

GFQ Capital LP

Form ADV - Part 2A Firm Brochure

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Item 1 – Cover Page

This brochure provides information about the qualifications and business practices of GFQ Capital LP. If you have any questions about the contents of this brochure, please contact us by phone at (727) 403-0334. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.

GFQ Capital LP is a registered investment adviser. Registration of an investment adviser with the SEC or any state securities authority does not imply any level of skill or training.

Additional information about GFQ Capital LP also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This is the initial brochure for registration of GFQ Capital LP. Material changes in future brochures will be identified under this item.

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Item 4 – Advisory Business

Structure; Ownership

GFQ Capital LP is an investment advisory firm that has been in business since 2018, and its principal place of business is located in San Ramon, California. GFQ Capital LP may be referred to in this brochure as “GFQ,” the “Investment Adviser,” “we,” or the “firm.”

GFQ Capital LP is a Delaware limited partnership, and its general partner is GFQ Holdings LLC. The firm was founded and is solely owned by Fanqi Kevin Gan.

Types of Advisory Services

GFQ serves as investment sub-adviser to private funds, each a “Client” or “Fund,” and provides discretionary services to each such Clients.

We seek, on behalf of our clients, to profit from the identification and exploitation of anomalies in asset valuation in order to generate appreciation in the value of our Clients’ accounts. The investment strategies we employ on behalf of the Clients are described in greater detail below in Item 8. We do not tailor such strategies to the needs of individual Clients.

Assets Under Management

As of June 30, 2019 GFQ manages approximately \$0 of client assets (calculated as Regulatory Assets Under Management).

Item 5 – Fees and Compensation

Management Fee

We are entitled to an asset-based management fee from the Clients.

The Clients pay GFQ such management fee on a monthly basis in arrears, based on a percentage of the net asset value of the Client account as of the last day of each calendar month. The management fee is paid in arrears on the first business day of each calendar month and will be prorated with respect to contributions made to the Client account on a date other than the first day of the calendar month.

Our fees are indicative of our typical fee structure. However, we may enter into agreements with one or more Clients providing for the waiver or modification of the management fee without notice to other Clients.

Expenses

The Funds will bear their own costs and expenses pro rata to their respective investments.

To the extent permitted by law, the Funds each pay all of their own operating expenses or reimburse those expenses that are paid on their behalf. Under the terms of each Sub-Advisory Agreement, GFQ is entitled to reimbursement from the Funds for all out-of-pocket expenses relating to the Funds properly and reasonably incurred by GFQ in the course of its duties.

Item 6 – Performance-Based Fees/Allocations

GFQ is entitled to a special allocation of net profits experienced by the Funds, (the “Performance Fee”). The Performance Fee is calculated and paid annually on December 31st, in an amount equal to 15% of the net profits (realized and unrealized), if any, from the performance of the Funds. Payment of the Performance Fee is subject to a “high water mark:” paid only after losses, if any, have been recovered.

To the extent GFQ provides investment advisory services to other pooled investment vehicles or other accounts in the future with different fee arrangements, GFQ faces certain potential conflicts of interest with respect to such different fee arrangements. GFQ will implement allocation procedures among accounts which share similar investment objectives and strategies and continue to act in the best interest of each client.

Item 7 – Types of Clients

We provide discretionary investment advice to the Clients, which are private pooled investment vehicles, through sub-advisory agreements with each Fund’s investment adviser.

There is no minimum amount size required to become a Client of GFQ.

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

GFQ seeks to generate returns for Clients that are not correlated or minimally correlated with the returns of various national and/or global equity and bond market indices, and the returns of non-U.S. Dollar currencies relative to the U.S. Dollar.

While our trading strategies are based on a subset of quantitative strategies commonly referred to as “statistical arbitrage” trading strategies, we may at any time implement additional quantitative strategies beyond the subset of “statistical arbitrage” strategies.

A subset of quantitative strategies, “statistical arbitrage” focuses on opportunities to profit from distortions in the relative valuations of securities across large and diverse portfolios. We use a range of quantitative tools to seek to identify profit opportunities, to construct portfolios in a cost-efficient manner, and to manage the overall risk of the Fund portfolios consistent with the aim of producing superior risk-adjusted returns. We may implement one or more “statistical arbitrage” strategies, including strategies based on our quantitative research.

The trading strategies employed by GFQ are proprietary and confidential. The foregoing description is therefore intentionally general in nature and is not a complete description of the strategies summarized or of all of the strategies that may be utilized by GFQ.

There can be no assurance that the objectives associated with any strategies described in this Item will be met. At any time, GFQ may add, remove, or modify any of the strategies it employs and this includes any of the strategies discussed herein. No guarantee or representation is made by GFQ that the strategies will be successful or that the objectives will be achieved.

Investment and Trading Risks

General Market and Regulatory Developments. The global financial markets have in the past few years gone through pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention. Such intervention was in certain cases 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 — as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action — these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

The Funds may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Funds from its trading counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses to the Funds. Market disruptions may from time to time cause dramatic losses for the Funds, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Concentration Risk. The Investment Adviser may choose to invest a substantial amount of Client assets in a single country or a limited number of countries. While the Investment Adviser anticipates maintaining a diversified portfolio of countries, it is not required to do so. At any time, the portfolios may be broadly diversified or may be concentrated in one country or a limited group of countries. As a result, each Client’s performance may be subject to greater volatility than a more geographically diversified fund. If the investments are concentrated in this manner, the Clients assume the risk that economic, political and social conditions in those countries will have a significant impact on investment performance. The Investment Adviser will have sole discretion to pursue a concentrated investment strategy or a diversified trading strategy. There are no limits on the Investment Manager’s investment discretion in this regard. If the Investment Adviser chooses to focus on a particular geographic region or country, the Clients will have increased exposure to currency, political, regulatory and other risks. To the extent the Clients invest a significant portion of their assets in a particular geographic region or country, economic, political, social and environmental conditions in that region or country will have a greater effect on performance than they would in a more geographically diversified fund and the Clients’ performance may be more volatile than the performance of a more geographically diversified fund. This potentially limited diversity could expose the Funds to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those investments.

Foreign Currency Risk. European securities will be denominated in foreign currencies. The value of the Funds’ investments, as measured in U.S. dollars, may be unfavorably affected by changes in foreign currency exchange rates. Changes in foreign currency exchange rates will affect the value of the Funds’ securities and the returns to investors. Currency exchange rates may fluctuate significantly over short periods of time. Generally, when the value of the U.S. dollar rises in value relative to a foreign currency, an investment in that country loses value because that currency is worth fewer U.S. dollars. Devaluation of a currency by a country’s government or banking

authority also will have a significant impact on the value of any investments denominated in that currency. Currency markets generally are not as regulated as securities markets.

