



Form ADV Part 2 A Brochure

December 31, 2018

QUANTMETRICS CAPITAL MANAGEMENT LLP

1 Red Place
London W1K 6PL
United Kingdom
+44 207 495 2333
www.quantmetrics.com

This brochure provides information about the qualifications and business practices of Quantmetrics Capital Management LLP. If you have any questions about the contents of this brochure, please contact us at +44 207 495 2333. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state or foreign securities authority.

Additional information about Quantmetrics Capital Management LLP is available on the SEC’s website at www.adviserinfo.sec.gov.

Registration does not imply that we, or our associates, have attained a certain level of skill or training.

This brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any entities described herein.

Item 2 – Material Changes

There are no material changes to disclose.

Item 3 – Contents

Item 2 – Material Changes	2
Item 3 – Contents	3
Item 4 – Advisory Business	4
Item 5 – Fees and Compensation	6
Item 6 – Performance-Based Fees and Side-by-Side Management	8
Item 7 – Types of Clients	9
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	10
Item 9 – Disciplinary Information	15
Item 10 – Other Financial Industry Activities and Affiliations	16
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	17
Item 12 – Brokerage Practices	19
Item 13 – Review of Accounts	21
Item 14 – Client Referrals and Other Compensation	22
Item 15 – Custody	23
Item 16 – Investment Discretion	24
Item 17 – Voting Client Securities	25
Item 18 – Financial Information	26
Item 19 – Requirements for State-Registered Advisors	27

Item 4 – Advisory Business

Quantmetrics Capital Management LLP (“**Quantmetrics**” or “**We**” or “**Our**”), a limited liability partnership incorporated under the laws of England and Wales, was founded in 2003 by James Fowler and Mushtaq Shah and received FCA¹ authorisation to manage investments and conduct certain ancillary activities in January 2004. Quantmetrics is wholly owned directly or indirectly by its partners, of which the principal owners are James Fowler and Mushtaq Shah.

Quantmetrics aims to generate excess returns by modelling investor behaviour. We adopt a research driven approach, with a commitment to continuously evolving and improving our models. We specialise in offering investment strategies which seek to capture alpha through short-term trading strategies by both attempting to predict and react to flow around market catalysts and events. The strategies employ econometric models to make systematic trading decisions. The investment strategies applied by QuantMetrics can be broadly grouped into two main categories, and both strategies can be combined, where appropriate:

- QM Premier (12V) Strategy: A statistical arbitrage market neutral product which captures alpha from mean reversion through trading pairs of equity index futures. QM Premier has a standard target volatility of 12%; and
- QM Directional (10V) Strategy: A directional product which captures alpha from short term momentum and lead-lag relationships by either reacting to or predicting flow. QM Directional trades financial and commodity futures as well as spot FX. Directional has a standard target volatility of 10%.

There can be no assurance that the above “target volatilities” will be maintained at all times.

The Premier and Directional programs share the same research and risk management process. Currently, we offer our advisory services only for trading in futures contracts, currency forward contracts and related investments.

Quantmetrics provides investment management services to Quantmetrics Multi Strategy Fund (Bermuda) an open-ended mutual fund company established in Bermuda (the “**Fund**”). In addition, Quantmetrics provides portfolio management services to a number of institutional clients, as a managed account service (“**Managed Account**” or “**Managed Accounts**”). The Fund and Managed Accounts are collectively referred to as “**Clients**”.

The standard programs discussed above may be tailored to meet the objectives or requirements of specific clients. For example, Managed Account investors may request that their account target a performance volatility which is different from the standard program, or restrict the use of certain instruments, the size of positions taken in certain instruments, or else place limitations on the overall exposures of the account. All

¹ Financial Conduct Authority, the financial regulator in the United Kingdom (“**FCA**”).

such restrictions are agreed in writing before the commencement of investment advisory services. Managed Accounts will typically have daily liquidity, and may generally terminate the managed account agreement at their discretion, subject to minimal notice periods.

All clients are subject to certain eligibility requirements, which are further discussed under Item 7 “Types of Clients”.

