

Part 2A of Form ADV: Firm Brochure



Firm Name: III Capital Management

Business Address: 777 Yamato Road, Suite 300
Boca Raton, FL 33431
United States of America

p. 561-544-4400; f. 561-544-4433

Website address: www.IIICM.com

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This brochure provides information about the qualifications and business practices of III Capital Management. If you have any questions about the contents of this brochure, please contact us at 561-544-4400 and/or e-mail Scott.Wyler@avmltd.com. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training. 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.

The following statement is required by the rules of the Commodity Futures Trading Commission:

Pursuant to an exemption from the Commodity Futures Trading Commission in connection with accounts of qualified eligible persons, this brochure or account document is not required to be, and has not been, filed with the Commission. The Commodity Futures Trading Commission does not pass upon the merits of participating in a trading program or upon the adequacy or accuracy of commodity trading adviser disclosure. Consequently, the Commodity Futures Trading Commission has not reviewed or approved this trading program or this brochure or document.

Additional information about III Capital Management is available on the SEC's website at www.adviserinfo.sec.gov.

SUMMARY OF MATERIAL CHANGES

This Brochure dated March 28, 2017 serves as an update to the Brochure dated March 28, 2016.

We have updated information in this brochure relating to our Advisory Business, Fees and Compensation. We have also made certain routine updates.

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ADVISORY BUSINESS

III Capital Management (the “Adviser” or “III”), currently advises private investment funds (the “Funds”) that are offered to institutional investors and high net worth, financially sophisticated individuals. The Adviser also advises certain managed accounts and dedicated (*i.e.*, single investor) funds for certain large, sophisticated institutional investors. Collectively, the Funds and III’s other advisory clients are referred to herein as III’s “Clients,” where appropriate. The Adviser operates in compliance with Rule 205-3 of the Investment Advisers Act of 1940.

The Adviser was formed on June 30, 1993 as a Nevada general partnership. The principals of III are: Clifford Viner, Warren Mosler, Michael Reger, Garth Friesen, Robert Printz, William McCauley, Francis Feeney, Lester Coyle, Scott Wyler, Thomas Olofsson and Deep Kumar. The Adviser and its founding principals have been managing client and proprietary capital since 1982.

III has been registered with the United States Securities and Exchange Commission as a Registered Investment Adviser since August 28, 2001.

III does not participate in or sponsor any wrap fee programs.

All discussions of the Funds in this brochure, including but not limited to their investments, the strategies used in managing the Funds, the fees and other costs associated with an investment in the Funds, and conflicts of interest faced by the Adviser and its affiliates in connection with management of the Funds, are qualified in their entirety by reference to each Fund’s respective confidential offering memorandum (if any) and governing documents (referred to collectively as the “Offering Documents”).

ASSETS UNDER MANAGEMENT

As of December 31, 2016, III managed the following client assets:

Client Assets under Management	
Discretionary	\$4,359,932,437
Non-Discretionary	\$0.00
Total	\$ 4,359,932,437

Amounts are in U.S. dollars.

FEES AND COMPENSATION

Management and Performance Fees

In its role as discretionary investment adviser, III receives fixed management fees and, in most cases, a share of the net profits of the Funds in the form of an incentive fee or incentive allocation. For each Fund, III’s fee structure is as follows:

- 1. III Fund L.P., III Fund Ltd. and III Global Ltd.** III receives a management fee from each Series of Shares equal to 0.125% of the month-end net assets (a 1.5% annual rate). The management fee

accrues monthly, is paid quarterly and is appropriately pro-rated for partial periods. III also receives an annual incentive fee equal to 25% of cumulative “New Profit” of each Series of Shares. New Profit for any calendar year is the net profits, if any, from the Fund’s operations during such year (including interest income) attributable to the relevant Series, after reduction for all other fees and expenses. Any loss carryforward from prior periods with respect to a particular Series of Shares must be recouped before New Profit with respect to such Series of Shares can be generated.

2. **III Relative Value Credit Strategies Fund L.P., III Relative Value Credit Strategies Fund Ltd.** III receives a management fee from Series 1, 2 and 4 units equal to 0.166667% of the respective Series month-end Net Assets (a 2.0% annual rate), accrued monthly and paid quarterly. Series 3 and Series 5 units pay a management fee of 0.083333% of the respective Series’ month-end Net Assets (a 1.0% annual rate), accrued monthly and paid quarterly. Each Series of III Relative Value Credit Strategies Fund Ltd. also pays an annual incentive fee to III ranging from 20% to 30% of cumulative New Profit of each Series. Any loss carryforward from a prior period must be recouped before any New Profit can be generated.
3. **III Select Credit Fund L.P., III Select Credit Fund Ltd.** III receives a management fee equal to one-twelfth of the Management Fee Rate (see table below) multiplied by the Fund’s month-end Net Assets attributable to each Type of Shares, after reduction for the Hub Fund-level charges but prior to the reduction for other fees and expenses for the month. The management fee is accrued monthly and paid quarterly.