Unless the Funds have hedged their foreign currency risk, foreign securities risk also involves the risk of negative foreign currency rate fluctuations, which may cause the value of securities denominated in such foreign currency (or other instruments through which the Funds have exposure to foreign currencies) to decline in value. Currency exchange rates may fluctuate significantly over short periods of time. Even if currency hedging strategies are utilized by the Funds, such hedging strategies are not always successful. The Investment Adviser does not currently intend to hedge foreign currency risk and therefore the Funds may suffer losses on their foreign investments due to adverse currency moves even if the investments increase in value.

The Investment Adviser does not currently anticipate hedging any foreign currency exposure although it may choose to do so fully or partially. Even if the Investment Adviser chooses to hedge foreign currency exposure, currency hedging strategies are not always successful. Changes in currency exchange rates may affect the value of the Funds' investments and the returns to investors. The Funds' returns may go down if the value of the local currency of the European markets in which the Funds invest depreciates against the US dollar even if the local currency value of securities in the Funds' holdings goes up. Furthermore, the Funds' use of forward currency contracts may eliminate some or all of the benefit of an increase in the value of a foreign currency versus the US dollar. The value of the US dollar measured against other currencies is influenced by a variety of factors. These factors include: interest rates, national debt levels and trade deficits, changes in balances of payments and trade, domestic and foreign interest and inflation rates, global or regional political, economic or financial events, monetary policies of governments, actual or potential government intervention, global energy prices, political instability and government monetary policies and the buying or selling of currency by a country's government.

Volatility Risks. The prices of the instruments traded by GFQ have been highly volatile during certain periods in the past (including notably the period of mid-2007 through 2009 and the fall of 2011), and such periods may recur. The price movements of these instruments are caused by many unpredictable factors, including but not limited to market sentiment, inflation rates, interest rate movements and general economic and political conditions. Volatility creates the specific risk, in the case of GFQ, that historical or theoretical pricing relationships will be disrupted, causing what would otherwise be a comparatively low-risk "relative value" position to incur major losses. Past returns of the Funds will not necessarily be indicative of their future performance.

Risks Associated with Prime Brokerage Activities and Related Investments. The Funds also face the following risks associated with their prime brokerage activities and Investments:

Counterparty Risks. The Funds will be a party to derivative contracts with third party brokers, dealers under which such brokers or dealers will have unsecured obligations to pay amounts due to the Funds while the Funds secure their obligations to such parties with the assets of the Funds. Default by Derivative Counterparties under an unsecured derivative contract with the Funds will cause the Funds to become unsecured creditors in such Derivative Counterparty's insolvency proceedings and may cause the Funds to lose all or significantly all of their assets. The Funds may also enter into tri-partite agreements that allow collateral for swap transactions to be posted to independent custodians. The Funds may also be a party to securities lending agreements under

which they lend specified types of securities to the relevant Counterparty, which Counterparty in turn is obligated to return the lent securities to the Funds on an agreed upon future date. The default of any such Counterparty on any such obligation could have a material adverse effect on the Funds in that any securities borrowed may not be timely returned. In such event the Funds may be subject to the risk that any lent securities will increase in value before they are able to replace them using any cash collateral (or the proceeds of any securities collateral) they hold, or that any securities they hold subject to repurchase by the third party will decline in value before the Funds are able to resell them. In addition, if, in the event of such a Counterparty default, the Funds are delayed or prevented from exercising their rights to dispose of any securities collateral, it will be subject to the additional risk of a possible decline in the value of such collateral during the period in which it seeks to assert these rights. Moreover, such Counterparty may have a lien on all assets of the Funds, and will be allowed to liquidate such assets in certain circumstances, which liquidation could be at losses. While GFQ will select Trading Counterparties that it believes are creditworthy, the Funds generally do not perform extensive credit analyses on their Trading Counterparties. Furthermore, any misconduct on behalf of the Trading Counterparties, including, without limitation, fraudulent activities, will increase the Funds' possible risk exposure.

Leverage. The Funds will utilize leverage. The use of leverage will magnify both the potential for gains and the potential for losses in the value of the Funds' assets. This use of leverage places increased importance on the Investment Adviser's ability to hedge against moves in prices among related securities or within a market as a whole.

Valuation Risk. We (or the fund administrator) will value the Funds' positions, and such valuation will be the basis for the Net Asset Value calculation. The Funds' asset values will generally be based on quotes provided by brokers and other competent third-party pricing sources. However, certain of the Funds' positions may be valued based on theoretical models developed by GFQ. While these models will from time to time be corroborated by quotes obtained from third-party dealers, these valuations will generally be within the control of GFQ (which has an obvious conflict of interest in valuing the Funds' positions because the Performance Fee/Performance Allocation paid to the Managers, which are under common control with us, and the Management Fee paid to us are both directly affected by such valuation). The fair market value of those investments for which a reliable third-party quote is not available is based on other relevant sources deemed reliable by us in our good faith judgment. None of the Funds, GFQ or the principals of any of them shall be liable if a price, reasonably believed by any of them to be an accurate valuation of a particular investment of a Fund, is subsequently found to be inaccurate.

General Trading Counterparty Risk. When the Funds invest in options, swaps, contracts for differences, derivative and other synthetic instruments, forward contracts, or other OTC transactions and instruments or interests underlying them that may include securities, securities indices, interest rates, commodities and commodities indices, the Funds may take a credit risk with regard to parties with whom each trades and may also bear the risk of settlement default.

All financing transactions, such as those involving the borrowing or lending of funds or securities, will carry Counterparty risks until such borrowing or lending has terminated and the relevant collateral is returned. All deposits of securities or cash with a custodian bank or financial institution will carry Counterparty risk. On default by a Trading Counterparty, the Funds may be forced to unwind certain transactions and the Funds may encounter delays and difficulties with respect to court procedures in seeking recovery of the Funds' assets. Collapses of large derivative

dealers during the financial crisis illustrate the risks of such trading. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries.

In addition, there are risks involved in dealing with the custodians or brokers who settle trades on behalf of the Funds. Securities and other assets deposited with custodians or brokers may not be clearly identified as being assets of the Funds, and therefore the Funds may be exposed to a credit risk with regard to such parties. The Funds may also enter into tri- partite agreements that allow collateral for swap transactions to be posted to independent custodians. In some jurisdictions, the Funds may only be an unsecured creditor of their broker in the event of the bankruptcy or administration of such broker. Further, there may be practical or time problems associated with the delay that can be involved in enforcing the Funds' rights to their assets in the case of an insolvency of any such party. The significant losses incurred by many hedge funds in relation to the bankruptcy and/or administration of Lehman Brothers Holdings and its affiliates illustrate the risks that can arise in both derivatives trading and custody/brokerage arrangements.