Our assets under management based upon unlevered account size as of December 31, 2018 was approximately US\$338 million which is all managed on a discretionary basis. The full value of the Fund and Managed Accounts has been included; this value may include notional funding and/or committed funding that may not be under our direct control, but forms part of the trading level given to us by the Fund or Managed Account. The targeted performance volatilities on client accounts can vary reflecting the risk appetite of particular clients. As stated above, the majority of the assets held consist of futures and cash and cash equivalents.

Item 5 – Fees and Compensation

Quantmetrics' standard fee schedule for programs consists of a management fee (the "**Management Fee**") payable monthly in arrears as of the last business day of each calendar month, at the rate 1.5% per annum based on the account size of the client account, and a performance fee (the "**Performance Fee**"), payable quarterly in arrears equal to 20% of the net profits attributable to the Client account, subject to offset by previous losses attributable to that Client. The Management Fee and Performance Fee together form the "**Advisory Fee**". Advisory Fees for the Fund are not negotiable and are set out within the relevant offering memorandum². Advisory Fees for a Managed Account are negotiated on a case by case basis, therefore certain Managed Accounts may have more favourable advisory fee arrangements than the Fund or other Managed Accounts. The fee rates, calculation methodologies and periodicity of payment on Managed Accounts are based on the particular circumstances of the client and other factors, including but not limited to the size of the account. Quantmetrics and its affiliates and their respective principals and employees (including clients where the ultimate beneficiary is one or more of these parties) have invested in one or more separate share classes of the Fund which are not charged a Management Fee or a Performance Fee or which are charged a reduced Management Fee or Performance Fee.

The independent administrator of the Fund calculates and deducts the fees and then makes payment to Quantmetrics, in accordance with the Fund governing documents. We generally prepare an invoice for Managed Account clients and the client arranges payment to Quantmetrics, in accordance with the Managed Account governing documents.

Clients will incur additional fees, costs and expenses in connection with our investment advisory services. Specifically, Clients will incur brokerage and clearing commissions, exchange fees, give-up and reverse give-up fees, NFA fees, interest charges and other related transaction costs and expenses as set out in the Client's governing documentation. Clients should review Item 12 "Brokerage Practices" which provides further detail on brokerage and other transactional costs.

Clients may also incur operational expenses, additional fees, costs and expenses as laid out in the relevant Client's governing documentation, which may include: administrator fees and expenses, custodian and/or prime brokerage fees, directors fees, establishment/organizational expenses, fees and expenses for legal, auditing and other professional services, the cost of liability insurance for its directors, registration and filing fees and other expenses due to regulatory, supervisory and fiscal authorities or agencies in various jurisdictions in relation to the obtaining and maintenance of authorisations, registrations or stock exchange listings of the Funds or their shares and other fees, costs and expenses incurred in connection with the conduct of its business.

² The Advisory Fee on the Funds typically comprise of 1.5% Management Fee and 20% Performance Fee. Other fees may be applicable. Full details are available in the offering memorandum for the Fund.

Neither Quantmetrics nor any of our principals or employees receives any direct transaction based compensation for the sale (or purchase) of instruments or other investment products. We receive all our compensation from advisory services performed to the Funds or Managed Accounts.

Item 6 – Performance-Based Fees and Side-by-Side Management

Quantmetrics typically receives Advisory Fees from Clients for the provision of investment advisory services. Consequently, we may have a conflict of interest in rendering investment advisory services because our fees for advising certain clients may exceed the fees for advising other clients, thus providing an incentive to prefer certain clients. In addition, Performance Fee arrangements may create an incentive for us to invest clients' assets in ways that may be riskier or more speculative than under a different fee arrangement. Moreover, we generally make investment decisions for all clients at or about the same time, so that a specific client may be competing with other clients for the same or similar positions if they are investing in similar or overlapping programs. Finally, our Managed Account clients may have negotiated a different Advisory Fee than the Fund. We address the potential conflict through adoption of policies and procedures that (i) seek to ensure that all investment opportunities are allocated on a fair and equitable basis between clients (ii) complies with applicable regulatory requirements. Specifically, the quantities to be traded for each client in an aggregated order are predetermined before the order is generated, and the actual execution prices are allocated among the clients included in the order to achieve, as closely as possible, the average execution price. We have an allocation algorithm designed to allocate all filled orders distributed based on a defined allocation procedure. Notwithstanding the foregoing, an aggregated order may be allocated on a different basis under certain circumstances depending on factors which include, but are not limited to, available cash, liquidity requirements, risk parameters, legal and/or regulatory requirements and to avoid odd lots.