Type of Shares	Management Fee Rate	Incentive Fee Rate
Type A	2.0%	20%
Type B	1.5%	25%
Type C	1.0%	30%

The Fund also pays an annual incentive fee equal to the Incentive Fee Rate (see table above) multiplied by any cumulative New Profit attributable to each Type of Shares. Any loss carryforward from prior periods must be recouped before New Profit can be generated.

4. **III Credit Opportunities Fund L.P., III Credit Opportunities Fund Ltd.** III receives a management fee from the Fund equal to 0.0625% of the Fund’s month-end Net Assets (a 0.75% annual rate) after reduction for the Hub Fund-level charges but prior to reduction for fees and expenses for the month. The management fee is accrued monthly and paid quarterly and upon redemption. The fund also pays an annual incentive fee of 10% of any cumulative New Profit attributable to such Shares. Any loss carryforward from prior periods must be recouped before New Profit with respect to such Shares can be generated.
5. **III Convex Strategies Fund L.P., III Convex Strategies Fund Ltd.** III receives a management fee equal to 0.125% of the month-end net assets (a 1.5% annual rate), after a reduction for Hub Fund expenses, but prior to reduction for the incentive fees for the month. The management fee accrues monthly, is paid quarterly and is appropriately pro-rated for partial periods. III also receives an annual incentive fee equal to 20% of cumulative New Profit. New Profit for any calendar year is the net profits, if any, from the Fund’s operations during such year (including interest income), after reduction for all other fees and expenses at both the Hub Fund and

Company level. Any loss carryforward from prior periods must be recouped before New Profit with respect to such Series of Shares can be generated.

Separate Accounts

As noted above, III also provides investment advisory services to Separate Accounts. III typically exercises investment discretion with respect to Separate Accounts. III charges management fees to Separate Accounts. In some cases, III also receives performance based compensation. Such compensation is designed to comply with Rule 205-3 under the Advisers Act, and, where applicable, relevant provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

Administrative Services Fee

Some Funds and some Separate Accounts pay a fee for administrative services fee (typically 10 basis points but can be as high as 30 basis points) to III for various services including clearing and trade settlement, trade confirmation, cash movement reconciliation, collateral and margin management, cash management and shadow accounting including pricing/position accounting and NAV calculation/fund level shadow accounting.

METHOD OF PAYMENT OF FEES

All fees or allocations received by III are deducted directly from the Funds by the Administrator, who in turn pays the Adviser. Management fees are paid quarterly or monthly, as applicable for the particular Fund and, in all cases, after the service is provided. Incentive fees, calculated for each Fund as described above, are paid and profit is allocated quarterly or annually. Clients never need to obtain a refund of management fees because fees are not pre-paid and III receives fees only after services are provided.

Fund Operating Expenses

The Funds pay for their routine legal, accounting, audit, printing, mailing, computer costs, administration fees, registrar and transfer agency fees, Directors’ fees, offering costs, a portion of insurance costs, and other operating costs. However, III may pay legal, audit, and administration fees, as well as certain other routine expenses of a new Fund until the Fund reaches a certain threshold of capital from investors, at which point the Fund will thereafter pay legal, audit, and administration fees. The Funds will also pay extraordinary expenses such as indemnification payments and non-routine legal expenses, if any.

Each Fund that invests in a master trading fund (“Hub Fund”) pays its *pro rata* share of the investment and operating expenses of that Hub fund.

Brokerage and Transaction Costs

The Funds are charged brokerage commissions, bid-ask spreads, and other transaction costs and expenses in connection with their trading and investment activities, as well as custodian fees for Fund assets held in cash or securities at various banks, broker-dealers and other financial institutions. For a

discussion of the brokerage arrangements that III enters into on behalf of the Funds, see “Brokerage Practices.”

Performance-Based Fees & Side-By-Side Management

As discussed in the previous section, entitled “Fees and Compensation,” III receives performance-based compensation from the Funds in the form of a fee or allocation equal to a percentage of the appreciation in the Net Asset Value of the Fund.