Confidential Information Conflicts. While unlikely due to the nature of our trading strategy, it is possible that in the course of the investment activities, we and the Funds may from time to time come into possession of confidential information which we and the Funds are prohibited from using for the benefit of the Funds, and which would have caused the Funds to take or omit to take certain actions had we or the Funds been permitted to do so.

Short Sale Risks. The Funds routinely sell securities short in implementing their trading and risk management strategies. Since the borrowed securities sold short must later be replaced by market purchases, any appreciation in the market price of these securities will result in a loss. Short selling is subject to a theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. There can be no assurance that the securities necessary to cover the short position will be available for purchase by the Funds. In addition, purchasing securities to close out the short position can itself cause their market price to rise further, increasing losses. Furthermore, the Funds may be prematurely forced to close out a short position if a Trading Counterparty from which Funds borrowed such security demands its return, as Trading Counterparties may do in their discretion, resulting in a loss on what might otherwise have been a profitable position.

Under certain circumstances, including any U.S. or non-U.S. governmental or regulatory action which impacts short selling, the Funds may be prematurely forced out of a short position. The lender of a security used to cover a short position generally has the right to demand the return of the stock that has been loaned at any time. In such event, the Funds would be required to replace the borrowed securities by borrowing the securities from another lender. If the Funds were unable to replace the borrowed securities it would be required to close out the short position by buying the security in the market to make delivery. In such event, the Funds could incur a significant loss if the security sold short had increased in value.

Derivative Instrument Risks. Derivative instruments, or "derivatives," include futures, options, swaps, structured investments and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying investments, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of

particular investments at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset.

Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged” (including the derivatives utilized by the Funds) and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Funds to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to derivative counterparty risk. The derivative counterparty risk lies with each Derivative Counterparty with whom the Funds contract for the purpose of making derivative investments (the “Counterparty”). In the event of the Counterparty’s default, the Funds will only rank as unsecured creditor and risk the loss of all or a portion of the amounts they are contractually entitled to receive.

Forms of swap agreements also include equity swaps, in which one party agrees to pay to (or receive from) the other party an amount equal to the percentage gain (or loss) realized by a specific equity security or group of equity securities in proportion to an agreed-upon notional amount; interest rate “caps,” under which, in return for a premium, one party agrees to make payments to the other to the extent interest rates exceed a specified rate or “cap”; interest rate “floors,” under which, in return for a premium, one party agrees to make payments to the other to the extent interest rates fall below a specified level or “floor”; and interest rate “collars,” under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels.

The Funds will make use of various derivative instruments such as equity swaps and which may also include warrants, options, futures, convertible securities, and interest-rate and currency swaps. The use of derivatives involves a variety of material risks, including the high degree of leverage often embedded in such instruments. The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to liquidate positions in order either to realize gains or limit losses.

Many derivatives are valued on the basis of dealers’ equivalents. However, the price at which dealers value a particular derivative and the price at which the same dealers would actually be willing to pay for such derivative may be materially different. Such differences can result in an overstatement of the Net Asset Value of the Funds, and may have a materially adverse effect on the Funds in situations in which the Funds are required to liquidate positions in order to raise funds.

The Funds may be obligated to indemnify various Trading Counterparties against certain liabilities such parties may incur in connection with derivative instruments used by the Funds. Such indemnification obligations may survive long after the derivative instrument has been unwound or terminated. Should the Funds or a party which the Funds have agreed to indemnify be named as a defendant in a lawsuit or regulatory action stemming from a derivative instrument to which a Fund is a party, a Fund would bear the additional costs of defending and indemnifying against such action and would be at further risk if the Fund or the indemnified party failed to prevail in the

litigation.

Derivative Counterparty Risk. Some of the markets in which a Fund may effect its derivatives transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, unlike members of “exchange-based” markets. This exposes the Funds to the risk that a Counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. Such “Derivative Counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds have concentrated their transactions with a single or small group of Derivative Counterparties. In the event of the Derivative Counterparty’s default, the Funds will only rank as an unsecured creditor and risk the loss of all or a portion of the amounts it is contractually entitled to receive.

The Funds are not restricted from dealing with any particular Derivative Counterparty or from concentrating any or all of their transactions with a single Derivative Counterparty.

Moreover, the Funds have no internal credit function that evaluates the creditworthiness of their Derivative Counterparties. The ability of the Funds to transact business with any one or number of Derivative Counterparties, the lack of any meaningful and independent valuation of such Derivative Counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds.

Many swap agreements entered into by the Funds require the calculation of the obligations of the parties to the agreements on a “net basis.” Consequently, the current obligations (or rights) of the Funds under a swap agreement generally would be equal only to the net amount to be paid or received under the agreement based on the relative values of the positions held by each party to the agreement. The risk of loss to a Fund Derivative Counterparty with respect to such swaps should be limited to the net amount of interest or other payments that the Funds are contractually obligated to make. If the other party to a swap defaults, the risk of loss of the Funds consists of the net amount of payments that the Funds contractually is entitled to receive.

Certain financial institutions subject to European regulatory requirements who are Derivative Counterparties to the Funds will require the Funds to agree to a “bail in” of the financial institution were it to become insolvent. Such a “bail-in” may result in a reduction in the amounts that are due to the Funds to be made by the relevant regulators. Additionally, regulatory requirements in the United States and Europe require the Funds to wait a specified period of time before liquidating its derivative positions with an insolvent financial institution which may cause further losses for the Funds.

Risks Related to ETFs. The Funds may also invest in ETFs, which are subject to their own unique risks as set forth below.

- *Market Risk.* ETF investments, in general, are subject to market risks that may cause their prices, and therefore the Portfolio’s Net Asset Value, to fluctuate over time. Markets are subject to political, regulatory, economic and financial market risks.
- *Non-Diversification Risk.* An ETF is considered a non-diversified investment and

can invest a greater portion of its assets in securities of individual issuers than a diversified fund. As a result, changes in the market value of a single security could cause greater fluctuations in the Net Asset Value of Fund shares than would occur in a diversified fund.