Clients should review Item 12 "Brokerage Practices" which provides further detail on our aggregation and allocation procedures.

Item 7 – Types of Clients

As described in Item 4 above, our clients are the Fund and Managed Accounts.

The investors in the Fund or Managed Accounts can include, without limitation, pension funds, pooled investment vehicles, fund of funds, sovereign wealth funds and other government entities, banking institutions, corporations, family offices and high net worth individuals.

All clients are subject to certain eligibility requirements, which for underlying fund investors are laid out in the relevant Fund prospectus. The minimum initial nominal account size required for a client to open a Managed Account is generally US\$10million, which may be varied at the discretion of Quantmetrics. The Fund requires a minimum initial investment amount ranging from US\$1,000,000 to US\$50,000,000.

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

A. Methods of Analysis and Investment Strategies

1. Investment Process

We apply a systematic and quantitative approach to investment management, with the aim of generating high-quality and diversifying alpha for our Clients' portfolios. Our investment strategy is a proprietary and systematic investment system, which deploys multiple models designed to capture alpha from (i) mean reversion through trading pairs of index futures; and (ii) short term momentum and lead-lag relationships by either reacting or predicting flow through trading financial and commodity futures as well as spot FX and FX Forwards. The investment analysis considers that over limited periods of time excess supply or demand causes price pressure, thus alpha can be generated through short term trading strategies, both by trading in advance of expected flow and exploiting the reversion following a price pressure event. We use a quantitative process to collect, process and analyse market data in order to determine the model's view of the opportunities in each market in the portfolio. We use a similar process across all sectors and contracts, although we make appropriate adaptations to take into account differences between markets.

We attempt to identify the factors or events that cause these pressures and for each market different factors need to be considered. Our investment approach is predicated on behavioural finance and our alpha-generating models seek to quantitatively identify and systematically capture such behaviours and idiosyncrasies across multiple timeframes and our proprietary systems are designed to efficiently translate the model's "signals" into market positions. The models are designed to trade at times when there is increased likelihood trading against constrained investors. The trading programs invest in a universe of 90 futures contracts, with circa 90% of all trading occurring in the 50 most liquid. We aim to reduce model risk and increase robustness by using a large number of simple, often single factor, models rather than one single model with multiple factors.

Most of our investments are made strictly in accordance with the signals produced by our system. However, we may on occasion make investment decisions based on other factors if we consider such decisions to be in the best interests of Clients. We may decide that certain exceptional events fall outside the parameters of the research on which the system is based and may take action to override its signals. For example, if there is a market crash or if trading is suspended on a market or exchange, we may attempt to reduce risk by decreasing leverage or liquidating or hedging positions in certain markets.

2. Risk Management

Risk management is integral to our investment process. Investment risk is commonly understood to be the volatility of returns and, where leverage is employed, the most important determinant of such volatility is the extent of that leverage. By forecasting risk in each market and the correlation between markets daily, we believe that we are able to forecast the overall risk of the portfolio and adjust leverage accordingly in order to target a specified level of risk. The volatility of an investment is a statistical measurement of the dispersion of its returns and may be measured by the annualized standard deviation of those returns. Over the long-term, lower volatility provides less of an opportunity to capture profits but should reduce the exposure to losses. Conversely, higher volatility provides more of an opportunity for profits but also greater potential for losses. We measure volatility using a proprietary model which places greater emphasis on the probability of extreme market movements than many commonly used models.

3. Investment Programs

All of the targets and expectations set out in this section are approximate and are subject to change at our discretion. There is no guarantee that they will be met. The investment objective of all our investment programs is to achieve long-term capital appreciation through compound growth by pursuing diversified investment strategies subject to certain investment constraints. These constraints may be imposed by us or by Managed Accounts or may be required by regulations or rules.