TYPES OF CLIENTS

III provides discretionary investment advice to the Funds along with Separate Accounts for large sophisticated institutional investors including pensions and profit sharing plans. For Funds whose interests are offered to U.S. persons, each U.S. investor at a minimum must be an “accredited investor” under Regulation D of the Securities Act of 1933 and a “qualified client” under Rule 205-3 of the Investment Advisers Act. In addition, for those Funds that are offered to U.S. persons and are operated pursuant to Section 3(c)(7) of the Investment Company Act, U.S. investors must also be “qualified purchasers” as that term is defined under Section 2(a)(51) of the Investment Company Act. Minimum investment varies by Fund and applies regardless of whether the investor is a U.S. or non-U.S. Person; typically, the minimum Fund investment is \$1,000,000.00.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The Adviser uses several different methods of analysis, including fundamental analysis, technical analysis and charting, to manage risk and identify investment opportunities.

Most of the Adviser’s trading techniques are designed to have “defined risk” by utilizing different marketplaces or vehicles to buy and sell the same or similar instruments simultaneously or within a short period of time. In general, by engaging in matched purchase and sale transactions in the same or similar instruments, the Adviser believes it will be able to define the amount of assets to be risked on any particular transaction. Naturally, the extent to which the Adviser is able to define or limit the amount of risk on a particular transaction will vary significantly from transaction to transaction and seldom will be precise or absolute. Moreover, by defining the amount of risk, there will be limitations on the amount of potential gain on any particular transaction. “Defined risk” trading does not mean that the risk level is categorically limited. Substantial losses can be incurred in “defined risk” trading, as was the case for the Adviser’s flagship fund in 1998 and 2008.

Some of the Adviser’s trading strategies involve the creation of “relative value” structures, *i.e.*, non-directional trading that focuses on price differentials between markets or between related investments within a market, although market directional strategies may also be used. Some of these trading methods include:

- “Calendar Spread Trading.” The purchase or sale of a futures contract for delivery of a commodity in one month and the opposite sale or purchase of a futures contract for delivery of the same commodity in a different month.

- “Basis Trading.” Long position in a (usually sovereign) bond, futures contract or swap, and a corresponding short position in a similar financial instrument. Examples include cash vs. futures, BMA vs. LIBOR, OIS vs. LIBOR, among others.
- “Volatility Surface Arbitrage.” The purchase and simultaneous sale of interest rate swaptions to take advantage of distortions on the volatility surface. Examples include the construction of synthetic forward volatility contracts as well as contingent yield curve arbitrage.
- “Index Construction and Deconstruction Trading.” Long position in an index and synthetic short positions of same maturity date in single issuers comprising such index, or vice versa.
- “Structured Credit Trading.” Long positions in cash or derivative CDO, CLO, CBO or other structures that are deemed undervalued by the Adviser.
- “Credit Curve Trading.” Long and short positions along the credit curve of an index or single issuer (*e.g.*, long a 6-year debt security or a 6-year credit default swap and short the same issuer’s 5-year debt or a 5-year credit default swap).
- “Credit Default Swap Tranche Trading.” Long and short different tranches and/or underlying index deltas on credit default swaps where each tranche references a different segment of loss distribution of the underlying index.
- “Index versus Index Trading.” Long and short positions in different credit-related indices.
- “Capital Structure Arbitrage Trading.” Long and short positions in different classes of securities of the same issuer in anticipation of profiting from a relative mispricing among them.
- “Inter-market Spread Trading.” Long and short positions in different financial instruments where the Adviser has determined that a correlation exists between the two financial instruments.
- “Single Name Strategies.” Long or short any financial instrument referencing single names or groups of names in anticipation of profiting from price movements among the names or financial instruments.

The Funds may invest in a broad range of securities, future price contracts, and other derivatives that may be traded long or short in both U.S. and non-U.S. markets. The Funds are generally not limited as to the types of technical strategies they may pursue or the types of financial instruments they may purchase. The above discussion of the Funds’ strategies is not intended to be exhaustive.

Risk Management

The emphasis in the Funds' investing is to identify investment opportunities that III determines to have superior risk/reward parameters. The Funds' overall portfolios are reviewed on an ongoing basis in an effort to maximize the Funds' returns relative to their risks. III's estimate of the lower limit of a position that may be reached under extreme market circumstances is known as the "Adverse Move." Each position is analyzed in extensive detail through "Adverse Move Analysis." III's Adverse Move is a proprietary Value at Risk ("VaR") figure that III believes is more rigorous and reliable than traditional VaR as it directly addresses extreme or tail events. The objective is to determine the best possible estimate of the risk of market volatility and whether the Funds have the capital and liquidity to withstand such volatility.