- *Passive Investment Risk.* An ETF has an investment strategy that is not actively managed. An ETF will purchase, hold or sell securities when an actively managed fund would not do so. Therefore, an ETF may be subject to greater losses in a declining market than a fund that is actively managed.
- *Correlation and Tracking Error Risk.* A number of factors may affect an ETF's ability to track its benchmark index or achieve a high degree of correlation with its benchmark either on a single trading day or for a longer time period. Factors such as ETF expenses, imperfect correlation between the ETF's investments and those of its underlying index, rounding of share prices, regulatory policies, high portfolio turnover rate and the use of leverage all contribute to tracking error or correlation risk. There can be no guarantee that an ETF will achieve a high degree of correlation. Failure to achieve a high degree of correlation may prevent the ETF, and consequently the Funds, from achieving its investment objective.
- *ETF Shares Trading Risk.* An unanticipated early closing of the exchange on which an ETF is traded (the "Exchange") may result in an inability to buy or sell shares of the ETF on that day. Trading in ETF shares similarly may be halted by the Exchange because of market conditions or other reasons. If a trading halt occurs, the Funds may temporarily be unable to purchase or sell shares of the ETF. Shares also may trade on the Exchange at prices that differ from (and can be below) their NAV. The NAV of ETF shares will fluctuate with changes in the market value of the ETF's holdings and the exchange-traded prices may not reflect these market values.
- *Investment in Investment Companies Risk.* The Funds may invest in ETFs that invest in other investment companies. Investing in other investment companies, including money market funds, subjects the ETF to those risks affecting the investment company, including the possibility that the value of the underlying securities held by the investment company could decrease. Moreover, the ETF, and consequently the Funds, will incur their pro rata share of the underlying investment company's expenses.
- *Liquidity and Valuation Risk.* In certain circumstances, it may be difficult for an ETF to purchase and sell particular investments within a reasonable time at a fair price, or the price at which it has been valued by the Investment Adviser for purposes of the Funds' NAV, causing the Funds to be less liquid and unable to realize what the Investment Adviser believes should be the price of the investment.
- *Short Sales Risk.* Inverse ETFs generally involve short selling a security. Short selling a security involves selling a borrowed security with the expectation that the value of the security will decline, so that the security may be purchased at a lower price when returning the borrowed security. The risk for loss on short selling is greater than the original value of the securities sold short because the price of the borrowed security may rise, thereby increasing the price at which the security must be purchased. Government actions also may affect the ETF's ability to engage in short selling.
- *Correlation and Compounding Risk.* Leveraged ETFs utilize significant leverage to enhance returns but leverage may also result in a high degree of loss. Additionally,

a number of factors may affect a leveraged ETF's ability to achieve a high degree of correlation with its benchmark, and there can be no guarantee that a leveraged ETF will achieve a high degree of correlation. Failure to achieve a high degree of correlation may prevent a leveraged ETF from achieving its investment objective. In addition, leveraged ETFs utilize compounding. Compounding affects all investments, but has a more significant impact on a leveraged fund. In general, particularly during periods of higher volatility, compounding will cause longer-term results to be more or less than the inverse of the return of the benchmark. This effect becomes more pronounced as volatility increases.

Forward Contract Risks. The Funds may trade forward contracts as a means to hedge currency exposure for future international trading strategies, for other risk management purposes or to implement new trading strategies. Forward trading is a "zero-sum" economic activity in which for every gain there is an equal and offsetting loss (without considering transaction costs). An investment in forwards is in this respect very different from a typical securities investment in which there is an expectation of some consistency of yield (in the case of debt) or participation over time in general economic growth (in the case of equity).

Forward contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. Consequently, in respect of any forward trading activity, the Funds will be subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the principals or agents with or through which the Funds trade. Any failure or refusal to discharge their contractual obligations by the Counterparties with which the Funds deals on the forward markets, whether due to insolvency, bankruptcy or other causes, could subject the Funds to substantial losses. The Funds will not be excused from performance under any forward contracts into which it has entered due to defaults under other forward contracts, which were to have substantially "covered" the former. There is also the risk that a Counterparty which loses money on a contract with the Funds may seek to avoid its obligations on legal grounds.

Because the Funds' currency trading may take place in the forward markets, prospective investors must recognize that such trading activity takes place in unregulated markets rather than on futures exchanges subject to the jurisdiction of the CFTC or other regulatory bodies. While the forward markets are well established, it is impossible to predict how, given certain unusual market scenarios, the unregulated nature of these markets might affect the Funds.

Equity Risks. The Funds may invest in U.S. equity securities of U.S. issuers and , American Depositary Receipt ("ADRs") of non-U.S. issuers listed and traded on organized U.S. exchanges and equity securities of issuers based in European Countries and European Depositary Receipts of non-European issuers listed and traded on organized exchanges in the European Countries ("EDRs"). The value of these securities generally varies with the performance of the issuer and movements in the equity markets. As a result, the Funds may suffer losses if it invests in equity securities of issuers whose performance diverges from the Investment Adviser's expectations or if equity markets overall or equities comprising a particular industry sector, capitalization level, or other grouping generally move in a single direction and the Funds have not adequately hedged against such a general move.

ADRs and EDRs carry additional risks. Investing in an ADR or EDR is not the same as investing directly in the underlying foreign security. The ADR or EDR may be less liquid than the

underlying foreign security, increasing the potential cost, or increasing the time required, to close a position in an ADR or EDR. The price of the ADR or EDR also may not move in tandem with the underlying foreign security and indeed may diverge significantly at times. These risks may cause the Funds to realize potentially significant losses that would not have been incurred if the Funds had invested directly in the underlying foreign security.

Foreign Investment. The Funds will make investments in issuers organized or based outside the United States in European Countries. These investments may be subject to a variety of risks and other special considerations not affecting investments in domestic issuers. Many foreign investment markets are not as developed or efficient as those in the United States.

Investments in some foreign issuers are less liquid and more volatile than investments in comparable U.S. issuers. Similarly, volume and liquidity in many foreign markets are less than in the United States and, at times, volatility of price can be greater than in the United States. The issuers may be subject to less (or more) stringent financial reporting and informational disclosure standards, practices and requirements than those applicable to U.S. issuers. Since transactions in foreign investments often are denominated in currencies of foreign countries, the Funds may incur currency exchange costs when effecting these transactions and the value of these investments as measured in U.S. dollars may be affected favorably or unfavorably by subsequent changes in currency rates and exchange control regulations. Currency exchange rates may fluctuate significantly over short periods of time. The Funds will be permitted, but will not be required, to engage in currency hedging transactions (using forward, futures or options contracts) to protect against adverse changes in currency rates, and it is possible that such hedging transactions could be unsuccessful.

Foreign Exchanges. The Funds may trade on exchanges located outside the United States, where the protections provided by U.S. regulations do not apply. In the case of trading on foreign exchanges, the Funds will be subject to the risk of the inability of or refusal by their Trading Counterparties to perform with respect to their contracts with the Funds.

The Funds also may not have the same access to certain trades as do various other participants in foreign markets.

