

Part 2A of Form ADV: Firm Brochure

FCM US LLC

Item 1 Cover Page

This brochure (the “Brochure”) provides information about the qualifications and business practices of FCM US LLC. If you have any questions about the contents of this brochure, please contact us at: information@fortelus.com The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about FCM US LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

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The information in this Brochure is correct as of 1 September 2018.

Item 2 Material Changes

FCM US LLC no longer manages the P Fortelus fund.

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Item 4 Advisory Business

FCM US LLC, a Delaware limited liability company ("**FCM LLC**") was incorporated on 30 November 2012 and intends to carry out business as an investment manager offering discretionary investment management services to private funds following a credit and/or distressed strategy.

The managing member of FCM LLC is Timothy Babich (the "**Managing Member**").

Affiliates of FCM based in the UK and Malta have been providing investment advice and investment management services to private funds for over 7 years. FCM's UK affiliate Fortelus Capital Management LLP, a limited liability partnership organised under the laws of England and Wales ("**FCM UK**") was established in 2006 and had been authorised and regulated by the U.K. Financial Conduct Authority since establishment. FCM LLC's Malta affiliate, Fortelus Capital Management Ltd ("**FCM Malta**"), a Maltese company limited by shares was incorporated in the Cayman Islands in 2006 and re-domiciled to Malta in 2008. FCM Malta had been authorised and regulated by the Maltese Financial Services Authority ("**MFSA**") since its redomiciliation to Malta.

FCM Malta novated all of its existing investment management responsibilities to FCM US LLC in 2014.

As at the date hereof FCM LLC provides discretionary investment management services to the following Private Funds:

- Fortelus Special Situations Master Fund Ltd (the "**Master Fund**")
- Fortelus Special Situations Fund LP (the "**Onshore Feeder Fund**")
- Fortelus Special Situations Fund Ltd (the "**Offshore Feeder Fund**")
- Gramercy Match Trust

The investment aim for the funds listed above is to achieve superior risk-adjusted total returns by investing primarily in European public and private non-investment grade and non-rated debt instruments, investment grade debt instruments, distressed businesses, and special situation equities and equity-related instruments in which the true value of the business may be obscured by external factors.

As of the date of this brochure, FCM LLC manages approximately \$220,000,000 on a discretionary basis.. FCM LLC and its affiliates do not manage any wrap fee programs.

FCM LLC is 100% owned by the Managing Member.

Item 5 Fees and Compensation

The compensation of FCM LLC will be comprised of fees based on a percentage of assets under management (“**Management Fee**”) and annual performance allocations (“**Performance Fee**”). Management Fees are discussed in this section whereas Performance fees are discussed in the following section. Excluding the Class S Assets (defined below), Management Fees are charged at annual rates of 1% – 2% of net assets of the relevant Private Fund, payable monthly in arrears. Fees are generally non-negotiable. All Management Fees and Performance Fees are debited directly from Client accounts.

Fees in respect of class S shares in the Offshore Feeder Fund or class S interests in the Onshore Feeder Fund (together the “**Class S Assets**”) are subject to different treatment regarding fees. The Management Fee on the Class S Assets shall accrue quarterly at an annual rate of 0.65% - 1.30% of net Class S Assets and will be paid upon realisation.

Special Situations Investments (as defined below) are subject to the fee arrangements described in paragraph 2 of this section and are carried at fair value (which may be cost) for purposes of determining the amount of the Management Fee and Performance Fee.

FCM LLC may in its absolute discretion waive or rebate all or any part of the Management Fee. Affiliates of the Management Member of FCM LLC as well as employees of FCM UK are exempt from Management Fees and Performance Fees.

Neither FCM LLC nor any of its affiliates receive any compensation for the sale of securities or other investment products.

The fees charged by FCM LLC will be exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the Client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties.

Other fees that are likely to be incurred by Private Funds include costs and expenses of: (i) all transactions carried out by it or on its behalf and (ii) the administration of the funds, including, without limitation (a) investment costs and expenses (e.g. expenses which relate to the investment of the funds’ assets, including, without limitation, fees and expenses incurred by FCM LLC in connection with engaging third parties to conduct due diligence and research or negotiate the terms of certain investments, expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees, and the cost of investigating actual or potential investments, including travel expenses), (b) brokers’ commissions (if any) see section 12 for further details on this, borrowing charges on securities sold short and any issue or transfer taxes chargeable in connection with any securities transactions, (c) the costs and expenses of products and services relating to research concerning the funds’ investments or potential investments including, without limitation (A) professional fees relating to investments such as expenses of consultants and experts, (B) the costs of obtaining third-party research products and services (including, without limitation, the cost of research reports relating to securities, issuers, market segments or geographic regions, the costs of portfolio modelling and analyses, the costs of third-party pricing services and price quotation services, the costs of computerised historical financial databases and the costs of credit rating

services), (C) the costs of subscriptions or publications regarding investments, and (D) the costs of computer hardware and software to the extent that such hardware or software is used for research, (d) accounting expenses such as the cost of an accounting software package, (e) the charges and expenses of legal advisers, tax advisers and auditors, (f) all taxes and corporate fees payable to governments or agencies, (g) directors' fees and expenses, (h) interest on borrowings, (i) communication expenses with respect to investor services and all expenses of meetings of shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents, (j) the cost of compliance and portfolio analysis software packages, (k) the cost of insurance for the benefit of the directors, (l) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, (m) the cost of obtaining and maintaining any listing of the shares on any stock exchange, (n) all other organisational and operating expenses and (o) other similar expenses and extraordinary expenses.

Item 6 Performance Based Fees

Excluding Special Situations Investments and Class S Assets, Performance Fees for the Private Funds payable to FCM LLC will be generally equal to 20% of net realized and unrealized profits for each year after making up any losses carried forward from prior years. Performance Fees will be generally charged after the close of each calendar year.

For Class S Assets, the Performance Fee will be equal to 10 - 20% of net realized profits for each year after making up any losses carried forward from prior years. The Performance Fee in respect of Class S Assets will be payable only once all Class S Assets have been realised.

In relation to Special Situations Investments, the Performance Fee will be payable only upon realisation of each Special Situation Investment.

FCM LLC may in its absolute discretion waive or rebate all or any part of the Performance Fee.

Performance Fee arrangements may create an incentive to make investments that may be riskier or more speculative than would be the case if such arrangement were not in effect. In addition, because Performance Fees are (except in the case of Class S Assets and Special Situations Investments) calculated on a basis that includes unrealized capital appreciation they may be greater than if based solely on realized gains.

In the allocation of investment opportunities, performance-based fee arrangements may also create an incentive to favour accounts that pay greater performance fees over accounts that pay lesser performance fees. All accounts to be managed by FCM LLC provide for the same level of performance fee (except the Class S Assets) which prevents this and other forms of conflicts from influencing the allocation of investment opportunities among the Clients. It may be noted that the side pocket pool comprising the Class S Assets is in the process of being liquidated and therefore no future allocations can be made into this part of the portfolio.