General Risks

There are a number of general risks applicable to all of Clients. These risks include, but are not limited to, the following:

Importance of Overall Market Conditions and Recent Market Disruptions. The strategies of the Funds may be materially affected by overall market conditions over which III has no control. From late 2007 through 2009, the credit markets experienced rapid contraction and volatility. These events led to well-publicized failures or forced sales of major investment banks and their affiliated brokers and dealers, a decrease by banks and dealers in lending to investment funds during a time of stress, substantial U.S. government involvement in U.S. markets, emergency rules relating to short sales and other trading restrictions on U.S. markets, and large redemptions from and inability to raise capital for investment funds. U.S. and non-U.S. governments have increased the regulation of investment funds and the markets in which they invest. These developments could have an adverse impact on the strategies employed by the Funds.

Swaps and Other Derivatives. The Funds enter into swaps and similar derivative transactions. Most swap contracts and similar derivative contracts are not currently traded on exchanges; rather, banks and dealers act as principals in these markets. As a result, the Funds are subject to the risk of the inability or refusal to perform with respect to these contracts on the part of the counterparties with whom the Funds trade. Speculative position limits are not currently applicable to swap transactions, although the counterparties with whom the Funds deal may limit the size or duration of positions available to the Funds as a consequence of credit considerations. The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") was adopted in July 2010 and includes provisions to comprehensively regulate the over-the-counter derivatives markets, commonly referred to as "OTC markets." While Dodd-Frank is intended in part to reduce certain risks described above, its success may not be evident for several years, if ever.

Over-the-Counter Transactions. Dodd-Frank is intended to comprehensively regulate OTC markets for the first time. Dodd-Frank requires that a substantial portion of OTC derivatives be executed in regulated markets and submitted for clearing through regulated clearinghouses. OTC trades submitted for clearing are subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible margin requirements mandated by the SEC or Commodity Futures Trading Commission ("CFTC"). The regulators have broad discretion and may impose margin requirements on non-cleared OTC derivatives. OTC derivatives dealers also are required to post margin to the clearinghouses through which they clear their customers' trades instead of using this margin in

their operations, as they previously were allowed to do. This could further increase the dealers' costs and these costs are expected to be passed through to other market participants in the form of higher fees and less favorable dealer marks.

The SEC and CFTC have required and are continuing to require a substantial portion of derivative transactions that were formerly or are executed between two counterparties in the OTC markets to be executed through a regulated securities, futures, or swap exchange or execution facility. These requirements may make it more difficult and costly for investment funds, including the Funds, to enter into highly tailored or customized transactions. They may also render certain strategies in which the Funds might otherwise engage impossible or so costly that they will no longer be economical to implement. The overall impact of Dodd-Frank on the Funds' strategies is highly uncertain, and it is unclear how the OTC derivatives markets will fully adapt to this new regulatory regime.

Although Dodd-Frank requires many OTC derivative transactions previously entered into on a principal-to-principal basis to be submitted for clearing by a regulated clearinghouse, some of the derivatives that may be traded by the Funds may not be centrally cleared. The risk of counterparty nonperformance can be significant in the case of these OTC instruments, and "bid-ask" spreads may be unusually wide in these markets.

The AIFM Directive. The EU Alternative Investment Fund Managers Directive ("AIFMD") applies to alternative investment fund managers ("AIFMs") which manage and/or market alternative investment funds ("AIFs") within the EU from July 22, 2013. For an AIFM established in a jurisdiction outside the EU (a "non-EU AIFM") marketing an AIF established in a jurisdiction outside the EU (a "non-EU AIF"), the AIFMD requires that, at a minimum, the non-EU AIFM must provide certain disclosures to EU investors in the non-EU AIF, as well as provide reports on a regular basis to the regulator in each EU Member State where the non-EU AIF is marketed. In addition, the AIFMD includes a requirement that there must be cooperation arrangements in place between the regulator in each of: (i) the jurisdiction where the non-EU AIFM is established; (ii) the jurisdiction where the non-EU AIF is established (if different from (i)); and (iii) each EU Member State into which the non-EU AIF is being marketed. Individual EU Member State regulators may also impose additional marketing restrictions on a national basis. As such, the provisions of the AIFMD may limit the Company's ability to be marketed in the EU.

