

**BFAM PARTNERS (NORTH AMERICA)  
LLC**

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New York, New York, 10016**

**July 2019  
CRD: 304740**

This brochure (this “**Brochure**”) provides information about the qualifications and business practices of BFAM Partners (North America) LLC. If you have any questions about the contents of this Brochure, please contact us at 917 288 0939 or by email at [BFAMCompliance@bfam-partners.com](mailto:BFAMCompliance@bfam-partners.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Registration as an investment adviser does not imply that BFAM Partners (North America) LLC or any of its principals or employees possess a particular level of professional competence, education or special training in the investment advisory business or any other business.

Additional information about BFAM Partners (North America) LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

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This is BFAM Partners (North America) LLC's initial brochure filing. Therefore, there are no material changes applicable at this time. Material changes relating to the information contained in this Brochure will be included in subsequent filings.

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## Item 4: Advisory Business

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### Advisory Firm

BFAM Partners (North America) LLC (“**BFAM US**”) is a Delaware limited liability company formed on June 4, 2019. The sole owner and member of BFAM US is BFAM Partners (Cayman) Limited (“**BFAM Cayman**”) which is owned and controlled by Benjamin A. Fuchs (the “**Principal**”).

BFAM US intends to act as a sub-investment adviser to BFAM Asian Opportunities Master Fund, LP (the “**Master Fund**”) and its feeder funds, BFAM Asian Opportunities Fund Limited and BFAM Asian Opportunities Fund, LP (collectively with the Master Fund, the “**Funds**”). The Funds are either exempted limited partnerships or exempted companies incorporated with limited liability under the laws of the Cayman Islands. The Funds are exempt from registration under the Investment Company Act of 1940, as amended, and the sale of their interests will not be registered under the Securities Act of 1933, as amended.

BFAM Cayman acts as investment manager to the Funds and delegates all investment management rights to two sub-advisors – BFAM Partners (Hong Kong) Limited (“**BFAM Hong Kong**”) and, once registered as an investment adviser, BFAM US. BFAM US, BFAM Cayman and BFAM Hong Kong will be referred to collectively as “**BFAM**” or the “**Firm**” in this brochure.

### Types of Services Offered

The principal activity of BFAM US is to provide discretionary investment management services, including investment advisory services, to the Master Fund. BFAM US and BFAM Cayman have entered into a subadvisory agreement (the “**Subadvisory Agreement**”) that governs BFAM US’s investment and trading activities. The Subadvisory Agreement authorizes BFAM US to conduct investment activities such as portfolio management, risk management, research, and trading from its offices in New York City for the ultimate benefit of the Funds and future clients of BFAM.

The investment objective of the Master Fund is to achieve capital appreciation by pursuing three broad investment strategies: Credit, Equity-Linked, and Volatility. BFAM US provides delegated investment management and advisory services to the Master Fund based on specific investment objectives and strategies. The Funds’ offering documents (as amended and supplemented from time to time) set forth the investment guidelines and/or the types of investments in which the Funds may invest.

### Ability to Tailor Services and Impose Restrictions

The investment objectives and strategy for the Funds are described in the Funds’ offering documents. BFAM US provides investment management and advisory services to the Funds, pursuant to the Subadvisory Agreement, based on the specific investment objectives and strategies of the Funds and does not provide services individually to investors in the Funds (the “**Investors**”). Since the Firm does not provide tailored advice to the Investors, the Investors should consider whether the Funds’ investment strategies are in line with their risk tolerances. The Funds may from time to time enter into side letter agreements or other similar agreements (“**Side Letters**”) providing Investors with additional and/or different rights and benefits.

### Wrap Fee Programs

BFAM US does not participate, sponsor or act as a portfolio manager for any wrap fee programs.

