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**SEC No.: 801-80070
CRD No.: 171519**

Brochure / Form ADV 2A

1 – INTRODUCTION

This brochure provides information about the qualifications and business practices of CFIC (US) Inc. ("CFIC" or the "Firm"). If you have any questions about the contents of this brochure please contact our Compliance Department at: Tel: +44 20 7451 9600 or email: compliance@cityfinancial.co.uk.

The information in this brochure has not been approved or verified by the SEC or any state or foreign securities authority. Registration does not imply that CFIC, or its associates, have attained a certain level of skill or training.

This brochure provides information for the US Funds (as defined below). Most provisions of the U.S. Investment Advisers Act of 1940 (the "Advisers Act") and of this brochure do not apply to clients that are not US investors.

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

2 – MATERIAL CHANGES

This Form ADV Part 2A (“Form ADV 2”) is dated March 27, 2015. Apart from the Firm’s moved to its current location in December 2014, there are no material changes to report.

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4 – ADVISORY BUSINESS

CFIC was incorporated in the state of Delaware on March 26, 2014. CFIC is a wholly owned subsidiary of City Financial Investment Company Limited (“City Financial”), a United Kingdom based investment manager. City Financial is authorised and regulated by the UK Financial Conduct Authority (“FCA”), and is registered with the U.S. Securities and Exchange Commission (“SEC”), the Commodity Futures Trading Commission (“CFTC”) and the National Futures Association (“NFA”).

CFIC provides investment advisory services to City Financial and sub-advisory services on behalf of some of City Financial’s pooled investment vehicles. The relevant pooled investment vehicles are comprised of funds with US investors and other non-US investors (“US Funds”) and separately managed accounts (“SMA”) that largely follow the same strategy of the US Funds (collectively, the “Funds”). The US Funds are 3(c)(7) funds and are therefore exempt from registration as an Investment Company under the Investment Company Act of 1940 (the “Investment Company Act”), as amended.

CFIC runs a discretionary commodity futures trading strategy in unison with City Financial’s portfolio management team for the Funds (the “PM Team”), with particular emphasis on the US energy and power markets based on forecasting weather and its impact on relevant markets. Its edges arise from the sophistication of its modelling combined with the experience of the team. The amount of Funds’ assets managed by CFIC (the “Portfolio”) will be determined by the PM Team. CFIC also provides advice to and receives advice from City Financial regarding weather forecasting and modelling. It is intended that CFIC will provide advisory services solely to City Financial and the Funds.

Although CFIC is responsible for managing the assets of the Portfolio, there may be times when the PM Team may need to execute a transaction in the US market when CFIC’s office is closed and vice-versa. Thus, it is possible that CFIC could, at any time, be temporarily responsible for the investments of the entire portfolio of the Funds.

City Financial oversees all investment, compliance and regulatory related activities, including reporting, of CFIC.

The Firm tailors its advisory services in accordance to the Funds’ investment strategy as disclosed in the private placement memorandum. The Funds deal in varying asset classes, geographies and strategies, with the objective of producing risk-adjusted returns with minimal correlation to equity and fixed income markets.

CFIC does not participate in any wrap fee programs.

As of December 31, 2014, the Funds’ total assets were approximately \$1.3 billion.

5 – FEES AND COMPENSATION

City Financial charges the Funds a management fee (“Management Fee”) of 2% of assets under management on an annualized basis, depending on the terms of the particular fund, and is payable monthly in arrears. Fees are exclusive of brokerage commissions, transaction fees and other related costs and expenses which shall be incurred by the Funds. In addition, the Funds may incur certain charges imposed by custodians, brokers, directors, auditors etc., and other fees and taxes on

brokerage accounts and securities transactions - none of which will be receivable by City Financial or CFIC.

The specific manner in which fees are charged by City Financial is established in the Investment Management Agreement of the US Funds and SMA Investment Management Agreement and, with respect to the US Funds, in their private placement memorandum.

