



Brochure/Form ADV Part 2A

Marcuard Family Office Ltd.

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Item 1 - Introduction

Marcuard Family Office Ltd. ("**Marcuard**", "**Firm**", "**we**" or "**our**") is a registered investment advisor with the United States (U.S.) Securities and Exchange Commission ("**SEC**"). This Form ADV Part 2A/Brochure ("**Brochure**") provides information about the qualifications and business practices of Marcuard. If you have any questions about the contents of this Brochure, please contact Dr. Peter Stocker, our Chief Compliance Officer, at p.stocker@marcuardsfamilyoffice.com. The information in this Brochure has not been approved or verified by the SEC or any state or foreign securities authority. Registration does not imply that Marcuard, or its associates, have attained a certain level of skill or training.

This Brochure provides information for our clients who qualify as U.S. clients based on residency or any applicable U.S. provisions and/or practices ("**clients**", "**U.S. clients**"). Unless indicated otherwise, our disclosures in this Brochure are generally based upon our practices and policies for U.S. clients which may differ from our practices and policies for non-U.S. clients ("**non-U.S. clients**"). The provisions of the U.S. Investment Advisers Act of 1940 and SEC rules thereunder ("**Advisers Act**") and this Brochure and the protections of the Advisers Act do not apply to our non-U.S. clients.

Any reference to private funds within this Brochure is for informational purposes only, and is intended to address legally required disclosures about our business practices and conflicts associated with managing private funds. Only qualified investors are able to invest in these funds, and they should read the fund's prospectus or other offering material prior to doing so. No reference within this brochure should be viewed as an offer to sell or an offer to buy an interest in private funds.

We encourage you to visit the SEC's Investment Adviser Public Disclosure (IAPD) for more information about Marcuard. The IAPD web address is www.adviserinfo.sec.gov. You can view Marcuard's information on this website by search for "Marcuard Family Office Ltd" or Marcuard's CRD number 155003.

Item 2 – Material Changes

Since the Brochure dated March 2018, the following material changes have been made to this Brochure:

Marcuard Family Office Ltd., with the objective to secure continuity and stability, established a long-term transition and succession plan six years ago whereby the existing management and promising younger partners will continue buying additional shares and build up their percentage of ownership of Marcuard Family Office. As a consequence of this transition process, we would like to inform you about a change in our ownership structure. U. Burkhard, the previous majority owner of voting shares, sold part of his voting shares to the existing management team in January 2019. U. Burkhard now owns less than 50% of the voting shares. U. Burkhard will continue to be the president of the board and continue with the same functions as over the last 5 years.

Marcuard has updated its "soft dollar" arrangements. There is no longer an arrangement where access to Bloomberg Financial Services software and printing is provided to Marcuard by a custodian. See *item 12 – Brokerage Practices* for more information. Marcuard has updated its assets under management as of December 31, 2018. See *Item 4 – Advisory Business* for more information.

Marcuard will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our Firm's fiscal year ends. Our Firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time, Marcuard will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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Item 4 – Advisory Business**A. Firm**

Marcuard is a Swiss corporation founded in 1998 and a member of the Swiss Association of Asset Managers. Marcuard's controlling shareholder is Ulrich Burkhard. More information about us is available in our Form ADV Part 1 on www.adviserinfo.sec.gov.

B. Advisory Services

Marcuard provides discretionary and non-discretionary investment advisory, *cockpit* and family office services to high net worth clients. Marcuard acts as sponsor and/or investment adviser to three private funds, identified below. The exact services you receive and the fees you will be charged will be specified in your specific client agreement, which must be signed by you and Marcuard before the services described below can be provided.

Cockpit Services

Cockpit affords clients consolidation, reporting, supervision of and coordination with custodian banks and negotiation of fees. *Cockpit* does not include submitting trades, providing investment advice nor exercising investment discretion for *Cockpit* assets showing up on the consolidation reports; the client is solely responsible for monitoring *Cockpit* assets, determining whether to buy or sell *Cockpit* assets and placing any orders to buy or sell such *Cockpit* assets

Invest Services – Discretionary and Non-Discretionary Investment Advice

Marcuard offers investment advisory services on a discretionary or non-discretionary basis. Marcuard mainly invests or recommends investing client assets with affiliated and independent asset managers that Marcuard selects ("**Fund Managers**") who manage investment funds, hedge funds, funds of hedge funds, private equity funds, funds of private equity funds and who provide investment advice concerning other financial assets.

Marcuard provides clients access to investing in line with international tax, legal and regulatory requirements (no U.S. legal and tax advice to U.S. clients). Some clients also have their individual investment committee, quarterly family meetings and interpretation of reports.

For discretionary account clients, Marcuard exercises investment discretion based on the investment objectives of the client, such as stated risk profile, time horizon, strategy and, if applicable, reasonable restrictions agreed upon (and as amended in writing from time to time) in the specific client agreement.

For non-discretionary clients, Marcuard's investment advice is based on the same investment criteria.

Marcuard defines with each client the particular investment objective/profile which includes an individual benchmark and risk profile. Some clients may also impose reasonable restrictions on - or objectives for - investing in certain securities or types of securities. All of this is recorded in the client's specific agreement, which may also include annexes and/or addendums. However, Marcuard will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with Marcuard's investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines. You will be responsible for notifying Marcuard of any updates and changes regarding your financial situation, risk profile or

investment objective and whether you wish to impose or modify existing investment restrictions. Marcuard is always reasonably available to consult with you relative to the status of your account.

Clients are advised that there may be other third-party money managers not recommended by Marcuard that are suitable for the client and that may be less costly than arrangements recommended by Marcuard. No guarantees can be made that a client's financial goals or objectives will be achieved by the Fund Managers recommended by Marcuard and used in the discretionary management of the clients' accounts. Further, no guarantees of performance can ever be offered by Marcuard. Investments involve risk including possible loss of principal. (Please refer to **Item 8** for more details.)

It is important that you understand that Marcuard manages investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. Please understand that Marcuard is not obligated to buy, sell or recommend to you any security or other investment that Marcuard may buy, sell or recommend for any other clients or for our personal accounts.

Projects and Family Office Services

We offer family office services to high-net-worth families typically on a *project* basis. These services include e.g. wealth planning services, administration, IT-services, philanthropic planning, entity structuring, as well as property management. The service package may cover family governance services for certain families. We do not provide U.S. legal or tax services for U.S. clients and neither offer trustee services ourselves nor trustee due diligence/trustee oversight services nor execute transactions on a client's order.