Foreign Exchange Transaction Risks. The Funds may trade in the currency markets. Although generally highly liquid, currency markets can experience periods of illiquidity, sometimes of significant duration. For example, none of the participants in the currency forward markets are required to maintain a market in any particular currency or to maintain a reasonable spread between the “bid” and “asked” prices which they quote. Disruptions can occur in any market traded by the Funds due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses. Currency forward contract prices are highly volatile. In the recent past sudden and major reversals in these markets have resulted in major losses for speculative traders similar to the Funds. Currency contract prices are determined by relationships that are primarily interest-rate related; consequently, a substantial portion of the Funds’ open positions could move against the Funds at or about the same time.

Risks of Investing Globally. Issuers are generally subject to different accounting, auditing and financial reporting standards in different countries throughout the world. The volume of trading, the volatility of prices and the liquidity of issuers may vary in the markets of different countries.

Hours of business, customs and access to these markets by outside investors may also vary. In addition, the level of government supervision and regulation of securities exchanges, securities dealers and listed and unlisted companies is different throughout the world. In addition, there may be a lack of adequate legal recourse for the redress of disputes, and in some countries the pursuit of such disputes may be subject to a highly prejudiced legal system. Additional risks may include lack of transparency in financial markets, inefficient execution of transactions, reduced ability to sell securities short and high transaction costs.

Different markets also have different clearance and settlement procedures. Delays in settlement could result in temporary periods when a portion of the assets of the Funds are uninvested and no return is earned thereon. The inability of the Funds to make intended security purchases due to settlement problems could cause the Funds to miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could result either in losses to the Funds due to subsequent changes in value of the portfolio security or, if the Funds have entered into a contract to sell the security, could result in possible liability to the purchaser.

In certain markets there may be limited availability of historical data to support the research and development of effective trading strategies. Real-time data may also be unavailable or unreliable, introducing trading delays and errors that could impair returns. There may be limited or no availability of borrowable securities to enable short-selling, reducing the range of trading opportunities and making it harder to develop hedged portfolios; “short squeezes” may also be more likely in such circumstances, which raises the risk of sudden large losses on any short positions held. Execution quality may be lower in certain markets; bid-ask spreads may be wide, and it may be difficult to execute at posted market prices.

With respect to certain countries, there is a possibility of expropriation or confiscatory taxation; imposition of withholding taxes on dividends or interest payments, capital gains, or other income; limitations on the removal of funds or other assets of the Fund, potentially imposed after a Fund has made its investment in a given country and without sufficient notice to allow withdrawal under the pre-existing terms; managed or manipulated exchange- rates, volatility of exchange rates, the cost of currency hedging if employed, direct currency conversion costs, and other issues affecting currency conversion; political, economic or social instability or diplomatic developments that could affect investments in those countries; or government policies that may restrict the Funds’ investment opportunities. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, may change independently of each other.

These risks may be greater in emerging markets. The Funds may trade in emerging markets in the future.

Foreign Currency Exposure. The value of the Funds are calculated in U.S. Dollars. Investors bear the risk of any foreign currency exposure resulting from differences. While GFQ may determine to hedge this risk, the Funds will still be subject to the exchange- rate risk of the U.S. Dollar changing in value against the functional currency of such investments, if any.

Risks from Hedging Activities. GFQ may (or may not) from time to time utilize ETFs or stock index futures for the purpose of reducing any net long or short exposure to the performance of the

stock market as a whole or to individual sectors or industries. There remains a substantial risk, however, that hedging techniques may not always be effective in limiting losses. If GFQ's trading methodology or risk models analyze market conditions or risk incorrectly, GFQ's hedging techniques could result in a loss, regardless of whether the intent was to reduce risk. In addition, hedging activities often will reduce the overall return of the portfolio.

Smaller and Medium Capitalization Company Risks. The Funds trade U.S. equities and equities for European Countries which generally have high levels of liquidity (i.e. average daily volume of shares traded) among all similar instruments (including common stocks, preferred stocks, ADRs, EDRs, and ETFs). As a result, the Funds will invest a significant percentage of their assets in small to medium capitalization companies: for example, companies in the United States that are too small to be included in the relevant stock indices in the United States or European Countries. These companies have less ability to withstand adverse market conditions than larger issuers, and their securities are more thinly traded and volatile in price.

While small to medium capitalization companies may have good growth potential, there is no guarantee they will experience such growth, and they typically involve higher risks because they may lack the management experience, financial resources, product diversification and personnel available to their larger competitors.

General Risk Factors

Risk of Loss. An investor could incur substantial, or even total, losses on an investment in the Funds. An investment in the Funds is only suitable for persons willing and able to accept this high level of risk.

Possible Correlation with Stocks and Bonds. One of the goals in acquiring a non-traditional investment such as an investment with GFQ is to provide a potentially valuable element of diversification to an overall portfolio of investments. However, there can be no assurance, particularly during periods of market disruption and stress when the risk control benefits of diversification may be most important, that the Funds' returns will, in fact, be positively or negatively correlated or uncorrelated with a traditional portfolio of stocks and bonds.

Lack of Liquidity of Investments. The markets for instruments traded by the Funds may have limited liquidity and depth. Lack of liquidity could disadvantage the Funds both in the realization of quoted prices and in order execution. Lack of liquidity would increase the risk that a Fund could be required to liquidate positions at disadvantageous prices because of its inability to raise margin collateral from other sources. The risk of market illiquidity is materially heightened by the use of leverage and the possibility that margin calls will need to be met in declining or disrupted market conditions.

Inadequate Compensation for Risk. No assurance can be given that the returns on the Funds' investments will be commensurate with the risk of purchasing an investment in a Feeder Fund. Hedge fund returns have dropped significantly recently in comparison to their returns in past periods, and there can be no assurance that their returns, as an asset class, in future periods will reflect previous historical levels. This may be due in part to changes in market conditions affecting hedge funds' investments and strategies, as well as the proliferation of hedge funds pursuing similar strategies (thereby making it difficult for one hedge fund to outperform others). Hedge

funds may also offer less of an advantage as a source of investment diversification than in the past. In addition, recent years have seen a number of collapses of hedge funds, including a number of well-known funds, amid highly volatile market conditions. All of the foregoing considerations relating to hedge funds have been identified as serious risks by a number of investment commentators.

Highly Competitive Market. GFQ competes with a large number of firms in developing trading strategies and managing investment assets. Many of such firms have far greater financial and personnel resources than GFQ. Competitive investment activity by other firms will tend to reduce the mis-pricing spreads that GFQ attempts to capitalize on in trading on behalf of, as well as the amount of credit available to, the Funds.