CFIC will be paid a fee from City Financial for providing advice on weather forecasting and modelling provided to City Financial for its relevance to the Funds' worldwide strategy. CFIC will pay a fee to City Financial for advice on weather forecasting and modelling provided by City Financial to CFIC for its relevance to the Portfolio. These fees will be discretionary and will vary depending on the relevance of the advice provided by each entity, and on the assets under management of the Funds in general compared to those of the Portfolio.

Neither the Firm nor City Financial, or any of their employees, receive compensation for the sale of securities or other investment products.

6 – PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT

City Financial charge the Funds an incentive fee or performance allocation (the "Performance Fee"). The Performance Fee of 20% is based on profits made and is charged quarterly in arrears. At the same time, any loss incurred by the Funds are carried forward so that no Performance Fee is owed unless and until losses incurred during a prior period or periods have been recouped, subject to certain adjustments (also referred to as a "high water mark provision" ("HWM")). The Performance Fee charged to the Funds is subject to a mechanism where 66% of the fee is retained in the Funds, available to be refunded to investors should they redeem below HWM and only gradually paid out to City Financial should the Funds remain above HWM. This "clawback" mechanism can be very valuable for investors who redeem below HWM. It also means that City Financial and CFIC have a long-term incentive to maintain good performance.

While City Financial believes that performance-based fee arrangements align its interests with the interests of the Funds, performance-based compensation may create an incentive for the Firm and City Financial to make investments that are riskier or more speculative than would be the case in the absence of the performance-based compensation. In addition, the performance on which performance-based compensation is calculated will include unrealized appreciation and depreciation of investments that may not ultimately be realized. Both CFIC and City Financial have adopted policies and procedures that seek to mitigate any such conflicts presented by performance-based fee arrangement and to ensure that all clients are treated fairly.

CFIC will be paid a fee from City Financial based on the profit/loss from trades initiated by CFIC for the Portfolio. These fees will be discretionary and will vary depending on the impact on the performance of the Portfolio of the advice on weather forecasting and modelling provided by City Financial to CFIC and on the impact on the performance of the Funds' worldwide strategy of the advice on weather forecasting and modelling provided by CFIC to City Financial.

Apart from the Portfolio, CFIC does not manage any other accounts. Thus, there is no Side-by Side Management of funds.

7 – TYPES OF CLIENTS

CFIC provides advisory services solely to City Financial and sub-advisory services to the Portfolio and the Funds.

8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Method of Analysis

CFIC uses a wide range of sources of information and types of analysis to support its fundamental modelling of price from supply and demand in each of the markets traded.

Sources of information include:

- Weather forecasts
- Market price data from vendors such as Bloomberg
- Operational data issued by energy companies and the U.S. Energy Information Administration
- Reports from consultants and investment banks
- Internal analysis and data gathering

The major strategy employed will be a discretionary fundamentally driven approach, as used by City Financial in its existing markets. The Firm will consider taking positions when the fundamental value differs from the price. Sizing will depend on the strength and confidence of the signals. We expect that our detailed fundamental modelling will also lead to relative value opportunities (e.g. between electricity and natural gas).

The Firm will generally invest the Portfolio in listed futures and options on commodities and in OTC swaps and options on commodities. Some currency hedging in cash or futures may be undertaken by City Financial at fund level and these trades may be occasionally executed by CFIC.

Investment Strategies

Subject to the investment restrictions and other parameters set out in each fund's private placement memorandum, CFIC makes use of certain investment strategies and/or techniques. These can include:

Directional Trading – In commodity futures markets there is little difference in principle between long or short positions; indeed, in some markets negative prices are possible so the maximum losses in both long and short positions are theoretically unlimited. Accordingly, long or short positions are both used in the strategy.

Hedging and Relative Value – Where trading according to a fundamental signal leads to an implied position in a related commodity, the Firm might decide to hedge away all or part of the implied exposure. Alternatively, the Firm might implement some signals through relative value trades in one or more commodities. In either case, the risk of changes in the spread will be fully taken into account in risk assessments.