Sponsor and Investment Adviser to Private Funds

Marcuard is the sponsor of three private funds ("**Marcuard Funds**"):

- Simplex Fund, based in Liechtenstein ("**Simplex Fund**");
- MFO Diversified Fund Ltd, based in the Cayman Islands ("**MFO Diversified**"); and
- MFO IDF I (BVI) LP, based in the British Virgin Islands ("**MFO IDF**").

Marcuard's wholly-owned subsidiary, MFO Capital Ltd., BVI ("**MFO Capital**") serves as investment manager to MFO Diversified and MFO IDF. Based on advisory agreements with MFO Capital, Marcuard serves as the sub-adviser for and exercises discretion over the portfolios of MFO IDF. A wholly-owned subsidiary of MFO Capital, MFO IDF I GP (BVI) Ltd. acts as the general partner to MFO IDF. A non-affiliated US-based investment adviser, Lighthouse Investment Partners, LLC, is the investment adviser to MFO Diversified. Further information about MFO IDF as well as MFO Capital and MFO IDF I GP (BVI) Ltd. may be found in Marcuard's Form ADV Part 1A.

The Marcuard Funds will serve as an investment option for Marcuard's clients; however, only MFO IDF is open to U.S. resident investors. Please understand that Marcuard has an incentive and inherent conflict of interest to recommend and favor these Marcuard Funds that it or its subsidiary sponsor or serve as investment adviser or sub-adviser due to the management fee that Marcuard or subsidiary will receive from the private fund for its services. Please refer to **Item 5** of this Brochure for a description of Marcuard's fees. Marcuard may recommend or exercise investment discretion with respect to investing a U.S. client in a Marcuard Fund if Marcuard reasonably believes that such investment is in the best interest of the client. With respect to serving as a sponsor to the three Marcuard Funds and sub-adviser to MFO IDF, Marcuard's services to the Marcuard Funds are based

solely upon the requirements of the Marcuard Funds and are not based upon any specific requirements of an investor within a Marcuard Fund.

C. Scope of Investment Advice

Marcuard provides investment advice on the following types of investments:

- Cash and cash equivalents
- Corporate and government fixed income securities and similar investments
- Listed and non-listed equities
- Generally, exchange listed securities
- Mutual funds, fund of mutual funds, hedge funds, funds of hedge funds (including ETFs, active and passive strategies)
- Direct investments (such as private equity funds, real estates and other private market investments)
- Derivatives such as futures, forwards, options, swaps and other derivatives, physical and synthetic commodities
- Other capital market instruments. Investment techniques include, but are not limited to, short sales, leverage, uncovered option transactions, currency hedging and limited diversification, which practices can, in certain circumstances, increase the risk of an adverse impact on invested assets.

Although Marcuard generally provides advice only on the products previously listed, Marcuard reserves the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

(Please refer to **Item 8** for more information.)

D. Wrap Fee Programs

We do not participate in any wrap fee programs.

E. Amounts under Management

As of December 31, 2018, Marcuard managed the following regulatory assets of *U.S. clients*:

Discretionary assets	USD 352'934'262
Non-discretionary assets	USD 0
Total	USD 352'934'262

As of December 31, 2018, Marcuard managed the following regulatory assets of *non-U.S. clients*:

Discretionary assets	USD 1'310'689'677
Non-discretionary assets	USD 968'791'734
Total	USD 2'279'481'411

In addition, as of December 31, 2018, Marcuard had **USD 30'841'316** in assets under advisement for U.S. clients and **USD 1'690'873'333** in assets under advisement for non-U.S. clients (non-regulatory assets). Assets under advisement consist of assets where we are available for consultation and monitoring at the request of the client and during client meetings. However, we do not continuously monitor and do not manage these assets under advisement and we do not have trading authority over such assets under advisement.

Item 5 – Fees and Compensation

In addition to the information provided in *Item 4*, this section provides additional details regarding Marcuard's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the specific agreement between the client and Marcuard.

A. Fee Schedule

The below fee schedule is for illustrative purposes. All fees are subject to negotiation and will be charged based on the specific client agreement between the client and Marcuard. The negotiability factors for the fees may include but are not limited to the following factors: client's asset base, client's overall assets managed by Marcuard, individual factors & fees for other assets, complexity etc. For Cockpit Fees a negotiability factor could also be character and liquidity of assets to be consolidated. The applicable VAT will be invoiced in addition to the fee at such rates as may be in force from time to time.

Standard Management, Advisory and Cockpit Fees

Clients receiving investment advisory services (discretionary or non-discretionary) from Marcuard are charged a management or advisory fee based on the amount of assets placed under Marcuard's management ("**AuM**") or advisement ("**AuA**") except as described below for certain positions (such as hedge funds, private equity funds and art) which may be subject to a flat fee. Should the client only receive *cockpit* services, Marcuard charges stand-alone *cockpit* fees based on the amount of assets under *cockpit* ("**AuC**"). In cases where Marcuard provides investment advisory services (discretionary or non-discretionary) this *cockpit* fee is typically included in the management or advisory fee.

Typically, due to increased duties, Marcuard's advisory fee rate is higher for a client receiving discretionary versus non-discretionary advisory services, and likewise, the fee rate is generally higher for discretionary and non-discretionary advisory services than cockpit services. As a result, this may create an economic incentive for Marcuard to recommend the higher paying service such as discretionary management service versus non-discretionary advisory service or non-discretionary advisory service over cockpit service. This may create a conflict of interest, and Marcuard mitigates such a conflict of interest by discussing the differences between each program with the client and only recommending the program that meets the client's interest. The client is responsible for making the decision on which program of Marcuard to utilize.

The following fee schedule is for illustrative purposes:

Account Size	Management Fee (indicative Annual Fee Rate)	Advisory Fee (indicative Annual Fee Rate)	Cockpit Fee (indicative Annual Fee Rate)
Up to USD 10 million	0.8-1.2%	0.6-0.8%	Negotiable, based on services required and AuC
USD 10 million to 25 million	0.7-1.1%	0.5-0.7%	Negotiable, based on services required and AuC
USD 25 million to 50 million	0.5-1.0%	0.3-0.5%	Negotiable, based on services required and AuC
Over USD 50 million	Negotiable, based on services required and AuM	Negotiable, based on services required and AuA	Negotiable, based on services required and AuC

A client should refer to the agreement between the client and Marcuard for the exact fee schedule and services.