Lack of Information. An investor granting discretion over the trading of assets through a managed account client, to the extent the Investment Adviser chooses to accept such clients in the future, would normally have access to information regarding the positions traded on the investor's behalf by a trading advisor. In contrast, investors will not normally have access to positions or other information regarding the Funds' investments. Lack of knowledge regarding the Funds' positions and trades will reduce investors' ability to evaluate the performance of GFQ and the Funds and could result in an investor's overall portfolio being highly concentrated because the Funds' positions could replicate or substantially overlap positions held by the investor in other investments.

Dependence on the Principals and Other Key Employees of the Investment Adviser. The Funds are dependent on the services of the principals and other key employees of GFQ. The Funds would be adversely affected if the services of any of the principals or of any other key employee were not available for any significant period of time.

Reliance on GFQ. The Funds will rely on the Investment Adviser for the management of the Funds' investment portfolio. There could be adverse consequences to the Funds in the event that GFQ ceases to be available to devote its services to the Funds. In addition, GFQ's expertise and capabilities may not be sufficient to ensure adequate returns for the Funds.

Market Participant Risk. The institutions, including brokerage firms and banks, with which the Funds trade or invest, may encounter financial difficulties that impair the operational capabilities or the capital positions of the Funds. Events in recent years demonstrate the real risk that a brokerage or custodian that appears reliable may very quickly be discovered to be insolvent or otherwise unable to meet its obligations. This may impact the Funds in many ways – including, but not limited to, forcing the Funds to liquidate their portfolio or certain hedging positions, and potentially with such speed that the Funds would face substantial losses.

In addition to the risk of a Trading Counterparty defaulting, there is also the risk that one or more investors comprising a substantial percentage of the Funds' assets under management (such as a major institutional investor) may be compelled to redeem from the Funds, or that the Funds' Trading Counterparties or brokers will be required to restrict the amount of credit previously granted to the Funds due to their own financial difficulties, resulting in forced liquidation of substantial portions of the Funds' portfolio, potentially with such speed that the Funds would face substantial losses.

Risks Relating to the Funds

Speculative Nature of the Funds' Investment Program. The Funds' investment programs are speculative and involve a high degree of risk. There is no assurance that the risk management and portfolio optimization techniques utilized by GFQ, as well as the investment decisions made by GFQ and its automated trading systems, will not expose the Funds to risk of significant losses. In addition, the analytical techniques used by GFQ cannot provide any assurance that the Funds will not be exposed to the risk of significant trading losses if the underlying patterns of market behavior studied by GFQ, and which provide the basis for its statistical models, change in ways not anticipated by GFQ.

Model Risks. The strategies employed by GFQ are highly dependent on quantitatively-based pricing theories and valuation models that generally have not been independently tested or otherwise reviewed ("Models"), which GFQ uses to evaluate trading opportunities. Models employ assumptions that abstract a limited number of variables from complex financial markets or instruments, which 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. For example, Models may postulate or their efficacy may depend on assumptions regarding the existence of relationships that appear to hold true or in fact held true in the past but that may not exist or hold true in the future. Inputs into various Models may be composed of or derived from facts or data, the accuracy of which have not been independently verified by GFQ or any third party. In particular, if material factors are not incorporated into Models, or are incorporated inaccurately, substantial losses could result, including on the basis of theoretical Models (that later prove incorrect) that identify positions that appear to have minimal risk. The outputs of Models may differ substantially from the reality of the markets, resulting in major losses. Additionally, there is no assurance that the Investment Adviser has appropriately incorporated the Models into its strategies.

Leverage; Financing Arrangements. The Funds trade at a high degree of leverage in an effort to generate a satisfactory rate of return. Leverage may take the form of trading on margin, derivative securities and instruments (such as swaps, futures and options) that are inherently leveraged, selling securities short and other forms of direct and indirect borrowings. The amount of leverage or borrowings which the Funds may have outstanding at any time may therefore be large in relation to their capital. Currently, GFQ does not expect the Funds' leverage to exceed fifteen times the net asset value of the Funds. Consequently, as a result of this amount of leverage, the level of interest rates generally, and the rates and terms at which the Funds can borrow in particular, will affect the Funds' operating results.

The Funds execute some trades through swap agreements and do not typically have beneficial ownership of securities traded through swap agreements. While this synthetic trading reduces prime brokerage and custody risk since the Funds do not own the underlying securities subject to swaps contracts, it significantly increases derivative counterparty risk. Each Fund currently utilizes one or more Derivative Counterparties to execute their swap transactions. If any such Derivative Counterparty were to enter insolvency proceedings, a Fund would be an unsecured creditor in an insolvency proceeding relating to a counterparty. Possible losses incurred on the Funds' leveraged investments will increase in direct proportion to the degree of leverage employed. Such leverage could also result in the Funds being forced to liquidate positions prematurely in order to meet margin calls, causing otherwise partially-hedged positions to incur major losses. The Funds also incur interest expenses on the financings used to leverage their positions. As a general matter, the banks and dealers that provide financing to the Funds can apply essentially discretionary margin, haircut, financing and collateral valuation policies. Changes by banks and dealers in any of the

foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. There can be no assurance that the Funds will be able to secure or maintain adequate financing, without which the Funds may not be a viable investment.

Securities and instruments borrowed by a Fund may not carry any rights to receive any interest or dividends. Cash, securities and instruments borrowed may be secured by a pledge of assets or otherwise. If any loans to a Fund are collateralized with portfolio securities and instruments which decrease in value, the Fund may be obligated to pledge additional collateral to the lender in the form of cash or assets to avoid liquidation of the pledged assets.

The rights of any lenders to the Funds to receive payments of interest on, and any repayments of principal of, the borrowings are senior to those of the Funds' investors and the terms of borrowings may contain provisions which limit certain activities of the Fund. Share payments and fees incurred in connection with borrowings reduce the amount of the net income available for reinvestment.

Computer Hardware and Software; Computer Networks. Many components of GFQ's and the IP Company's critical computer hardware, networks, hosting facilities, and software may have flaws, may not be redundant or reliable, may be leased rather than owned, or may be provided in whole or in part by another party. GFQ relies on its own internal computer networks, as well as third-party computer networks including the Internet, for critical aspects of its operations.

These third-party computer networks are subject to various risks of disruption or performance degradation including but not limited to accidental cuts to data cables, equipment failure as well as systemic problems such as distributed denial of service attacks. Should any of these computer hardware and software or computer networks or network components fail or be inaccessible, there is no certainty that GFQ will be able to recover promptly, and the Funds' trading performance may suffer materially as a result.