Use of Leverage – The Funds are allowed to trade such that gross notional does not exceed more than 300% of AUM. This is achieved by trading futures and swaps on margin. The Funds usually hold

unencumbered cash exceeding margin by more than four times, so the risk of having to close positions to meet margin calls is remote.

Concentrated or Non-Diversified Positions – The Firm is content to hold concentrated positions where there are equally concentrated signals from the Firm’s fundamental models, provided that the ‘worst-case’ loss is within limits.

Options Trading – Options will be utilised in the strategy both as sources of profit and for hedging. The Firm is cognisant of the risks involved in option positions and actively manages the portfolio, hedging delta and other Greeks as appropriate. The value of OTC options is included in estimating losses from counterparty solvency.

Risk of Loss

Although CFIC endeavours to minimise risk, investing in securities involves a risk of loss that investors should be prepared to bear. CFIC’s risks are identical to those of City Financial. Investors in the Funds should be aware of the following types of risk considered by City Financial.

Market Risk

Market risk is the exposure of the Portfolio to movements in net asset value as a result of changes in factors that affect the price of the underlying assets in the Portfolio. While investors in the Funds should expect market risk that occurs as a result of applying the fund’s investment policy to meet its investment objectives, the deployment of derivatives will bring different parameters into the market risk equation. For example, the value of an option will not necessarily move on a one for one basis with the underlying security but with the delta of the option. In addition, other external factors that may not affect the underlying security may have a bearing on the value of the derivative such as interest rates, volatility, time to maturity and dividend yield.

Valuation Risk

The Portfolio may engage in transactions involving the purchase and sales of commodities or commodity futures, forwards, options, swaps, derivatives or other similar transactions. These instruments may be illiquid and thus difficult to value. Moreover, during periods of limited liquidity and high price volatility, the Portfolio manager’s ability to acquire or dispose of investments at a price and time that deemed advantageous may be hampered.

Most of the Portfolio positions are in instruments which are either themselves quoted on a recognised investment exchange or are derivatives of such instruments, and are therefore easily valued by the independent third-party fund Administrator through pricing sources such as Bloomberg etc. OTC instruments will be the subject of contracts with market counterparties, and the value of those instruments will be supported by corroborating documentation from those counterparties.

However, there may be positions which the Administrator has difficulty obtaining valuations and thus may require fair valuation. Although the Firm has adopted City Financial’s Valuation Procedures which detail the process for valuing these securities, CFIC’s involvement in the valuing of such positions is limited as the Portfolio ultimately resides with City Financial.

Counterparty/Credit Risk

The Portfolio's counterparty risk can be broken down into two elements:

- i) the credit risk of the counterparty (i.e. the counterparty to a financial instrument such as a derivative contract may fail to discharge an obligation or commitment that it has entered into with the fund including not repaying cash deposited), and
- ii) the requirements on maximum counterparty exposure as laid down in the fund prospectus. .

The credit strength of each entity is assessed. This will typically be expressed as a rating from an agency such as Standard & Poor's, Moody's or Fitch. The Firm may determine a minimum rating requirement for the counterparty. Should the counterparty fall below a certain level, then the derivative can be closed out or suitable collateral demanded from the counterparty to increase the comfort to the fund.

The counterparty assessment should also take into consideration any substantial delays in settling collateral or derivative trades and timely submission of documentation, as this increases the potential credit risk on the counterparty (see specific risks covered elsewhere) should one of these risks be realised.

Conflicts of Interest

Portfolio Managers may invest in the funds that they manage. In theory, this represents a conflict of interest and may influence the way that they manage the fund's portfolio; however, external investors would typically view this as an alignment of interests, demonstrating that the Portfolio Managers were prepared to risk their own capital alongside that of the other investors. In any case, the way that Portfolio Managers carry out the strategy and keep within the investment restrictions of the Funds are monitored by City Financial's Legal & Compliance Department ("CF L&C") and is under the ultimate supervision of the Directors of the fund concerned.