Our investment programmes invest in a broad range of futures on financial instruments and other assets including, but not limited to, bonds, currencies, equity indices and commodities. There is no material limitation on the markets or instruments that we may invest in or the strategies that we may implement on behalf of any client. Specific strategies focus on specific instruments and markets (although these are continually evolving and developing) as described in the offering materials.

B. Risk of Loss

Our investment strategies involve substantial risks. Some or all alternative investment programmes may not be suitable for certain investors. We cannot give any assurances that the investment strategies will achieve their investment objectives or that an investor will not lose some or all of its investment and with respect to Clients who open Managed Accounts, an amount in excess of the amount invested with us. Among the risks which we wish to call to the particular attention of persons receiving this brochure are the following:

Past performance is not indicative of future results There is no assurance that our investment programs will provide a return or will not incur substantial losses.

Involuntary Disclosure Risk Our ability to achieve our investment objective is dependent in large part on our ability to develop and protect our investment system and proprietary research. The investment system and proprietary research are largely protected by us through the use of policies, procedures, agreements and similar measures designed to create and enforce robust confidentiality, non-disclosure and similar safeguards. However, public disclosure obligations (or disclosure obligations to exchanges or regulators with insufficient privacy safeguards) that require position level disclosure could provide opportunities for competitors to reverse-engineer the investment system, and thereby impair the relative or absolute performance of Clients.

Limited Investor Oversight As our investment system is proprietary, Clients will not have the ability to evaluate its operation or whether it is being followed and Clients may not have the ability to review its investment positions.

Trading Outside the Investment System Most Client investments are made strictly in accordance with the signals produced by the investment system but we may on occasion make investment decisions based on other factors if we consider such decisions to be in the best interests of Clients. We may decide that certain exceptional events fall outside the parameters of the research on which the system is based and may take action to override its signals. For example, if there is a market crash or if trading on a market or exchange

is suspended, we may attempt to reduce risk by decreasing leverage or liquidating or hedging positions in certain markets. However, the investment system's signals may ultimately prove to be accurate and our action may not prevent losses to Clients and may in fact cause or exacerbate losses to Clients.

Crowding/Convergence There is significant competition among quantitative investment managers and our ability to deliver returns that have a low correlation with global aggregate equity markets and other market participants is dependent on our ability to employ an investment system that is simultaneously profitable and differentiated from those employed by other managers.

Process Exceptions Process Exceptions may include, but are not limited to:

- *Programming Errors* – We may make errors translating mathematical models into computer code. In addition, as a mathematical model can be expressed in computer code in multiple ways, the choice of code ultimately used may not result in the best representation of the model.
- *Failure of Technology* – Our investment system is reliant on proprietary and third party technology. Such technology may be adversely affected by many issues, some of which may be outside our control, including issues associated with network infrastructure, software updates, bugs, viruses and unauthorised access.
- *Incorporation of Data* – We may incorporate inaccurate data into the investment system or make errors in incorporating data into the investment system.

We aim to reduce the incidence and impact of Process Exceptions by seeking to hire skilled individuals to develop and operate the investment system and through the adoption of appropriate procedures, controls and internal testing. Although we evaluate the materiality of any Process Exceptions that we detect, we may conclude that some are not material and may choose not to address them. Such judgements may prove not to be correct. We do not intend to disclose Process Exceptions to Clients, except where required to do so.

Leverage The use of leverage (including through borrowings) creates an opportunity for greater return, but at the same time increases exposure to interest costs and capital risk.

Risk of Loss of Senior Personnel The performance of our investment system is substantially dependent on the services of our senior professionals who are responsible for developing, monitoring and maintaining our investment system. In the event of the death, incapacity or departure of such professionals, the performance of our investment system may be adversely affected.

Futures Contracts We invest in futures contracts on behalf of Clients. Transactions in futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The low margins normally required in futures trading permit a very high degree of leverage. As a result, a relatively small movement in the price of a futures contract may result in a profit or loss which is high in proportion to the amount of funds actually

placed as margin and may result in unquantifiable further loss exceeding any margin deposited. A client holding a Managed Account may incur losses in excess of the amount invested in such Managed Account.

