



Brochure: Form ADV Part 2A

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This brochure provides information about the qualifications and business practices of Steben & Company, Inc. If you have any questions about the contents of our brochure, please contact us at 240.631.7600. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Steben & Company also is available on the United States Securities and Exchange Commission's website at www.adviserinfo.sec.gov. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.



Item 2: Material Changes

This section of the Steben & Company, Inc.'s (Steben & Company, Steben or we) Firm Brochure outlines the material changes since Steben & Company's last update of the Brochure dated March 31, 2015. In that brochure, we had provided information on our investment advisory services to registered and unregistered investment companies that are funds of hedge funds or mutual funds as well as to our managed accounts. With the current brochure, we are updating information regarding our regulatory assets under management.

The only material changes since the last annual update are as follows:

Seneca Global Fund, LP

One of our Steben Managed Futures Funds, Seneca Global Fund, L.P. was deregistered with the Securities and Exchange Commission as of December 21, 2015. Steben, in its capacity as General Partner made the decision to withdraw from the partnership and close the fund completely after it had initially closed the fund to new investors on August 12, 2015 and, subsequently, ceased all trading by November 30, 2015. All the limited partner units were redeemed as of November 30, 2015.

Steben Managed Futures Strategy Fund

Our Steben Managed Futures Strategy Fund transitioned to a lower fee structure with no performance fees charged by the underlying trading advisors as of March 1, 2016. The Fund eliminated its exposure to swaps and instead now utilizes direct trading accounts with trading advisors.

Cybersecurity

We have added a discussion of cybersecurity risks to Item 8 following information about our clients.



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Item 4: Steben & Company's Advisory Business

Steben & Company, Inc. was founded in 1989 by Ken Steben, and is an investment advisory firm specializing in alternative investments. With over 25 years of experience, Steben & Company provides discretionary investment management and advisory services, together with investment management products, to financial advisors, institutions and individual investors.

Steben & Company is registered with the Securities and Exchange Commission (SEC) as an investment adviser and broker dealer. We also are registered with the Commodity Futures Trading Commission (CFTC) as a commodity pool operator, introducing broker, and swap firm. We are a member of the National Futures Association (NFA) and the Financial Industry Regulatory Authority (FINRA). Registration with the SEC or other regulators does not imply a certain level of skill or training.

Steben & Company is organized as a Maryland corporation and its principal place of business is located at 9711 Washingtonian Boulevard, Suite 400, Gaithersburg, Maryland 20878. As of January 31, 2016, Steben & Company had responsibility for managing in excess of \$460 million in assets for its advisory clients. As of January 31, 2016, Steben & Company's assets under management were approximately \$738 million. The Kenneth E. Steben Revocable Trust Dated January 29, 2008 and the Steben Family Trust are the sole shareholders of Steben & Company.

Steben & Company currently sponsors and manages many different managed futures funds (Steben Managed Futures Funds). However, the information presented in this brochure relates only to the investment advisory services involving securities.

Currently, we provide investment advisory services to:

- Steben Alternative Investment Funds, an open-end management investment company registered under the Investment Company Act of 1940, currently consisting of one mutual fund, the Steben Managed Futures Strategy Fund. Steben & Company also provides advisory services to the fund's wholly owned and controlled subsidiary (collectively, the Steben Mutual Funds)
- Steben Select Multi-Strategy Fund and Steben Select Multi-Strategy Master Fund, funds of hedge funds that are closed-end management investment companies registered under the Investment Company Act of 1940 (Steben Funds of Hedge Funds)
- Steben Select Multi-Strategy Partners, L.P., an affiliated private fund of hedge funds (Steben Private Funds)
- Separately managed portfolios for individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations or business entities (Managed Accounts)

Steben Mutual Funds

We serve as the investment adviser to the Steben Alternative Investment Funds, a registered investment company that is currently comprised of the Steben Managed Futures Strategy Fund and its wholly owned and controlled subsidiary of the Fund. The subsidiary is subject to the same investment restrictions as its parent Fund when viewed on a consolidated basis.