Some supervised persons may have other external activities and business interests. This conflict of interests has the potential risk that these individuals may not provide the necessary time and attention to the regulated business of the Firm. CFIC has a policy where all such activities and interests must be disclosed and reported regularly to the CF L&C who will ensure that these activities are peripheral and take a minimal amount of the individual's time. Strict confidentiality clauses signed by all individuals should ensure that there is no risk that information obtained from their work for the Firm is used in other capacities.

Documentation Risk

This is the risk that the documentation of the derivative contract does not match what the Funds thought they had entered into. The Firm does not intend to enter into any derivative contracts with counterparties. All such contracts are entered into between the Funds and the relevant counterparties. Document risk is monitored by CF L&C with the assistance of, where appropriate, external counsel. City Financial's policy is to have general derivative documentation signed and in place prior to the Portfolio Manager entering into any derivative contract on behalf of the fund concerned.

Certain points in particular need to be addressed, specifically:

- **Counterparty Exposure**

Where closing out the position is not practical then alternative arrangements such as suitable collateral requirements or partial cash settlement can be considered.

- **Closing Positions**

The risk of one counterparty refusing to close a position at the prevailing market price is mitigated by the ability to open an opposite position at another counterparty.

- **Pricing**

Where OTC derivatives are not equivalent in financial effect to one or more derivatives that are priced by an exchange, the documentation should state that the counterparty will supply a price for the derivative as of the dealing time on each dealing date of the fund and a price at any other time that it might so be requested. The basis for the price should be specified and this may relate to the unit pricing of the specific fund e.g. bid/offer for two way pricing or mid market for single priced funds. The source of the third party independent pricing or at least the requirement for the counterparty to provide a third party source should also be documented.

- **Collateral**

As part of this documentation the parties should also consider whether a Credit Support Annex or Deed should be put in place.

Key Man Risk

CFIC may rely on certain key personnel to execute the Portfolio's investment objectives and strategies. The departure of any such key personnel or their inability to fulfil certain duties may adversely impact the management of the Portfolio. However, the PM Team is comprised of a number of individuals who are experienced in managing similar investments to those in the Portfolio and would be able to take over management of the Portfolio without risk of unusual losses even if the portfolio managers for the Portfolio became permanently unavailable without notice.

Basis Risk

This risk is important for the Risk Management Process (RMP) where the Portfolio or Funds contain opposing positions in similar assets which are expected to move in similar ways in response to changes in the underlying market. In certain events the assets might not behave in the way expected leading to potential losses. CFIC and City Financial are mindful of this risk and it has been discussed with the Portfolio Managers.

Liquidity Risk

Liquidity risk arises when the Portfolio Manager is unable to trade an asset because there is no interest in entering into the trade from other market participants. Liquidity risk becomes particularly important when the fund holds or is about to hold an asset, since it may affect their future trading ability.

Liquidity risk also arises when the Portfolio Manager is unable to meet the requirement to provide liquidity for withdrawals, and to meet the fund's liabilities to deliver assets or cash under derivative contracts. City Financial's Risk Department ("CF Risk Department") monitors this risk to ensure that

the former is not unduly affected by the latter. This may also have an impact on the temporary borrowing requirements of the fund that need to be monitored to ensure that limits are not breached.

In order to control liquidity risk, City Financial and the PM Team employ cash monitoring procedures. CF L&C review the daily NAV received from the Administrators and they also receive large deal notifications.

Cash Flow Risk

The Portfolio Manager's remit is to manage the investment of the monies flowing into the fund but must also be mindful of the requirement to provide liquidity for withdrawals and to meet the fund's liabilities to deliver assets or cash under derivative contracts. The CF Risk Department should ensure that the former is not unduly affected by the latter. However, in practice the Funds' have extremely high unencumbered cash and this risk is small.

Regulatory Risk

Laws and regulations affecting the Firm's business continue to evolve in an unpredictable manner. Moreover, changes in laws and regulations applicable to the Funds and the Portfolio may place restrictions on and/or impact the Firm's ability to achieve certain fund objectives.

Reputational Risk

A firm's reputation is one of its most valuable assets. Reputational risk can result in damages to the Firm's reputation, loss of clients, vendors, revenue, and shareholders' value.