Item 7 Types of Clients

As noted in Item 4 above, FCM LLC provides investment advice and investment management services to the Private Funds, which are pooled investment vehicles that are organized as domestic limited partnerships or offshore corporations or limited partnerships (hedge funds). Investors in the Onshore Feeder Fund include FCM LLC's affiliates and trusts or other entities for their benefit. Investors in the other Private Funds may include some or all of the following: individuals; banks or thrift institutions; investment companies; pension and profit sharing plans; trusts, estates or charitable organizations; and corporations or other business entities.

Generally, investors in the Private Funds must make a minimum investment of €2 million. In addition, investors in the Private Funds generally must be "accredited investors," as defined in Rule 501(a) of Regulation D, promulgated pursuant to Section 4(2) of the Securities Act of 1933, as amended, and "qualified purchasers," as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended.

The Gramercy Match trust is a Delaware domiciled Grantor Trust which FCM LLC provides advisory services. The investment strategy of the trust may or may not be similar to the investment strategy of the other private funds.

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

8.A. Methods of Analysis and Investment Strategies

The descriptions set forth in this Brochure of specific advisory services that FCM LLC will offer to Clients and investment strategies pursued should not be understood to limit in any way FCM LLC's investment activities. FCM LLC may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that FCM LLC considers appropriate, subject to each Client's Investment Guidelines. The investment strategies FCM LLC pursues are speculative and entail substantial risks. There can be no assurance that the investment objectives of any Client will be achieved

FCM LLC intends to invest Client assets using an event-driven strategy, investing in situations that are legally and financially complex in Europe and Asia including investments in financially distressed companies. FCM LLC's investment decisions and advice with respect to the Private Funds will be in accordance with their investment objectives and guidelines as set forth in each Private Fund's respective offering memorandum and other governing documents. FCM LLC intends to regularly obtain advice from lawyers, accountants and other experts to assist in its analysis of investment situations.

FCM LLC will invest in various instruments regardless of seniority across the capital structure which opens a significant amount of more prospective opportunities and mis-valuations.

Securities and Instruments

The securities and other instruments invested in may include all types of debt obligations and may have varying terms with respect to collateralisation, seniority or subordination, purchase price, convertibility, interest payments and maturity. These are expected to consist primarily of public and private non-investment grade and non-rated debt, convertible bonds, preferred stock, bank debt, middle market loans and notes (including, without limitation, loans to, or notes issued by, small-to-medium-sized companies), trade claims, liquidating trusts, assignments, options, swaps and any other securities with fixed-income characteristics, including, without limitation, debentures, notes, deferred interest, pay-in-kind or zero coupon bonds, mortgages and mortgage-backed securities, collateralized mortgage obligations, other real estate related instruments, other asset-backed instruments, structured notes, equipment lease and trust certificates and commercial paper. Investments may also be made in common or preferred stock, warrants to purchase common or preferred stock, and other equity interests.

Limited Liquidity

Investment in assets that FCM LLC determines to have limited liquidity (such as certain middle market loans and notes, and other asset-backed instruments) may constitute a material portion of a Client's portfolio. Clients may also originate middle market loans as well as loans to other debtors where there may not be an active secondary market for the instruments.

Special Situation Investments

If the investors in a Client consent, FCM LLC may invest a significant portion of the portfolio indirectly in Special Situation Investments.

A “Special Situation Investment” shall mean any investment which, at the time of acquisition, FCM LLC, FCM UK or the directors of the Private Fund designates as a Special Situation Investment in accordance with criteria described below. Special Situation Investments include investments which, in the sole opinion of FCM LLC, FCM UK or the directors of the Private Fund, are difficult to identify a fair market value for or for which liquidity does not exist at current market prices. These include, without limitation, debt or equity securities of companies (or permissible assets of any other nature) that are or, in the judgment of FCM LLC, FCM UK or the directors of the Private Fund, are likely to become, the subject of a take-over, merger, exchange offer, restructuring (financial or operational), liquidation, spin-off, or other extraordinary transaction that, in the judgment of FCM LLC, FCM UK or the directors of the Private Fund, creates the prospect for increasing the value of the company’s debt securities through resulting credit upgrades, refinancings and tenders for bonds or increasing the value of the equity through a revaluation of the equity following the event.

A Special Situation Investment may be liquid or illiquid or may be subject to legal or other restrictions on transfer, or may be investments with respect to which FCM LLC, in its discretion, otherwise determines no liquid market or other reasonably accurate source of valuation exists.

A Special Situation Investment may comprise a number of component parts in addition to or instead of a debt or equity security of a company.

Undervalued and Overvalued Securities

FCM LLC will seek to identify significantly undervalued debt or equity securities, based on earnings projections or asset value that have been overlooked, and seek to identify significantly overvalued debt or equity securities based on declining asset or interest coverages that provide Clients with the opportunity to realise capital appreciation through short positions. FCM LLC also intends to pursue opportunities for capital structure arbitrage to take advantage of inefficiencies in the pricing between debt and equity securities of the same or affiliated issuers. For instance, a Client may establish a long position in debt securities of an issuer's securities which FCM LLC believes the debt market has undervalued while simultaneously acquiring a short position in equity or junior debt securities of the same issuer or an affiliated issuer which FCM LLC believes the equity markets have overvalued.

Management and Control

In certain circumstances, FCM LLC (acting on behalf of its Clients), may seek active participation in the management or control of a company. FCM LLC may then seek representation on creditors' committees, equity holders' committees or other groups to ensure preservation or enhancement of its Clients’ position as a creditor or equity holder. Similarly, FCM LLC may take substantial equity control of a company either through a conversion of distressed debt instruments to equity following a restructuring or an outright purchase of assets of a distressed business out of an insolvency proceeding or from a corporate conglomerate divesting a distressed subsidiary. In these situations the Client may exercise direct control over the business and may in certain circumstances appoint directors to the companies in which it exercises control.

Concentration

FCM LLC is highly aware of risks associated with concentration of investments in one particular industry. Generally, FCM LLC does not intend to invest more than 20 per cent of the value of the gross assets of a Client in the securities of any one issuer or more than 35 per cent of the value of the gross assets of a Client in any one industry. However, FCM LLC may, in its absolute discretion, allow actual percentage levels to exceed this limit from time to time.

Hedging

While some risk is necessarily inherent in investments in securities, FCM LLC will take a disciplined investment approach and emphasise preservation of capital. FCM LLC may short securities, including debt and equity securities, and use derivatives, such as swaps, to hedge principal, credit or currency risk, where such hedging opportunities are available on terms that FCM LLC considers to be economically attractive. However, FCM LLC is not obligated to seek to hedge against fluctuations in the value of its portfolio positions as a result of changes in market interest rates or any other developments. FCM LLC will not write uncovered call or put options or equivalent derivatives thereof on behalf of its Clients.

The assets of the Master Fund attributable to US \$ Shares and Gold Shares (as defined in the offering documents of the Offshore Feeder Fund) and Interests (as defined in the offering documents of the Onshore Feeder Fund) will be hedged on a monthly basis through the use of futures, forwards or other exchange traded or over-the-counter instruments in order to minimise, so far as reasonable practicable, the exposure of the US \$ Shares, Gold Shares and Interests to fluctuations in the value of gold or US Dollars, vis-à-vis the value of the Euro. The costs and benefit of any such hedging will be solely for the holders of the US \$ Shares, Gold Shares and Interests as applicable.