We provide investment advisory services to the Steben Mutual Funds based on the investment objectives, policies and restrictions contained in the prospectus and statement of additional information for the Fund as filed with the Securities and Exchange Commission.

Steben Funds of Funds and Steben Private Funds

We serve as the investment manager to the Steben Funds of Hedge Funds and as the general partner of the Steben Private Funds. The Steben Funds of Hedge Funds and Steben Private Funds are funds of hedge funds, meaning they invest in hedge funds (Portfolio Funds) managed by third-party investment managers that Steben & Company has identified (each, a Portfolio Fund Manager). These Funds are part of a master-feeder structure. The Steben Select Multi-Strategy Fund and the Steben Select Multi-Strategy Partners, LP are feeder funds that invest all of their investable assets in the Steben Select Multi-Strategy Master Fund.

We provide investment advisory services to each Steben Fund of Hedge Funds and Steben Private Fund based on the investment objectives, policies and restrictions contained, as applicable, in the prospectus and statement of additional information of each Fund filed with the Securities and Exchange Commission and the offering and organizational documents for the Steben Private Fund.

Managed Accounts

We manage equity and managed futures for institutional and non-institutional clients. We provide investment advice to clients and make investments for our clients based on the individual needs of the client. Through this service, we offer a highly customized and individualized investment program for clients. Our focus is on the selection and management of managed futures portfolios as well as portfolios of mutual fund, exchange traded funds, private funds. These portfolios also may contain equities, fixed income, options and other general securities if appropriate for the client. A specific strategy and investment policy is crafted to focus on the specific client's goals and objectives.

We provide asset management services for our non-institutional clients generally through accounts established with Charles Schwab & Company, Inc. (Schwab), a licensed broker-dealer, through its Schwab Advisor Services. Schwab provides custody, trade execution, clearing and settlement of transactions for our Managed Accounts. Therefore, individual clients are required to establish a brokerage account(s) through Schwab. Separate accounts are maintained for each individual client. Each client retains all rights of ownership of their accounts (e.g. right to withdraw securities or cash, exercise proxy voting, and receive transaction confirmations). Steben & Company is not an affiliated company of Schwab. See Item 12 – Brokerage Practices for additional disclosures regarding Steben & Company's arrangement with Schwab.

Managed Account clients grant Steben & Company discretionary trading authorization on their account. When discretionary authority is granted, Steben & Company will not need to contact the client prior to executing trades in a client account. See Item 16 – Investment Discretion for more information regarding this practice.

Upon appointment as an investment adviser, Steben & Company will work with the client to obtain information necessary to determine the client's financial situation and investment objectives. Managed Account services are provided on the basis of this information. Clients



should notify us when their financial situation or investment objectives change or if the client wants to impose and/or modify any reasonable restrictions with respect to Steben & Company's management of their accounts. Steben & Company will always be reasonably available to consult with the client relative to the status of the accounts being managed by Steben & Company.

Steben Managed Futures Funds

Steben & Company serves as the general partner to the following Steben Managed Futures Funds:

- Futures Portfolio Fund, L.P.

Steben & Company also is registered with the CFTC and a member of the NFA with respect to its advisory services to the Steben Managed Futures Strategy Fund and its subsidiary.

Our advisory services to the Steben Managed Futures Funds consist of managing, either directly or through the efforts of other registered investment advisory firms, the excess margin and other cash assets of the Steben Managed Futures Funds, by investing these assets in high quality, fixed income securities. The cash management function is generally performed for each Steben Managed Futures Fund in a similar manner, using policy statements and investment guidelines that are consistent across each of the Steben Managed Futures Funds. To assist in this process, Steben & Company has created cash management guidelines to be followed by each such firm in carrying out its function.

Steben & Company currently utilizes third party advisory firms to carry out the day-to-day management of the fixed income assets of the Steben Managed Futures Funds, pursuant to investment advisory agreements with Steben & Company and each of the Steben Managed Futures Funds.

Other Services

We provide investment advice to clients through consultations on a periodic basis. We also may offer advice to qualified existing and prospective clients regarding investing in the Steben Mutual Funds, the Steben Funds of Funds, the Steben Private Funds and/or Steben Managed Futures Funds.

Item 5: Fees and Compensation

The following section describes how Steben & Company is compensated for the services we provide to our clients.

Steben Mutual Funds

Under our investment advisory agreement with the Steben Mutual Funds, we charge each Fund a management fee at a specified annual percentage rate of the Fund's average daily net assets. The management fee is calculated at an annual management fee of 1.75%, calculated daily and payable monthly, as a percentage of the Steben Managed Futures Strategy Fund's average daily net assets. In addition, the subsidiary has entered into a separate advisory contract with



Steben & Company for the management of its portfolio. Steben & Company has contractually agreed to advise the subsidiary without compensation. This undertaking may not be terminated unless Steben & Company obtains the prior approval of the Fund's board. The Steben Managed Futures Strategy Fund also pays other fees and expenses in addition to our management fees, such as distribution fees and expenses and ordinary operating expenses.

Our management fee for the Steben Managed Futures Strategy Fund is based on the Fund's net asset value, which is calculated each day that the New York Stock Exchange is open for business. The Steben Managed Futures Strategy Fund's net asset value is calculated by adding the fair market value of each Fund's investments, which is calculated based on pricing policies and procedures established by the board of trustees of the Steben Mutual Funds, cash and other assets, and by subtracting the Fund's liabilities.

Steben & Company has entered into an Operating Services Agreement with Steben Managed Futures Strategy Fund. Under this Operating Services Agreement, in exchange for an Operating Services Fee of 0.24% of the Fund's average daily net assets paid to us by the Fund, we have contractually agreed to pay all ordinary expenses with respect to the day-to-day operations of the Fund.

Additional information regarding the fees and expenses paid by the Steben Mutual Funds is contained in the prospectus and statement of additional information for the Steben Managed Futures Strategy Fund filed with the Securities and Exchange Commission.

Steben Funds of Hedge Funds

Under our management agreement with each Steben Fund of Hedge Funds, we charge each Fund a management fee at a specified annual percentage rate of the Fund's month-end net asset value. The management fee is calculated at an annual management fee of 1.25%, calculated and payable monthly, as a percentage of the Steben Fund of Hedge Fund's month end assets. So long as the Steben Select Multi-Strategy Fund invests substantially all of its investable assets in the Steben Select Multi-Strategy Master Fund, the Select Fund will not directly pay Steben & Company an investment management fee. The Steben Funds of Hedge Funds also pay other fees and expenses in addition to our management fees, such as distribution fees and expenses and ordinary operating expenses. In addition, because the Steben Select Multi-Strategy Fund is a feeder fund, it indirectly shares the trading, administrative and other expenses of the Steben Select Multi-Strategy Master Fund pro rata based on its interest in the Master Fund.

Our management fee for the Steben Select Multi-Strategy Master Fund is based on the Fund's net asset value, which is calculated on the last day of the month that the New York Stock Exchange is open for business. The Steben Select Multi-Strategy Master Fund's net asset value is calculated by adding the fair market value of the Fund's investments, which is calculated based on pricing policies and procedures established by the board of trustees of the Steben Funds of Hedge Funds, cash and other assets, and by subtracting the Fund's liabilities. If no pricing information from the Portfolio Fund is available for an investment held by a Steben Select Multi-Strategy Master Fund or we do not agree with the Portfolio Fund Manager's valuation, Steben & Company will determine the fair market value of such investment in good faith. A potential conflict of interest therefore exists because our management fees and performance results are based on our valuations of investments for the Steben Multi-Strategy Master Fund.



Pursuant to Operating Services Agreements with each Steben Fund of Hedge Funds, we have contractually agreed to pay all of the Funds' ordinary operating expenses so long as Steben & Company remains the Adviser, and in exchange for Operating Services Fees of 0.15% of average daily net assets with respect to Steben Select Multi-Strategy Master Fund and 0.30% of average daily net assets with respect to Steben Select Multi-Strategy Fund.