9 – DISCIPLINARY INFORMATION

No events have transpired applicable to this Item.

10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Affiliations

As previously mentioned City Financial is an investment advisor and is the parent company of CFIC.

City Financial is the parent company to the following subsidiaries: CFIC Cayman Limited ("CFIC Cayman"); City Financial Investment Company (Hong Kong) Limited ("CFIC-HK"); City Financial Investment Company (New Zealand) Limited ("CFIC-NZ"); and City Financial Investment Company Limited SA ("CFIC-SA").

CFIC Cayman is registered with the Cayman Island Monetary Authority and acts as the General Partner to one of the US Funds.

CFIC Hong Kong was formed in December 2013 and is registered with the Hong Kong and Futures Commission, as well as the CFTC and NFA. CFIC Hong Kong acts as the investment manager to a fund that was launched in March 2014.

CFIC-NZ was incorporated in Auckland in July 2014. CFIC-NZ provides sub-advisory services to the Funds, on behalf of City Financial.

CFIC-SA was incorporated in Geneva in September 2014. CFIC-SA provides sub-advisory services to the Funds, on behalf of City Financial.

11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL ACCOUNT TRADING

CFIC has adopted a Code of Ethics (the “Code”) that sets general standards of conduct for CFIC’s personnel and imposes specific requirements aimed at preventing, detecting and correcting fraudulent activity, market abuse or activities that would pose a conflict of interest in connection with personal securities transactions. The Code prohibits employees from engaging in conduct commonly known as “insider trading” and restricts their giving and receiving of gifts and their ability to accept certain positions with external organisations.

Employees may, from time to time, buy or sell securities for themselves, even if the securities are identical to those traded in the Portfolio or the Funds. However, these transactions require pre-clearance prior to execution. Additionally, the Code restricts a Portfolio Manager from trading ahead of the Funds. Personal account trading by the employee may only be undertaken in line with City Financial’s Personal Account Dealing policy, which is contained in the Firm’s Compliance Manual and also further developed in the Code. It is the express policy of City Financial and CFIC that no employee should place his or her interest ahead of those of the Portfolio or Funds.

CF L&C maintains compliance oversight over CFIC. As such, all personnel of CFIC are subject to City Financial’s policies and procedures including, but not limited to, confidentiality, outside business activities, insider trading and anti-money laundering.

CFIC does not, at this time, invest its own capital or share in transactions.

This is only a summary of CFIC’s Code. The entire Code will be made available to clients upon request.

12 – BROKERAGE PRACTICES

A. Brokerage Partners and Best Execution

The Portfolio’s investments may normally be purchased through brokers, on securities exchanges or from a market maker for the investments. Securities transactions will be executed by brokers or counterparties selected by CFIC. In placing portfolio transactions and negotiating commission rates, where applicable, CFIC will seek to obtain the best execution for the Portfolio, taking into account the following factors: the ability to effect prompt and reliable executions at favourable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity, reputation in the industry, infrastructure and stability of the broker; the firm’s risk in positioning a block of securities and committing its capital; efficiency of error resolution; the quality, comprehensiveness and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying CFIC’s selection criteria.

CFIC places orders for execution in accordance with its best execution policy, procedures and criteria (see below). The Firm's brokerage policy seeks to achieve the most favourable net results for clients on each transaction. CFIC believes that the key components to achieve the most favourable net results are transaction specific and dependent upon the broker's ability to accommodate special transaction needs. Trades may involve specialized services on the part of the broker-dealer involved and entail higher commissions than would be the case with other trades requiring more routine services, and therefore may not always be executed at the lowest available price or commission.

CFIC only utilised brokers that have been approved by City Financial. City Financial uses the following factors when selecting and evaluating brokers and counterparties: financial standing, regulatory status and best execution policy. City Financial also requires evidence that they are regulated by their national regulator, confirmation that they will classify City Financial as a professional client, a copy of their best execution and conflict of interest policies, and a copy of their latest audited financial statements.