Futures Contract Trading. Futures contract prices are highly volatile, and price movements are influenced by a multitude of factors such as supply and demand relationships; government trade, fiscal, monetary and exchange control policies; political and economic events; and emotions in the marketplace. Futures contract trading is highly leveraged. The margin requirement for futures trading is generally very low, which greatly increases the potential volatility of a portfolio of futures contracts. Like other leveraged investments, futures trades may result in losses in excess of the amount invested. Furthermore, futures trading may be illiquid as a result of daily limits on price movements. The Funds' futures trading could be adversely affected by speculative position limits. In November 2013, the CFTC proposed new rules that, if adopted in substantially the same form, will impose position limits on certain futures and options contracts and physical commodity swaps that are "economically equivalent" to such contracts. If enacted, these rules could have an adverse effect on trading for a Fund or Client.

III aggregates all of the positions held by all accounts that we manage for the purpose of determining compliance with position limits. It is possible that the trading instructions for a Fund may have to be modified and that positions held by the Fund may have to be liquidated in order to avoid exceeding such

limits. Such modification or liquidation, if required, could adversely affect a Fund's operations and profitability.

Trading on Non-U.S. Futures Markets. III trades on futures contract markets outside the U.S. Trading on these markets is not regulated by any U.S. government agency and may involve certain risks not applicable to trading on U.S. exchanges. In a number of non-U.S. markets, a substantial volume of trades are executed wholly off exchanges by means of privately negotiated and substantially unregulated transactions. The Funds may not have the same access to certain trades as do various other participants in markets outside the U.S. Furthermore, since the Funds will determine their net assets in U.S. Dollars, they will be subject to the risk of fluctuations in the exchange rate between the local currency and U.S. Dollars, as well as the possibility of exchange controls, in connection with its non-U.S. trading.

Equities. Though equity markets are not an area of focus for the Adviser, some Funds may invest in equities. Equities invested in by the Funds may involve substantial risks and may be subject to wide and sudden fluctuations in market value with a resulting fluctuation in the amount of profits and losses.

Short Sales. The Funds may enter into transactions, known as "short sales," in which it sells a security it does not own in anticipation of a decline in the market value of the security. Losses from short sales are potentially unlimited. Brokers may also require the Funds to "cover" a short position at an inopportune time. In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase.

Foreign Securities and Foreign Currencies. The Funds may invest a portion of their assets in securities of foreign issuers or securities denominated in foreign currencies and in foreign currencies and forward contracts for these currencies. Investing in foreign securities and/or currencies may present a greater degree of risk than investing in domestic securities due to possible exchange rate fluctuations; possible exchange controls; less publicly-available information; more volatile markets; less securities regulation; less favorable tax provisions, including possible withholding taxes; war; or expropriation. The dollar value of portfolio securities of non-U.S. issuers fluctuates with changes in market and economic conditions abroad and with changes in relative currency values. While the Funds typically hedge this exchange rate-risk, the Funds may be exposed to the risk of counterparty default on foreign currency forward contracts.

Forward Contract Trading. III may trade forward contracts in currencies on behalf of the Funds. These forward contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. Neither the CFTC nor any banking authority presently regulates trading in these forward contracts to any substantial degree. In addition, no limitation exists on the daily price movements of forward contracts. Principals in the forward contract markets have no obligation to continue to make markets in the forward contracts traded. The imposition of credit controls by governmental authorities might limit forward trading to less than that otherwise recommended by III, to the possible detriment of the Funds. In its forward trading, the Funds will be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the counterparties with which the Funds trades. The Funds' deposit with these principals will also generally not be protected by the same segregation requirements imposed on CFTC-regulated commodity brokers in respect of customer funds on deposit with them.

Trading in Options. The Funds may trade options on investment instruments. This trading is speculative and highly leveraged. Specific market movements of the investment instruments underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the investment instrument underlying the option that the writer must purchase or deliver upon exercise of the option.

Security Futures. The Funds may trade security futures and options on security futures. Given the leverage inherent in security futures, a relatively small movement in the price of the underlying stock or narrow-based index will have a proportionately larger impact on the Funds' value. Purchasers of security futures are not in the same position as owners of shares of the underlying stock. Buyers of security futures contracts have no ownership interests or voting rights with respect to the underlying stock. Buyers of security futures contracts also receive no dividends paid by the issuer of the underlying stock whether paid on a quarterly or other regular basis; however, security futures holders should receive the economic value of special dividends and rights distributions scheduled to be distributed before the expiration of the futures contract. An additional important difference between security futures and the underlying stock is that gains and losses on stock futures are realized daily. Moreover, futures contracts expire on a stated date during the contract month and any gains or losses not already realized will be realized at that time. Therefore, unlike shares of stock, an unprofitable security futures position cannot be held indefinitely in the hope of an eventual price recovery.