Illiquidity and Trading Limits Some United States exchanges limit fluctuations in futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” The CFTC and certain exchanges have established speculative position limits on the maximum net long or short futures and options positions which any person or group of persons acting in concert may hold or control in particular futures contracts. Such limits could adversely impact our ability to trade for client accounts.

Forward Contract Trading A portion of an account’s assets may be traded in forward contracts (including, without limitation, for currency hedging purposes). Such forward contracts are not traded on exchanges and are executed directly through forward contract dealers. There is no limitation on the daily price moves of forward contracts, and a dealer is not required to continue to make markets in such contracts. There have been periods during which forward contract dealers have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the bid and asked price. Arrangements to trade forward contracts may therefore experience liquidity problems. The client, in trading forward contracts, will be subject to the risk of credit failure or the inability of or refusal of forward contract dealers to perform with respect to its forward contracts.

Position Limits Recently proposed position limits and existing exchange position limits may prevent our clients from taking the positions that our programmes recommend.

Non-U.S. Exchanges and Markets We trade on non-U.S. exchanges and markets. Trading on such exchanges and markets involves certain risks not applicable to trading on United States exchanges and is frequently less regulated. For example, certain of such exchanges may not provide the same assurances of the integrity (financial and otherwise) of the marketplace and its participants as do United States exchanges.

Portfolio Turnover We make certain trading decisions on the basis of short-term market considerations. The portfolio turnover rate may be substantial at times, either due to such trades or to adverse market conditions and such portfolio turnover may result in clients incurring substantial brokerage commissions and other related transactional fees and expenses.

Use of Discretion While our trading systems are predominantly algorithmic and mechanical, from time to time, we may exercise discretion over trading orders. No assurance can be given that such use of discretion will enable the account to avoid losses and in fact such use of discretion may cause an account to forego profits which it may have otherwise earned had such discretion not been used.

Bankruptcy Rules Bankruptcy law applicable to all U.S. FCMs requires that, in the event of the bankruptcy of a U.S. FCM, all property of clients held by the FCM (either directly, or indirectly through any intermediate brokers, banks or other counterparties used by such FCM), including certain property specifically traceable to (a) client(s), will be returned, transferred or distributed to the FCM's clients only to the extent of each client's pro rata share of such property available for distribution to clients. In the event of an insolvency of a FCM or other (direct or indirect) counterparty which is not regulated by the CFTC, the CFTC's segregation protections would not be available to the client. If any FCM retained by the client were to become bankrupt, it is possible that the client, even if its assets are properly segregated, would be able to recover none or only a portion of its assets held by such FCM. Financial institutions, custodians and other counterparties may have similar types of risks. Assets held outside the United States may be subject to different and/or diminished protection in the event of a counterparty failure located in such jurisdiction.

Periodic Reporting and Regulation The Fund is not required to provide periodic pricing or valuation information to investors with respect to their individual investments. The Fund is not subject to the same regulatory requirements as U.S. mutual funds.

The risks outlined above are applicable to the Fund and the Managed Accounts and should not be considered as an exhaustive list, reference must be made to the offering documents of Quantmetrics' Fund(s) and/ or Managed Accounts for a complete list of the potential risks.

Item 9 – Disciplinary Information

There are no legal or disciplinary events that have occurred in the last 10 years that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10 – Other Financial Industry Activities and Affiliations

Our sole business is the provision of advisory services.

We are registered with the Commodity Futures Trading Commission (“**CFTC**”) as a commodity trading advisor (“**CTA**”) are a member of the National Futures Association (“**NFA**”) with NFA ID 0365799. Quantmetrics is registered as an Investment Advisor Firm with the US Securities and Exchange Commission (“**SEC**”) with SEC number 801-79356 since 28 March 2014. We have claimed exemption under CFTC Regulation 4.7 from certain specific requirements of Part 4 of the CFTC’s regulations in connection with acting as a CTA since our clients are limited to Qualified Eligible Person (“**QEP**”) as defined in Rule 4.7(a)(2) of the U.S. Commodity Exchange Act. QEPs include such persons as certain investment professionals, qualified purchasers, non-United States persons, and accredited investors who meet a portfolio requirement.

The following partners of our firm are registered with the NFA:

Name	Title	Registration	NFA ID
James Fowler	CEO/CIO	P, AMA, AP	0366104
Mushtaq Shah	CIO	P	0366105
Robin Grant	COO/CFO/CCO	P	0498457
Kunal Gautam	Developer	P	0513062
Hesam Ipakchi	Researcher	P	0513063
Quantmetrics Limited	Corporate Partner	P	0365799

P = Principal Approved, AMA = Associate Member Approved, AP = Associated Person

We are authorised and regulated by the United Kingdom Financial Conduct Authority (“**FCA**”). Our FCA firm registration number is 227068.

The following partners and employees are approved by the FCA:

Name	Title	Controlled function	Individual reference number
Mr James Fowler	CEO/CIO	CF3, CF4, CF30	JDF01050
Dr Mushtaq Shah	CIO	CF4, CF30	MXS01707
Mr Robin Grant	COO/CFO/CCO	CF4, CF10, CF11, CF30	RAG01119
Mr Hua Chai	Trader	CF30	HXC01387
Mr. Akshit Jain	Trader	CF30	AXJ01825
Mr Sudhir Maheshwari	Trader	CF30	SXM03157
Mr Snehadeep Guha	Trader	CF30	STG01049
Mr Francis O’Riordan	Operations	CF30	FXO01110
Mr. Kunal Gautam	Developer	CF4, CF30	KXG01510

Mr John Fowler ³	Partner	CF4	JDF01068
Quantmetrics Limited	Corporate Partner	CF4	XXQ01003
Hesam Ipakchi	Partner	CF4	HXI01141

CF3 = Chief Executive Function, CF4 = Partner Function, CF10 = Compliance Oversight Function, CF11 = Money Laundering Reporting Function, CF30 = Customer Function

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

All personnel are required to adhere to standards of conduct laid out in our Code of Ethics (“**Code**”) which sets forth restrictions on certain activities, including personal account trading, the giving or receipt of gifts and benefits, confidentiality of information, and insider trading. Our personnel must provide an annual certification of their continuing adherence to the Code.

Clients may obtain a copy of our Code by writing to the Compliance Officer at Quantmetrics’ address.

Quantmetrics does not trade financial instruments for its own account; rather we (and our affiliates and their respective principals and employees including investors where the ultimate beneficiary is one or more of these parties) co-invest alongside third party investors through the Funds. The potential for incentive to favour these Funds over Managed Accounts is addressed through adoption and implementation of our aggregation and allocation policy.

Personal Account Dealing Policy

Quantmetrics’ personnel are actively discouraged from any personal trading. Such trading, if permitted could cause a conflict of interest, especially if the personnel could trade in a manner which advantages their personal accounts. In order to manage such conflicts, any such dealings are subject to personal account dealing restrictions that are set out in the Code. These include the prior written consent of the compliance function and a holdings and transaction disclosure requirement. Furthermore, all personnel must use their reasonable endeavours to ensure that no connected person deals except in accordance with the above rules. Our compliance function monitors and reviews the personal account dealing of all our partners and employees as part of our regular compliance monitoring program. We take any breach of the personal account dealing restrictions seriously, and personnel may be subject to disciplinary action.

Market Abuse / Insider Trading

Quantmetrics’ personnel are prohibited from engaging in any market conduct which may be considered abusive and are obliged to report any suspicious activities to our compliance team. Our compliance manual

³ Mr John Fowler is a partner of Quantmetrics and was a founding partner, but is not involved with the day-to-day running of our business. He continues to maintain a share in the business.

includes guidance as to what constitutes market abuse and all employees undertake annual compliance training for market abuse and insider trading.

Gift/Benefit Policy

Quantmetrics and its personnel must not offer, give, solicit or accept any inducement, or direct or refer business to another person, if it is likely to conflict in any material way with any duty that Quantmetrics owes to its clients, or any duty that the recipient person owes to its clients. Quantmetrics expects that all its employees will exercise good judgment in considering the value, frequency and intent of gifts and entertainment. Employees must consult with the compliance function before giving or accepting anything of significant value. All employees must report immediately details of gifts or benefits in kind and their estimated cost. Prior approval is required from the compliance function to give or receive any gift or inducement, the rules of MiFIDII are implement as required.

Conflicts of Interest Policy

We have implemented a conflicts of interest policy which sets out the principles and guidelines for identifying, managing, recording and, where relevant, disclosing existing or potential conflicts and protecting the interests of our clients. Some of the more material potential conflicts, and mitigation, include the following:

- An incentive to unfairly allocate transactions between customers (for example, where investment decisions may be influenced by the customer remuneration structure) is addressed through a clear allocation policy and post-trade monitoring.
- An incentive to favour certain counterparties may be driven by Quantmetrics self-interest rather than customer interest (for example, a counterparty that invests or introduces assets or provides excessive gifts or benefits or where dealing commissions are driven by services received by Quantmetrics at the expense of the customer) is addressed through adoption and implementation of certain policies and procedures; for example, those concerning the giving and receiving of gifts, the selection of counterparties, and order execution. Specifically, the order execution policy requires Quantmetrics to take all reasonable steps to obtain the best possible results for customers when executing trades on their behalf.

Charitable Donations

We may donate to charitable enterprises that are supported by clients or by their employees. All such donations are approved by our partners. We or our partners/employees may solicit clients, service providers, brokers, or their respective employees for donations to charities.

Political Donations

We do not make political donations. No individuals have personally made political donations either.

Item 12 – Brokerage Practices

General

The majority of orders are routed electronically, either directly to the appropriate trading venue (e.g. a futures exchange) or through a futures commission merchant, broker, dealer or other counterparty (each, a “broker”). A minority of orders are allocated to our trading team for manual execution. How an order is routed depends on market characteristics, level of electronic access, latency and order size.

We do not seek out “sell-side” research. We ensure we do not receive unsolicited research from brokers and have a policy in place to ensure this. We negotiate commission rates based on the level of service required, the type of order flow involved and the prevailing market conditions. As a result, Clients may pay in excess of the lowest commission rates available for execution services.

Directed Brokerage

Clients do not instruct us as to which execution broker to use when executing trades, although a client may place restrictions on the use of certain counterparties. We have discretion to select brokers-dealers for the execution of Client transactions. We select brokers based primarily on the following factors: (i) execution capability, (ii) operational efficiency, (iii) financial stability, (iv) access to the relevant markets and (v) expertise. We also take into consideration quantifiable factors, including: (i) speed, (ii) average price and (iii) whether price improvement or degradation occurred.

A managed account client will generally elect to use a specific clearer or custodian for their account; transactions effected through such an arrangement will generally attract clearing fees at a rate agreed between the client and the clearer.

Aggregation and Allocation:

Quantmetrics may make investment decisions on an aggregated basis, in which case we will aggregate orders for different client accounts. We have established and implemented an allocation policy and procedure which seeks to execute any such aggregated orders, and subsequently allocate the resulting split trades, on a basis that we consider to be fair, reasonable and equitable between clients. The procedures are summarised as follows:

- The quantities to be traded for each account in an aggregated order are predetermined before the order is generated.
- Where the aggregated trade is not filled at one price, Quantmetrics uses proprietary software to allocate the actual fill prices among the accounts included in the order to target, as closely as possible, the average fill price. This price allocation method offers a consistent non-preferential method for allocating split trades.

- In cases where a portion of the order is executed at more than one broker or in more than one trading session, each portion is allocated as if it were a whole trade. This procedure is followed to ensure there is no favouritism in allocation of prices and all accounts are treated equally.
- Split trades are allocated promptly during the trade date, and no reallocations are permitted except where the original allocation was made in error.
- There may be exceptional circumstances where we over-ride the systematic allocation procedures, but the reason to do so must be provided for audit trail purposes. These manual over-rides are captured and reviewed by our compliance team.
- Trade allocations are monitored by our compliance team.

Cross Trades

We do not generally effect cross trades on behalf of clients (in which one client account buys or sells instruments versus another client account), because such clients could have differing interests in the same transactions. However, we may effect such transactions in limited circumstances, such as an instruction by one client to increase the nominal account size of their account at the same time that another client instructs us to decrease the nominal account size of their account. Cross trades in both futures and OTC FX transactions are executed through brokers at current market pricing, with the former subject to exchange rules and regulations. The brokers may receive transactional commissions from the clients concerned.