In certain cases, a fund may trade with another. This conflict of interests has a potential risk that one fund may be favoured at the expense of another. However, this is normally done as part of a routine rebalancing exercise, eg at the beginning of the month to reflect changes in the assets under management ("AUM") of the relevant funds as a result of subscriptions/redemptions. Generally, these trades are carried out using the previous day's closing prices, through the relevant broker outside market trading hours to ensure that neither fund is favoured over the other for the benefit of the funds concerned.

B. Soft dollars

At this time, CFIC does not intend to enter into any soft dollar arrangements. City Financial may enter into Commission Sharing Agreements between itself and certain brokers for trades carried out for specific clients and/or funds. However, there are currently no Commission Sharing Agreements in place with respect to the Funds or the Portfolio.

C. Aggregate Trade Allocations

The Portfolio is comprised of assets of the US Funds and one or more SMA. This conflict of interests has a potential risk that one portfolio may be favoured at the expense of another portfolio regarding the trade allocation. Because of this, CFIC has a clear allocation policy, with trades apportioned based on pre-agreed splits (normally *pari passu* with the AUM of the portfolio/funds).

CFIC will execute transactions on an aggregated basis when it believes this will allow it to obtain best execution and negotiate more favourable commission rates or other transaction costs that might have otherwise been paid had such orders been placed independently. When orders are aggregated, all of the Firm's clients will be treated in a fair and equitable manner, and the prices obtained may be averaged so that all clients involved in the transaction pay or receive the same average price. This may result in one fund obtaining on some occasions a more favourable transaction price and others a less favourable transaction price than had that fund's order been effected separately.

CFIC will not aggregate orders unless aggregation is consistent with the Firm's duty to obtain best execution. No account will be favoured over any other client; however, a variety of factors will determine whether or not a particular fund may or may not be included in a particular aggregated transaction. These factors include, but are not limited to: investment objectives and strategies, position weightings, cash availability and risk tolerance. Because of these factors, there may be

differences in portfolio allocations from a strict pro rata basis even between client accounts following the same strategy.

When CFIC determines that order aggregation is in the best interest of its clients, the following guidelines generally are followed for all portfolios which are participating in the execution under the same trading circumstances (e.g., price limits and time of entry). Aggregated orders filled in their entirety or partially will be allocated within strategy among the participating accounts pro-rata by account market value. In the event of a *de minimis* allocation for a partial allocation, the trader has the authority to determine an appropriate allocation methodology.

D. Trading Errors

Consistent with CFIC's fiduciary duties, the Firm's policy is to exercise care in making and implementing investment decisions for client accounts. To the extent trading errors occur, the Firm seeks to ensure that clients' best interests are served. CFIC's policy is to resolve all trade errors within a reasonable time while ensuring the client is not disadvantaged, consistent with the orderly disposition (and/or acquisition) of the securities in question. Actual losses suffered by a client account as a result of a trade error caused by CFIC will be reimbursed by CFIC; however, as a general matter, CFIC does not compensate its clients for lost investment opportunities (e.g., failure to take advantage of investment or market improvements).

13 – REVIEW OF ACCOUNTS (CLIENT FUND PORTFOLIOS)

A. Frequency of Reviews

The Portfolio is generally reviewed on a daily basis by CFIC's Portfolio Managers, the PM Team, CF Risk Department, CF L&C and the operations staff of EDD Fund Services LP ("EDD") to whom City Financial outsources core operational functions.

EDD reconciles all positions and transactions and helps to ensure consistency with City Financial's investment processes and in conformity with client objectives and guidelines. Reviews may include an evaluation of account performance relative to certain agreed benchmarks or objectives, while others may include an analysis of current positions and/or asset mix. City Financial and/or EDD liaise directly with the Funds' third-party Administrators to ensure that each side's books and records agree or can easily be reconciled.

In addition, the PM Team reviews the Portfolio continuously to determine, among other things, whether it is appropriately positioned and whether investment objectives and policies are being followed. Further oversight is provided daily by CF L&C to monitor each portfolio against that fund's investment restrictions laid out in the private placement memorandum, other factors mentioned in the fund's promotional material, and the rules of the relevant exchange and regulator for each of the markets traded.