**Client Assets**

As of July 1, 2019, BFAM Cayman had approximately US\$ 4,220,900,000 of assets under management. Because (i) BFAM US provides its advisory services to BFAM Cayman, by means of the Subadvisory Agreement, on a discretionary basis and for the general benefit of the Funds and (ii) BFAM US's services are not restricted to any particular portfolio or account, BFAM US may be deemed to concurrently be managing all of the client assets managed by BFAM Cayman.

The performance of the Funds is reported, fees are calculated, and all subscriptions and redemptions are transacted, in US dollars (US\$).

**Item 5: Fees and Compensation**

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BFAM US will receive payment from BFAM Cayman for providing sub-advisory services to the Funds. The sub-advisory fees payable to BFAM US by BFAM Cayman represent a portion of the fees received by BFAM Cayman from the Funds. The fees, compensation, and expenses applicable to the Funds are set forth in detail in their respective governing agreements.

**Management Fee**

Investors in the Funds managed by BFAM Cayman are charged a fee for investment management services based on assets under management (the “**Management Fee**”), which is set forth in the Funds’ offering documents. BFAM Cayman generally receives an annual management fee ranging between 1 and 2% per annum in respect of the net asset value (“**NAV**”) of the relevant class of shares or interests. A particular class of shares or interests available to employees is not subject to a Management Fee. The Management Fee is payable monthly in arrears as soon as practicable after the end of each calendar month. BFAM Cayman may, in its sole discretion, waive, rebate or decrease the Management Fee that is payable in whole or in part, in respect of certain Investors. The Funds may from time to time enter into Side Letters providing for changes in management fees.

**Performance Based Compensation**

In addition to Management Fees, BFAM Cayman (or one of its affiliates) receives performance-based compensation in the form of a performance fee or performance allocation (the “**Performance Fee**”) which is set forth in the Funds’ offering documents. The Performance Fee will accrue monthly as at the close of business on each valuation day and generally will be paid annually in arrears. Investors redeeming as of a date that is not the fiscal year end for a Fund will be assessed a Performance Fee calculated on a “crystallized” basis.

BFAM Cayman in its sole discretion, may reduce, waive, rebate, or modify the Performance Fee with respect to certain Investors. The Funds may from time to time enter into Side Letters providing for changes in Performance Fees.

**Other Costs and Expenses**

The Funds bear all costs and expenses related to their investments and operations, including, without limitation, brokerage and other transaction costs, clearing and settlement charges, interest and commitment fees on debit balances or borrowings, borrowing charges on securities sold short, costs of any liability insurance obtained on behalf of the Funds or the Board of Directors, custody fees, costs of any litigation or investigation involving the Funds activities, indemnification expenses, research and investment consultancy expenses, the Management Fee, remuneration of independent directors of the Funds, out of pocket expenses incurred by directors of the Funds, the Performance Fee, the fees and expenses of professionals providing services to the Funds (excluding all fees payable by BFAM Cayman to BFAM US or BFAM Hong Kong in connection with the provision of investment management or similar services to the Funds), including legal, audit, accounting, tax, administration, fees and expenses of the members of the Board of Directors, regulatory costs, any issue or transfer taxes chargeable in connection with any securities transactions, any entity level taxes, corporate fees payable to governments or agencies, regulatory filing and license fees, all fees payable to third party service providers in connection with trade confirmation, holdings and order reconciliation, communication or information expenses with respect to Investor services, expenses of meetings of Investors and of preparing, printing and distributing financial and other reports, proxy forms, offering memoranda and similar documents, the cost of obtaining and maintaining any future listing of the Funds’ shares or interests on any stock

exchange and any extraordinary fees and expenses incurred by BFAM on behalf of the Funds. Such expenses are generally shared by all of the Investors; provided, however, that certain expenses related to a particular series or class of shares or interests will only be applied to such series or class.

If, in the future, BFAM manages multiple client accounts, a portion of the Funds' operating expenses may be shared with other investment entities or accounts managed by BFAM on an equitable basis.