Currencies

Investments are expected to be primarily in Euro, British Pounds, Swiss Francs, Norwegian Kroners, Swedish Kronas, or US Dollars. However, there will be additional currencies to the extent that Clients make investments in instruments which are within the investment mandate but are denominated in other currencies. Investments will be hedged into the base currency of the relevant Private Fund provided such hedging opportunities are available on terms that FCM LLC considers to be economically attractive.

Subject to the Investment Guidelines of a Private Fund, FCM LLC shall have sole discretion in determining when or whether to engage in hedging strategies.

Debt Origination

FCM LLC or its affiliates may originate debt for the benefit of its Clients provided that all such loans or debts must be originated outside the US and no loans or debts may be originated on behalf of US borrowers. Any origination fees received by FCM LLC and/or their affiliates from various loan recipients in exchange for finding and/or originating such transactions will be paid to the relevant Client.

Other Securities and Assets

In limited circumstances, FCM LLC may invest in securities or assets other than those described herein if FCM LLC determines, in its sole and absolute discretion, that such investments are in the best interest of the Client.

From time to time, Clients may make investments, either directly or through special purpose vehicles that have been sourced and/or structured by third-parties.

Leverage

Clients of FCM LLC expect to be leveraged including, without limitation, through borrowing cash, securities and other instruments and entering into derivative transactions that have the effect of leveraging its portfolio. Leverage will be limited in accordance with the Investment Guidelines of a Private Fund. Normally the aggregate gross market exposure of a Client does not exceed 200 per cent of the net asset value of the Client. No assurance can be given that this limit may not be exceeded on a short-term basis.

8.B. Risk of Loss

Investing in securities involves risk of loss that Clients should be prepared to bear. No guarantee or representation is made that a Private Fund will achieve its investment objective or that an investor will not lose all or a substantial portion of its investment. Because these risk factors are not a complete list or explanation of all of the risks to investors in the Private Funds, all such investors should read this Brochure and any offering memorandum and other governing documents of the particular Private Fund before making an investment in that Private Fund.

Borrowing by a Private Fund

A Private Fund may borrow money from banks or other institutions. Such borrowing will increase a Private Fund's leverage and, therefore, will create the same risks attendant to purchasing securities on margin including, without limitation, great potential loss of capital. A Private Fund may provide collateral to the banks from which it borrows by registering or pledging the interests or assets of a Private Fund in the names of such banks or their nominees. This procedure exposes a Private Fund to the risk that for whatever reason, including, without limitation, the default, insolvency, negligence, misconduct or fraud of such banks, a Private Fund will not reacquire the ownership of such interests upon the repayment by a Private Fund of such loans. Also, a Private Fund will be unable to reacquire such interests if a Private Fund defaults on such loans. A Private Fund's failure or inability to reacquire such interests from the banks in whose name the interests are registered in support of a loan could entangle a Private Fund in protracted litigation and, potentially, result in the complete loss of such interests. While FCM LLC will cause a Private Fund to borrow money only from banks or other institutions it believes to be creditworthy, there can be no absolute certainty that such institutions will return such interests to a Private Fund upon the repayment of such loans.

Business Risk

There can be no assurance that a Private Fund will achieve its investment objective.

Co-investments with Third Parties

A Private Fund may co-invest with third parties through joint ventures or other entities. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a co-venturer or partner of a Private Fund may at any time have economic or business interests or goals which are inconsistent with those of a Private Fund, or may be in a position to take action contrary to a Private Fund's investment objectives. In addition, a Private Fund may be liable for actions of its co-venturers or partners. When a Private Fund engages in such indirect investments, fees, including performance-based fees and/or asset-based fees, may be payable to such third parties by a Private Fund, in addition to the fees already payable to FCM Malta by a Private Fund.

Concentration of Investments

A Private Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

Counterparty Risk

The Private Fund will be subject to the risk of the inability of any counterparty (including prime brokers and custodians) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

Currency Exposure

Certain of the assets of a Private Fund may, however, be invested in securities and other investments which are denominated in currencies other than the base currency. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. FCM LLC may seek to manage a Private Fund's foreign exchange position to enhance profits or to hedge the foreign exchange exposure. However, a Private Fund will necessarily be subject to foreign exchange risks. In addition, prospective investors whose assets and liabilities are predominately in other currencies should take into account the potential risk of loss arising from fluctuations in value between the Euro and such other currencies.

Debt

A Private Fund may purchase low rated or unrated debt securities which may offer higher yields than do higher rated securities, but generally involve greater volatility of price and risk of return of principal and income. In addition, the markets for such securities may be limited. A Private Fund may invest in private and public debt (including, without limitation, loans) owed by companies on either an assignment or participation basis. When a Private Fund invests on a participation basis with a seller, it may not have direct access to the relevant key professionals leading the bankruptcy plan and will rely on information provided by the participation seller.

While a Private Fund's debt investments are often collateralized, a Private Fund may be exposed to losses resulting from default and foreclosure. Therefore, the value of the underlying collateral, the creditworthiness of the borrower and the priority of the lien are each of great importance. A Private Fund cannot guarantee the adequacy of the protection of a Private Fund's interests, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, a Private Fund cannot assure that claims may not

be asserted that might interfere with enforcement of a Private Fund's rights. In the event of a foreclosure, a Private Fund or an affiliate of a Private Fund may assume direct ownership of the underlying asset. The liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest on the loan, resulting in a loss to a Private Fund. Any costs or delays involved in the effectuation of a foreclosure of the loan or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss.

There are no restrictions on the credit quality of the loans in which a Private Fund invests. Loans may be deemed to have substantial vulnerability to default in payment of interest and/or principal. Certain of the loans may have large uncertainties or major risk exposures to adverse conditions, and may be considered to be predominantly speculative. Generally, such loans offer a higher return potential than better quality loans, but involve greater volatility of price and greater risk of loss of income and principal. The market values of certain of these loans also tend to be more sensitive to changes in economic conditions than better quality loans.

A Private Fund may invest in loans made to companies that are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganisation and liquidation proceedings. Although the terms of such financing may result in significant financial returns to a Private Fund, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful financing to companies experiencing significant business and financial difficulties is unusually high. There is no assurance that a Private Fund will correctly evaluate the value of the assets collateralising the loans or the prospects for a successful reorganisation or similar action. In any reorganisation or liquidation proceeding relating to such distressed company, a Private Fund may lose all or part of the amounts invested or may be required to accept collateral with a value less than the amount of the investment by a Private Fund in the loan.

A Private Fund's success will depend, in part, on a Private Fund's ability to invest in loans on advantageous terms. In purchasing loans, a Private Fund will compete with a broad spectrum of investors, many of which may have substantially greater financial resources and may be more well-known than a Private Fund. Increased competition for, or a diminishment in the available supply of, qualifying loans could result in lower yields on such loans, which could reduce returns to investors.