Project Fees

Fees for Projects are typically charged separately and on an hourly basis. Hourly fees range from USD 300 to USD 650 per hour depending on the seniority of the employee and as agreed in the client agreement. Additionally, Marcuard may impose a minimum annual fee, which will be disclosed to and agreed in advance by the client in the specific client agreement.

B. Valuations

The objectives of Marcuard's Valuation Policies and Procedures are to: prescribe the methodology and the manner in which assets should be valued; ensure that assets are valued accurately and consistently as per approved methodology; set a process to prevent incorrect valuation or, if required, detect and correct errors in valuations; and validate the fee calculation process and ensure accurate fees, through monitoring and testing.

An external contractor, Marcuard is working with, provides pricing feeds and calculations to determine the value of assets and consolidating client portfolios, and calculate portfolio performance to Marcuard. However, the external contractor depends on Marcuard for the valuation of some illiquid assets such as private equity investments, which creates a conflict of interest. The methodology used, together with a list of all pricing feeds and protocols, is formalized in the Policies and Procedures.

It may be the case that a client holds an asset which the external contractor cannot value. In this case the pricing/valuation may be based on information Marcuard receives from its clients or parties related to its clients (e.g. tax advisors, real estate agents etc.). Such assets may include real estate, art or other types of objects. The value and usefulness of Marcuard's services will depend upon the accuracy and completeness of the information that the client provides to Marcuard, whether directly or through parties related to the client. Clients are responsible for providing Marcuard all requested information and required documents that Marcuard may reasonably request in order to permit a complete and accurate valuation. Marcuard will not be responsible for the verification of the information and documentation provided by a client.

All valuations are provided to Marcuard's Valuation Committee. The Valuation Committee will meet on a quarterly basis ahead of the calculation of Marcuard's management fee. The Valuation Committee may change a valuation or permit some other method of valuation to be used if, taking into account the currency, applicable rate of interest, maturity, marketability or such other considerations as it deems relevant, if it can demonstrate, using such data, that such adjustment is required to reflect more fairly the value thereof. All decisions with regard to valuations, whether or not in conformity with the Valuation Policies and Procedures, shall be documented. MFO Compliance is present as a non-voting adviser at such meetings to help ensure that any decision taken by the Valuation Committee is documented and in line with the Valuation Policies and Procedures as well as applicable regulatory requirements. The Valuation Committee shall document the circumstances requiring a special valuation and the reasoning supporting the valuation assigned by the Valuation Committee.

For certain positions (such as hedge funds, private equity funds and art) no final or current valuation/holdings are available at the time quarterly fees are calculated. Should a U.S. client hold such position with no final or current valuations at the time management fees are calculated, Marcuard and the client will negotiate an annual flat fee for these positions ("**Flat Fee**") in addition to and separate from the asset based fee on the other positions ("**Asset based Fee**"). The negotiability factors for the Flat Fee may include but are not limited to the following factors: client's asset base, client's overall assets managed by Marcuard, individual factors & fees, complexity etc. The Flat Fee will be reviewed annually and when and if necessary and may be renegotiated when and if necessary.

Marcuard's Valuation Policies and Procedures are available to clients upon request.

C. Fees

Fees are calculated pursuant to the specific agreement with the clients. Asset-based Fees and Flat Fees are generally calculated and payable in advance on a calendar quarter basis. Marcuard's accounting department is responsible for the fee calculations, which are based upon the Valuation Policies and Procedures noted above. The invoices are reviewed by the family office service team and the respective relationship manager. Compliance then executes a sample check of all invoices.

For billing purposes, Marcuard's clients may choose their reference currency, usually being U.S. dollars for U.S. clients. Fees are then generally charged in the reference currency unless specifically agreed upon otherwise in the client agreement. In case Marcuard's accounting department needs to convert any currencies into the reference or any other currency, the conversion rate used is provided by an independent external contractor.

When calculating fees, Marcuard applies commercial rounding rules (below .50 rounded down to .00, and .50 and above rounded up to the next number such as 1) to the nearest U.S. Dollar, Euro, Swiss Franc, etc. (depending upon the reference currency selected by the client).

Marcuard's accounting department is responsible for invoicing, collection of fees and the calculation of any retrocessions due to clients. This presents conflicts of interest. To address this, Marcuard conducts an independent review of this process every 12-18 months with the results used to validate the process, the controls and to make any necessary changes (if any).

Marcuard will issue an invoice to the client, and the client is solely responsible for examining and verifying such invoice.

Hourly or project fees will be invoiced in arrears to clients by sending out a separate invoice on a monthly or quarterly basis, as agreed with the client. The project fees will have to be transferred by the client to Marcuard (no automatic deduction).

The investment advisory fees of Marcuard will generally be deducted from your account(s) and paid directly to Marcuard by the qualified custodian(s) of the client's account(s). Client will in this case authorize the qualified custodian, acting as the agent of the client, to debit from the client's account the fees due and owing to Marcuard and pay such fees directly to Marcuard. The client should review the account statements received from the qualified custodian(s) and verify that the appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

D. Other Fees or Expenses

Fees charged by Marcuard do not include custodian fees, brokerage commissions, sales charges, odd-lot differentials, transfer taxes, bid-ask spreads, or any other fee imposed by the custodian or the broker. Also, Marcuard's fees do not include fees charged by external Fund Managers. Those may include fees and charges imposed on shareholders of the fund or imposed on the fund and borne indirectly by shareholders, as disclosed in the fund offering documents. Marcuard does not receive a portion of the fee charged by the external Fund Manager to the client. See **Item 5.F** for details on the compensation for Marcuard Funds. Marcuard does not receive any portion of the fees and charges by the custodians and brokers. Investment advisory fees charged by Marcuard are separate and distinct from the fees and expenses charged by the custodians and/or brokers.

E. Advance Payment of Fees

The manner in which fees are charged is established in the client's specific agreement. Marcuard will generally bill and charge fees in advance on a quarterly calendar basis by the middle of each calendar quarter, which is the fee for the current quarter.

Fees are charged starting from the date as agreed in the specific client agreement and will be charged until termination of this agreement. If the transfer of any of the client's assets, the transfer of any structures of the client or any other work for the client goes beyond the date of termination of the agreement, then the client agrees that Marcuard may charge its fees until the transfer of the whole structure and/or assets is completed.

The specific client agreements continue in effect until terminated by either party without penalty by providing written notice of termination upon the end of each month to the other party. Any prepaid, unearned fees will be promptly refunded by Marcuard to the client. Fee refunds will be determined on a pro rata basis according to the termination date of the agreement or the date on which the whole structure and/or assets are transferred (if after the termination date) as described above.