Cybersecurity Breaches. GFQ's cybersecurity measures may not detect or prevent all attempts to compromise its systems (including the systems relating to the Funds), including denial-of service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by GFQ's systems. Breaches of GFQ's cybersecurity measures could result in any of the following: unauthorized access to GFQ's systems; unauthorized access to and misappropriation of information or data, including confidential or proprietary information about the Funds or their investors, third parties with whom GFQ does business or GFQ's proprietary systems; viruses, worms, spyware or other malware being placed in GFQ's systems; deletion or modification of client information; or a denial-of-service or other interruptions to GFQ's business operations. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and may not be known until launched against GFQ or the Funds or GFQ's third-party service providers, GFQ may be unable to anticipate these attacks or to implement adequate preventive measures. While neither GFQ nor the Funds, to the best of their knowledge, have suffered any material breach of cybersecurity as of the date hereof, any actual or perceived breach of GFQ's cybersecurity could expose the GFQ to a risk of loss or litigation and possible liability, require GFQ to expend significant capital and other resources to alleviate problems caused by such breaches and otherwise have a material adverse effect on GFQ's business, financial condition, results of operations and cash flows and consequently have negative impact on the return earned

by investors.

Trading Errors. Due to coding or programming errors in software, hardware, and modes of transmission, as well as erroneous or inaccurate pricing or other information provided by third parties or downtime or delays in the feeds of pricing or other information (“Technical Errors”), trades may be placed or executed in error. Trades may also be incorrectly executed due to keystroke, typographic or inadvertent drafting errors, or other human error at the time of execution of a trade (“Execution Errors”). Many exchanges have adopted “obvious error” rules that prevent the entry and execution of trades more than a specified amount away from the current best bid and offer on the exchange. However, such rules may not be in place on the exchanges or markets where GFQ trades on behalf of the Funds, and may not be enforced even if in effect. Moreover, such rules would likely not prevent the entry and execution of a trade entered close to the market price but at an erroneous size. In addition, Technical Errors, Execution Errors and other trading errors may lead to the failure by GFQ to enter or to execute trades that would have generated profits or avoided losses for the Funds.

Technical Errors, Execution Errors and other trading errors may also lead to the execution of undesirable trades that would not otherwise have been executed, potentially generating losses for the Funds that would otherwise not have been incurred.

Any trading errors due to Technical Errors, Execution Errors, or otherwise that are not due to fraud, gross negligence, reckless or intentional misconduct, or criminal wrongdoing will be for the account of the Funds, which will accept the profits or suffer the losses from such trading errors. GFQ believes that trading errors are a known cost of doing business. GFQ has obvious incentives to avoid trading errors for reputational reasons as well as the fact that GFQ will indirectly suffer the consequences of trading errors through the Performance Fee/Performance Allocation payable to the Managers, which are under common control with GFQ. Nevertheless, given the large volume of transactions executed by GFQ on behalf of the Funds, investors should assume that trading errors will occur and that the Funds will be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of GFQ’s personnel.

Dependence on Historical Data. The Models and software systems employed by GFQ rely on prior period securities market and other data (“Historical Data”) to develop and implement statistical models used to direct the Funds’ trading including hedging against market risk and other risk factors. The Funds’ performance and hedging are likely to be impaired to the extent that GFQ uses erroneous, incomplete or otherwise inadequate Historical Data, which could happen for various reasons. GFQ may not have access to or be aware of all of the Historical Data that would ideally be used to compute appropriate hedges or target portfolios, some of which may be available to and may be used by GFQ’s competitors. Although GFQ takes measures to properly archive and maintain electronic files containing Historical Data, where appropriate, it is possible that these data management techniques may be insufficient to prevent the loss or corruption of portions of the Historical Data. As well, many if not all commercial and other sources of Historical Data (including those that supply data to GFQ) are known to contain errors and omissions, and while GFQ takes steps to identify and correct such errors and omissions, it is likely that certain of these errors and omissions will go undetected and may negatively impact GFQ’s trading and hedging on behalf of the Funds.

Relative Value Strategy Risks. GFQ’s current trading strategies can be characterized as “relative

value” trading strategies. In its “relative value” trading activities, GFQ attempts to exploit relative mis-pricings among interrelated instruments. Mis-pricings, even if correctly identified, may not be corrected by the market within the time frame over which the Funds can maintain their positions. Even “pure” relative value arbitrage can result in significant losses if the trading positions comprising the arbitrage are not able to be sustained (if, for example, the Funds were required by one or more of their prime brokers to reduce their use of leverage; or if limited leverage were available for illiquid securities) until the arbitrage can be realized. The Funds’ activities involve considerably greater risks than “pure” relative value arbitrage.

The Funds, in implementing their “relative value” strategies, have reduced exposure to the risk of overall market price movements, but are fully subject to the risks of disruptions in historical price relationships, the restricted availability of credit and the obsolescence of the Investment Adviser’s valuation models. These risks are different in nature, but perhaps no less severe in magnitude, than directional market risks.

High Turnover and Short Holding Periods. GFQ may trade the Funds’ portfolios with high frequency. GFQ’s trading systems and models are designed to hold securities for varying lengths of time. High turnover increases the brokerage commissions, bid-ask spreads, fees and other transaction costs, which directly decrease the Funds’ trading profits.

Concentrated Investment Approach. The Funds have focused on a particular investment approach. Although the range of different investment opportunities within that approach is broad, structural, economic and regulatory changes could adversely affect the Funds’ investment approach as a whole, as could certain general market conditions. The concentrated focus of the Funds’ portfolios may cause their performance to be more volatile than that of a more diversified portfolio. The Funds endeavor to maintain portfolios that are market neutral, controlling both the net long exposure and the net short exposure to the market as a whole, and to groups of stocks having common characteristics such as similar levels of market capitalization, the same or related industry grouping, similar price-to-earnings or other valuation multiples, and other factors. There can be no assurance that in the future the Funds or GFQ will continue to attempt to do so or will be successful in maintaining such portfolios.

Trade Execution Risk. Many of the trading techniques used by the Funds require the rapid and efficient execution of transactions. Inefficient execution by GFQ or by the brokers and agents engaged to execute trades can eliminate the small pricing differentials, which GFQ attempts to exploit. While GFQ invests substantial resources to develop efficient trading systems and selects brokers and agents that it believes have the capability to efficiently execute trades, certain inefficiencies in execution will not be avoidable.

Diversification Limitations. Although GFQ applies general diversification principles to the assets of the Funds, it is not restricted as to the percentage of the Funds’ assets that may from time to time be invested in any particular issuer, industry, instrument, market or strategy. In determining what it regards to be appropriate diversification levels, GFQ will apply net risk exposure measures using its proprietary trading, risk management and valuation models. The effectiveness of such measures is dependent upon the expertise of GFQ and its principals and may not achieve the anticipated limited risk exposures due to a variety of different factors.

Item 9 – Disciplinary Information

GFQ and its employees have not been involved in any legal or disciplinary events that would be material to a Client's evaluation of the company or its personnel.