Of paramount concern in investing in loans is the possibility of material misrepresentation or omission on the part of a borrower. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of a Private Fund to perfect or effectuate a lien on the collateral securing the loan. A Private Fund relies upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee that such representations are accurate or complete. Under certain circumstances, payments to a Private Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Because of the nature of certain of a Private Fund's investment practices, a Private Fund could be subject to allegations of lender liability or "equitable subordination." The common law principle of lender liability is based upon the premise that an institutional lender has violated an implied or contractual duty of good faith and fair dealing owed to the borrower or a fiduciary duty owed to the borrower, its other creditors or shareholders as a result of the lending institution assuming a certain

degree of control over the borrower through any loans that it has made. Moreover, under common law principles that in some cases form the basis for lender liability claims, if a lending institution (i) intentionally takes an action that results in the undercapitalisation of a borrower to the detriment of other creditors of such borrower, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court, in its discretion, may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." A significant number of a Private Fund's investments will involve investments in which a Private Fund will not be the lead creditor. Accordingly, it is possible for claims of lender liability or equitable subordination to affect a Private Fund's investments without a Private Fund being directly involved.

Derivatives

A Private Fund may invest in complex derivative instruments that seek to modify or replace the investment performance of particular securities, commodities, currencies, interest rates, indices, or markets on a leveraged or unleveraged basis. These instruments generally are subject to counterparty risk and may not perform in the manner expected thereby resulting in greater loss or gain to the investor. These investments are all subject to additional risks that can result in a loss of all or part of an investment, including, without limitation, interest rate and credit risk volatility, world and local market price and demand, and general economic factors and activity. Derivatives may have very high leverage embedded in them, which can substantially magnify market movements and result in losses greater than the amount of the investment. Some of the markets in which a Private Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes a Private Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) because such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in exchange-based markets. These factors may cause a Private Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise. Such "counterparty risk" is present in all swaps and is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Private Fund has concentrated its transactions with a single or small group of counterparties. A Private Fund generally will not be restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty.

Developing Markets

A Private Fund will invest in developing market equities and debt securities which may lead to additional risks being encountered when compared with investments in developed markets.

Investment in such securities involves a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, such securities may carry the risks of less publicly available information, more volatile markets, less strict securities market regulation, less

favourable tax provisions, and a greater likelihood of severe inflation, unstable or not freely convertible currency, war and expropriation of personal property than investments in securities of issuers based in developed countries. In addition, a Private Fund's investment opportunities in certain developing markets may be restricted by legal limits on foreign investment in local securities.

Developing markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighbouring exchange. Volume and liquidity levels in developing markets are lower than in developed countries. When seeking to sell such securities, little or no market may exist for the securities. In addition, issuers based in developing markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in developing markets may not accurately reflect the actual circumstances being reported.

Some developing markets securities may be subject to brokerage or stock transfer taxes levied by governments, which would have the effect of increasing the cost of investment and which may reduce the realised gain or increase the loss on such securities at the time of sale. The issuers of some of these securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. In addition, settlement of trades in some developing markets is much slower and subject to a greater risk of failure than in markets in developed countries. Further, custodians are not able to offer the level of service and safe-keeping, settlement and administration of securities that is customary in more developed markets and there is a risk that a Private will not be recognised as the owner of securities held on its behalf by a sub-custodian.

Distressed Securities

A Private Fund may invest in securities of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth (including start-up companies), facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganisation proceedings. Investments of this type may involve substantial financial and business risks that can result in substantial, or at times even total, losses. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. In bankruptcy situations, there can be a considerable delay in reaching accord on a restructuring plan acceptable to a bankrupt company's lenders, bondholders and other creditors and then obtaining approval from the bankruptcy court. Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets. It may take a number of years for the market price of such securities to reflect their intrinsic value, and since the market for such securities tends to be illiquid, sales may be possible only at substantial discounts.

Any one or all of the issuers of the securities in which a Private Fund may invest may be unsuccessful or not show any return for a considerable period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that FCM LLC will correctly value the assets collateralising a Private Fund's investments or assess the prospects for a successful reorganisation or similar action or that any bankruptcy trustee will meet or outperform the announced liquidation plan. In any reorganisation or liquidation proceeding relating to a company in which a Private Fund invests, a Private Fund may lose its entire investment, may be required to accept cash or securities with a value less than a Private Fund's original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated may not adequately for the risks assumed.

The administrative costs incurred in connection with a bankruptcy proceeding are frequently high and will be paid out of the debtor's estate prior to any return to creditors (other than out of assets or proceeds thereof, which are subject to valid and enforceable liens and other security interests) and equity holders. In addition, certain claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite high.

Effects of Substantial Redemptions

Substantial requests for redemption by investors could induce a Private Fund to liquidate positions sooner than would otherwise be desirable, which could adversely affect the performance of a Private Fund. In addition, regardless of the period of time in which redemptions occur, the resulting reduction in a Private Fund's net asset value, and thus in its equity base, could make it more difficult for a Private Fund to diversify its holdings and achieve its investment objectives.

Forward Trading

A Private Fund may engage in forward trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardised. Instead, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated (e.g., there is no limitation on daily price movements, and speculative position limits are not applicable). The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have been unable to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by a Private Fund due to unusually high trading volume, political intervention, or other factors. Market illiquidity or disruption could result in major losses to a Private Fund.

Illiquid Investments

A Private Fund may make investments that are subject to legal or other restrictions on transfer or for which no liquid market exists (i.e., Special Situation Investments). The market prices, if any, of such investments tend to be more volatile and it may not be possible to sell such investments when

desired or to realise their fair value in the event of a sale. Moreover, securities in which a Private Fund may invest include those that are not listed on a stock exchange or traded in an over-the-counter market. As a result of the absence of a public trading market for these securities, they may be less liquid than publicly traded securities. There may be substantial delays in attempting to sell non-publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realised from these sales could be less than those originally paid. Further, companies whose securities are not publicly traded are not subject to the disclosure and other investor protection requirements that would be applicable if their securities were publicly traded.

Information, Reporting and Side Arrangements

A Private Fund may enter into separate agreements with certain investors, including without limitation, those deemed to involve a significant or strategic relationship, to provide them with additional or different information and reporting than is provided to other investors of the Private Fund. Such information may provide the recipient greater insights into the Private Fund's activities than is included in standard reports to investors.

Inside Information

From time to time FCM LLC or its affiliates will be in possession of material, non-public information concerning the issuer of securities or other instruments in which issuer a Private Fund has considered investing, has invested or may consider investing. The possession of such information may limit the ability of FCM LLC to cause a Private Fund to buy or sell such securities or other instruments. Accordingly, a Private Fund may be required to refrain from buying or selling such securities or other instruments at times when FCM LLC might otherwise wish to cause a Private Fund to buy or sell such securities or other instruments.

Legal Risk

Many of the laws that govern private and foreign investment, securities transactions and contractual relationships in developing markets are new and largely untested. As a result, a Private Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain of the developing markets in which assets of a Private Fund are invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on a Private Fund and their operations. In addition, the income and gains of a Private Fund may be subject to withholding taxes imposed by foreign governments for which investors will not receive a foreign tax credit.

Leverage

A Private Fund may employ leverage for the purpose of making investments. The use of leverage creates special risks and may significantly increase a Private Fund's investment risk. Leverage creates an opportunity for greater yield and total return but, at the same time, will increase a Private Fund's exposure to capital risk and interest costs. Any investment income and gains earned on

investments made through the use of leverage that are in excess of the costs associated therewith may cause the net asset value of the shares in a Private Fund to increase more rapidly than would otherwise be the case. Conversely, where the associated costs are greater than such income and gains, the net asset value of the shares in a Private Fund may decrease more rapidly than would otherwise be the case.