In addition, CF Risk Management Committee monitors the Funds' overall investment strategy risk and market risk, as well as the counterparty risk and the operational risk of the Funds, the Firm and for City Financial. Issues, including regulatory breaches, are escalated to the PM Team, CF Risk Management Committee, and if necessary, to the Board of the Funds, as well as being reported where appropriate to the relevant regulator and/or exchange.

B. Written Reports

CFIC will not provide any reports, pertaining to the Portfolio, to underlying investors. However, CFIC may provide reports to the City Financial and/or the PM Team.

Customised reports may be provided to certain investors, via City Financial, on request on a case-by-case basis.

14 – CLIENT REFERRALS AND OTHER COMPENSATION

CFIC does not intend to market its business or services to investors at this time. As such, CFIC has not entered into and is not planning to enter into any arrangements whereby a third party will receive compensation, directly or indirectly, for client referrals.

However, City Financial may enter into fee sharing arrangements with third party marketers who refer prospective clients to a fund managed by City Financial.

15 – CUSTODY (AND CLIENT ASSETS)

CFIC does not hold the Portfolio or Funds' assets and does not maintain physical possession of the monies or securities of any fund directly or indirectly.

The Funds themselves contract directly with prime brokerage firms and/or commercial banks to serve as custodians of funds' assets pursuant to a separate custody agreement.

16 – INVESTMENT DISCRETION

As a discretionary investment manager, CFIC has complete discretion over the investments it makes on behalf of the Portfolio, subject to the stated guidelines and investment restrictions set forth in the investment management agreement or similar agreement relating to the relevant fund. Compliance with these guidelines and restrictions is monitored by CF L&C and CF Risk Department, who will report any breaches to the Portfolio Managers and where appropriate to the Board of the fund concerned. Subject to the Funds' specified investment objectives and guidelines, CFIC determines which securities are bought or sold, the total amount of securities to be bought or sold, the broker or dealer through which the securities are to be bought or sold and the commission rates to be paid. In exercising its investment discretion, CFIC is guided by the investment policies and guidelines that are established at the inception of the adviser-Funds relationship in the investment management agreement (and as amended from time to time). The guidelines cover matters such as the types and amounts of securities that will comprise the portfolio.

17 – VOTING CLIENT SECURITIES (PROXY VOTING FOR CLIENT FUNDS)

CFIC does not intend to hold any instruments that require proxy voting.

18 – FINANCIAL INFORMATION

CFIC does not have any adverse financial information to disclose.

APPENDIX A. DIRECTORS BUSINESS BACKGROUND

Robert C. Hain, Chairman

Robert Hain is Chairman of City Financial Investment Company Limited. He was previously Chief Executive Officer of Invesco UK Limited, one of the largest asset managers in the UK, trading as “Invesco Perpetual” in the UK and “Invesco” in Ireland. Before coming to the UK, Robert was CEO of Invesco’s Canadian AIM Trimark business which became one of the best-selling fund families in Canada and acquired the Trimark Financial Corporation for US\$1.8 billion. Prior to his being recruited by Invesco, Robert’s career included four years with Investors Group, part of the Power Corporation of Canada. Most of his earlier career was spent with Royal Trustco (now the Royal Bank of Canada) in global private banking. Robert is a graduate of the Universities of Toronto and Oxford. He lives in London, United Kingdom.

Andrew Williams, Chief Executive

Andrew Williams is Chief Executive of City Financial. He was previously Head of Distribution at Invesco UK Limited (see above) during which time the Invesco Perpetual family of funds became the second most popular in the UK domestic savings market and the best-selling family in the Invesco group. Before coming to the UK, Andrew had a variety of roles in Invesco’s Canadian AIM Trimark business and was responsible for the team managing the integration of AIM and Trimark. Andrew holds the CFA designation, has an MBA from the Rotman School of Management and a degree in Economics and Chinese from the University of Toronto. He lives in London, United Kingdom

David Levitan