Highly Leveraged Trading; Volatile Markets. Much of the Funds' trading is aggressive and involves leveraged investment instruments. In addition, the market prices of investment instruments are highly volatile and may be materially affected by unpredictable factors. While volatility creates profit potential, volatility also directly affects the risks associated with trading. The combination of leverage and volatility can subject the value of the Funds' investment portfolio to sharp fluctuations, both positive and negative in direction. The profitability of the Funds depends to a significant degree on III's ability to forecast price movements correctly. If III fails to correctly predict price movements, substantial losses could result.

Financing Arrangements. Some of the investment strategies utilized by the Funds require the use of leverage from dealer financing. As a general matter, the banks and dealers that provide financing can apply essentially discretionary margin, "haircut", financing and collateral valuation policies. Changes by banks and dealers in any of the foregoing may result in margin calls, loss of financing, and/or forced liquidations of positions at disadvantageous prices. There can be no assurance that the Funds will be able to maintain or secure adequate financing, the absence of which could have a material adverse impact on the Funds' profit potential.

DISCIPLINARY INFORMATION

We are required to disclose all material facts regarding any legal or disciplinary events that may be material to a client's evaluation of III or the integrity of III's management. Events we are required to disclose include, but are not limited to:

- Criminal or civil actions for investment-related activities;
- An administrative proceeding before a regulatory agency for investment-related activities; and
- A self-regulatory organization proceeding related to investment activities.

Neither III nor any of its principals or executive officers has been the subject of any material legal or disciplinary events since the Adviser's inception.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

III is registered with the CFTC as a commodity pool operator and commodity trading adviser and is a member of the National Futures Association ("NFA"). The principals of III are registered with the NFA as associated persons or principals of III. The principals of III are principals of AVM, L.P., an SEC registered broker-dealer.

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

Code of Ethics

As an SEC-registered adviser, III has adopted a Code of Ethics (the "Code") pursuant to the SEC's Rule 204A-1. The Code includes a Personal Investment and Trading Policy and a Statement on Insider Trading. The Code covers III's policies as they relate to:

- standards of business conduct required of III personnel consistent with the Adviser's fiduciary obligations to the Funds;
- requirements for III personnel to comply with applicable federal securities laws;
- requirements for III personnel to provide an annual holdings report to the Chief Compliance Officer ("CCO") along with the periodic review of III personnel's personal securities transactions and holdings;
- procedures requiring III personnel to report violations of the Code; and
- requirements for III personnel to review and acknowledge receipt of the Code.

Persons subject to the Code are subject to, among other things, various restrictions on the acquisition of securities by them. These restrictions include pre-authorization and disclosure requirements as well as general prohibitions on transactions in certain circumstances, including when in possession of inside information and transactions of securities of issuers on III's restricted trading list or on the restricted list of certain affiliates of III's Clients. There are restrictions on the acquisition by persons subject to the Code in private placements which require the prior approval of III's CCO.

All principals and employees of III must acknowledge understanding and agree to comply with the Code initially upon employment and must certify on an annual basis that they have read and understand the Code and have complied with it.

III's Code of Ethics is available to investors and potential investors upon request.

Conflicts of Interest

The Adviser is the investment adviser for numerous investment funds and accounts and may manage additional funds and accounts in the future. While the Adviser strives to treat all of its Funds and clients fairly and equally at all times, the Adviser may have financial and other incentives to favor certain investment vehicles over others. The Adviser may have to allocate limited investment opportunities among the Funds and such other investment vehicles. The Adviser is not required to allocate opportunities on a *pro rata* basis between the Funds and such other vehicles.

There is no set limit to the amount of capital the Adviser may accept for management.

The Adviser will exercise complete discretion as to which trades to execute for each Fund and, for trades executed for multiple accounts, the allocation of such trades among the accounts. The Adviser may have an incentive to favor certain other accounts because the Adviser and its principals have substantial capital invested in such accounts (although the Adviser has a detailed Allocation Policy that it complies with at all times, pursuant to which the Adviser allocates trading opportunities fairly and equitably among all accounts over time in view of the different investment mandates and risk parameters of the accounts).