Item 10 – Other Financial Industry Activities and Affiliations

GFQ and its employees are not registered (and do not have any application pending to register) as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing entities. Toronado and its affiliates rely on an exemption from registration as a commodity pool operator and commodity trading advisor.

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

Code of Ethics

GFQ has adopted a Code of Ethics for all supervised persons of GFQ and its affiliates, describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at GFQ must acknowledge the terms of the Code of Ethics annually, or as amended.

A copy of GFQ's Code of Ethics will be provided to any Client or prospective Client upon request.

Participation in Client Transactions and Personal Trading

GFQ's employees, employees of GFQ's affiliates, and persons associated with GFQ are required to follow GFQ's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of GFQ and its affiliates may trade for their own accounts in securities which are traded for GFQ's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of GFQ will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not interfere materially with the best interest of GFQ's clients. In addition, the Code requires pre-clearance of some transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between GFQ and the Funds (or any other of its clients that it may have in the future).

When GFQ determines that it would be appropriate for one or more of the Funds and any additional future clients to participate in an investment opportunity, GFQ will seek to execute orders for all of the participating accounts on an equitable basis. Specifically, if GFQ has determined to invest at the same time for more than one of the accounts, GFQ may place combined orders for all such accounts simultaneously (aggregate or bunch trade) and if any order is not filled at the same price, it may average the prices paid. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, GFQ may allocate the securities traded among the different accounts on the basis in which it considers equitable. In these circumstances, each account would generally pay, in connection with the acquisition of securities by more than one account, the average price per unit acquired, which may be higher than if it had acted alone, and it may otherwise not be able to execute an investment decision as effectively as it could have if it had acted alone.

GFQ will allocate investment opportunities and trades fairly. “Fair” treatment does not mean identical treatment of all clients. Rather, it means that GFQ does not discriminate on an impermissible basis against one client or group of clients. When GFQ transacts in securities for more than one account, the investment opportunities and trades must be allocated in a manner consistent with our fiduciary duties. Please refer to Item 12 for a description of GFQ’s trade aggregation procedures.

Insider Trading/Material Non-Public Information.

All GFQ employees are subject to the insider trading policies included in GFQ’s Code of Ethics. These policies broadly prohibit the use of material, non-public information, and include policies and procedures prohibiting the use of material non-public information that are designed to prevent insider trading by an officer or employee of GFQ. Due to the nature of GFQ’s quantitative investment strategy, trading on material, non-public information would require significant changes to GFQ’s investment strategy and would be quite difficult for an employee or principal of GFQ to accomplish given the extensive number of short-term trades which are executed each day. Nevertheless, if it deems it necessary at any time, GFQ may maintain a “restricted list” that identifies any securities that cannot be purchased for employee, client, or firm-owned accounts because material, non-public information may have been received by an employee of GFQ.

Item 12 – Brokerage Practices

Selecting Brokerage Firms

GFQ will have full investment discretion with respect to the initiation of all portfolio securities transactions for the Funds as well as full authority to select broker-dealers to execute such transactions. The broker-dealers are selected by GFQ on the basis of obtaining the best overall terms available, which GFQ evaluates based on a variety of factors, including the ability to achieve prompt and reliable executions at favorable prices, the operational efficiency with which transactions are effected, the competitiveness of the commission rates, the securities and margin lending arrangements available from the broker-dealers, overall product offering including market access and the willingness to enter into over-the-counter derivative transactions, and the financial strength, integrity and stability of the broker-dealers.

This does not, however, constitute a representation as to performance by or on behalf of the broker-dealers.

The broker-dealers do not provide investment advisory or discretionary management services to the Funds.

GFQ does not engage in soft dollar arrangements.

Client Referrals and Directed Brokerage

GFQ does not receive client referrals from broker-dealers.

Order Aggregation

GFQ currently manages one Client account. However, if GFQ were to advise more than one Client account, GFQ will aggregate the securities to be purchased or sold in order to obtain superior execution and/or lower brokerage expenses. In particular, execution prices for identical securities purchased or sold on behalf of multiple accounts in any one business day may be averaged. In such events, allocation of the securities purchased or sold, as well as expenses incurred in the transaction, will be made among the accounts by applying such considerations as GFQ and its affiliates deem appropriate, including relative account size of such entities and clients, amount of available capital, size of existing positions in the same or similar securities, impact of leverage, tax considerations and other factors. Although such allocations may typically be pro rata as to a particular account, they will not necessarily be so, where allocation considerations, such as availability of capital, positions in similar securities or differing objectives dictate a different result. No account will be entitled to investment priority over other accounts and may not necessarily participate in every investment opportunity. In general, when managing account capital directly, GFQ will endeavor to make all investment allocations as to in a manner that it considers to be the most equitable to all managed entities and clients.

Any broker-dealers utilized by GFQ may have a lien on all assets held by such broker-dealers to secure any margin loans or other transactions covered by the related brokerage agreement, and may be allowed to liquidate such assets in certain circumstances, which liquidation could be at losses. If a prime broker were to enter insolvency or bankruptcy proceedings, the assets of a Fund

held by such prime broker may not be recouped. The Managers and GFQ will monitor the accounts' brokers periodically to assess the accounts' credit exposure to the brokers, and may terminate, replace or add brokers as deemed necessary to protect the assets of the accounts.

Item 13 – Review of Accounts

Subject to the information discussed above, particularly in Item 8 with respect to GFQ's trading strategies, GFQ reviews client accounts periodically during each business day to determine accomplishment of investment objectives, the cash balances available and/or margin debit balances outstanding, diversification of the portfolio and security positions. Such reviews are performed by GFQ's portfolio manager and reviews also may be triggered by economic and political events, specific company information, and/or market conditions.

Item 14 – Client Referrals and Other Compensation

Not applicable.

Item 15 – Custody

GFQ does not maintain custody of Client assets.

Item 16 – Investment Discretion

GFQ has discretionary authority over the investments in the Fund. If GFQ were to have additional Clients in the future, GFQ would receive discretionary authority from such Clients at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold; such discretionary authority would typically be set forth in the agreement between GFQ and such additional clients.

Unless otherwise instructed or directed by a client, GFQ has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines), and (ii) the amount of securities to be purchased or sold for the client account.

Item 17 – Voting Client Securities

GFQ's current trading strategies feature a short holding period and rapid portfolio turnover and, therefore, GFQ's Clients will not obtain material benefit from voting proxies. Accordingly, GFQ does not vote proxies on behalf of the Clients.

Each Client may obtain a copy of GFQ's proxy voting procedures upon request.

Item 18 – Financial Information

No financial condition currently exists that is reasonably likely to impair GFQ's contractual commitments to the Funds or to any other Clients GFQ may accept in the future.