**Sales Compensation**

BFAM and its supervised persons do not receive (directly or indirectly) any compensation from the purchase or sale of securities or investments for the Funds. BFAM and its supervised persons do not receive (directly or indirectly) sales commissions in connection with sales of interests in the Funds.

BFAM may employ "cap intro" and similar introduction services offered by brokers and other services providers, and will adopt appropriate policies and procedures governing those relationships.

**Item 6: Performance-Based Fees and Side-By-Side Management**

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As discussed in **Item 5** above, BFAM Cayman generally will be entitled to receive performance-based compensation (the Performance Fee) in connection with investment advisory services provided to the Funds.

As BFAM currently provides investment advisory services to one client account through a master-feeder structure, it does not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients.

The Performance Fee, however, does create or potentially exacerbate a conflict of interest between BFAM and the Funds in that it creates an incentive for BFAM to trade and invest the Funds' capital in a manner that is intended to generate larger, short term profits, which could increase the risk present in the Funds' portfolio at any given time.



**Item 7: Types of Clients**

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BFAM US currently provides investment advisory services for the ultimate benefit of the Funds through the Subadvisory Agreement. Investors in the Funds primarily consist of institutional investors.

The minimum initial investment amount for the Funds is generally US\$1,000,000 and the minimum subsequent investment amount is US\$100,000.00. In certain circumstances, minimum investment amounts may be amended by a Fund's directors in consultation with BFAM.

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

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**Investment Strategy and Objective**

The Master Fund pursues a multi-strategy investment program and may invest in currencies, equity or equity-linked products, fixed income or fixed income-linked products and derivatives whether transacted on exchanges or over-the-counter where the underlying assets are equity securities, fixed income securities, currencies, commodities, interest rates or any other kind of underlying asset or any combination of such assets or indices or any kind of derivative or combination of derivatives. The Master Fund's investment may comprise both outright and directional views and hedged positions.

Notwithstanding the generality of the Master Fund's multi-strategy investment program, the Master Fund will initially seek to achieve capital appreciation by pursuing primarily three broad investment strategies: Credit, Equity-Linked and Volatility. The Master Fund allocates capital dynamically to each of these strategies based on prevailing market conditions and opportunities, while seeking to maximize risk-adjusted returns. Capital allocations vary amongst the three strategies (plus cash allocations) and each portfolio position typically is evaluated on a "bottom-up" basis for its potential contribution to profitability and risk within each strategy.

Although focused primarily on opportunities in the Asia-Pacific region, capital may be allocated within each strategy to other markets or regions where opportunities to make risk adjusted returns relative to the Asia-Pacific region are identified.

Credit strategies are focused primarily on high yield and investment grade issuers in the Asia Pacific region, as well as on global, emerging market and sovereign issuers which may provide profit opportunities relative to credit investments in the Asia-Pacific region.

Equity-Linked strategies are focused primarily on Asia-Pacific convertible bonds, single stock derivatives, new issues and block trades, as well as long-short, relative value and event-driven strategies.

The Volatility strategies are focused primarily on exchange-traded equity derivatives (and related over-the-counter products), single stock derivatives, currency and interest rate derivatives.

BFAM will endeavor to commit the Master Fund's resources among the various investments and strategies consistent with the philosophy and process articulated herein and in response to changing market conditions and opportunities.

The Master Fund may employ leverage including, without limitation, through borrowing cash, securities and other instruments and entering into derivative transactions. The typical leverage of the Master Fund arising from cash borrowings is expected to be no more than 300% of the NAV of the Master Fund. The Master Fund may pledge or grant charges or other security over its assets as collateral for borrowings, and may also borrow for the purposes of satisfying redemption requests or paying expenses, if required.

**Risk Factors**

An investment in the Funds involves a high degree of risk. There is no guarantee that implementation of the investment objective or strategy with respect to the assets will not result in losses to holders of participating shares.

Listed below are some of the key risks associated with an investment in the Funds. The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks involved in the Funds' investment strategies. For a complete explanation of the Funds' investment strategies and their associated risks, Investors and prospective investors are encouraged to read the Funds' offering documents and consult their own advisers before

deciding whether to invest in the Funds. Investments should only be made if the nature of investments and risks of investment are understood.

No assurance can be given that profits will be achieved or that substantial losses will not be incurred.

*Investment and Trading Risks*

An investment in the Funds involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that the Funds' investment program will be successful. No assurance can be given as to when or whether adverse events might occur that could cause immediate and significant losses to the Funds. In addition, the value of the Funds' portfolio may fluctuate as the general level of interest rates fluctuate.

*Competition; Availability of Investments*

Certain markets in which the Funds may invest are extremely competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns. Among other factors, competition for suitable investments from other pooled investment vehicles and other investors may reduce the availability of investment opportunities. There has been significant growth in the number of firms organized to make such investments, which may result in increased competition to the Funds in obtaining suitable investments.

*Developing Country Securities and Currencies*

The Funds' investments may include securities of issuers in developing countries, derivative foreign currency transactions and active long and short positions through exchange traded and over-the-counter currency transactions in developing countries. Investments in developing country securities and currencies entail certain risks. There may be a possibility of nationalization or expropriation of assets, confiscatory taxation, political or financial instability and diplomatic developments that could affect the value of investments in certain developing countries. Since developing country securities normally are denominated and traded in currencies other than U.S. dollars, the value of the Funds' assets may be affected by currency exchange rates, currency exchange control regulations, withholding taxes and restrictions or prohibitions on the repatriation of currencies. There may be less information publicly available about an issuer in a developing country than about an issuer in a developed country, and issuers in developing countries are often not subject to accounting, auditing and financial reporting standards and practices comparable to those in developed countries. The securities of some issuers in developing countries are less liquid and at times more volatile than securities of comparable issuers in developed countries. Settlement procedures and trade regulations in developing countries may involve certain risks (such as delay in payment or delivery of securities or in the recovery of assets held abroad) and expenses not present in the settlement of investments in developed countries. Furthermore, some of the securities may be subject to brokerage taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Income received by the Fund from sources within some countries may be reduced by withholding and other taxes imposed by such countries. Any such taxes paid by the Funds will reduce their net income or return from such investments. While BFAM US will take these factors into consideration in making investment decisions for the Funds, no assurance can be given that it will be able to fully avoid these risks.

Currency exchange rates may fluctuate significantly over short periods of time. They generally are determined by the forces of supply and demand in the markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors, as seen from an international perspective. Currency exchange rates can also be affected unpredictably by intervention by governments or central banks (or the failure to intervene) or by currency controls or political developments.

*Credit Analysis and Credit Risk*

The strategies utilized by BFAM require accurate and detailed credit analysis of issuers and there can be no assurance that its analysis will be accurate or complete. The Funds may be

subject to substantial losses in the event of credit deterioration or bankruptcy of one or more issuers in its portfolio.

#### *Fundamental Analysis*

The identification of investment opportunities in undervalued and overvalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued and overvalued securities offer opportunities for high or above market capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses.

#### *Market/Interest Rate Risk*

The value of the Funds' underlying investments in fixed income securities will typically change as interest rates fluctuate. During periods of rising interest rates, the values of fixed income securities generally decline. Conversely, during periods of falling interest rates, the values of fixed income securities generally rise. This kind of market risk, also called interest rate risk, is generally greater for investments in fixed income securities with longer maturities and/or longer durations (a measure of the expected cash flows of fixed income securities). The Funds may attempt to minimize the exposure of the portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. In addition, the Funds will utilize treasury futures to hedge interest rate exposure. However, there can be no guarantee that BFAM will be successful in fully mitigating the impact of interest rate changes on the portfolios.