AVM Conflicts

AVM, L.P. ("AVM") is an SEC-registered broker-dealer and an affiliate of III. AVM's customers may engage in trades involving investments that are the same as or similar to those engaged in by the Funds. The Adviser always endeavors to give the Funds preference, and only certain trades that have been approved by III's principals may be shared with AVM's customers. However, if the trading activities or positions of AVM's customers were to compete with or otherwise restrict their trading activities or positions, except as described below, a potential conflict of interest exists regarding such trades by AVM's customers.

In the process of developing trading strategies for the Funds, in very rare circumstances, the Adviser may rely on ideas generated by AVM customers that are made available to the Funds. In situations where exchange trading limits or other factors make it impossible to fill orders for all of its customers, it is the policy of AVM to favor the customer that formulated, developed or initiated a particular transaction. To the extent that filling an AVM's customer order could require that a Fund order not be filled or be filled only in part, a potential conflict of interest exists regarding AVM's procedures for the filling of such orders.

BROKERAGE PRACTICES

III considers many factors in selecting executing brokers or dealers. III's objective is to act in the best interests of the Funds and the investors in those Funds. III endeavors to achieve best price and execution from the broker-dealers it uses to execute securities transactions on behalf of the Funds. In selecting a broker or dealer, III will consider the following factors:

- Commission rates charged by the broker or dealer to execute the transaction in order to minimize overall execution costs to the applicable account;

- Likely market impact of the order and III's opinion as to which broker or dealer is best able to handle the order with minimum adverse market impact;
- Expertise in the specific securities or sectors in which III seeks to trade;
- Reputation for diligence, fairness, and integrity;
- Quality of research and investment ideas presented to us by the broker-dealer;
- Adequacy of trading infrastructure, technology, and capital;
- Ability to accommodate any special execution or order handling requirements that may surround the particular transaction.

III has preliminary "cap intro" relationships with certain dealers. While III has made no commitments or agreements to trade with these dealers in consideration for potential investor introductions, III may take these relationships into account, for example, in the event that more than one dealer is prepared to execute a transaction at the same price.

Futures and Exchange-traded Options

In order for III to execute trades in futures and exchange-traded options, the client must first establish an account with a Futures Commission Merchant ("FCM"). III, in its sole discretion, generally determines which FCMs the Funds will use. In making such determinations, III considers the FCM's execution and settlement capabilities in the contemplated contracts. The FCMs that III utilizes may, but are not required or obligated to, provide research on futures or other products to III as part of their general business relationship.

III seeks to negotiate the most favorable commission schedule available for the Funds and other clients. III may direct trades to FCMs that charge higher commissions if III believes that the FCMs obtain better net prices through better execution by limiting market impact.

Over-the-Counter ("OTC") Derivatives

In order for III to trade OTC derivatives, the Funds must execute certain documents with each counterparty. The documents specify certain terms that apply to all transactions between the Funds and counterparty.

III generally determines which counterparties the Funds will utilize for trading OTC derivatives. III's primary considerations in selecting such counterparties include:

- Execution and settlement capabilities for the proposed strategy;
- Collateral exchange requirements and procedures;
- Documentation terms; and
- Creditworthiness.

Research and Other Soft Dollar Benefits

III does not participate in any soft dollar programs. III does not have any arrangement that specifies the number of transactions that III shall direct to any brokerage firm, FCM or counterparty (collectively, "brokers"). III receives access to capital introductions (see "Brokerage Practices") as well as market, statistical and research information provided by brokers at no cost. This includes access to proprietary

research databases, informational websites, reports, and introductions to potential clients and investors. The information III receives from brokers may be of general or specific benefit to one or more clients.

Introduction of Potential Clients and Investors to III

III personnel occasionally speak at conferences and programs sponsored by brokers for investors interested in hedge funds and alternative investments. These conferences and programs can provide III with introductions to potential clients and investors. III generally does not compensate brokers for providing access to “capital introduction” opportunities. However, when deciding which brokers to use among brokers that provide III’s clients with the same approximate quality of services and pricing, III may take into account access to capital introduction opportunities and other services that such brokers offer.

REVIEW OF ACCOUNTS

All Fund positions are reviewed at least daily by at least one of III’s principals or senior management personnel. All investment decisions are approved and/or executed by a principal of III and all major strategy decisions are made by one or more of the principals and/or senior management.