Management Risk

The investment performance of a Private Fund is substantially dependent on the services of key individuals who will primarily be responsible for managing the investment of the assets of the Private Fund. In the event of the death, incapacity, departure, insolvency or withdrawal of these individuals, the performance of the Private Fund may be adversely affected.

Market Crisis and Governmental Intervention

The global financial markets are currently undergoing pervasive and fundamental disruptions which have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an “emergency” basis without much or any notice with the consequence that some market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions has been suddenly and/or substantially eliminated or impaired. Given the complexities of the global financial markets and the limited time frame within which governments have been able to take action, these interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies.

It is impossible to predict with certainty what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on FCM LLC’s ability to fulfil a Private Fund’s investment objective. However, FCM LLC believes that there is a high likelihood of significantly increased regulation of the global financial markets, and that such increased regulation could be materially detrimental to the performance of a Private Fund’s portfolio.

Market Disruptions

A Private Fund may incur major losses in the event of disrupted markets and other extraordinary events which may affect markets in a way that is not consistent with historical pricing relationships. The risk of loss from a disconnect with historical prices is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to a Private Fund from its banks, dealers and other counterparties will typically be reduced in disrupted markets. Such a reduction may result in substantial losses to a Private Fund. In 1994, in 1998 and again in the so-called “credit crunch” of 2007-2009 a sudden restriction of credit by the dealer community resulted in forced liquidations and major losses for a number of investment vehicles. The “credit crunch” of 2007-2009 has particularly affected investment vehicles focused on credit-related investments. However, because market disruptions and losses in one sector can cause ripple effects in other sectors, during the “credit crunch” of 2007-2009 many investment vehicles suffered heavy

losses even though they were not necessarily heavily invested in credit-related investments. In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for a Private Fund and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible for a Private Fund to liquidate affected positions and thereby expose it to losses. There is also no assurance that off-exchange markets will remain liquid enough for a Private Fund to close out positions.

Net Asset Value Considerations

The net asset value per share of a Private Fund is expected to fluctuate over time with the performance of a Private Fund's investments. An investor may not fully recover his initial investment when he chooses to redeem his shares or upon compulsory redemption if the net asset value per share at the time of such redemption is less than the subscription price paid by such investor or if there remain any unamortised costs and expenses of establishing the Private Fund.

Options

A Private Fund may engage in the trading of options. Such trading involves risks substantially similar to those involved in trading margined securities in that options are speculative and highly leveraged. Specific market movements of the securities underlying an option cannot be predicted accurately. 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 security underlying the option, which the writer must purchase or deliver upon exercise of the option. A Private Fund may also engage in the trading of options on baskets of securities and stock indices.

Political Risks

With respect to certain countries, there is the possibility of nationalization, expropriation, seizure or confiscation of assets, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of a Private Fund, political changes, government regulation or deregulation, social instability or diplomatic development (including war), any of which could affect adversely the economies of such countries or the value of a Private Fund's investments in those countries.

Prime Brokers and Custodians

In relation to a Private Fund's right to the return of assets equivalent to those of a Private Fund's investments which a prime broker or custodian borrows, lends or otherwise uses for its own purposes, a Private Fund will rank as one of the prime broker or custodian's (as applicable) unsecured creditors and, in the event of the insolvency of the relevant prime broker or custodian, a Private Fund might not be able to recover such equivalent assets in full, or at all. In addition, a Private Fund's cash held with a prime broker or custodian will not be segregated from the relevant prime broker or custodian's own cash and will be used by the prime broker or custodian in the course of its business and a Private Fund will therefore rank as an unsecured creditor in relation thereto.

In the event that a prime broker or custodian enters into an insolvency procedure (which may last many years), the use by a Private Fund of assets held by or on behalf of the relevant Prime Broker and Custodian may be restricted and accordingly (a) the ability of FCM LLC to fulfil the investment objective may be severely constrained, (b) the Private Fund may be required to suspend the calculation of the net asset value and as a result subscriptions for and redemptions of shares, and/or (c) the net asset value may be otherwise affected. During such a procedure, as more particularly described above, a Private Fund is likely to be an unsecured creditor in relation to certain assets and accordingly a Private Fund may be unable to recover such assets from the insolvent estate of the relevant prime broker or custodian in full, or at all.

Regulatory Risks of Hedge Funds

Legal, tax and regulatory changes could occur during the term of the Private Fund that may adversely affect it. The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by a Private Fund and the ability of a Private Fund to obtain the leverage it might otherwise obtain or to pursue its strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on a Private Fund could be substantial and adverse.

Securities on Margin

A Private Fund may borrow money to purchase securities. Such borrowing provides the advantages of leverage, but exposes a Private Fund to capital risk and higher current expenses. Any gain in the value of securities purchased with borrowed money or income earned from these securities that exceeds interest paid on the amount borrowed would cause a Private Fund's net asset value to increase faster than would otherwise be the case. Conversely, any decline in the value of the securities purchased would cause a Private Fund's net asset value to decrease faster than would otherwise be the case.

Further, the interest expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the investments purchased. In addition, a Private Fund may be subject to additional risks, including the possibility of a "margin call," pursuant to which a Private Fund must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in the value of a Private Fund's assets, a Private Fund might not be able to liquidate assets quickly enough to pay off its margin debt. Such an event would adversely affect the net asset value.

Short Selling

A Private Fund may sell securities of an issuer short in the expectation of "covering" the short sale with securities purchased in the open market at a price lower than that received in the short sale. The profit or loss realised on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale. A short sale involves the theoretically

unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

Due to regulatory or legislative action taken by regulators around the world as a result of recent volatility in the global financial markets, taking short positions on certain securities has been restricted. The levels of restriction vary across different jurisdictions and are subject to change in the short to medium term. These restrictions have made it difficult and in some cases impossible for numerous market participants either to continue to implement their investment strategies or to control the risk of their open positions. Accordingly, FCM LLC may not be in a position to fully express its negative views in relation to certain securities, companies or sectors and the ability of FCM LLC to fulfil the investment objective of a Private Fund may be constrained.

Small and Medium-Capitalisation Companies

A portion of a Private Fund's portfolio may be invested in the stocks and debt instruments of companies with small-to medium-sized market capitalisation's, including growth stage companies. While such companies may often provide significant potential for appreciation, those stocks and debt instruments, particularly smaller-capitalisation stocks and debt instruments, involve higher risks in some respects than do investments in stocks and debt instruments of larger companies. For example, prices of small-capitalisation and even medium-capitalisation stocks and debt instruments are often more volatile than prices of large-capitalisation stocks and debt instruments and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in some small-capitalisation stocks, an investment in those stocks may be highly illiquid.

Relatively small companies in which a Private Fund may invest may lack management depth or the ability to generate internally, or obtain externally, the funds necessary for growth and companies with new products or services could sustain significant losses if projected markets do not materialise. Some small companies have limited product lines, distribution channels and financial and managerial resources. A Private Fund may invest in companies which may have product lines that have, in whole or in part, only recently been introduced to the market or that may still be in the research or development stage. Such companies may also be dependent on key personnel with limited experience.

