based Fees and Side-By-Side Management," FRM receives a performance-based fee from the segregated portfolio of the Unaffiliated Private Fund equal to 20% of the profits generated for such account in any year. And although FRM does not receive a performance-based fee from the Alpha Fund, the General Partner of the Alpha Fund does receive an allocation equal to 20% of the profits generated for that segregated portfolio of the Unaffiliated Private Fund in any year. The General Partner is an affiliate of the Investment Adviser because Peter Klein is the sole principal of each company. As previously described, no performance-based compensation is paid to either FRM or the General Partner of the Alpha Fund with respect to any profits until all past losses have been recovered, and then only with respect to such additional profits.

The receipt of this performance-based compensation by the Investment Adviser and its affiliate may create an incentive for FRM to recommend investments that carry a higher degree of risk to its clients.