F. Compensation for Marcuard Funds, Fund Managers or Investment Products

When a U.S. client's assets are invested in a Marcuard Fund, Marcuard does not charge "double fees", i.e. Marcuard either receives fund fees or management fees on those assets. In cases where MFO Capital, the wholly owned subsidiary of Marcuard, acts as investment manager of a Marcuard Fund (MFO IDF, MFO Diversified), MFO Capital typically charges the client fund manager fees but no additional discretionary or non-discretionary advisory fee is charged by Marcuard to the client; however, depending upon the fund, MFO Capital may pay a portion of its fee to Marcuard as explained in the table below. This fund manager fee may be higher than Marcuard's discretionary or non-discretionary advisory fee, in which case there may arise a conflict of interest. For MFO IDF,

Marcuard charges its sub-advisory fee to MFO Capital. For MFO Diversified, Marcuard does not charge any fee to MFO Capital. In cases where MFO Capital or Marcuard is not acting as fund manager of a Marcuard Fund (Simplex) the client pays the third-party fund manager fee and Marcuard's discretionary management or advisory fee. Marcuard is a member of the investment committee established by the Simplex fund manager and charges an annual fee to the fund manager for its committee membership.

Sample Maximum Fee Chart for Marcuard Funds

	MFO IDF	Simplex	Diversified
Manager (max.)	1.5% p.a. (MFO Capital)	1.0% p.a. (Third Party Manager)	1.5% p.a. (MFO Capital)
Marcuard	0.75% p.a. (paid by MFO Capital (out of the total fee 1.5% p.a.))	CHF 115'000 as a member of investment committee (out of the total fee 1.0% p.a.)	0.85% p.a. paid by MFO Capital (out of the total fee 1.5% p.a. – the remaining 0.65% are paid (dividend) to the third-party investment advisor)

The exact maximum fee charged by a third-party manager will be disclosed in the PPM. The effectively charged fee rate charged by a third-party manager may be less than the maximum fee and can vary based on the value of assets under management with the third-party manager. A description of the effectively charged fee rate for a Marcuard Fund can be obtained upon request.

Marcuard does not represent that the amount of the management fees is consistent with fees charged by other investment advisers under the same or similar circumstances. The fees charged by Marcuard may be higher than the fees charged by other investment advisers for the same or similar services.

The Marcuard Fund and investors in the Marcuard Fund may incur other fees and expenses in addition to the management fee described above. Such other fees and expenses are typically incurred in connection with the purchase of investments held by the clients and include brokerage commissions, ticket transaction charges, custodial fees and other expenses assessed by qualified custodians and broker/dealers utilized by Marcuard Fund and Marcuard. Clients may also incur certain other operating and administrative fees and expenses related to normal and customary operating, management, and administrative functions required by the clients.

Item 6 – Performance-Based Fees; Side-By-Side Management

We currently have not concluded any performance or incentive fee arrangements with our U.S. clients. However, we have entered into performance or incentive fee arrangement with our non-U.S. clients.

Item 7 – Types of Clients

We typically provide our services to high-net worth individuals and families and their trusts, estates, charitable organizations, corporations and other business entities with a minimum initial account size of USD 20 million.

The foregoing minimums may be reduced by us in our exclusive discretion. Factors considered when granting an exception include (non-exhaustive list):

- Business activity;
- Residency;
- Age;
- Potential development of the relationship.

A prospective client is required to execute a written agreement with Marcuard specifying the particular advisory services in order to establish a client arrangement with Marcuard.

As discussed above, Marcuard also sponsors and serves in various capacities to the Marcuard Funds. The minimum for investing in the Marcuard Funds is specified in the offering documents.

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

Investing in securities is intended for investors who are willing to bear the economic risk of the investment, including a potential loss of the total investment. Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Because of the inherent risk of loss associated with investing, Marcuard is unable to represent, guarantee, or even imply that Marcuard's services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

Our analysis of securities and markets may include charting, fundamental and technical analysis. We also use proprietary methodologies. In selecting Fund Managers and in ongoing due diligence and monitoring of Fund Managers, we may use quantitative and qualitative analysis, an interview process, on-site visits and conference calls, as well as information supplied by industry professionals.

Marcuard and its selected Fund Managers use various investment strategies and techniques across a wide range of financial instruments. The financial instruments include, but are not limited to, cash, corporate and government fixed income securities, listed and non-listed equities, exchange listed securities, mutual funds, fund of mutual funds, hedge funds, funds of hedge funds, ETFs, direct investments such as private equity fund of funds or real estates, derivatives such as futures, forwards and options, commodities as well as other capital market instruments. Investment techniques include, but are not limited to, short sales, leverage, uncovered option transactions, currency hedging and limited diversification, which practices can, in certain circumstances, increase the risk of an adverse impact on invested assets.

Lack of Control. Marcuard will not control the individual investments made by the unaffiliated Fund Managers, their choice of investments and other investment decisions, which will be totally within the control of the Fund Managers. There can be no assurance that such investments will be successful or will not result in substantial losses.

Derivatives. Marcuard or the Fund Managers may invest on behalf of the clients in both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps,

options and contracts for differences. These instruments can be volatile and expose clients and investors to a high risk of loss. These instruments often carry a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in further loss exceeding any margin deposited. Over-the-counter derivatives also involve counterparty solvency risk and the risk that a buyer may not be able to be found, given the lack of an exchange market.

Short Selling. Marcuard or the Fund Managers are permitted to sell securities short, in the expectation of covering the short sale with securities acquired in the open market at a price lower than that received from the short sale (Marcuard employs short-selling as a hedging strategy only, rather than as an investment strategy). The possible losses from short selling are theoretically unlimited. In addition, short selling can cause downward price pressure on a stock and could therefore pose a conflict of interest if some client accounts were selling short the same security other client accounts hold long (and vice versa).

Market Risk. Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

Equity (Stock) Market Risk. Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk, specific risk or diversifiable risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

Cybersecurity Risk. As with any entity that stores data, especially financial data, Marcuard and the issuers and managers of the investments, it may face cybersecurity risks. While these parties may take steps to protect the data in their trust, the threat is ever-evolving and an unauthorized party may gain access to customer data or proprietary information, or cause such a party to suffer data corruption or lose operational functionality, resulting in civil or regulatory actions and/or declines in performance.

Fixed Income Risk. The risks associated with investing in bonds are: interest rate risk, yield curve risk, credit risk, liquidity risk and currency risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

Use of Leverage. Marcuard or the Fund Managers may also use leverage, such as investing monies borrowed on margin or taking positions in certain types of derivatives that involve leverage. Marcuard may also invest client accounts in certain ETFs (exchange-traded funds) that provide leveraged exposure to their underlying indexes. Use of leverage can cause portfolio values to rise and fall faster than if leverage were not used. Use of leverage also involves the risk that securities in an account will

have to be liquidated in order to meet margin calls or maintain sufficient asset coverage, at a time when it may not be desirable or advantageous to sell.

Options Trading. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation either to purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

Trustee Risk. Certain clients of Marcuard may utilize trusts. To the extent that a Marcuard client utilizes a trust, neither Marcuard nor its employees will serve as the trustee, and the trust will be required to retain an independent trustee which is not supervised or controlled by Marcuard. There is a risk that the independent trustee may misappropriate proceeds from such trust. As a result, Marcuard recommends that the client gets legal counsel to investigate the background and safeguards related to the trustee. There's always the risk that legal counsel will not identify safeguards or red flags associated with an entity or individual when conducting such due diligence.

Hedge Fund Investments. Marcuard may invest client assets in hedge funds. Hedge funds are speculative investment vehicles which are not necessarily subject to the same or same degree of regulation as mutual funds and whose returns may be volatile. There are additional risks associated with investing in hedge funds which may include that: a substantial portion of the fund's trades may take place on foreign exchanges that may not offer the same regulatory protection as US exchanges; there is no secondary market for the interests in hedge funds; and, that hedge funds may be subject to substantial fees. Hedge funds also are often slow in reporting the fair market of value of the fund – it may take 12 months before the quarter's fair market value is reported by a hedge fund. It may be impossible to transfer or liquidate an investment in a hedge fund when desired and thereby avoid significant losses.

Private Equity Fund Investments. Marcuard may invest client assets in private equity (“PE”) funds. Like hedge funds, PE funds are speculative investments and not necessarily subject to the same degree of regulation as mutual funds. PE funds generally impose significant “lock-up” periods — that is, periods when investor money cannot be withdrawn — are not traded on secondary markets and often invest in start-up enterprises or newer industries which may be subject to a higher risk of business failure than traditional businesses. PE funds may impose substantial fees. PE funds also are often slow in reporting the fair market of value of the fund – it may take 12 months before the quarter's fair market value is reported by a PE fund.

Private Placements. Private placement offerings often are speculative, high risk and illiquid investments. An investor can lose his or her entire investment in a private placement offering. Private placement offerings are generally not subject to same laws and regulations as registered securities offerings and typically have not been reviewed by a regulator to make sure risks associated with the risks of private placement investment have been adequately disclosed to prospective investors. Consequently, investors know much less about the private placement investment and the people behind it. The companies underlying private placement offerings often are not subject to a financial audit by an independent public accounting firm and therefore are more susceptible to fraud. It may be very difficult or impossible for an investor in a private placement offering to recover the money

invested from the sponsor of the private placement offering if such offering turns out to be fraudulent.

Counterparty risk. Counterparty risk is that the risk that one party to a transaction does not satisfy its obligation to the other party. This could affect our clients if a party fails to settle a transaction, or a custodian goes insolvent or other events occur that jeopardize an entity with whom we engage in business.

Margin Risk. When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intended to borrow funds in connection with your account, you will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to you. If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account. It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin account that may be established as part of the Asset Management Agreement established between you and Marcuard and held by the account custodian or clearing firm. These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The account custodian or clearing firm can force the sale of securities or other assets in your account.
- The account custodian or clearing firm can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.
- The account custodian or clearing firm can increase its "house" maintenance margin requirements at any time and they are not required to provide you advance written notice.

You are not entitled to an extension of time on a margin call.

Concentrated or Non-Diversified Positions. For discretionary accounts, Marcuard defines and applies strict concentration and diversification rules. Concentration and non-diversification pose increased risk of loss to the extent the account is more susceptible to adverse events affecting the industry or issuer in which the account is focused. Based on client instructions, we may – in exceptional cases – deviate from agreed concentration and diversification rules.

While we attempt to moderate the risk of loss of capital to some degree through a diversification of investment strategies and through selection of multiple Fund Managers and financial instruments, we cannot guarantee or represent that no loss of capital would occur or that clients' investment objectives will be met.

Fund Manager / Third Party Fraud Risk. When using a third-party fund manager, there is a risk that the third-party manager may misappropriate client funds or assets. Although Marcuard performs due diligence when selecting fund managers, Marcuard's services are not necessarily designed to detect or prevent the loss of a client's funds due to fraud or error perpetrated by an unaffiliated third-party.

Item 9 – Disciplinary Information

As an SEC registered investment adviser, we are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. No events have transpired applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Marcuard Funds

With respect to U.S. clients, Marcuard has the following material arrangements with affiliates which creates a conflict of interest. Marcuard and its affiliates MFO Capital, BVI and MFO IDF I GP (BVI) Ltd. act in various roles, including sponsor, investment adviser, investment manager and general partner to the Marcuard Funds (see **Item 4B** above for more information about the Marcuard Funds). If, in our view, the Marcuard Funds provide a more efficient and effective way to diversify a client's assets, it may be appropriate for us to invest a portion of a client's account assets into one of the Marcuard Funds. See **Item 11B** below on how we address this conflict of interest.

Neither Marcuard nor any of the affiliates receive double advisory compensation with respect to U.S. client's assets that are invested in the Marcuard Funds. However, the fees might be higher for Marcuard for assets invested in Marcuard Funds than for assets invested in other funds.

In addition, we select unaffiliated Fund Managers for our clients. These Fund Managers are not related to Marcuard or its affiliates and Marcuard does not receive any direct or indirect compensation from these Fund Managers. Marcuard does not receive a portion of the fee charged by the external Fund Manager to the client – see **Item 5D** and **Item 5F**. In limited circumstances, Marcuard or its employees will have travel expenses paid for by a third party, such as a money manager or other service provider, when traveling to attend a due diligence or educational conference hosted by the third-party money manager or other service provider.

Mymetics

Although Mymetics Corporation is not an affiliate of Marcuard, Ulrich Burkhard, our Chairman, is a non-executive board member of Mymetics Corporation, a publicly-traded company in the United States. The majority investor of Mymetics has asked Mr. Burkhard to perform this board function to represent all shareholders. Mr. Burkhard's interest in a publicly traded US company presents a conflict of Marcuard because (i) one of Marcuard's clients is the biggest shareholder of Mymetics; (ii) Mr. Burkhard is on the board of directors and has a duty to all shareholders of Mymetics; (iii) Mr. Burkhard owns shares of Mymetics; and (iv) other clients of Marcuard may own Mymetics but currently do not. Additionally, Mr. Burkhard may acquire material, non-publicly available information about Mymetics Corporation which is confidential and/or insider information. Mr. Burkhard will not share such information or use it to make investment decisions. Similarly, any such confidential and/or insider information should not be obtained or used by other employees or clients of Marcuard. In light of this, we will employ controls appropriate to address these conflicts of interest, such as abstaining from voting rights if necessary, monitoring communications, refraining from exercising discretion to buy or sell the securities of Mymetics for other clients, and imposing information barriers to prevent any information that Mr. Burkhard may have on this company from passing to Employees, or other controls reasonably designed to mitigate this conflict and prevent the misuse of any information. Also, Marcuard does not recommend the purchase of Mymetics Corporation to its

clients, except to the extent that such a client is a family member of Mr. Burkhard or a family member of a primary owner of Mymetecs Corporation.

Item 11 – Code of Ethics

A. Code of Ethics

Under the Advisers Act, Marcuard is a fiduciary to its U.S. clients and is responsible for providing fair and full disclosure of all material facts and to act solely in the best interest of each of our U.S. clients at all times. This fiduciary duty to our U.S. clients is considered the core underlying principle of our Compliance Manual and Code of Ethics ("**Code**") which covers personal securities transactions and insider trading policies and procedures.

Marcuard's employees, officers and executive directors ("**Employees**") are subject to our Code, and their personal account trading may only be undertaken in compliance with the Code. Personal trades of Employees involving initial public offerings and private or limited offerings must be pre-cleared by Compliance, as discussed below. The Code sets standards of conduct for Employees and imposes specific requirements aimed at preventing, detecting and correcting fraudulent activity or activities that would pose a conflict of interest in connection with personal securities transactions. The Code prohibits Employees from engaging in conduct commonly known as "insider trading". Our Employees are prohibited from purchasing or selling securities of companies in which any client is deemed an insider. The Code generally requires pre-clearance by Employees in "reportable securities" involving initial public offerings and private or limited offerings. "Reportable securities", means any stock, bond, future, option, derivative instrument, investment contract or any other instrument that is considered a security.

The Code also restricts personal securities transactions by various means, such as imposing a requirement that personal investments do not interfere with our duties owed to our clients. These restrictions apply to all Employees.

In order to monitor compliance by our Employees with the Code and applicable law, employees are also required to provide quarterly transaction reports and an annual holding report. In addition, each Employee is required to sign a statement to acknowledge that they understand what insider trading is, and that they will not be party to it and will adhere to the Code.

Individuals associated with Marcuard may buy or sell securities for their personal accounts identical to or different than those recommended to clients. It is our express policy that no person employed shall place his or her own interests ahead of those of a client or make personal investment decisions based on the investment decisions made for our clients.

This is a summary description of our Code. **The Code will be made available to clients upon request.**

B. Related Person / Conflicts of Interest

Related Persons Invested in Same Securities as Clients

Marcuard and its Employees and members of the families of such persons may from time to time buy or own securities which are purchased or sold by or for our clients. We believe that, in the case of any such securities, the aggregate holdings of our Employees will generally constitute a small proportion relative to the total outstanding amount of the class of securities involved. As indicated above, Marcuard has in effect a Code intended to regulate, among other activities, securities transactions in such a manner that our primary obligation of loyalty to our clients is preserved.

Clients Invested in the Marcuard Funds

Assets in our client's accounts may be invested in a Marcuard Fund, for which Marcuard serves as sponsor and may serve as investment adviser, MFO IDF I GP (BVI) Ltd. and MFO Capital, Marcuard's affiliates, act as general partner and investment manager, and in which Marcuard has an interest and Employees may invest in personally. This poses a conflict of interest for us and our Employees to the extent it creates a financial incentive to increase such Marcuard Fund's assets and thereby increase the sub-advisory or other fees payable by the Marcuard Fund to Marcuard. However, we are constrained by fiduciary principles to act in our clients' best interests when managing accounts and will invest clients in the Marcuard Funds only when it is suitable to do so. All such transactions must be effected solely in accordance with provisions of our Code and are monitored on a regular basis. We also monitor activity in our clients' accounts in an effort to ensure that transactions are appropriate. As discussed, we do not charge an additional management fee for U.S. client's assets invested in a Marcuard Fund. However, Marcuard may charge additional fees for additional services such as fees for the Investment Committee of Simplex.

Equitable Treatment of Accounts

Since we manage multiple client accounts, we may be inclined to favor certain accounts over others, particularly if the accounts pay different fees or belong to specific family members. We maintain an allocation policy as part of the Code to ensure that client accounts within a particular investment strategy are treated fairly and equitably (i.e. no client account is inappropriately favored or disfavored over another).

Cross Trades

Cross trades may create a conflict of interest because we have a duty to obtain the most favorable price for both the selling client and the purchasing client. We do not effect cross trades; however, exceptions may occur.

Outside Business Activities

Since Marcuard permits Employees to engage in outside business activities, there is the potential that such activities will conflict with the Employee's duties to Marcuard and Marcuard's clients. Marcuard requires all Employees to disclose any outside employment to the Chief Compliance Officer, who will identify any conflicts. In the event that a resolution to the conflict cannot be reached, the Employee may be asked to terminate either his/her outside employment or his position with us.

As noted above, Mr Burkhard, our Chairman, is a non-executive board member of the Mymetics Corporation. Mr. Burkhard's interest in a publicly traded US company presents a conflict of Marcuard because Marcuard could recommend its clients invest in Mymetics Corporation – whether for the purpose of or incidentally benefiting Mr. Burkhard. In his role as a board member, Mr. Burkhard owes a duty to all shareholders of Mymetics, and may also acquire material, non-publicly available information about Mymetics Corporation which should not be obtained or used by other employees or clients of Marcuard. In light of this, we will employ controls appropriate to address these conflicts of interest. Please see Item 10 for additional details regarding this conflict of interest and how it is mitigated by Marcuard.

Gifts and Entertainment

Our Employees will periodically give or receive gifts or entertainment from third parties, including clients. Any gift or entertainment given or received is recorded as outlined in our Code and may be declined if the giving or receiving is improper or raises a conflict of interest.

Reporting Illegal or Unethical Behavior

Unethical or illegal conduct on the part of Employees can damage Marcuard's ability to meet fiduciary duties to clients. Our Code states our policies on various business conduct issues. Employees are required to report to management any actual or suspected illegal or unethical conduct on the part of other Employees of which they become aware or any situations in which they are concerned about the "best course of action." Marcuard views seriously any violation of our Code. Disciplinary sanctions may be imposed on any Employee committing a violation of our Code.

Managing Conflicts of Interest, Generally

Notwithstanding these various conflicts of interest, as fiduciary we act in our clients' best interests when managing accounts and advising clients and will recommend that clients invest in various investments or programs only when it is suitable for them to do so. We monitor activity in our clients' accounts in an effort to ensure that investments are appropriate.

Item 12 – Brokerage Practices***A. Brokerage Partners and Best Execution***

Each client selects a custodian for his or her account. Where requested by the client, Marcuard provides assistance in the custodian selection and custody fee negotiation process. While we do not receive any economic benefit in exchange for our recommendations, certain custodians make available research and brokerage services to us or may subsidize some of our office infrastructure (see below under B. Soft Dollars).

Each custodian has its own policies and procedures with regard to brokerage. In cases where the custodian requires Marcuard to route securities orders through the trading desk of the custodian or a broker-dealer specified by the custodian selected by the client, then Marcuard will not have discretion in selecting the broker-dealer and the client should be aware of the risks associated with such arrangement. In such cases, Marcuard cannot guarantee that the client will receive best execution or the best commissions because Marcuard does not control these factors. Clients may pay higher commission rates than those paid by other clients whose trades are placed with a custodian and/or broker-dealer chosen by Marcuard, may receive less favorable trade executions, and may not obtain best execution on their transactions. Also, clients need to be aware that the broker-dealer used for transactions may not be a registered broker-dealer under the Exchange Act.

Best execution is the process of seeking the best price available to our clients and does not necessarily mean achieving the lowest possible price or transaction cost. In determining whether a broker is providing reasonable service to our clients, we will consider a variety of factors, such as: price, costs, speed, market expertise, prompt execution, likelihood of execution, likelihood of settlement, size of the trade, nature of the trade, financial strength and stability, reputation and integrity, ability to maintain confidentiality and any other factor relevant to the execution of the order. Custodians not recommended by Marcuard and chosen without any input from Marcuard by the client are not reviewed by Marcuard and no third party due diligence will be performed.

When we are retained to manage client accounts on a discretionary basis, we place orders by fax, E-Mail, by entering them into an electronic order system and/or orally with the account management, brokerage divisions of those firms or with independent brokerage firms (The practice of placing orders directly would change or cease if doing so creates or imposes any regulatory, tax, legal or compliance risk to our clients.) The brokerage divisions are generally segregated from all other areas of such entities by information barriers imposed by relevant requirements. We require the entities selected by Marcuard and with which we place orders to give us best execution.

We do not accept client orders to buy or sell securities for discretionary asset management clients.

In the case of client assets invested with the Fund Managers, we have no control over their selection of brokers.

B. Soft Dollars

While we do not have in place any formal "soft dollar" arrangement with any broker, nor do we utilize client commissions to obtain products, services or other economic benefits, consistent with practice in Switzerland certain custodians do provide us with research products and services or may subsidize certain components of our office infrastructure. The terminal and data access to Bloomberg L.P.'s financial market services and a printer, which were paid by a custodian no longer exist. No other "soft dollar" arrangements are in place.

These services are not paid for through any direction of commissions and are available to Marcuard at no charge and are not contingent upon committing to such custodians any specific amount of business, assets in custody or trading activity. Many of these items are used to service all or a substantial number of our clients' accounts, including accounts not maintained at the custodians who provide the products and services. However, the custodians may also provide us services intended to help Marcuard manage and further develop our business, but not necessarily benefit a particular client, such as consulting, publications and conferences on practice management, information technology, regulatory compliance and marketing.

To mitigate the conflict of interest presented by this arrangement, we attempt to act in the client's best interest and provide clients with objective data upon which to base their decision concerning custodial selection, if such information is sought by a client. Clients are under no obligation to act upon Marcuard's recommendation regarding custodians. The client is responsible for making the decision which custodian to engage.

More information about specific research items we may receive is in **Item 14**, below.

C. Aggregate Trade Allocation and Trade Errors

As a general rule, we do not aggregate transactions. When we do aggregate transactions, this is usually driven by the custodian working with a designated external broker. When aggregating orders, the clients involved will be treated in a fair and equitable manner. No account will be favored or disfavored over any other client account. The allocation of an aggregated order to a client account is generally determined and recorded before the order is placed and the order is filed on the basis of this pre-trade allocation. In an instance where an order could not be filed, the allocation would be pro-rata. Any additional information is available upon request.

Consistent with our fiduciary duties, our policy is to exercise care in making and implementing investment decisions for our client accounts. Marcuard has a trading errors policy. To the extent trading errors occur, we seek to ensure that clients' best interests are served. Our policy is to resolve

all trade errors within a reasonable time while ensuring the client is not disadvantaged, consistent with the orderly disposition (and/or acquisition) of the securities in question. In all situations where the client does not cause the trade error, actual losses suffered by a client account as a result of a trade error caused by us will be reimbursed by us; however, we do not compensate our clients for lost investment opportunities (i.e., a failure to take advantage of investment or market improvements). If an investment gain results from the trade error caused by us, the gain remains in the client's account unless the same error involved other client account(s) that should also/instead receive the gains. Marcuard may also confer with a client to determine if the client should forego the gain (e.g., due to tax reasons). Marcuard will never benefit or profit from trade errors.

Item 13 – Review of Accounts

A. Frequency of Reviews

Our Portfolio Managers review each client account on a monthly basis or more regularly if circumstances require to determine, among other things, whether each account is appropriately positioned and whether investment objectives and restrictions are being followed.

We monitor the portfolio of the Marcuard Funds for which we have advisory responsibilities to determine whether assets are being invested in accordance with applicable objectives and restrictions.