Tax Considerations

A Private Fund may be subject to withholding or other taxes on income and/or gains arising from their investment portfolios, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by a Private Fund is incorporated, established or resident for tax purposes. Where a Private Fund invests in securities that are not subject to withholding or other taxes at the time of acquisition, there can be no assurance that tax may not be withheld or imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. A Private Fund will not be able to recover such tax and so any change would have an adverse effect on the net asset value of the shares.

Where a Private Fund sells securities short that are subject to withholding tax at the time of sale, the price obtained will reflect the withholding tax liability of the purchaser. In the event that in the

future such securities cease to be subject to withholding tax, the benefit thereof will accrue to the purchaser and not to a Private Fund.

US Tax-Exempt Investors

Certain prospective investors may be subject to US federal and state laws, rules and regulations which may regulate their participation in the Private Fund or their engaging directly or indirectly through an investment in the Private Fund in investment strategies of the types which a Private Fund may utilise from time to time. While FCM LLC believes that a Private Fund's investment programme is generally appropriate for US tax-exempt investors for which an investment in a Private Fund would otherwise be suitable, each type of such investor may be subject to different laws, rules and regulations and should consult with their own advisors as to the advisability and tax consequences of an investment in a Private Fund. Investment in a Private Fund by entities subject to ERISA and other tax-exempt investors requires special consideration. Trustees or administrators of such investors are urged carefully to review the matters discussed in this Brochure, the governing documents of the relevant Private Fund and any relevant application form.

Unaudited Data

Calculation and payment of an investor's redemption proceeds will be based on estimated and unaudited data. Accordingly, adjustments and revisions may be made to the net asset value of such investor's shares following the year-end audit of the Private Fund. Such adjustments and revisions may either increase or decrease the net asset value of such investor's shares, which will affect the investor at the time that such adjustment or revision is made.

Undervalued/Overvalued Securities

One of the key objectives of a Private Fund is to identify and invest in undervalued and overvalued securities ("misvalued securities"). The identification of investment opportunities in misvalued securities is a difficult task, and there can be no assurance that such opportunities will be successfully recognised. While purchases of undervalued securities and short sales of overvalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from a Private Fund's investments may not adequately compensate for the business and financial risks assumed.

A Private Fund may make certain speculative investments in securities which FCM LLC believes to be misvalued; however, there can be no assurance that the securities purchased and sold will in fact be misvalued. In addition, a Private Fund may be required to maintain positions in such securities for a substantial period of time before realising their anticipated value. During this period, a portion of a Private Fund's capital may be committed to the securities, thus possibly preventing a Private Fund from investing in other opportunities. In addition, a Private Fund may finance any such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

Valuation of Special Situation Investments

Valuation of a Private Fund's Special Situation Investments may involve uncertainties and judgmental determinations. If such valuations should prove to be incorrect, investors could be adversely affected. Independent pricing information may not at times be available or may be difficult

to obtain with respect to certain Special Situation Investments. Accordingly, certain Special Situation Investments may be subject to varying interpretations of value and, in such cases, the value of a Special Situation Investment may be determined by, among other things, utilising marked to market prices provided by dealers and pricing services and, if necessary, through relative value pricing. A Private Fund is entitled to rely, without independent investigation, upon pricing information and valuations furnished to it by third parties, including pricing services.

Item 9 Disciplinary Information

There are no legal or disciplinary events that are material to an investor or prospective investor's evaluation of FCM LLC's advisory business or the integrity of FCM LLC's management.

Item 10 Other Financial Industry Activities and Affiliations

Broker-Dealer Registration Status

FCM LLC and its management persons and affiliates are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Advisor Registration Status

FCM LLC and its management persons and affiliates are not registered and do not have any application pending to register with the Commodities Futures Trading Commission as a Commodity Pool Operator. The Private Funds are operated pursuant to exemption provided in Regulation 4.13(a)3 of the U.S. Commodity Exchange Act (the “CEA”).

Material Relationships or Arrangements with Industry Participants and Material Conflicts of Interest Relating to Other Investment Advisers

FCM LLC does not recommend or select other investment advisers for its Clients.

The Onshore Feeder Fund operates through its general partner Fortelus GP Ltd (the “GP”). The entire issued share capital of the GP is held by FCM Malta.

It is the policy of FCM LLC to meet the highest standards of ethical and market practice in respect of the management of conflicts of interest and to act at all times in the best interests of its Clients. In that regard, FCM LLC has put in place a conflicts of interest policy with set practices and procedures that it follows. Where possible, FCM LLC seeks to organize its business activities, including external arrangements, so as to avoid conflicts. Where conflicts are unavoidable, it ensures appropriate policies, procedures and controls are developed ahead of the arrangement giving rise to such conflicts.

Where FCM LLC is not reasonably confident that the interests of a Client will be adequately protected, it will clearly disclose the general nature and/or sources of conflicts of interest to a Client which will enable the Client to make an informed decision with respect to the service in which the conflict arises. Please see Item 11 for a further description of the conflicts of interest practices and procedures adopted by FCM LLC.

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

FCM LLC strives to adhere to the high standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, FCM LLC has adopted a code of ethics in compliance with SEC rule 204A-1 (the “**Code**”). The Code of ethics covers various issues including personal trading by individuals or affiliates of FCM LLC and standards of conduct of personnel of FCM LLC.

Cross-Trades: A transfer from one Private Fund to one or more other Private Funds (a “**Cross-Trade**”) may be effected where FCM LLC determines that the relevant transaction is in the best interests (and consistent with the investment program, risk management and other relevant considerations) of the relevant Private Funds and where such transaction will assist FCM LLC to adhere to its policies and procedures, subject to compliance with applicable regulatory rules. In a Cross-Trade, the relevant asset will be transferred at a price that reflects the fair value of the security on the date it is transacted *i.e.* the same price that would be paid or received if the transaction was traded with a knowledgeable third party at arm’s length. ~~Cross-Trades~~ will be disclosed to the Funds and best execution obtained. Neither FCM LLC nor any related party will receive any compensation in connection with a Cross-Trade.

A copy of the Code will be provided to any Client or prospective client upon request.

Item 12 Brokerage Practices

Affiliates of the Management Member of FCM LLC invest through the Onshore Feeder Fund side-by-side with other investors. To address this potential conflict of interest arising, FCM LLC intends to allocate investment opportunities to all Clients in a manner that it believes to be appropriate in light of the investment objectives of the Clients. FCM LLC may be presented with investment opportunities that fall within the investment objectives of one or more Clients. In general, FCM LLC shall seek to allocate investment opportunities relating to new positions among the investment portfolios of the Clients based on pre-determined allocation methodologies, as modified from time to time, including, without limitation, *pro rata* allocations based on the assets of each Client managed by FCM LLC. The *pro rata* ratio of the allocation of investments among Clients that can take up such investments will be reviewed at least monthly, taking into account capital changes within each Client account and relative sizes of Client account and any changes in the terms of the investment guidelines and restrictions embodied in the investment management agreement (the “**Investment Guidelines**”) agreed for such Client.

There are exceptions to allocating an investment *pro rata* among Clients that may take up an investment opportunity. The exceptions include the following and are discussed below:

- Risk/volatility assessment for each Client;
- Compliance with a Client’s Investment Guidelines;
- Counterparties of each Client;
- Liquidity needs of each Client, including anticipated capital flows;
- Leverage and financing capabilities of each Client;
- Ramp-up period to invest new capital of a Client; and
- Applicable tax regulations and domicile of the Client.

First, FCM LLC may adjust (either up or down) the *pro rata* allocation, or set appropriate sizing, to ensure all participating Clients receive appropriate exposure to investments with certain risks based on the size of the relevant portfolio. Adjustments are based, in large part, on the level of risk FCM LLC believes that Clients should absorb. Risk assessment is an ever-adjusting, subjective determination. For example, certain investments might be deemed to possess inherently more risk than actively traded positions. Therefore, FCM LLC may want to limit the risk by limiting the size of particular investments in relation to the net asset value of a Client’s portfolio or other parameters. This may require that a formulaic approach to allocating exposure for investments of a Client be adjusted to take into account the risks associated with a specific opportunity or strategy. These risk considerations may change over time.

Further exceptions to allocating investment opportunities *pro rata* include the restrictions contained in the Investment Guidelines of each Client, any other Client-imposed limitations or requirements, individual Client relationships or counterparties, leverage employed, tax matters, and differences in

the timing of capital contributions and withdrawals to and from each Client. Available capital, tolerance for volatility/risk, liquidity needs of a Client and domicile of a Client, among others, are additional relevant factors that impact the degree to which any Client will participate in an aggregated order. Additional factors may be specifically agreed in the Investment Guidelines agreed with a Client. Due to the weight given to these factors differences among the Clients' portfolio weightings of particular positions and in the particular securities and other instruments held are likely to occur. In this regard, Clients may not participate in each aggregated transaction on a *pro rata* basis if FCM LLC determines that to do so would not be in the best interests of each participating Client.

Furthermore, if a Client does not or cannot establish a relationship with a given counterparty, such Client may be excluded from an aggregated order and/or may be subject to greater costs and expenses in connection with a given transaction.

In addition, during a ramp-up phase of a portfolio or an increase or decrease in assets of the portfolio, the *pro rata* allocation mentioned above may not be applied or may require further adjustments. When a new client or a Client is experiencing a large cash infusion (such as during the ramp-up phase) or capital withdrawal invests in aggregated orders of investments of any kind, orders may be allocated other than *pro rata* so that a Client will reach its desired overall position more quickly. As a result of these factors and processes described above, all Clients may not participate *pro rata* in every order placed for the purchase or sale of an applicable investment opportunity, including those that may have very limited availability.

FCM LLC will generally execute Client transactions on an aggregated basis when it believes that to do so will allow it to obtain best execution and to negotiate more favorable commission rates or other transaction costs, or efficiencies than otherwise would have been attainable had such orders been placed independently.

In the case of limited investment opportunities that will be taken up by more than one Client (i.e., including but not limited to privately offered investments, block trades, opportunities limited by geographic origin, etc.), FCM LLC would generally execute Client transactions in the same opportunity on an aggregated basis so that as many eligible Clients for which the investment is appropriate may participate on the basis of best available cost, efficiency and terms. Since limited investment opportunities may result in the exclusion of certain Clients from a given investment opportunity, FCM LLC's objective is to attempt to obtain and allocate these investments for Clients in a fair and equitable manner over time.

FCM LLC will not aggregate orders unless it believes that aggregation is consistent with: (a) best execution for its Clients; and (b) the terms of the Investment Guidelines of each Client for which trades are being aggregated.

No Client will be favored over any other Client on an overall, long-term basis; each Client that participates in an aggregated order will participate at the same average price, with transaction costs shared *pro rata* based on each Client's participation in the transaction. Typically, for transactions effected on domestic markets, transaction costs are shared *pro rata* based on each Client's participation in the transaction. In transactions effected on foreign markets, prices may differ as a result of differences in fees, taxes and transaction charges that are assessed on each participating

Client and vary depending upon a number of factors including, but not limited to, the size of participating Clients or amounts allocated

On occasion, FCM LLC may not be able to purchase or sell all of the securities ordered as part of an aggregated order in a single day. If the order is filled in its entirety over a period of days, each participating Client will receive the same average price and absorb the same average commission and expenses charged for each day's orders. If FCM LLC is not able to complete the order entirely, such as in cases where limited opportunities are more limited than expected when the original allocation was prepared, the partially filled order will generally be allocated *pro rata* in proportion to the size of the original order placed for each Client to the extent practicable based on the original allocation, although the commission costs and other expenses of allocating partially filled orders among participating Clients and the limited size of an available position, among other factors, may limit the allocation of partially filled orders to certain clients.

The effect of such aggregation may operate on some occasions to a Client's disadvantage. Specifically, if FCM LLC has determined to invest at the same time for more than one of the Clients, FCM LLC may place combined orders for all such Clients simultaneously and if any order is not filled at the same price, it may average the prices paid. Similarly, if an order on behalf of more than one Client cannot be fully executed under prevailing market conditions, FCM LLC may allocate the securities traded among the different Clients on the basis that it considers equitable. In these circumstances, each Client would pay, in connection with the acquisition of securities by more than one Client, the average price per unit acquired, which may be higher than if it had acted alone, and it may otherwise not be able to execute an investment decision as effectively as it could have if it had acted alone. There may be corresponding potential disadvantages when more than one Client simultaneously seeks to dispose of commonly held securities and other investment positions.

Situations may occur where a Client could be disadvantaged because of the activities conducted by FCM LLC for other Clients. For example, where FCM LLC determines an investment opportunity to be suitable for more than one Client but the market is too illiquid to enable each to participate to the extent advisable. In the above situation, or in other situations in which conflicts arise, FCM LLC will endeavour to allocate investment opportunities fairly; nevertheless, from time to time as any given conflict situation arises, such conflict may be resolved in a manner detrimental to a particular Client.

In addition, FCM LLC may give advice or take action with respect to the investments of one or more Clients that may not be given or taken with respect to other Clients with similar investment programs, objectives, and strategies. Accordingly, Client accounts with similar strategies may not hold the same securities or instruments or achieve the same performance.

FCM LLC and its personnel may have conflicts in allocating their time and services among the Clients. FCM LLC will devote as much time to each Client as FCM LLC deems appropriate to perform its duties in accordance with its management agreements.

From time to time, subject to applicable restrictions under the Private Funds' Investment Guidelines and restrictions, FCM LLC may direct one of its Private Funds to sell securities to, or buy any securities from, another Private Fund through a cross transaction in which neither FCM LLC nor a related person will receive compensation. Any such transaction will be effected based on the then current independent market price and consistent with valuation procedures established by FCM LLC.

To the extent that any such cross transaction may be viewed as a principal transaction due to the ownership interest in the Private Fund by FCM LLC and its personnel or affiliates, FCM LLC will comply with the requirements of Section 206(3) of the Registrants Act, including that FCM LLC will notify the relevant Private Fund (or an independent representative of the Private Fund) in writing of the transaction and obtain the consent of the Private Fund (or an independent representative).

FCM LLC may purchase securities offered in initial public offerings ("**New Issues**") on behalf of certain of the Clients. Pursuant to FINRA Rule 5130, FINRA Rule 5131 and FINRA/NASD interpretations thereof, FCM LLC may allocate New Issues among the Clients eligible to invest in New Issues in proportion to their relative capital balances or any other basis that it considers in compliance with the FINRA rules. FCM LLC does not allocate the profits and losses from New Issues to investors who are "restricted persons" under the FINRA rules.

The factors listed below are the issues that FCM LLC will consider when selecting an appropriate broker-dealer for Client transactions.

- Price
- Venue
- Broker's relevant expertise related to specific instruments traded and likelihood of execution
- Speed of execution
- Transaction costs, including fees and commissions
- Size of the order and market impact
- Nature of the order
- Other considerations relevant to the order.

It is generally assumed that price will be the first priority however in some circumstances other factors may be more important.

When dealing in illiquid securities, cost may not be the most relevant priority. For example, in the extreme case where there may only be one broker that is engaged with the opposite side, FCM LLC will only have one choice of broker. Identifying the broker with this expertise is what the trading desk spends a considerable amount of time doing on a day to day basis. This exercise is critical to FCM LLC's policy of best execution. In this type of situation trying to find another broker— for example to keep commissions lower - may be detrimental to the ability to trade.

FCM LLC's policy on commission rates is quite simply to select the broker with the lowest rate. However cost of transaction is sometimes not the highest priority and in some circumstances will be a lowly rated factor. That said, where there is a choice of identically skilled brokers, the lower commission rated broker will be employed.

For directly observable commissions (for example equities) FCM LLC aims to negotiate broker rates to their lowest possible level. It has also attempted to get the competition in line with one another. The factor of commission rates is therefore largely eliminated in the decision process and it is possible to focus on other factors in execution.

For non-observable commissions (for example OTC credit or equity derivatives) the main objective is to get the best possible level (and therefore the lowest possible commission). This is after taking all other factors into consideration.

Brokerage costs reports are prepared monthly in order to see where commissions are being spent.

It is FCM LLC's policy that under no circumstance are brokers paid commissions without having helped specifically with the investment in question. When directing commissions to brokers for trades in respect of which no particular broker has been of assistance, then price is the only consideration and FCM LLC will execute with the lowest cost broker who has been of assistance in relation to previous investments.

Research and Other Soft Dollar Benefits

FCM LLC may effect transactions or arrange for the effecting of transactions through brokers with whom it has arrangements whereby the broker agrees to use a proportion of the commission earned on such transactions to discharge the broker's own costs or the costs of third parties in providing certain services to FCM LLC. The benefits provided under such agreements will assist FCM LLC in the provision of investment management services to its Clients. Specifically, FCM LLC may agree that a broker shall be paid a commission in excess of the amount another broker would have charged for effecting such transaction so long as, in the good faith judgment of FCM LLC, the amount of the commission is reasonable in relation to the value of the brokerage and other services provided or paid for by such broker. Such services, which may take the form of research, analysis and advisory services, including (depending on the precise nature of the services) market price services, electronic trade confirmation systems, or third party electronic dealing or quotation systems, may be used by FCM LLC in connection with transactions in which certain Clients may not participate.

As a consequence of the commission arrangements outlined above, Clients may be caused to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits. FCM LLC benefits from these arrangements as it does not have to produce or pay for the research, products or services and could potentially have an incentive to select or recommend a broker-dealer based on FCM LLC's interest in receiving the research, or other products of services, rather than on a Client's interest in receiving the most favourable execution. It may be noted that soft dollar benefits may be used to service all Clients' accounts including those who did not pay for the benefits.

FCM LLC will only enter into any such arrangements that fall within, and are made in accordance with, Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)"). Section 28(e) provides a "safe harbor" to those investment managers who use soft dollars to obtain investment research and brokerage services. In order to qualify for the safe harbor, the research must provide assistance to an investment manager in its performance of its investment decision-making responsibilities. Brokerage services must relate to the execution, clearance and settlement of securities transactions in order to fall within the safe harbor provided by Section 28(e).

Please see Item 6B for a discussion of FCM LLC's practice concerning the aggregation of Client orders.

Item 13 Review of Accounts

The Managing Member generally reviews the portfolio of each Private Fund on a daily basis.

Fortelus' operations department also reviews the transactions entered into for Private Funds to ensure that correct entries have been made for all Private Fund records on a daily basis.

Investors in the Private Funds receive monthly reports showing the activity within their accounts and quarterly letters describing the performance of the relevant Private Fund, along with a commentary.

In addition, investors are issued with tax reports and annual audited financial statements concerning the relevant Private Fund within 120 days of the end of the Private Fund's fiscal year.

Item 14 Client Referrals and Other Compensation

FCM LLC will not receive any economic benefit from anyone other than its Clients for providing investment advice or advisory services to its Clients.

Item 15 Custody

Rule 206(4)-2 under the Advisers Act (and certain related rules and regulations under the Advisers Act) imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has any beneficial interest ("**Custody Rule**"). An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them.

An adviser has custody if it (or in some circumstances an affiliate) acts in any capacity that gives the adviser (or, as pertinent, the affiliate) legal ownership of, or access to, funds or securities of the adviser's clients. Accordingly, FCM LLC is deemed to have custody of certain Client's assets and maintains such funds and securities over which it has custody with a "qualified custodian." Qualified custodians include banks, broker-dealers, futures commission merchants and certain foreign financial institutions.

FCM LLC will not be required to comply (or will be deemed to have complied) with the Custody Rule with respect to each Client because it intends to comply with the exception under Rule 206(4)-2(b)(4) of the Advisers Act. It is intended that audited financial statements for each Private Fund shall be provided to the Private Fund's investors within 120 days of the end of the fiscal year of the Private Fund.

Item 16 Investment Discretion

As noted in Item 4 above, FCM LLC shall be appointed as an investment manager with full discretionary authority with respect to investment decisions on behalf of, and trading in, the Clients' accounts under the terms of an investment management agreement or similar agreement with each Private Fund.

FCM LLC shall provide investment advice to Clients in accordance with the investment objectives and guidelines set forth in their respective offering documents.

Item 17 Voting Client Securities

FCM LLC has adopted a voting policy and procedure in compliance with SEC rule 206(4)-6 which provides that FCM LLC will act in the best interests of Clients when voting.

The general policy is to vote proxy proposals, amendments, consents or resolutions relating to securities, including interests in pooled investment vehicles, if any (collectively, “**proxies**”), in a manner that serves the best interests of the Clients, as determined by FCM LLC in its discretion, taking into account the following factors: (i) the views of management; (ii) the impact on the value of the investments; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices. In addition, FCM LLC may not vote proxies in certain situations where the associated costs outweigh the anticipated benefits to Clients.

If a material conflict of interest exists between the interests of FCM LLC and those of the relevant Client with respect to any issue to be voted on, FCM LLC will base its voting decision exclusively on the FCM LLC’s judgment of what will best serve the financial interests of the Client that beneficially owns the securities that are the subject of the vote.

A copy of the voting policy and procedure will be provided to any Client or prospective client upon request.

Item 18 Financial Information

FCM LLC is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.