#### *Distressed Assets*

The Funds invest in the instruments of companies that are experiencing significant financial or business difficulties as well as "deep-value" investments, including companies involved in bankruptcy or other reorganization or liquidation proceedings. Although such investments may result in significant returns to the Fund, they involve a substantial degree of risk. Any one or all of such companies may be unsuccessful in their reorganization as contemplated or their ability to improve their operating performance. In the case of liquidations, the proceeds realized through the liquidation process may be significantly less than originally projected at the time of investment or timing of any liquidation could be significantly delayed. Further, the level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. In any reorganization or liquidation proceeding relating to a company in which the Funds invest, the Funds may lose their entire investment, or may be required to accept cash or securities with a value less than the Funds' original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns (if any) generated from such investments may not compensate the Funds adequately for the risks assumed.

#### *Trade Wars*

The investment funds industry and the Funds' operations and performance depend significantly on global, regional economic and geopolitical conditions. The occurrence of the recent trade war between U.S. and China resulted in the imposition of tariffs on China's exports to the U.S. as well as the U.S.'s exports to China. These tariffs and the possibility of trade conflicts stemming from the tariffs could significantly affect global trade and economic conditions and negatively impact the Funds' investments hence their performance. The Funds are subject to risks associated with any legislation, regulations or trade agreements relating to imports, including quotas, duties, tariffs or taxes, and other charges or restrictions on imports. The Funds and BFAM cannot predict future trade policy or the terms of any renegotiated trade agreements and their impact on the Funds' investments.

**Item 9: Disciplinary Information**

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There are no legal or disciplinary events that are material to a client's or a prospective client's evaluation of BFAM US's advisory business or the integrity of its management.

**Item 10: Other Financial Industry Activities and Affiliations**

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**Broker Dealer Registration Status**

None of BFAM US or any of its management persons are registered as broker-dealers or registered representatives of broker-dealers, and no applications are pending to register BFAM US or any of its management persons with the SEC as a broker-dealer or a registered representative of a broker-dealer.

**Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status**

BFAM US is not registered as, and currently does not have any pending application to register as, a futures commission merchant, a commodity pool operator (a “**CPO**”) or a commodity trading advisor.

BFAM Hong Kong, an affiliate of BFAM US, is registered as a CPO with the United States Commodity Futures Trading Commission (the “**CFTC**”) and the National Futures Association (“**NFA**”). Certain personnel who may be deemed management persons of BFAM US, including the Principal, are registered with the NFA as associated persons of BFAM Hong Kong.

Other than personnel who also hold positions with BFAM US and are registered as associated persons with the NFA in their capacities of associated persons of BFAM Hong Kong, none of BFAM US’s management persons are registered as (or have any application pending to register as) an associated person of a futures commission merchant, a CPO, or a commodity trading advisor.

**Material Relationships or Arrangements with Industry Participants**

As discussed above, BFAM Hong Kong is registered as a CPO with the CFTC and the NFA. BFAM Hong Kong is also registered and licensed with the Hong Kong Securities and Futures Commission with Central Entity Number **AXO043** to conduct asset management regulated business activities.

BFAM Cayman files as an exempt reporting adviser with the SEC.

BFAM US, BFAM Hong Kong and BFAM Cayman use shared personnel for certain services, including back office personnel and investment professionals. Such shared personnel may have conflicts of interest in allocating their time and resources among the various BFAM affiliates; however, such conflict is mitigated by the fact that BFAM currently provides advisory services solely to the Funds. Different compensation structures or incentives also may apply to shared personnel, which may also create a conflict of interest. BFAM has adopted a unified compliance program, including a Code of Ethics, to address potential conflicts of interest. Please see **Item II**, “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” below for additional information regarding BFAM’s Code of Ethics.

All qualifying BFAM personnel are treated as “access persons” by BFAM US within the meaning of Rule 204A-1 under the Investment Advisers Act of 1940, and are subjected to BFAM’s global Code of Ethics. Please see Item II, “Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading” below for additional information about BFAM’s Code of Ethics.

**Other Material Relationships**

BFAM US does not recommend or select other investment advisers for its clients in return for compensation directly or indirectly from those advisers.

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

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**Code of Ethics**

In order to address conflicts of interest, BFAM has adopted a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 (the “**Advisers Act**”) which is applicable to all BFAM affiliates, subadvisors, managers, members, and employees (collectively, “**Employees**”), irrespective of their geographic location or the regulatory status of their specific employer.

The Code of Ethics generally sets the standard of ethical and professional business conduct that the Firm requires of its Employees, requires Employees to comply with applicable federal securities laws and regulations, and sets forth provisions regarding personal securities transactions by Employees. Additionally, the Code of Ethics sets forth the Firm’s policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary obligations that the Firm and each of its Employees owe to Investors.

The Code of Ethics is circulated at least annually to all Employees, and each Employee at least annually must certify that he or she has received and followed the Code of Ethics and any amendments thereto. The Firm will provide a copy of the Code of Ethics to any client, prospective client or Investor, free of charge, upon request.

**Participation or Interest in Client Transactions**

BFAM US serves as sub-adviser to the Funds. Employees, affiliates of the Employees, and relatives of the Employees may make investments in the Funds. BFAM US does not receive any compensation from such investments from Employees.

**Principal Transactions / Cross Trades**

In a “principal transaction,” an investment adviser, acting for its own account, buys a security from, or sells a security to, a client’s account. BFAM US does not intend to engage in principal transactions. If, in the future, BFAM manages multiple client accounts, BFAM US may engage in cross trades only if the transaction acts in the best interests of the clients involved, and when the transaction is expressly permitted by the clients. To the extent that cross trades may be viewed as principal transactions due to the ownership interest in the Funds or other client by BFAM and/or its Employees, BFAM will comply with the requirements of Section 206(3) of the Advisers Act.

**Personal Account Dealing**

All Employees of the Firm and its affiliates must provide duplicate copies of brokerage statements to BFAM’s compliance team (“**Compliance**”). These records are used to monitor compliance with the Firm’s Compliance Manual and Code of Ethics.

The personal account dealing policy requires that:

- trades are subject to a general 30-day minimum holding period;
- securities cannot be traded if they are on the Firm’s restricted list;
- a Covered Person (defined below) may not purchase a security in an initial public offering available to the Fund without preclearance from Compliance;



- Compliance will consider the volume of both personal and the Firm's trading when reviewing trade preclearance requests to determine whether trading may affect market prices.

The policy extends to the trading of Employees and certain other persons who have a relationship with the Firm or its personnel ("**Covered Persons**"). Covered Persons must obtain written authorization from Compliance prior to purchasing, selling or transferring certain types of securities, or exercising any option which is traded on exchanges in certain markets. Employees may not participate in any initial public offerings or limited offerings of investments in private companies before obtaining authorisation from Compliance.

Any request for an exception under this policy must be submitted in writing to a Compliance Officer with sufficient information for consideration. A copy of the Compliance Manual will be provided upon request.

**Item 12: Brokerage Practices**

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**Best Execution**

BFAM US has responsibility for selecting brokers to execute trades and negotiating commissions paid with respect to the Funds' transactions.

BFAM US's primary consideration in placing transactions with particular brokers is to obtain execution in accordance with best execution standards. BFAM US will also evaluate a variety of criteria and use good faith judgment in seeking to obtain execution of portfolio transactions at commissions that are reasonable in relation to the brokerage and research services provided.

Criteria deemed relevant include: price, the size and type of the transaction; the reasonableness of compensation to be paid, including spreads and commission rates, which shall not be in excess of customary full service brokerage rates; the speed and certainty of trade executions, including broker willingness to commit capital; the nature and character of the markets for the security to be purchased or sold, including the degree of specialization of the broker in such market or securities; the availability of liquidity in the security, including the liquidity and depth afforded by a market center or market-maker; the reliability of a market center or broker; the trader's assessment of whether and how closely the broker will follow the trader's instructions to the broker; the degree of anonymity which a particular market or broker can provide; the potential for avoiding market impact; the execution services rendered on a continuing basis; the execution efficiency, settlement capability and financial condition of the firm; arrangements for payment of Master Fund expenses; and the provision of additional brokerage and research goods and services.