The Funds’ administrator or its designated agent provides each investor in each Fund with periodic reports in accordance with the terms of the relevant confidential private placement memorandum and the relevant constituent documents. These reports generally include a monthly report summarizing Fund performance and, to the extent the information is reasonably available, the net asset value of an investor’s shares and/or capital account; detailed annual audited financial statements; and necessary tax information, if applicable. In addition, III and/or the Fund’s administrator will provide an investor with weekly and/or monthly estimates of the net asset value of an investor’s shares and/or capital account, upon request by an investor and to the extent this information is reasonably available. III typically produces a more detailed quarterly investor report that it also delivers to all Fund investors.

Trade Errors

A trade error is an incorrect transaction in a client’s account. Examples of trade errors include: placing an order for the wrong Fund or client, duplicating a trade, buying or selling an incorrect quantity or security, or placing a buy order as a sell. Trade errors are an intrinsic risk in any investment process and will occur from time to time. III has trade processes and procedures designed to reduce the possibility of errors. III, in its sole discretion, will determine what constitutes a trade error.

III’s general policy is to seek to identify and correct any trade errors promptly and in the best interests of the affected client(s), without disadvantaging its other clients or benefiting III. The Adviser will compensate a client for a loss from a trade error; should any trading error occur during a calendar quarter, any resulting net gain or loss will be calculated; a net gain would be for the account of the client and a net loss would be absorbed by III.

III will use reasonable methods to calculate the reimbursement due to any client, if any. The method used by III to correct trade errors may involve procedures required by applicable law. The appropriate correction for certain trade errors may be complex and require coordination with multiple parties. III’s

ability to correct trade errors promptly will be based on the specific circumstances of the error. III will not be responsible for any indirect, consequential or punitive damages.

CLIENT REFERRALS AND OTHER COMPENSATION

III and/or the Funds may engage selling agents, including the Adviser's affiliate, AVM, to distribute interests in the Funds to qualified investors in the U.S. and abroad on a non-exclusive basis. The selling agents make efforts to procure investments in the Funds and distribute marketing materials, offering documents, and other Fund materials. For these services, a selling agent may receive a commission based on a percentage of the fees or allocations received by III from the Fund for III's advisory services with respect to such investor's interests. These arrangements vary by Fund and by selling agent. Selling agents may receive as much as 16.7% of the fees generated from an investor's interest. For the sake of clarity, commissions paid to selling agents are paid out of the existing management and/or performance fees and are not an additional cost or expense to investors (*i.e.*, investors pay the same fees irrespective of whether and to what extent selling agents receive commissions).

CUSTODY

Under Rule 206(4)-2 of the Investment Advisers Act of 1940, III is deemed to have custody of the securities and other assets of the Funds, even though III does not physically hold the securities and other assets and these securities and assets are not held or registered in III's name. III is exempt from many of the provisions of Rule 206(4)-2 because the Funds are audited in accordance with U.S. generally accepted accounting principles on an annual basis by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Audited financial statements are distributed to each investor in the Funds within 120 days following the end of each Fund's fiscal year.

INVESTMENT DISCRETION

Pursuant to the governing documents of the Funds, III, as investment manager, has complete investment authority with respect to all securities owned by the Funds, and clients do not place any limits on this authority. This authority is conveyed by investors subscribing to the Funds in their subscription agreements and in the Funds' governing documents.

VOTING CLIENT SECURITIES

At present, the Funds rarely trade securities where proxy voting would occur. However, in the event that the Funds trade in such securities, III has developed the following procedures.

III has the authority to vote the securities held by the Funds. In voting proxies, III is guided by general fiduciary principles. III's goal is to act prudently, solely in the best interest of its clients. III attempts to consider all aspects of its vote that could affect the value of the investment, and where it votes proxies, III will do so in a manner that it believes will be consistent with efforts to maximize the value of its client's positions. The investment advisory agreements, including in the case of domestic funds, limited partnership agreements and limited liability company agreements between III and the Funds, authorize III to vote proxies on behalf of the Funds on a discretionary basis.

III promptly reviews proxy material to evaluate the issues presented. Regularly recurring matters are usually voted as recommended by the issuer's board of directors or management but there could be circumstances that might cause III to vote against these proposals. These would include among others, excessive compensation, unusual management stock options, preferential voting and poison pills. III decides these issues on a case-by-case basis.

III may on occasion decide to abstain from voting a proxy or a specific proxy item when it concludes the potential benefit of voting is outweighed by the cost or when it is not in the applicable Fund's best interest to vote.

FINANCIAL INFORMATION

III does not require or solicit prepayment of advisory fees. III does not believe that it has any financial condition that will impair its ability to meet its contractual commitments to its clients. III has not been the subject of a bankruptcy petition in the past 10 years.

REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable