

**FORT, L.P.**

**2 Wisconsin Circle, Suite 1150  
Chevy Chase, Maryland 20815**

**(301) 986-6940**

**[www.fortlp.com](http://www.fortlp.com)**

**FORM ADV PART 2A  
BROCHURE**

**June 25, 2018**

**This brochure provides information about the qualifications and business practices of FORT, L.P. (“FORT”), a registered investment adviser. If you have any questions about the contents of this brochure, please contact us at (301) 986-6940. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about FORT also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Registration of an investment adviser with the United States Securities and Exchange Commission does not imply a certain level of skill or training.**

## **ITEM 2 – MATERIAL CHANGES**

Item 10 has been amended to reflect *management persons* registered with the CFTC as Associated Persons of FORT. There are no other material changes made in this document.

### **ITEM 3 - TABLE OF CONTENTS**

#### **Table of Contents**

<b>ITEM 2 – MATERIAL CHANGES .....</b>	<b>2</b>
<b>ITEM 3 - TABLE OF CONTENTS .....</b>	<b>3</b>
<b>ITEM 4 – ADVISORY BUSINESS .....</b>	<b>4</b>
<b>ITEM 5 – FEES AND COMPENSATION .....</b>	<b>5</b>
<b>ITEM 6 – PERFORMANCE-BASED ALLOCATION AND SIDE-BY-SIDE MANAGEMENT FEES .....</b>	<b>9</b>
<b>ITEM 7 – TYPES OF CLIENTS.....</b>	<b>9</b>
<b>ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....</b>	<b>10</b>
<b>ITEM 9 – DISCIPLINARY INFORMATION .....</b>	<b>29</b>
<b>ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....</b>	<b>29</b>
<b>ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....</b>	<b>30</b>
<b>ITEM 12 – BROKERAGE PRACTICES .....</b>	<b>31</b>
<b>ITEM 13 – REVIEW OF ACCOUNTS .....</b>	<b>32</b>
<b>ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION .....</b>	<b>32</b>
<b>ITEM 15 – CUSTODY.....</b>	<b>33</b>
<b>ITEM 16 – INVESTMENT DISCRETION .....</b>	<b>33</b>
<b>ITEM 17 – VOTING CLIENT SECURITIES .....</b>	<b>33</b>
<b>ITEM 18 – FINANCIAL INFORMATION .....</b>	<b>33</b>

#### ITEM 4 – ADVISORY BUSINESS

FORT, L.P., a Delaware limited partnership (“FORT”), is an investment adviser based in Chevy Chase, Maryland. FORT was established in 1999 and is the successor to FORT Inc., which was co-founded in 1993 by Dr. Yves Balcer and Dr. Sanjiv Kumar. FORT’s general partner is FORT Management Inc. FORT’s principal owners include Dr. Balcer and Dr. Kumar.

FORT develops and implements proprietary investment strategies for (i) separately managed accounts (collectively, the “Managed Accounts” and each a “Managed Account”), (ii) privately offered commingled investment vehicles (collectively, the “Private Funds” and each a “Private Fund”), and (iii) an investment company with variable capital incorporated with limited liability in Ireland and established as an umbrella fund with segregated liability between funds (the “UCITS Fund” and, collectively with the Private Funds, the “Funds” and each a “Fund”). The Managed Accounts and the Funds are sometimes collectively referred to herein as “Clients” or, each, a “Client.”

FORT Global LLC is an affiliate of FORT and serves as the general partner of certain of its Private Funds. FORT Global LLC is not registered as an investment adviser in reliance upon guidance from the SEC staff issued in the American Bar Association Subcommittee on Private Investment Entities Letter (pub. avail. Dec. 8, 2005 at Question and Answer G.1).

FORT makes available to Clients four proprietary trading programs developed by FORT: (i) Global Contrarian, a trend-anticipating trading program; (ii) Global Diversified, a combination of futures strategies and an equity market neutral strategy, (iii) Value Market Neutral, an equity market neutral trading program, and (iv) Global Futures, a proprietary blend of futures strategies. Global Futures and Global Diversified’s managed futures strategies are comprised of a mix of separate components, which currently include: a trend-anticipating strategy, a trend-following strategy and a mean reversion strategy. Global Diversified’s and Value Market Neutral’s equity market neutral strategy is based upon fundamental, bottom-up analysis of companies, utilizing publicly available information in SEC filings. The investment objective of the Global Contrarian and Value Market Neutral programs is to achieve attractive absolute rates of return and reduced volatility of returns that are generally uncorrelated with global equity indices. The investment objective of the Global Diversified and Global Futures programs is to achieve attractive absolute rates of return that are generally uncorrelated with global equity indices; in addition, the Global Diversified program seeks opportunities that are partially uncorrelated with each other. For more information on the investment strategies and corresponding risks that FORT may use when implementing such strategies, see Item 8, “Methods of Analysis, Investment Strategies and Risk of Loss.”

When FORT advises a Managed Account, the Client indicates whether FORT should utilize one or more of the Global Contrarian program, the Value Market Neutral program, the Global Diversified program, or the Global Futures program. The strategies are systematic and, therefore, FORT does not generally offer deviation from *pari passu* treatment with the strategy selected. However, on occasion, a Managed Account may have specific restrictions on its investments, which are detailed in the applicable advisory agreement.

When FORT advises a Fund, FORT provides investment advice in accordance with either the Global Contrarian, Value Market Neutral, Global Diversified, or Global Futures program, as set forth in the confidential private placement memorandum or prospectus and organizational documents of such Fund (collectively, the “Offering Documents”). The investment objective and guidelines of the Funds are not specifically tailored to the individual need of investors. However, with respect to a Private Fund, FORT or the general partner of such Private Fund may enter into side letter agreements with certain investors, establishing rights under, or supplementing or altering the terms of, the Offering Documents relating to such Private Fund with respect to such investors.

As of December 31, 2017, the amount of regulatory assets under management that FORT managed on a discretionary basis was approximately \$2,286,819,249 billion. As of such date, FORT’s aggregate assets under management, including Managed Accounts that FORT managed on a discretionary basis, was approximately \$2,286,819,249. FORT does not intend to manage Client accounts on a non-discretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

### **Overview**

As compensation for its investment management services, FORT and its affiliates generally receive a management fee and an incentive or performance fee or profit share allocation.

### **Managed Accounts**

FORT charges two types of fees in connection with a Managed Account:

- (1) A monthly management fee (“Management Fee”), payable in arrears, equal to one-twelfth of a fixed percentage, ranging from 0% to 4.0%, of a Managed Account’s Net Account Value (defined below); and
- (2) A quarterly incentive fee (“Incentive Fee”) equal to a fixed percentage, ranging from 0% to 40%, of a Managed Account’s net profit, subject to a high water mark, as of the end of each calendar quarter.

Management Fees and Incentive Fees are generally deducted from the assets of the Managed Account. With respect to a Managed Account, the terms of compensation are agreed between the owner of the Managed Account and FORT at the time of entering into an advisory agreement. Management Fees and Incentive Fees may vary from Managed Account to Managed Account based on projected account levels or other factors, and certain Managed Accounts may be charged fees at different rates.

### *Management Fee*

FORT generally charges a monthly Management Fee equal to one-twelfth of 2.0% of the Net Account Value (as defined below) of a Managed Account as of the last business day of each calendar month. The Management Fee is payable regardless of whether a Managed Account is

profitable, and is calculated prior to reduction for the Management Fee then due or any accrued Incentive Fee. The Management Fee will be pro-rated for partial months, if any, to reflect intra-month additions and withdrawals of capital (including any increases or decreases in notional equity).

“Net Account Value” includes all cash and cash equivalents (valued at cost plus accrued interest), the liquidating value of all open positions in the Managed Account (less the brokerage commissions that would be incurred in liquidating such positions), and any notional equity traded for the account.

The Management Fee is based upon Net Account Value, which includes both actual funds and nominal or notional equity. Consequently, the Management Fee charged to partially-funded accounts will be a greater percentage of actual funds than of the Net Account Value. For partially-funded accounts, the Management Fee can be calculated as a percentage of actual funds by multiplying the Management Fee by the ratio of Net Account Value to actual funds.

For example, if the Net Account Value (including notional equity) is twice the size of the actual funds (a 50% funded account), a 2.0% Management Fee charged based on the Net Account Value of a Managed Account would be approximately a 4.0% Management Fee based on based on the actual funds committed to such Managed Account. A fully funded Managed Account (*i.e.*, no notional equity) would simply be subject to a 2.0% fee on actual funds.

The following table illustrates the Management Fee as a percentage of actual funds depending on the “Funding Level” of a Managed Account. Funding Level represents the ratio of actual funds to a Managed Account’s Net Account Value to (*i.e.*, a 100% Funding Level represents a fully funded account with no notional equity):

<b>Management Fee as a Percentage of Net Account Value</b>	<b>Funding Level  100%</b>	<b>Funding Level  50%</b>	<b>Funding Level  30%</b>	<b>Funding Level  20%</b>
<b>2.0%</b>	2.0%	4.0%	6.67%	10.0%

### *Incentive Fee*

FORT generally charges a quarterly Incentive Fee equal to 20% of the net profit, if any, achieved by a Managed Account, subject to a high water mark, as of the end of each calendar quarter. Net profit includes both unrealized and realized profits, but does not include interest income earned from cash balances left on deposit and is calculated prior to reduction for any accrued Incentive Fee. The Incentive Fee is pro-rated for capital withdrawals (including reducing notional equity) or if the Managed Account’s advisory agreement is terminated as of a date other than at quarter-end.

### *Other Expenses*

Each Managed Account also is responsible for making all margin and other payments, and paying all brokerage commissions and other fees, costs and expenses charged by its broker relating to the Managed Account. FORT does not share in any portion of these commissions, fees and costs.

### **Private Funds**

With respect to a Private Fund, the terms of compensation payable to FORT and its affiliates are established by FORT at the time of its establishment of a Private Fund and may be negotiated with certain investors pursuant to a side letter. Each Private Fund's Offering Documents include a complete discussion of applicable fees paid by investors in such Private Fund.

### *Management Fee*

FORT typically receives a monthly management fee equal to one-twelfth of a fixed percentage, ranging from 0% to 2%, of the net asset value of each investor's investment in such Private Fund (the "Private Fund Management Fee"). The Private Fund Management Fee is paid regardless of whether or not a Private Fund is profitable and is calculated prior to reduction for the Private Fund Management Fee then due or any accrued Profit Share. The Private Fund Management Fee is pro-rated for partial months. The general partner or directors of a Private Fund, as applicable, may waive, rebate or reduce all or any portion a Private Fund Management Fee with respect to a particular investor in such Private Fund. In addition, FORT may charge a lower Private Fund Management Fee to the investors in a particular Private Fund but in such a case it would require either a significantly higher minimum investment amount or a profit share significantly larger than 20%.

### *Profit Share*

FORT or its affiliate typically is allocated an amount, calculated separately for each investor in a Private Fund, equal to 0% to 20% of any net profit allocated to an investor's account in excess of the investor's high water mark, as of the end of each calendar quarter (the "Profit Share"). Net profit includes both unrealized and realized profits, but does not include interest income earned from cash balances left on deposit or invested in Treasury Bills, and is calculated prior to reduction for any accrued Profit Share. The Profit Share is pro-rated for withdrawals made other than at quarter-end. The general partner or directors of a Private Fund, as applicable, may waive, rebate or reduce all or any portion of the Profit Share with respect to a particular investor in such Private Fund. In addition, FORT may charge a reduced Profit Share to the investors in a particular Private Fund but that would require a significantly higher minimum investment amount.

### *Other Expenses*

Each Private Fund pays all of its ongoing operating costs and expenses, including, but not limited to, brokerage commission, custody and other expenses incurred in connection with its trading and investment activities; professional fees such as legal, accounting, auditing and tax preparation and other service provider fees and expenses; administrative fees and expenses; miscellaneous expenses such as regulatory filings, printing and postage; and any extraordinary expenses the

Private Fund may incur (if any). For each Private Fund that is a feeder fund, any of these expenses may be paid at the master fund level as an accommodation to such Private Fund but will remain an expense of the Private Fund for tax and accounting purposes. In addition, each Private Fund that is a feeder fund indirectly shares the trading, administrative and other expenses of the applicable master fund *pro rata* based on its interest in such master fund. All of these expenses generally are deducted on a *pro rata* basis from investors' investments in a Private Fund as expenses of such Private Fund itself.

## **UCITS Fund**

With respect to the UCITS Fund, the terms of compensation payable to FORT and its affiliates are set forth in the UCITS Fund's prospectus. The prospectus includes a complete discussion of fees and expenses paid by investors.

### *Management Fee*

FORT receives a monthly management fee equal to 1/12 of a percentage, ranging from 0% to 2.25%, of the net asset value of the relevant class of shares (the "UCITS Fund Management Fee"), payable monthly in arrears. The UCITS Fund Management Fee is paid regardless of whether or not the UCITS Fund is profitable. The UCITS Fund Management Fee is pro-rated for partial months. FORT may from time to time, at its sole discretion and out of its own resources, decide to rebate intermediaries and/or shareholders of the UCITS Fund part or all of the UCITS Fund Management Fee. Any such rebates may be applied by issuing additional shares to shareholders or may be paid in cash.

### *Performance Fee*

FORT will also be entitled to receive a performance-based fee out of the assets of the UCITS Fund (the "Performance Fee") ranging from 0% to 20% of the appreciation of the net asset value of the shares of the relevant class, subject to a high water mark, paid either quarterly or annually, in arrears (or earlier if shares are redeemed prior to the end of a quarter). The Performance Fee is based on net realized and net unrealized gains and losses as at the end of each Performance Period and, as a result, the Performance Fee may be paid on unrealized gains, which may subsequently never be realized. All fees and expenses (except the Performance Fee) that have been accrued or paid (but not previously accrued) for a given period will be deducted prior to calculating the Performance Fees for such period, including, without limitation, the UCITS Fund Management Fee. FORT may from time to time at its sole discretion and out of its own resources decide to rebate to intermediaries and/or shareholders part or all of the Performance Fee. Any such rebates may be applied by issuing additional shares to shareholders or may be paid in cash.

### *Other Expenses*

FORT's fees are exclusive of certain operating expenses as set forth in the UCITS Fund's prospectus, including but not limited to, administration fees, custodial fees, director fees, brokerage commissions, transaction fees and other related costs and expenses. To the extent that more than one sub-fund of the UCITS Fund exists, each sub-fund will bear, when appropriate, its



*pro rata* share of such expenses. At this time, FORT Global does not charge any additional fee for also acting as distributor to the UCITS Fund.

## **ITEM 6 – PERFORMANCE-BASED ALLOCATION AND SIDE-BY-SIDE MANAGEMENT FEES**

As noted in response to Item 5, “Fees and Compensation,” FORT or its affiliates receive performance-based compensation from all of its Clients. FORT does not advise Clients to whom FORT or its affiliates charge performance-based fees at the same time that FORT advises Clients to whom FORT or its affiliates do not charge performance-based fees. Although all of FORT’s Clients pay both a management fee and performance-based fees, the rates that determine these fees may vary between Clients. This creates the potential for a conflict of interest as FORT may have an incentive to favor accounts that are charged higher performance fees. To address this, FORT adheres to an allocation policy that determines the allocation for each trade to each account based solely upon the size of each account and not any fees it is charged.

## **ITEM 7 – TYPES OF CLIENTS**

### **Overview**

FORT provides advisory services to the following types of Clients: Managed Accounts, private funds (either sponsored by FORT or its affiliates or sponsored by a third party and UCITS funds).

### **Managed Accounts**

A person opening a Managed Account must be (i) a “qualified eligible person” as defined in Rule 4.7(a) under the Commodity Exchange Act, as amended (the “CEA”), and (ii) a “qualified client” within the meaning of Rule 205-3 under the U.S. Investment Advisers Act of 1940, as amended (“Advisers Act”). The minimum account size (including notional funds) for a Managed Account is \$5,000,000 for Global Contrarian, \$10,000,000 for Global Futures and \$100,000,000 for Global Diversified and Value Market Neutral. Additional funds may be added to a Managed Account at any time by prior arrangement with FORT. FORT may waive or increase minimum account sizes and decline to accept a new Managed Account or additional funds from an existing Managed Account in its sole discretion. In addition, a Managed Account must select a broker who has been approved by FORT.

### **Private Funds**

As a general matter, investment in Private Funds formed in the United States is limited to (i) “accredited investors” within the meaning of Regulation D under the Securities Act, (ii) “qualified clients” within the meaning of Rule 205-3 under the Advisers Act, and (iii) “qualified eligible persons” as defined in Rule 4.7(a) under the CEA. Generally, investment in Private Funds formed in the Cayman Islands is limited to (i) U.S. persons that are (A) accredited investors, (B) qualified clients, (C) qualified eligible persons, and (D) U.S. tax-exempt investors, or (ii) non-U.S. persons. In addition, certain Private Funds require investors to be “qualified purchasers” within the meaning of the Investment Company Act of 1940 (in the case of a Private Fund formed in the Cayman Islands, only U.S. persons are required to be qualified purchasers).

To invest in a Private Fund, an investor generally must invest a minimum of \$2,000,000, although the general partner or directors of a Private Fund, as applicable, may waive or reduce this minimum (subject to any minimum as may be required under Cayman Islands law). The minimum investment amount for Private Funds may in the future be higher for new investors. In addition, certain Private Funds have required much higher minimum investment amounts in consideration for a reduced Private Fund Management Fee and/or Profit Share. Each Private Fund's Offering Documents include a complete discussion of the investor eligibility requirements and other terms of investment. Investors in a Private Fund include high net worth individuals and institutional investors. Additionally, employees and other persons associated with FORT and/or its affiliates invest in certain Private Funds.

### **UCITS Fund**

None of the shares of the UCITS Fund may be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or to or for the benefit of a U.S. Person, other than to FORT and its affiliates and employees. Class A Shares may be offered to the retail sector and may be purchased by any individual or institutional investor or distributor, paying agent, broker or other financial intermediary. Class A Shares require an initial investment of €2,000,000 and minimum shareholdings of €2,000,000. Class B Shares require an initial investment of €100,000 and minimum shareholdings of €100,000 but are only offered until the relevant sub-fund of the UCITS Fund reaches €100,000,000 in total assets under management. Class C Shares require an initial investment of €50,000,000 and minimum shareholdings of €50,000,000. Class I Shares may be offered to large institutional investors such as sovereign wealth funds and pension funds only who are acting for themselves or in a fiduciary, custodial or other similar capacity. Class I Shares require an initial investment of €100,000,000 and minimum shareholdings of €100,000,000. Class R Shares may be offered to the retail sector and may be purchased by any individual. Class R Shares require an initial investment of €10,000 and minimum shareholdings of €10,000. Class S Shares require an initial investment of €100,000 and minimum shareholdings of €100,000 but are only offered until the relevant sub-fund of the UCITS Fund reaches €5,000,000 or €10,000,000 in total assets under management, as the case may be. The UCITS Fund's Offering Documents include a complete discussion of the investor eligibility requirements and other terms of investment.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Investment Strategies and Method of Analysis**

FORT makes available to Clients four proprietary trading programs developed by FORT: (i) Global Contrarian, a systematic, technical, trend-anticipating trading program (as opposed to a trend-following trading program) that seeks to anticipate and capitalize on short to intermediate-term trends (2 to 6 weeks) by investing in a broad spectrum of financial and non-financial futures contracts traded on U.S. and non-U.S. markets including contracts on short-term interest rates, bonds, currencies, stock indices, energy and metals; (ii) Global Diversified, a combination of futures strategies and an equity market neutral strategy; (iii) Value Market Neutral, an equity

market neutral strategy, and (iv) Global Futures, a multi-strategy quantitative and systematic investment program across global futures markets.

Global Diversified's futures strategies comprise an actively managed portfolio of a broad spectrum of futures contracts, including contracts on short-term interest rates, bonds, currencies, stock indices, energy and metals, utilizing FORT's proprietary systematic trading strategies consisting of a mix of technical strategy components selected by FORT from time to time, which currently include: (i) trend-anticipating, (ii) trend-following; and (iii) mean reversion. FORT determines the technical strategy components of the futures strategies, and their respective target allocations, as it deems appropriate. The strategy components and their respective target allocations may change from time to time, due to differences in return and other factors.

The equity market neutral strategy is an actively managed portfolio of publicly traded securities hedged with stock index futures contracts.

As part of its ongoing research, FORT strives to develop new strategies that it may incorporate into Global Contrarian, Value Market Neutral, Global Futures, or Global Diversified from time to time. For example, although FORT's strategies currently do not involve trading forwards, options, swaps or security-based swaps, FORT may develop and incorporate into Global Diversified, Value Market Neutral, Global Futures or Global Contrarian one or more strategies that trade some or all of these products. Also, in the case of a market disruption that limits or blocks trading in a product traded by one of FORT's strategies, FORT may temporarily replace such product with any that has similar characteristics.

The investment objective of the Global Contrarian and Value Market Neutral programs is to achieve attractive absolute rates of return and reduced volatility of returns that are generally uncorrelated with global equity indices. The investment objective of the Global Diversified and Global Futures programs is to achieve attractive absolute rates of return that are generally uncorrelated with global equity indices; in addition the Global Diversified and Global Futures Program seeks opportunities that are partially uncorrelated with each other.

FORT's Global Contrarian trading program is based on two main beliefs: (1) returns can be extracted from trends in the price movements of futures contracts; and (2) market prices are the key aggregator of information pertinent to making investment decisions. FORT's ongoing research seeks to develop and implement adaptive, quantitative trading systems that select the optimal mix of technical indicators in each market and use them to dynamically determine optimum portfolio allocations, thereby allocating risk to markets according to a forecast of risk-adjusted profitability.

FORT's Global Diversified and Global Futures trading programs are based on two main beliefs: (1) returns that are uncorrelated with broad market indices such as S&P and/or MSCI indices are more desirable as those indices are subject to comparable cycles to those of the broad economy, which in turn, affect one's salary and wealth; and (2) markets are imperfect and returns can be extracted from those imperfections through disciplined investment. The first point is a matter of preference and belief in the long-run viability of long-only strategies that are linked with the equity

markets worldwide. Such strategies have been successful in the Anglo-Saxon economies over the last century, but at cost of great uncertainty and prolonged periods of substantial negative returns. The second is based on 20 years of experience at FORT in the futures markets and on numerous studies pointing to the imperfections in the futures and securities markets. FORT's ongoing research seeks to develop and implement adaptive, quantitative trading systems that select the optimal mix of technical indicators in each market and use them to dynamically determine optimum portfolio allocations, thereby allocating risk to markets according to a forecast of risk-adjusted profitability.

FORT also believes that an investment strategy is only as successful as the confidence an advisor has in its statistical basis, particularly under adverse market conditions. Unlike non-systematic traders, whose behavioral biases may influence decisions, FORT practices a disciplined systematic investment process. By quantifying the circumstances under which investment decisions are made, FORT's systematic trading strategies can provide Clients with a consistent approach to markets that is designed to remove judgmental or emotional bias from the trading process.

***All investment programs are subject to risk, including the risk of loss. There can be no assurance that a Client will achieve its objectives or avoid incurring substantial or total losses.***

## **Material Risks Relating to Investment Strategies**

### ***General Market Risks***

#### ***Overview of General Market Risk***

Overall market or economic conditions, which FORT cannot predict or control, may have a material adverse effect on performance. There can be no assurance that what FORT (or Global Contrarian, Global Diversified, Value Market Neutral, or Global Futures) perceives as an investment opportunity will not result in substantial losses due to a variety of general market or other factors. General market conditions could materially reduce a Client's profit potential.

#### ***Changing Market Conditions***

FORT's strategies are based on the analysis of past market and economic data as indications of future prices. The international economy rapidly evolves and the financial markets develop in response to new financial instruments and technologies. There can be no assurance that the valuation models and trading programs developed by FORT based on past market conditions will be successful when applied to current or future markets.

In addition to regulatory changes, the economic features of the markets have undergone, and are expected to continue to undergo, rapid and substantial changes as new strategies and instruments have been introduced. Furthermore, the number of participants, particularly institutional participants, in the futures and forward markets appear to have expanded substantially and are expected to continue to do so. There can be no assurance as to how FORT's strategies will perform given the changes to, and increased competition in, the marketplace.

### *Market Disruptions; Governmental Intervention*

The global financial markets have in the last decade gone through pervasive and fundamental disruptions that have led to extensive and unprecedented governmental and regulatory interventions. Such intervention has in certain cases been implemented on an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, regulators across the world have begun to implement regulatory reforms in various jurisdictions, but such efforts have not been completely coordinated, resulting in some inconsistent regulations, confusion and uncertainty which has been detrimental to the efficient functioning of the markets and may be detrimental to previously successful investment strategies.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) became law in July 2010. The Dodd-Frank Act and the rules and regulations promulgated thereunder seek to regulate swaps markets, including market participants (such as swap dealers and major swaps participants), ownership levels and leverage and to impose clearing, trading and reporting requirements. The Dodd-Frank Act could result in certain investment strategies in which the Fund engages or may have otherwise engaged becoming non-viable or non-economic to implement. The Dodd-Frank Act and regulations adopted pursuant to the Dodd-Frank Act could have a material adverse impact on the profit potential of FORT’s strategies.

### *Futures Trading is Speculative and Volatile*

Speculative trading in the futures markets typically results in volatile performance. The price movements of futures contracts are influenced by changing supply and demand relationships, agricultural, trade, fiscal, monetary and exchange control programs and policies, national and international political and economic events, crop diseases, climate, the purchasing and marketing programs of different nations, changes in interest rates and numerous other factors. In addition, governments occasionally intervene, directly and by regulation, in certain markets, particularly those in currencies and interest rates. Government intervention is often intended to influence prices directly. FORT cannot control these factors nor give assurance that its advice will result in profitable trades for a Client or that a Client will not incur substantial losses.

### *Futures Trading is Highly Leveraged*

The low margin deposits normally required to trade futures contracts (typically between 2% and 15% of the value of the contract purchased or sold) permit an extremely high degree of leverage. For example, if 10% of the contract price is deposited as margin, a 10% decrease in the contract price would result in a total loss of the margin deposit before any deduction for brokerage commissions. A decrease of more than 10% of the contract price would result in a loss of more than the total margin deposit. Accordingly, a relatively small price movement in a contract may cause immediate and substantial losses to a Client. The use of leverage may result in losses that exceed the amount of capital invested.

### *Trading Limits on Futures Contracts*

Most U.S. futures exchanges impose fluctuation limits on the amount by which the price of a futures contract traded on the exchange may vary during a single day. Daily price fluctuation limits may reduce liquidity or effectively curtail trading in particular markets. If the price of a contract increases or decreases past the daily limit, traders may not take or liquidate positions in the contract.

Contract prices have occasionally moved to the daily limit for several consecutive days with little or no trading. This could prevent FORT from promptly liquidating unfavorable positions and subject a Client to substantial losses that could exceed the margin initially committed. Daily limits may reduce liquidity, but they do not limit ultimate losses because the limits apply only on a day-to-day basis.

Even if contract prices do not reach the daily limit, FORT may not be able to execute trades at favorable prices when there is only light trading in the contracts involved. FORT may also execute trades on non-U.S. markets that may be substantially more prone to periods of illiquidity than the U.S. markets.

#### *Possible Effects of Speculative Position Limits*

The Commodity Futures Trading Commission (“CFTC”) and certain U.S. futures exchanges have established speculative position limits on the maximum net long or short futures and options positions that any person or group of persons acting in concert may hold or control in particular futures contracts. The CFTC has adopted a rule requiring each U.S. domestic exchange to set speculative position limits, subject to CFTC approval, for all futures contracts and options traded on such exchange that are not already subject to speculative position limits established by the CFTC or such exchange. The CFTC has jurisdiction to establish speculative position limits with respect to all futures contracts and options traded on exchanges located in the United States, and any exchange may impose additional limits on positions on that exchange.

Pursuant to the Dodd-Frank Act, the CFTC has sought to implement regulations for federal speculative position limits for futures contracts based upon the same underlying commodity for each month across contracts listed by designated contract markets, for agreements which settle against any price of contracts listed for trading on a registered entity, for contracts listed for trading on a foreign board of trade allowing U.S. persons to have direct access and for swap contracts with a significant price discovery function. The United States District Court for the District of Columbia has ruled that the CFTC did not make the required findings under the Dodd-Frank Act that federal speculative position limits were necessary and would be effective to limit excessive speculation and as such, vacated these rules although the CFTC appealed this decision (which appeal has now been abandoned) and has recently re-proposed new federal speculative position limit rules as well as aggregation rules and exemptions therefrom. If enacted, such regulations could adversely affect FORT’s ability to maintain positions in certain futures contracts and related options. Generally, no speculative position limits are in effect with respect to the trading of spot currency and forward contracts or trading on non-U.S. exchanges. All trading accounts owned or managed by FORT and its trading principals will be combined for speculative position limit purposes. With respect to trading in futures subject to such limits, FORT may reduce the size of the positions, which would otherwise be taken in such futures and not trade certain futures in order

to avoid exceeding such limits. Such modification, if required, could adversely affect the operations and profitability of the Client. There can be no guarantee that additional position-related limits will not be established by the CFTC, and other regulators or exchanges for the markets where FORT trades.

### *Forward Trading*

FORT may enter into forward contracts for certain commodity interests, such as currencies, on behalf of a Client. Forward contracts are not traded on exchanges. Instead, banks and dealers act as principals in these markets. Generally, neither the CFTC nor any banking authority regulates trading in forward contracts. In addition, there is no limitation on the daily price movements of forward contracts.

Forward trading is subject to the risk of the failure of counterparties or their inability to perform the forward contracts. Client assets on deposit with these counterparties are also generally not protected by the same segregation requirements imposed on CFTC-regulated futures brokers in respect of customer funds on deposit with them.

Principals in the forward markets are not obligated to continue to make markets in forward contracts. In the past, certain banks or dealers have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they are prepared to buy and that at which they are prepared to sell.

The imposition of credit controls by governments might limit forward trading to less than what FORT would otherwise recommend, to the possible detriment of a Client.

The Dodd-Frank Act amended the definition of “eligible contract participant,” and the CFTC has interpreted that definition in a manner that will require a Client, should its assets not exceed \$10 million, to limit its currency forward counterparties to a limited set of registered, regulated entities such as futures brokers, “retail foreign exchange dealers,” and banks and broker-dealers engaging in “retail foreign exchange transactions.” Limiting a Client’s potential currency forward counterparties could lead to a Client’s bearing higher upfront and mark-to-market margin, less favorable trade pricing, and the possible imposition of new or increased fees. “Retail forex” markets could also be significantly less liquid than the interbank market. Moreover, the creditworthiness of the counterparties with whom a Client may be required to trade could be significantly weaker than the creditworthiness of the currency forward counterparties with which a Client would otherwise engage for its currency forward transactions.

### *Over-the-Counter Trading Risk*

It is possible that a Client may engage in transactions involving futures (such as currencies and metals), forwards (such as foreign exchange forwards) and/or securities traded on “over the counter” (“OTC”) markets. In general, there is less governmental regulation and supervision in the OTC markets than of transactions entered into on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange’s clearing house, will not be available in connection with OTC transactions. This exposes a Client to the risks that a counterparty will not settle a transaction

because of a credit or liquidity problem or because of disputes over the terms of the contract. Therefore, to the extent that a Client engages in trading on OTC markets, the Client could be exposed to greater risk of loss through default than if it confined its trading to regulated exchanges.

### *Trading in Options*

FORT may trade options on securities, futures contracts, currencies or foreign exchange forward contracts on behalf of a Client. Although successful options trading requires many of the same skills as does successful securities, futures, swaps and forward trading, the risks involved are different. For example, the assessment of near-term market volatility, which is directly reflected in the price of outstanding options, can be of much greater significance in trading options than it is in many long-term futures strategies. The use of options can be extremely expensive if market volatility is incorrectly predicted. A purchaser of options is exposed to the risk of loss of the entire premium paid; a seller, or writer, of call options is exposed to the risk of theoretically unlimited loss, and the seller of put options is exposed to the risk of substantial loss far in excess of the premium received.

### *Equity Investments Subject to Various Risks*

A Client investing in the Value Market Neutral or Global Diversified strategy may invest in publicly traded equities. Equity securities may be subject to various types of risks, including market risk, liquidity risk, legal risk and operations risk. Stock markets tend to move in cycles with short or extended periods of rising and falling stock prices. The value of a company's equity securities may fall because of:

- Factors that directly relate to that company, such as decisions made by its management or lower demand for the company's products or services;
- Factors affecting an entire industry, such as increases in production costs; and
- Changes in financial market conditions that are relatively unrelated to the company or its industry, such as changes in interest rates, currency exchange rates or inflation rates.

A Client investing in the Global Diversified strategy may invest in securities of issuers with small or medium market capitalizations. Any investment in small and medium capitalization companies involves greater risk and price volatility than that customarily associated with investments in larger, more established companies. This increased risk may be due to the greater business risks of their small or medium size, limited markets and financial resources, narrow product lines and frequent lack of management depth. The securities of small and medium capitalization companies are often traded in the over-the-counter market, and might not be traded in volumes typical of securities traded on a national securities exchange. Thus, the securities of small and medium capitalization companies are likely to be less liquid and subject to more abrupt or erratic market movements than securities of larger, more established companies.

### *Equity Securities Generally*



The Value Market Neutral and Global Diversified strategies will invest in equity securities. Market prices of equity securities generally, and of certain companies' equity securities more particularly, frequently are subject to greater volatility than prices of fixed-income securities. Such fluctuations are often based on factors unrelated to the value of the issuer of the securities. Market prices of equity securities as a group have dropped dramatically in a short period of time on several occasions in the past, and they may do so again in the future. In addition, actual and perceived accounting irregularities may cause dramatic price declines in the equity securities of companies reporting such irregularities or which are the subject of rumors of accounting irregularities.

### *Common Stock*

A Client investing in the Value Market Neutral or Global Diversified strategy will invest in common stock and similar equity securities. Common stock generally represents the most junior position in an issuer's capital structure and, as such, generally entitles holders only to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if and to the extent declared by the governing body of the issuer out of income or other assets available after making interest, dividend and any other required payments on more senior securities of the issuer.

### *Interest Rate Fluctuations; Leverage*

The prices of securities investments made by FORT on behalf of a Client will tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions that were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs of borrowed securities and leveraged investments. To the extent that interest rate assumptions underlie the hedge ratios implemented in hedging a particular position, fluctuations in interest rates could invalidate those underlying assumptions and expose the Client to losses.

FORT may use financial leverage to increase investment capacity and for other purposes. Consequently, fluctuations in the market value of a Client's portfolio will have a significant effect in relation to the Client's capital. Borrowing money to purchase a security may provide the Client with the opportunity for greater capital appreciation but at the same time will increase the risk of loss with respect to the security. Although borrowing money increases returns if returns on the incremental investments purchased with the borrowed funds exceed the borrowing costs for such funds, the use of leverage decreases returns if returns earned on such incremental investments are less than the costs of such borrowings. The amount of borrowings that may be outstanding at any time may be large in relation to the Client's capital. In addition, the level of interest rates generally, and the rates at which funds can be borrowed in particular, will affect the operating results of the Client.

Leverage may be obtained through various means. Use of margin borrowings may result in certain additional risks to the Client. For example, should the securities pledged to a broker to secure a margin account decline in value, the broker may issue a "margin call" pursuant to which additional funds would have to be deposited with the broker or the pledged securities would be subject to mandatory liquidation to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the assets pledged to a broker as margin, FORT might not be able to liquidate

assets quickly enough on behalf of a Client to pay off the margin debt and may therefore suffer additional significant losses as a result of such a default.

### *Liquidity Risk; Redemptions*

Fort L.P. and its affiliates manage assets for different clients that participate in the same strategy or transact in same instruments but are subject to varying liquidity terms. Certain of these clients may be able to redeem or withdraw their investment at times when the other clients are restricted from doing so, due to their varying liquidity terms. Exceptional redemption activity by clients could have a negative impact on the value of the assets or the market opportunities for the other clients and these values and opportunities may not recover by the time the other client is permitted to withdraw or redeem its investment.

### *Non-U.S. Investments*

A Client investing in the Value Market Neutral or Global Diversified strategy may invest in publicly traded securities of non-U.S. issuers. These investments involve special risks not usually associated with investing in securities of U.S. companies, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, social, political and economic instability and adverse diplomatic developments; the possibility of the imposition of withholding or other taxes on dividends, interest, capital gain or other income; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Client's investment opportunities. In addition, there may be different types of, and lower quality, information available about a non-U.S. company than a U.S. company. There is also less regulation, generally, of the securities markets in many foreign countries than there is in the United States, and such markets may not provide the same protections available in the United States. With respect to certain countries there may be the possibility of political, economic or social instability, the imposition of trading controls, import duties or other protectionist measures, various laws enacted for the protection of creditors, greater risks of nationalization or diplomatic developments which could materially adversely affect the Client's investments in those countries. The Client's investment in non-U.S. countries may also be subject to withholding or other taxes, which may be significant and may reduce the Client's returns.

### *Trading on Foreign Futures Markets*

FORT may trade on futures markets outside the United States for a Client. Trading on non-U.S. markets is not regulated by any United States government agency and may involve additional risks not applicable to trading on United States exchanges. For example, certain foreign exchanges may be substantially more prone to periods of illiquidity than United States markets. Also, some non-U.S. markets, in contrast to United States exchanges, are "principals' markets," similar to the forward markets, in which performance is the responsibility only of the individual member and not of any exchange or clearing organization. In some cases, a Client may deal through intermediaries on non-U.S. markets that may in effect take the opposite side of trades made for a

Client. A Client may not have the same access to certain trades as do various other participants in markets outside the United States. Finally, most futures contracts traded on non-U.S. exchanges are treated differently for federal income tax purposes than are domestic contracts.

### *Currency Risk*

FORT may trade on markets outside the United States on behalf of a Client. The profits and losses from trading foreign instruments are generally denominated in foreign currencies. Consequently, a Client is subject to exchange-rate risk. FORT may, but is not obligated, to enter into forward foreign currency exchange contracts to hedge any foreign holdings and commitments. Even if FORT does attempt to hedge exchange-rate risk, there can be no assurance it will be successful or that such hedging activities will not themselves result in losses.

### *Clearing and Trading Requirement of the Over-the-Counter Derivatives Markets*

The Dodd-Frank Act includes provisions that comprehensively regulate the OTC derivatives markets. The Dodd-Frank Act requires that a substantial portion of OTC derivatives must be executed in regulated markets and submitted for clearing to regulated clearing houses. OTC derivatives trades submitted for clearing are subject to initial and variation margin requirements set by the relevant clearing house, as well as possible CFTC- or SEC-mandated margin requirements. The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives. Although the Dodd-Frank Act includes limited exemptions from the clearing and margin requirements for so-called “end-users”, Clients will not be able to rely on such exemptions. OTC derivative dealers also are or will be required to post margin to the clearing houses through which they clear their customers’ trades instead of using such margin in their operations. This will increase the OTC derivative dealers’ costs, and these increased costs are expected to be passed through to other market participants in the form of higher upfront and mark-to-market margin, less favorable trade pricing, and the possible imposition of new or increased fees. As of the date of this Brochure, certain credit default swaps and interest rate swaps are subject to a clearing mandate. Other swap transactions on other types of products are expected to be required to be cleared as well.

The SEC and CFTC will require a substantial portion of derivatives transactions that were historically executed on a bilateral basis in the OTC markets to be executed through a securities, futures, or swap exchange or execution facility. These transactions that are required to be entered into on an exchange or execution facility are a subset of those that are required to be cleared (i.e., as of the date of this Brochure, certain credit default swaps and interest rate swaps).

Clearing and trading requirements may make it more difficult and costly for FORT, on behalf of a Client, to enter into OTC transactions. They may also render certain strategies in which FORT might otherwise engage impossible or so costly that they will no longer be economical to implement. Finally, the clearing requirement will centralize risk in a small number of clearing counterparties. While the derivatives clearing organizations’ margin requirements will reduce the risk of default on contracts, the mere fact of centralizing and pooling risks at a small number of clearing organizations may increase the impact of the failure of a centralized counterparty.

## *Concerns Regarding the Downgrade of the U.S. Credit Rating and the Sovereign Debt Crisis in Europe*

In recent years, political partisanship has introduced an element of volatility to the functioning of the U.S. government and its ability to pay its obligations. On August 5, 2011, Standard & Poor's lowered its long-term sovereign credit rating on the United States of America from AAA to AA+ due to U.S. lawmakers' delay in raising the federal debt ceiling. This downgrade reflected Standard & Poor's view that the fiscal consolidation plan within that agreement fell short of what would be necessary to stabilize the U.S. government's medium term debt dynamics. Due to a failure by U.S. lawmakers to renew the federal budget into a new fiscal year, the U.S. government endured a partial government shutdown. Any further credit rating downgrade could have material adverse impacts on financial markets and economic conditions in the United States and throughout the world and, in turn, the market's anticipation of these impacts could have a material adverse effect on the investments made by FORT on behalf of a Client and thereby the Client's financial condition and liquidity. The ultimate impact of any downgrade or anticipated downgrade on global markets and FORT's strategies is unpredictable.

Global markets and economic conditions have been negatively affected by the ability of certain E.U. member states to service their sovereign debt obligations. The continued uncertainty over the outcome of the E.U. governments' financial support programs and the possibility that other E.U. member states may experience similar financial troubles could further disrupt global markets, which may have an adverse effect on FORT's strategies.

## ***Risks Relating to the Client's Investment***

### *New and Modified Strategies*

FORT may from time to time create new strategies or modify existing strategies that constitute Global Contrarian, Global Diversified, Value Market Neutral and Global Futures. For example, in August 2014, Value Market Neutral was added as a component of Global Diversified. Although FORT and its principals have substantial experience investing in futures instruments, they have limited experience investing in securities. No guarantee or representation is made that Global Contrarian, Global Diversified, Value Market Neutral or Global Futures will be successful.

### *No Guarantee of Success*

No guarantee or representation is made that any of FORT's trading programs will be successful.

### *Past Performance is not Necessarily Indicative of Future Results*

Global Diversified differs from the strategy on which its historical performance record is based. Prior to August 2014, Global Diversified's historical performance record reflects the use of a trading program focusing primarily on investment in futures contracts with no investment in equity securities. In August 2014, Global Diversified was modified to incorporate Value Market Neutral.

The historical track record for Value Market Neutral is based in part upon the performance of proprietary accounts with less than \$10,000,000. Proprietary trading results often differ materially

from those obtained when trading client capital. In addition, the proprietary accounts traded a version of Value Market Neutral that, in contrast to the version currently employed, did not exclude Canadian equities or companies with less than \$1 billion in market capitalization.

The past performance of FORT (including its predecessor entity), and the principals managing other accounts implementing similar or different trading strategies, are not necessarily indicative of the future results of FORT, and the past performance of Global Diversified and Value Market Neutral utilizing its prior strategy is not necessarily indicative of the future results of Global Diversified and Value Market Neutral utilizing its current strategy. **PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.**

*No Assurance of Non-Correlation; Limited Value of Non-Correlation Even if Achieved*

There can be no assurance that a Client's performance will be non-correlated with (*i.e.*, unrelated to) the general stock and bond markets. If the Client's performance is correlated to these markets, its investment may not diversify an overall portfolio.

Even if a Client's performance is profitable and non-correlated with (*i.e.*, unrelated to) the general stock and bond markets, it is highly likely that there will be significant periods during which such Client's performance is similar to stock and bond holdings, thereby reducing or eliminating diversification benefits of investing in FORT's strategies. During unfavorable economic cycles, an investment in FORT's strategies may increase rather than mitigate a portfolio's aggregate losses.

*Investors May Lose All or Substantially All of Their Investment*

Investors must assume the risk of losing all of their investment. No Managed Account or Fund has a "principal protection" feature assuring the return of all or any portion of the initial investment as of a specified future date.

*Dependence on Key Personnel*

Each Client is dependent on the services of certain key personnel of FORT. If one or more principals became unavailable to FORT, the effect on a Client would be material and adverse and could result in the termination of an advisory agreement or the dissolution of a Fund.

*Trading Decisions Based on Technical Analysis*

Other than for Value Market Neutral, FORT's trading decisions are determined primarily by technical trading systems that rely on historical pricing and market data. The profitability of any trading system involving technical analysis depends upon major price moves or trends in at least some of the markets traded. Also, most technical trading systems expect that many trades will be unprofitable, with the hope to achieve overall profitability through major gains on a limited number of trades. There can be no assurance that the valuation models developed by FORT will accurately identify price dislocations or capture the existence of major price moves.

Any trading method, whether based on technical or fundamental analysis, will not be profitable without price moves or trends of the kind the trading method seeks to follow. Periods without discernible trends have occurred in the past and, most likely, these periods will continue to occur in the future.

Furthermore, a technical trading system may underperform other trading methods when fundamental factors dominate price moves within a given market. Because technical analysis generally does not take into account fundamental factors such as supply, demand and political and economic events (except to the extent they influence the technical data used as input information for the trading program), a technical trading method may be unable to respond to fundamental causation events until after their impact has ceased to influence the market. Positions dictated by the resulting price movements may be incorrect due to the fundamental factors then affecting the market.

When fundamental factors dominate the markets, strict application of the trading signals generated by FORT's trading program may cause substantial losses due to its inability to respond to fundamental factors until they have a sufficient effect on the market to create a trend of enough magnitude to generate a reversal of trading signals. By then, a precipitous price change may already be in progress, preventing liquidation at anything but substantial losses.

Prospective investors must recognize that, irrespective of FORT's skill and expertise, the success of FORT's strategies may be substantially dependent on general market conditions over which FORT has no control. Furthermore, the profit potential of trend-following systems may be diminished by the changing character of the markets, which may make the data on which FORT's trading models are based only marginally relevant to future market patterns.

#### *Model Risk, Reliance on Systems, Information Technology and Algorithmic Trading*

FORT's strategies are based on quantitatively-based pricing theories and valuation models developed based on research and inferences drawn from studies of historical patterns and data. Models employ assumptions that abstract a number of variables from complex financial markets or instruments they attempt to replicate. Any one or all of these assumptions, whether or not supported by past experience, could prove over time to be incorrect. Even if such assumptions are not incorrect, there can be no assurance that the algorithms and software code used by the strategies will successfully or optimally translate FORT's pricing theories and valuation models into successful trading results.

Trading models generally need to be updated regularly as market dynamics shift over time (for example, due to changed market conditions, regulations, investor populations and changes in underlying economic data) in order to remain effective. FORT primarily relies on the self-adaptive nature of its trading models, rather than FORT's discretion, to accommodate such shifts in market dynamics; however, neither the self-adaptive nature of the trading models nor FORT's discretionary updates to the trading models can be assured to maintain the effectiveness of such models. A previously highly successful model often becomes outdated or inaccurate, perhaps without the trader recognizing that fact before substantial losses are incurred (it being, for example, often difficult to quickly determine whether a factor in a model or unusual market events are

responsible for unexpected losses). There can be no assurance that FORT will be successful in developing and maintaining effective quantitative models.

In addition to the risks associated with the use of trading models generally, the use of any computer program contains an inherent risk that the software and hardware used or relied upon may malfunction, or contain or develop defects. Such defects could include, but are not limited to, design errors, inaccurate data, computer viruses and vulnerability to hacking and unauthorized access. Such or other defects could result in the execution of unanticipated trades, the failure to execute anticipated trades, the failure to properly allocate trades, the failure to properly gather and organize available data and/or the failure to take certain risk mitigating actions or other consequences. Irrespective of any testing or monitoring conducted by FORT, such defects can be extremely difficult to detect, and it is entirely possible that a defect in FORT's strategies could go undetected for a long period of time (or perhaps never be detected). The impact of a defect (or multiple defects) may be compounded over time, resulting in substantial losses. Even if a defect is detected, it may result in substantial losses before it is identified or there has been an opportunity to correct it. Any malfunction or defects in the software or hardware developed, used or relied upon by FORT (either directly or indirectly through third parties, such as electronic markets and brokers) could result in substantial losses.

FORT employs dedicated information technology staff to test and monitor equipment and maintain back-up systems. However, there can be no assurance or guarantee that such efforts will be successful in ensuring that technology operates correctly at all times.

Certain trading strategies of FORT re-estimate their parameters daily with new market data. FORT takes care to ensure that all prices entered into its models are valid by using a cleaning algorithm for tick data that matches data between multiple sources as well as human oversight. Nonetheless, no amount of care can eliminate the risk of loss that may result from incorrect or faulty data.

FORT believes that interest in technical trading systems has increased substantially in recent years. As the capital managed by trading systems similar to FORT's increases, an increasing number of traders may attempt to initiate or liquidate substantial positions at or about the same time as FORT. This and other actions by these traders may alter historical trading patterns or affect the execution of trades, to the detriment of Clients.

#### *Discretionary Aspects of FORT's Program*

FORT intends the application of its trading program to be primarily mechanical. Nonetheless, during periods of market disruption, extreme volatility or other unusual market conditions (as determined by FORT in its sole discretion), FORT may, on rare occasions, rely on its judgment and discretion to determine whether to follow trading instructions generated by the trading program. Discretionary decision-making by FORT may result in unprofitable trades when adhering more rigidly to the systematic approach may not have done so.

#### *Changes in Trading Method and Markets Traded*

Although application of FORT's strategies are almost exclusively mechanical, judgment is necessary to develop and evaluate the strategies on an ongoing basis. The research and

development of FORT's strategies are continuous. Consequently, FORT's trading methods and models may change over time.

Modifications may include: eliminating or changing existing trading systems, modifying risk and money management principals and markets traded, or the introduction of additional factors and methods of analysis. Consequently, FORT may not use the same trading methods and strategies in the future that it used in the past.

FORT's trading systems are proprietary and confidential, and FORT may modify its trading method without giving notice to a Client or investors in a Fund or receiving its or their approval (unless required by a particular advisory agreement).

#### *Suspension of Withdrawal Rights; No Market for Fund Interests or Shares; Mandatory Withdrawals*

Although the instruments traded by a Fund are generally highly liquid and investors generally may withdraw capital on a periodic basis, certain provisions of a Fund's Offering Documents may operate to delay the exercise of that right. For example, the directors or general partner of a Fund may have discretion to suspend or limit investors' withdrawal rights in certain circumstances -- for example if a Fund (or its administrator as its agent) is unable to accurately determine its net asset value as of the proposed effective date of the withdrawal. Investors in a Fund should be able to maintain their investment for an indefinite period of time, pay taxes related thereto from other sources, and afford to lose all or a substantial portion of such investment. Interests or shares in a Fund are not freely transferable and there will be no market for such interests or shares. Because notices of withdrawal generally must be submitted in advance of the actual withdrawal date, the value of an interest or shares as of a withdrawal date may differ significantly from the value of the interest or shares at the time a decision to withdraw is made.

Investors should also be aware that a Fund's ability to permit periodic withdrawals is dependent on the conduct and cooperation of such Fund's service providers, as well as other factors outside FORT's control. FORT and its affiliates generally will not be liable if a Fund is unable to effect withdrawals as of any particular withdrawal date.

The directors or general partner of a Fund may have discretion to require investors to withdraw all or any portion of their investment at any time for any reason.

#### *Human Error*

The success of FORT's strategy depends upon the accurate calculation of price relationships and the communication of precise trading instructions. Human errors in the design and implementation of FORT's systems can cause mistakes in this process and lead to trading losses.

#### *Execution Risk*

The success of FORT's trading strategy depends in part on executing orders at the specified price. Poor execution can greatly affect the overall profitability of the trade.



### *Reliance on Technology and Electronic Trading*

FORT relies heavily on computer hardware and software, online services and other computer-related or electronic technology and equipment to facilitate trading activities on behalf of its Clients. Electronic trading exposes a Client to risks associated with system or component failure, which could render FORT unable to enter new orders, execute existing orders or modify or cancel previously entered orders. System or component failure may also result in loss of orders or order priority. If events beyond the control of FORT or its affiliates cause a disruption in the operation of any technology or equipment, a Client's investment program may be severely impaired, causing it to experience substantial losses or other adverse effects.

### *The Use of Risk-Defined Trading Strategies Cannot Eliminate Risk*

The risk of leveraged trading and the requirement to make additional margin deposits will generally be within defined limits. Although such risk parameters can mitigate risk, no risk management program can completely eliminate or control all risk nor do they imply low risk.

### *Substantial Fees and Expenses*

Each Client must pay fees, transaction costs and other expenses, regardless of whether it realizes any profits. Accordingly, a Client must earn substantial trading profits to avoid depletion of its assets due to such expenses.

### *Incentive Fee, Profit Share or Performance Fee*

With respect to the Incentive Fee, Profit Share or Performance Fee, prospective investors should note the following:

- (1) the fact that such incentive compensation is allocable to FORT or its affiliate only out of net new profits may create an incentive for FORT to design its trading programs to trade in a more speculative and risky manner than if FORT received only asset-based compensation;
- (2) such incentive compensation, if allocated to FORT or its affiliate, could result in profit allocations that are greater than profit allocations normally made to other investment managers for similar services;
- (3) such incentive compensation is calculated on the basis of unrealized as well as realized trading gains. Therefore, the incentive compensation could be calculated based on the value of an appreciated open position that is subsequently liquidated at a lesser value or even at a loss; and
- (4) because such incentive compensation is calculated on a quarterly basis, a Client could bear substantial incentive compensation during profitable quarters of a year even though the Client experienced an overall net loss over the course of that year. Incentive compensation is not subject to refund irrespective of whether the Client incurs subsequent losses.

### *No Assurance of Success*

There can be no assurance that a Client will be successful or avoid incurring substantial losses. The factors that enabled FORT to achieve trading profits during certain periods in the past may not occur in the future. FORT may modify its trading strategies in response to changing market conditions in the future. FORT's strategies may depend in part on the occurrence of price trends. There can be no assurance that such price trends will be of sufficient frequency and duration for a Client to profit or to avoid loss.

### *Increases In Assets Under Management*

Trading advisors' rates of return tend to degrade as assets under management increase. FORT has not agreed to limit the amount of additional equity that it may manage. Accepting additional equity, including the Client's account, may adversely affect FORT's rates of return.

### *Possible Insolvency of Counterparties*

Each Client will be subject to the risk of the insolvency of its counterparties (such as broker-dealers, futures commission merchants, other clearing brokers, banks or other financial institutions, exchanges or clearinghouses).

Each Client's assets could be lost or impounded during a counterparty's bankruptcy or insolvency proceedings and a substantial portion or all of the Client's assets may become unavailable to it either permanently or for a matter of years. Were any such bankruptcy or insolvency to occur, FORT might decide to terminate the advisory agreement with a Managed Account or liquidate a Fund or suspend, limit or otherwise alter trading, perhaps causing the Client to miss significant profit opportunities.

There are increased risks in dealing with offshore brokers and unregulated trading counterparties, including the risk that assets may not benefit from the protection afforded to "customer funds" deposited with CFTC-regulated futures commissions merchants (each, an "FCM"). FORT may be required to post margin for its foreign exchange transactions with foreign exchange dealers who are not required to segregate customer funds. In the case of a counterparty's bankruptcy or inability to satisfy substantial deficiencies in other customer accounts, FORT may recover, even in respect of property specifically traceable to FORT's account, only a *pro rata* share of all property available for distribution to all of such counterparty's customers.

FCMs are required to segregate customer assets pursuant to CFTC regulations. If the assets of a Client were not so segregated by its commodity broker, the Client would be subject to the risk of the failure of such FCM. Even given proper segregation, in the event of the insolvency of an FCM, a Client may be subject to a risk of loss of its funds and would be able to recover only a *pro rata* share (together with all other commodity customers of such commodity broker) of assets, such as U.S. Treasury bills, specifically traceable to the account of the Client. In certain past FCM insolvencies, customers have, in fact, been unable to recover from the FCM's estate the full amount of their "customer" funds. In addition, under certain circumstances, such as the inability of another client of a FCM or the FCM itself to satisfy substantial deficiencies in such other client's account, a Client may be subject to a risk of loss of the assets on deposit with the FCM, even if such assets

are properly segregated. In the case of any such bankruptcy or client loss, a Client might recover, even in respect of property specifically traceable to the Client, only a *pro rata* share of all property available for distribution to all of the FCM's clients.

Unless otherwise required by law or provided in an advisory agreement, FORT is not restricted from dealing with any particular counterparty (regulated or unregulated) or from concentrating any or all of a Client's transactions with a single counterparty or limited number of counterparties.

#### *Failure of Prime Broker(s), Other Broker-Dealers and Banks*

Institutions, such as brokerage firms or banks, may hold certain Client assets in "street name." Bankruptcy, inadequate controls or fraud at one of these institutions could impair the operational capabilities or the capital position of a Client.

In addition, a Client may borrow money or securities or utilize operational leverage with respect to its assets, and the Client will post certain of its assets as collateral securing the obligations or leverage ("Margin Securities"). The Client's broker generally holds the Margin Securities on a commingled basis with margin securities of its other customers and may use certain of the Margin Securities to generate cash to fund the Client's leverage, including pledging such Margin Securities. Some or all of the Margin Securities may be available to creditors of the Client's broker in the event of its insolvency. In addition, there may be substantial delays in the repayment of a Client's assets in the event that the broker were to become insolvent, as well as a risk of total loss of such assets. In such event, the timing and amount of recovery from the broker will depend on the circumstances of its insolvency (including the amount and value of assets still held by the broker) and any related liquidation proceedings. The broker has netting and set off rights over all the assets held by it to satisfy the Client's obligations under its agreements with its broker, including obligations relating to any margin or short positions. Any Margin Securities included in such assets might be subject to claims of the broker's creditors in the event of its insolvency.

#### *Service Providers*

Absent a direct contractual relationship between a Client and a service provider, Clients generally have no direct rights against the service providers and there are only very limited circumstances in which a Client may potentially bring a claim against a service provider.

#### *Conflicts of Interest*

FORT is subject to a number of material actual and potential conflicts of interest, raising the possibility that a Managed Account or investors in a Fund will be disadvantaged to the benefit of FORT or its principals and affiliates. Although FORT will attempt to resolve such conflicts in a fair and equitable manner, there can be no assurance that these conflicts will be resolved to the benefit of a Client. See "Certain Conflicts of Interest" below.

#### *Indemnification Obligations; Limited Recourse*

Clients are generally obligated to indemnify FORT, and, if invested in a Fund, its administrator, its general partner or directors (as applicable), and possibly other parties, under the various

agreements entered into with such parties against any liability they or their respective affiliates may incur in connection with their relationship with the Fund if such parties meet the standard of care set forth in the relevant agreement. However, with respect to FORT and a Private Fund's general partner, these indemnification provisions will not be construed so as to relieve (or attempt to relieve) any person of any liability to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law. In addition, a Fund's recourse against certain service providers, including its administrator, may be limited to the fees paid to such service providers or an absolute liability cap — which fees or cap could represent only a small portion of the actual damages incurred by the Fund.

#### *No Representation of Investors in a Fund*

Prospective investors in a Fund have not been represented in determining the structure or terms of the Fund, nor have the Fund's terms been negotiated at arm's length with any investor (other than pursuant to a side letter). Each prospective investor should consult with its own legal, tax and financial advisors prior to determining whether to subscribe for an interest or shares in a Fund.

#### *Other Terms*

FORT may, without the approval of any other Client or investor in a Fund, enter into separate agreements or arrangements with certain Clients or investors in a Fund, to provide them with different terms than are provided to other Clients or investors of the Fund, including but not limited to the following: fees, minimum investment amounts, transfer rights, disclosure of information to other parties, information, transparency and notice rights and redemptions. Such information may provide the recipient greater insights into FORT or the Fund's activities than is included in standard reports to Clients.

#### ***Regulatory Risks***

##### *Limited Regulatory Oversight*

Each of the Funds is not registered as an investment company under the Investment Company Act of 1940. Therefore, investors in the Funds do not have the benefit of the protections afforded by such statute. In addition, the Funds may trade on certain foreign commodity or securities exchanges as well as OTC markets. These exchanges and markets are not subject to regulations by any United States governmental agency.

##### *ERISA Matters*

The assets of certain Clients (including the Private Funds) may from time to time be treated as "plan assets" of benefit plan investors for purposes of the fiduciary responsibility standards and prohibited transaction restrictions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the parallel prohibited transaction excise tax provisions of Section 4975 of the Internal Revenue Code of 1986, as amended ("Code"). Under such circumstances, FORT would be a "fiduciary" of such Client (as defined by ERISA) and would be subject to the obligations and liabilities imposed on fiduciaries by ERISA. FORT also would be subject to certain restrictions on self-dealing and conflicts of interest and would be required to avoid causing

the Client to engage in transactions with parties in interest of investing ERISA plans and disqualified persons of investing plans subject to Section 4975 of the Code, unless an exemption applies. Under such circumstances, the investments of the Client would be subject to and, in certain cases, limited by, such laws.

### *Regulatory Change*

The regulation of U.S. and non-U.S. financial markets and private investment funds such as the Private Funds has changed substantially in recent years, and changes may continue for the foreseeable future. The effect of regulatory change on any Client, while impossible to predict, could adversely affect the ability of FORT to implement its investment program.

*This Brochure includes only a summary of key risk factors to consider before investing in a Managed Account or a Fund. With respect to a Fund, please refer to the applicable Fund's Offering Documents for a more complete discussion.*

### **Risk of Loss**

**INVESTING INVOLVES RISK OF LOSS THAT CLIENTS SHOULD BE PREPARED TO BEAR. FORT DOES NOT REPRESENT OR GUARANTEE THAT ITS SERVICES OR METHODS OF ANALYSIS CAN OR WILL PREDICT FUTURE RESULTS, SUCCESSFULLY IDENTIFY MARKET TOPS OR BOTTOMS, OR INSULATE CLIENTS FROM LOSSES DUE TO MARKET CORRECTIONS OR DECLINES. FORT CANNOT OFFER ANY GUARANTEES OR PROMISES THAT FINANCIAL GOALS AND OBJECTIVES WILL BE MET. PAST PERFORMANCE IS NOT AN INDICATION OF FUTURE PERFORMANCE.**

### **ITEM 9 – DISCIPLINARY INFORMATION**

Neither FORT nor any of its management persons have been involved in any legal or disciplinary events, material or otherwise.

### **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

FORT is registered with the CFTC as a commodity pool operator (“CPO”) and commodity trading advisor (“CTA”), and FORT is a member of the National Futures Association (“NFA”). Certain of FORT’s management personnel, including Dr. Balcer, Dr. Kumar, Stuart Bohart, Scott Barnes, Andrew Keller, Sumit Kumar, Ben Sabol, Christopher Snyder and Alan Marantz are registered with the CFTC as Associated Persons of FORT. FORT Global LLC, an affiliate of FORT, acts as sponsor and general partner of certain Private Funds, and FORT Global LLC serves as the distributor of the UCITS Fund. This affiliate was formed solely for such purposes and does not have any obligations to any entity or account, other than the Funds. Please refer to “Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading,” for a discussion of potential conflicts that may be raised by FORT’s relationship with its affiliates and the policies and procedures that FORT has adopted to address these conflicts.

There are no restrictions on FORT's ability to trade and invest for the accounts of other Clients or other investment vehicles, as well as for proprietary accounts, using the same or different investment objective, philosophy or strategy as those described herein. Trading records or other accounts will not be made available for inspection by Clients. FORT may have financial or other incentives to favor certain accounts over others (including, but not limited to, receiving greater compensation from such other accounts). Other Client accounts may significantly outperform others. However, FORT will not knowingly or deliberately favor one account over any other on an overall basis (although exact equality of treatment may not be possible in each particular circumstance).

The principals of FORT will devote as much of their time to each Fund and each Managed Account as in their judgment is reasonably required. Nonetheless, FORT and its principals may become involved in other business ventures in the future. No Fund or Managed Account will share in the risks or rewards of other ventures. Other ventures (if any) will compete with the Funds and the Managed Accounts for the time and attention of FORT and its principals and might create additional conflicts of interest. FORT and its principals are not required to devote their full time or any material portion of their time to any Fund or Managed Account.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

FORT has adopted a Code of Ethics in accordance with Rule 204A-1 under the Advisers Act, which is applicable to all of its employees, managers, and officers. The Code of Ethics includes, among other things, provisions concerning the confidentiality of Client information, a prohibition on insider trading, restrictions on giving or receiving gifts, and personal securities trading procedures of FORT employees and principals, including pre-clearance and reporting obligations. Under the Code of Ethics, FORT principals and certain employees are required to file certain periodic reports with FORT's Chief Compliance Officer as required by Rule 204A-1 of the Advisers Act.

The Code of Ethics will be provided upon request by any Client, as well as any current or prospective investors in any Fund.

### **Participation or Interest in Client Transactions**

*Principal Transactions.* In accordance with the anti-fraud provisions of the Advisers Act, FORT and its affiliates cannot, as principal, sell a security to, or buy a security from, any Client without obtaining the consent of such Client prior to the settlement of such transaction. FORT does not intend to engage in any principal transactions.

*Cross Trades.* A cross trade is generally defined as the matching of buy and sell orders between any accounts managed by an investment adviser. FORT currently does not intend to engage in trades between accounts for which FORT (or any affiliate) is compensated. To the extent that FORT engages in a cross trade in the future, FORT will comply with the applicable disclosure and consent requirements of Section 206(3) of the Advisers Act; provided, however, if permitted under

a Private Fund's Offering Documents, FORT may satisfy such requirements with respect to a Private Fund and its investors by giving disclosure to, and obtaining consent from, a Private Fund's advisory committee or an independent third party. FORT may not engage in these transactions with respect to Clients that are "plan assets."

*Participation or Interest in Client Transactions.* FORT may recommend investment in the Funds, of which FORT's affiliate serves as general partner or managing member, to advisory clients for whom collective investment vehicles may be more suitable than a separate advisory account. FORT will recommend an investment in the Funds only if such an investment is consistent with a client's investment objectives and after providing full disclosure of the fees and other terms applicable to an investment in these Funds.

*Related Person Investments.* FORT and certain employees and affiliates of FORT may invest in a Fund, either through the general partner, as a direct investor or otherwise. The general partner or directors, as applicable, may reduce all or a portion of the management fee and incentive compensation related to investments held by such persons.

Employees, managers, and officers of FORT generally will not be permitted to purchase or sell (individually, rather than through an interest in a Fund) securities held by a Client. In addition, pursuant to FORT's Code of Ethics, employees, managers, and officers of FORT must provide annual holdings reports and quarterly transaction reports detailing all of their respective holdings and transactions in securities (regardless of whether such security is held by a Client) over which they and their related persons have any direct or indirect beneficial ownership. FORT's Chief Compliance Officer reviews these reports for any conflicts of interest or other issues.

*Allocation Policy.* FORT's investment strategies are implemented through systematic trading programs, which determine whether and when to buy or sell a particular instrument. Accordingly, when the programs determine that one or more of the Funds and one or more of the Managed Accounts should participate in an investment opportunity, the programs will determine how much of the instrument should be purchased or sold for each of the Funds and each of the Managed Accounts. FORT's bunched order allocation policy is automated and follows a proportional scheme for each account based on the ratio between the account's order size relative to the total bunched order size. If bunched orders are partially filled over time, each partial fill is allocated across accounts following a rule that seeks to maintain this ratio for each account, as closely as possible, without regard to differences in price received for each partial fill. Accordingly, there may be circumstances in which FORT's investment activities for one or more Funds or Managed Accounts may disadvantage other Funds or Managed Accounts. Overall, FORT seeks to allocate investment opportunities in a fair and equitable manner over time, such that no account or group of accounts receives consistently favorable or unfavorable treatment.

## **ITEM 12 – BROKERAGE PRACTICES**

*Best Execution.* FORT will use its best judgment to choose the broker or dealer most capable of providing the services necessary to obtain the most favorable execution. The full range and quality of services available will be considered in making these determinations, including, but not limited to, reputation, product specialty, ability to efficiently execute trades, pricing capabilities, and quality of service. FORT's entire trading process is automated, including trade and signal

generation, execution and confirmation. FORT will monitor the quality of trade executions. FORT does not currently engage in any soft dollar activity.

*Brokerage for Client Referrals.* In selecting or recommending broker-dealers, FORT does not consider whether it or a related person receives Client referrals (including for this purpose investors in the Funds) from a broker-dealer or third party.

*Directed Brokerage.* A Managed Account may not instruct FORT to use one or more particular executing brokers for the transactions in their accounts.

*Aggregation of Trades.* To ensure that accounts of all Clients are treated fairly when FORT places orders for the same security for more than one Client at or about the same time, FORT typically combines orders placed on behalf of Clients for the purpose of negotiating brokerage commissions or obtaining a more favorable price.

### **ITEM 13 – REVIEW OF ACCOUNTS**

FORT's principals or their designees review Client accounts in conformance with their investment strategies on an ongoing basis.

Investors in a Private Fund will receive the following written reports: (i) weekly performance estimates estimated by FORT; (ii) unaudited monthly reports of the Private Fund's performance computed by the Private Fund's administrator within ten business days of the end of each month; (iii) a monthly performance summary with commentary from FORT; and (iv) annual audited financial statements of the Private Fund.

With respect to the UCITS Fund, FORT will prepare the following written reports: an annual report and audited accounts as of December 31 each calendar year and a half-yearly report and unaudited accounts as of June 30 each year.

Reporting received by Managed Account Clients is separately agreed to by FORT and each Managed Account Client. Sometimes the reporting is received directly by the Managed Account Client; sometimes it is received by such Client's administrator and not the Client itself. Sometimes, at a Managed Account Client's request, no reporting is provided by FORT with respect to such Client.

### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

FORT has entered into agreements with third party marketers ("Solicitors") in the U.S. and Europe who solicit investors for the Funds. FORT pays the Solicitors a portion of the management fee and, in certain cases, the incentive fee received by FORT from investors introduced by the Solicitor. In certain cases, FORT also pays the Solicitor a fixed fee. FORT does not currently receive any additional compensation beyond that described in this Brochure. FORT also provides ongoing compensation to certain persons for past referrals of existing clients, and FORT reserves the right to pay compensation to placement agents and/or solicitors in the future in accordance with applicable law.



## **ITEM 15 – CUSTODY**

FORT has taken the view that it has custody of each Private Fund's assets. FORT maintains each such Private Fund's accounts with a "qualified custodian" and provides investors in such Private Funds with annual financial statements within 90 days of the end of each Private Fund's fiscal year. FORT does not maintain custody of any Managed Account or the UCITS Fund.

## **ITEM 16 – INVESTMENT DISCRETION**

FORT has discretionary authority to trade on behalf of the Funds and Managed Accounts. Such authority is set forth in the advisory agreement between FORT and the Funds or Managed Accounts, as applicable. In all cases, FORT exercises its discretion in a manner consistent with the investment objectives as stated in the advisory agreement or as stated in a Fund's Offering Documents, as applicable.

## **ITEM 17 – VOTING CLIENT SECURITIES**

Most of the instruments held by FORT's Clients are futures contracts, with respect to which proxy authority does not apply. However, with respect to FORT's Global Diversified and Value Market Neutral strategies, a Client may hold equity securities, and FORT may be asked to exercise voting authority for such Client.

Because voting requires human discretion and thus would reduce the systematic design of FORT's strategies, FORT will not vote under any circumstance. FORT believes not voting allows FORT to implement its strategies as designed and is therefore in the best interest of its Clients invested in such strategies. A Managed Account may not direct FORT's vote in a particular solicitation. No investor in any Fund may direct FORT's vote in a particular solicitation.

## **ITEM 18 – FINANCIAL INFORMATION**

FORT is not aware of any financial condition that is reasonably likely to impair its ability to meet its commitments to Clients, and FORT has not been the subject of a bankruptcy proceeding.