**Soft Dollars**

BFAM US may cause the Funds to pay broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transaction) for effecting transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The Funds' brokerage commissions (or markups or markdowns) may produce "**Soft Dollars**", which can be used to acquire products or services from brokers or other third parties (for example through commission sharing agreement) such as (without limitation) research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services and software incidental to the above soft dollars, clearing and custodian services and investment related publications. To the extent possible and appropriate, BFAM US will use Soft Dollars for the benefit of the Funds but may also use the Soft Dollars for other investment funds, client accounts and proprietary accounts it may manage in the future.

BFAM US has not entered into any formal Soft Dollar arrangements with any brokerage firm. Nevertheless, the Firm has established a Soft Dollar policy and will adhere to the procedures as set out in the policy when engaging in Soft Dollar practices in the future to ensure such arrangements comply with the safe harbour requirements of Section 28(e) of the Exchange Act. The Soft Dollar practice is disclosed in relevant offering documents.

**Item 13: Review of Accounts**

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**Review of Accounts**

The Funds are reviewed by Compliance to ensure that the structure and individual securities held are suitable and consistent with the objectives and strategies. In addition, Compliance also monitors the Funds to help ensure conformity with investment objectives and guidelines. BFAM US engages in active management and frequent transactions and, accordingly, performs daily trade and cash reconciliation.

BFAM has also engaged an independent administrator to prepare monthly unaudited investor statements of the Funds' performance for the month.

**Reporting to Clients**

The Funds will prepare the annual financial statements in accordance with International Financial Reporting Standards ("IFRS"). Any material differences between IFRS and the U.S. generally accepted accounting principles ("GAAP") will be reconciled to GAAP, and such reconciliations will be distributed to the Funds' U.S. Investors. Copies of the audited financial statements will be issued to all Investors within 120 days of the Funds' fiscal year-end, ending on December 31.

The Firm will prepare and issue an investor newsletter on a monthly basis. The administrator will issue monthly account statements to Investors.

**Item 14: Client Referrals and Other Compensation**

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Currently, neither BFAM US nor its affiliates receive any economic benefit from anyone, other than the Funds, for providing investment advice and other advisory services to clients.

In the event BFAM US or its affiliates engage third party marketers in the future, due diligence and background checks will be carried out prior to engagement to ensure that applicable regulatory registrations are in place and that they have adequate controls and procedures to monitor compliance with selling procedures and suitability requirements.

**Item 15: Custody**

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BFAM US is subject to Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called “Pooled Vehicle Annual Audit Exception”, which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all Investors within 120 days of the end of its fiscal year, as discussed above.

**Item 16: Investment Discretion**

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BFAM US possesses discretionary portfolio management authority over the Master Fund with respect to asset allocations and direct investments as per the advisory agreements and offering documents in place between each Fund and BFAM Cayman and the Subadvisory Agreement.

BFAM US has the authority to determine (i) the securities to be purchased and sold for the Master Fund and (ii) the amount of securities to be purchased or sold for the Master Fund.

**Item 17: Voting Client Securities**

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Where BFAM US and its affiliates have responsibility for voting proxies, BFAM will take measures reasonably designed to ensure that they are voted in the best interest of Investors in the Funds, which generally means voting with a view to enhancing the value of Master Fund securities. The financial interest of Investors in the Funds is the primary consideration in determining how their proxies will be voted. BFAM US and its affiliates may also refrain from voting in certain circumstances.

**Item 18: Financial Information**

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There is no financial condition that is reasonably likely to impair BFAM US's ability to meet its contractual and fiduciary commitments to clients.

BFAM US has not been the subject of a bankruptcy proceeding.



**Item 19: Requirements for State-Registered Advisers**

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Not applicable.