Trade Errors

We have established a series of controls designed to prevent errors from occurring, or on occurrence to minimise the period of time that lapses before their detection. For example: generally all trade orders are systematically determined by our proprietary trade generation system from a limited list of pre-approved financial instruments; electronic trading systems are preconfigured to accept orders on certain instruments only; and the use of FX prime brokers ensures that all FX trades flow to the FX prime broker from pre-approved counterparties and subject to pre-defined credit limits.

Where an error does occur then our near real-time systems for matching of executions should act to minimise the market impact before we react to correct the error.

For errors attributable to a broker, we endeavour to have the broker reverse the error or “make the client whole” by replacing any losses incurred.

For errors attributable to Quantmetrics, any profits and losses arising from such errors are dealt with according to the provisions set forth in the applicable investment advisory agreement.

All trading errors are recorded in a trade error log, which is subject to the review of our compliance team. Material errors will be investigated and, whenever possible, procedures will be revised in an effort to avoid future errors from occurring.

Item 13 – Review of Accounts

Quantmetrics' operations personnel perform a daily reconciliation of trades, open positions and cash between Quantmetrics' post-execution records and the external records maintained by the client's prime broker or clearer. The operations personnel also perform a daily reconciliation of the executed open positions to those known by Quantmetrics' proprietary trading models and also monitors compliance with investment restrictions. Each operations employee is responsible for less than ten client accounts. At least one of Quantmetrics' investment partners performs a daily review of the investment performance of each account.

An independent administrator maintains the books and records of the Fund. The administrator performs periodic reconciliations between Quantmetrics' trade data and the prime broker/clearer records, and prepares the official daily valuation. Clients may receive estimates of performance and a monthly commentary from Quantmetrics. Underlying investors in the Fund will receive transactional statements (where applicable), monthly account statements and annual audited reports from the independent administrator. Managed account clients should receive regular account statements from their clearing brokers. Certain clients or underlying investors in our Funds may also receive additional reporting other than that highlighted above.

Item 14 – Client Referrals and Other Compensation

We are compensated solely by management and/or performance fees earned from our clients. We do not receive any other compensation.

We may enter into solicitation arrangements with third parties whereby Quantmetrics compensates such persons for referrals of potential investors. Such persons are compensated by us from the management and/or performance fees earned and only if the referred investor becomes a client.

Our clients may retain investment consultants to advise them on the selection and review of their investment advisers. Such consultants may place us into searches or other selection processes for their clients. Quantmetrics may, from time to time, purchase products or services from some consultants, for example, payment of registration fees to attend (along with other investment advisers) consultant-sponsored conferences.

Item 15 – Custody

Quantmetrics does not hold any client money or assets.

Item 16 – Investment Discretion

Quantmetrics is retained on a discretionary basis and is authorised to make certain investment decisions without consulting the client. Clients may limit Quantmetrics' discretion by restricting use of certain instruments, by limiting the size of positions taken in certain instruments or the overall exposures of the account, by placing restrictions on the use of certain counterparties and may also impose other limits. All such restrictions are agreed in writing before the commencement of investment advisory services.

Item 17 – Voting Client Securities

Quantmetrics does not invest program assets in instruments that carry voting rights. However, Quantmetrics acts as investment adviser to the Fund where we also hold the mandate to manage cash. Such cash could be held in fiduciary deposits or client-approved list of money market funds with the aim of preserving liquidity and capital whilst maintaining yield competitiveness. We do not vote proxies in respect of the money market funds, as we do not believe that our votes would materially affect the value of such funds. Clients may not influence our voting decisions. Clients may obtain a copy of our voting policies upon request.

Item 18 – Financial Information

We are not required to deliver a balance sheet along with this brochure as we do not collect advance fees for services to be performed.

Quantmetrics has no financial condition that impairs our ability to meet our contractual and fiduciary commitments to our clients, and we have not been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisors

We are not registered or registering with any state securities authorities.