B. Written Reports

Our *cockpit* and *invest* clients receive investment reports on a monthly or quarterly basis, based on Marcuard's reporting tool. The clients typically also receive a monthly profit and loss analysis from Marcuard. Our *invest* U.S. clients receive investment reports (portfolio valuation including account statements) on a monthly or quarterly basis directly from the custodian. Deviations between the valuations of the custodian and Marcuard may occur based on different issue dates and/or different price sources. Clients are encouraged to always compare any reports or statements provided by Marcuard against the account statements delivered from the custodian. Especially, as for certain positions (such as hedge funds, private equity funds and art) no final or current valuation/holdings are available at the time investment reports are provided to the clients and such values may differ from the values used by the custodians. Should a U.S. client hold such position with no final or current valuations at the time management fees are calculated, Marcuard will charge a previously agreed flat fee. When you have questions about your account statement, you should contact Marcuard and the custodian preparing the statement.

Marcuard Funds under our management receive account statements directly from the qualified custodians holding the clients' portfolio accounts or its third-party administrator. In addition, Marcuard and/or MFO Capital may prepare and distribute reports detailing the prior performance of the Marcuard Fund. Please refer to **Item 15** for a description of the reports provided to all the Fund investors.

Item 14 – Client Referrals and Other Compensation

While we may receive research and brokerage services from custodians recommended to our clients, this economic benefit is not given in exchange for our recommendations.

Such research products and services may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors, market, financial and economic studies

and forecasts; statistical and pricing information and services; discussions with research personnel along with hardware, software, databases and other technical and telecommunication services and equipment used in the investment management process; computers or terminals, computer databases and quotation equipment, in each case, to access research or which provide research directly, research concerning market, economic and financial data; data on pricing and availability of securities; financial publications; electronic market quotations; performance measurement services.

We enter into contractual agreements with third-parties worldwide to enlarge our business activities. In accordance with these agreements, Marcuard pays remuneration generally in percentage of the management fees earned on a specific client account in exchange for introducing this non-U.S. client. We do not currently have any solicitor arrangements with third-parties for the referral of U.S. clients.

From time to time Marcuard will also enter into agreements with U.S. or non-U.S. clients (referring party) to refer prospective clients (referred party) to Marcuard. If the referred party enters into an investment advisory agreement with Marcuard, a cash referral fee may be paid to the referring party. The referral fee may be a fixed fee or a percentage of the management fees on a specific client account. This referral arrangement and form of compensation will be disclosed to the referred party, and the referral relationship will not result in referred party being charged any fees over and above the normal advisory fees charged for the advisory services provided.

Marcuard will from time to time receive expense reimbursement for travel expenses from custodians and/or Fund Managers. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by custodians and/or Fund Managers. Although the receipt of these travel expense reimbursements is not predicated upon specific sales quotas, the reimbursements are typically made by those custodians and/or Fund Managers for which sales have been made or for which it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain custodians and/or Fund Managers based on the receipt of this compensation instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients.

Item 15 – Custody

With respect to investment advisory and family office services (except as explained below regarding Marcuard Funds), Marcuard does not have physical custody of client assets at any time. The physical custody of client assets is with the qualified custodian selected by the client. However, since the investment advisory fee of Marcuard may be deducted automatically from a client account, the SEC deems this control over a client's account as custody. Therefore, Marcuard has established the following procedures to comply with the SEC's custody rule.

- All U.S. client funds and securities are held at qualified custodians in a separate account for each client under that client's name.
- Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained.
- Account statements are delivered directly from the qualified custodian to each U.S. client, or the U.S. client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Marcuard. When clients have questions about their account statements, they should contact Marcuard or the qualified custodian preparing the statement.

With respect to the Marcuard Fund available to U.S. resident investors the situation is as follows:

- MFO IDF I GP (BVI) Ltd. serves as the general partner of MFO IDF and, as such, has access to MFO IDF's assets and holdings. MFO IDF I GP (BVI) Ltd. is a wholly owned subsidiary of MFO Capital which is a wholly owned subsidiary of Marcuard.
- MFO IDF's accounts are maintained at all times with qualified custodian(s) such as a (1) a state or nationally chartered bank, (2) registered broker/dealer; or (3) other financial institution that provides qualified custodian services and meets requirements for serving as a qualified custodian under federal securities laws.
- MFO IDF provides all its U.S. resident investors with notice of the qualified custodian that is holding MFO IDF's accounts. Additionally, MFO IDF will engage a public accounting firm to audit the private fund at least annually and audited financial statements (prepared in accordance with generally accounting principles) are distributed to all U.S. resident investors within 180 days given that MFO IDF is a fund of funds, which invests 10% or more of its total assets in other pooled investment vehicles that are not advised by a related person after the end of MFO IDF's fiscal year (December 31).

Item 16 – Investment Discretion

With respect to discretionary advisory services, Marcuard will obtain limited discretionary authority over a client's account through the specific client agreements to determine securities or investment opportunities to be bought or sold and the timing and quantity of such investments and to determine and act upon other relevant factors. However, a client will have the ability to place reasonable restrictions on the types of investments that may be purchased in the account so long as the limitations are specifically set forth or included as an attachment to the client agreement. Clients must generally also complete an authorization form and/or Limited Power of Attorney document provided by their custodian bank before Marcuard may provide discretionary advisory services. Our investment discretion may be limited by investment objectives of the client, such as stated risk tolerance, reference currency, time horizon, strategy, and if applicable, restrictions specific to the account as established at the inception of the adviser-client relationship (as amended from time to time) in the investment management/advisory agreement and/or family office service agreement.

With respect to MFO IDF where Marcuard serves as the sub-advisor, Marcuard has discretionary authority to manage securities accounts owned by MFO IDF. Marcuard has the authority to determine the type of securities and the amount of securities that can be bought or sold for MFO IDF's portfolio. This means Marcuard can buy and sell investments without prior consultation or approval from MFO IDF or any of its limited partners.

In addition, our wholly owned subsidiary, MFO Capital, has discretionary authority to select brokers, dealers, banks, financial institutions, counterparties, fund managers, custodians and other intermediaries by or through whom any transactions will be executed or carried out from time to time and open, maintain and close accounts with such entities. As part of this responsibility, MFO Capital has the ability to negotiate certain expenses imposed by such financial institutions.

Item 17 – Voting Client Securities

We do not act as custodian or as nominee/trustee for our U.S. clients. Clients will receive proxy notices from the client account's custodian. In exceptional cases, clients may instruct Marcuard to exercise voting rights on the basis of a written instruction. A proxy voting policy ensures that proxies are voted in the best interest of our clients which is available upon request.

Item 18 – Financial Information

We do not have any adverse financial information to disclose, nor are we required to provide a balance sheet under this Item. The management of Marcuard believes that Marcuard is financially sound.