Additional information regarding the fees and expenses paid by the Steben Funds of Hedge Funds is contained in the prospectuses and statements of additional information for the Steben Funds of Hedge Funds filed with the Securities and Exchange Commission.

Steben Private Funds

We receive an annual management fee of 1.25%, calculated and payable monthly, for providing investment advisory services to the Steben Private Funds, as a percentage of the Steben Private Fund's month end assets. So long as Steben Select Multi-Strategy Partners, LP invests substantially all of its investable assets in the Steben Select Multi-Strategy Master Fund, the Partners Fund will not directly pay Steben & Company an investment management fee. The Steben Private Fund also pays other fees and expenses in addition to our management fees, such as ordinary operating expenses. In addition, because Steben Select Multi-Strategy Partners, LP is a feeder fund, it indirectly shares the trading, administrative and other expenses of the Steben Select Multi-Strategy Master Fund pro rata based on its interest in the Master Fund.

We and certain of our principals and employees are limited partners in the Steben Private Funds.

Our management fee for the Steben Select Multi-Strategy Master Fund is based on the Fund's net asset value, which is calculated on the last day of the month that the New York Stock Exchange is open for business. The Steben Select Multi-Strategy Master Fund's net asset value is calculated by adding the fair market value of the Fund's investments, which is calculated based on pricing policies and procedures established by the board of trustees of the Steben Funds of Hedge Funds, cash and other assets, and by subtracting the Fund's liabilities. If no pricing information from the Portfolio Fund is available for an investment held by a Steben Select Multi-Strategy Master Fund or we do not agree with the Portfolio Fund Manager's valuation, Steben & Company will determine the fair market value of such investment in good faith. A potential conflict of interest therefore exists because our management fees and performance results are based on our valuations of investments for the Steben Multi-Strategy Master Fund.

Under an Operating Services Agreements with Steben Select Multi-Strategy Partners, LP, we have contractually agreed to pay all of the Fund's ordinary operating expenses in exchange for an Operating Services Fees of 0.10% of its average monthly net assets.

Additional information about the fees and expenses paid by the Steben Private Funds is contained in the offering and organizational documents for the Steben Private Funds.

Managed Accounts

For non-institutional equity strategy Managed Accounts, Steben & Company charges an annual advisory fee, billed quarterly, as a percentage of assets under management based on a fee



schedule similar to the one listed below. (Please note the fee schedule below is a general fee schedule provided for illustrative purposes and advisory fee may be negotiated.)

Assets Managed	Annual Fee (%)
First \$ 500,000	1.25%
Next \$ 1,000,000	1.00%
Next \$ 3,500,000	0.85%
Over \$ 5,000,000	0.75%

For institutional equity strategy Managed Accounts, Steben & Company charges an annual advisory fee as follows:

Assets Managed	Annual Fee (%)
First \$ 15,000,000	0.75%
Next \$ 15,000,000	0.65%
Next \$ 15,000,000	0.55%
Over \$45,000,000	0.50%

We generally charge the following minimum annual management fee for Managed Account services:

- \$2,500 – non-institutional equity portfolios;
- \$50,000 – institutional equity portfolios.

In our discretion, we may consolidate managed accounts for purposes of calculating management fees and portfolio minimums. We may waive or reduce the minimum annual management fee in our discretion. We generally waive management fees and portfolio minimums for portfolios in which we or our principals or employees have a direct or indirect interest. Our management fees may be adjusted, waived or otherwise negotiated in our discretion and, therefore, certain clients may have a different fee schedule than those described above. In addition, clients may not be charged a fee. The exact services and fees will be agreed upon and disclosed in the agreement for services prior to services being provided.

Unless we agree otherwise, our investment advisory agreement generally provides that the annual fee is calculated and billed quarterly in advance at the beginning of each calendar quarter and will be based on the amount of assets under management at the end of the previous calendar quarter. In addition, the advisory fee is *pro-rated* to account for any deposits to and/or withdrawals from the account during the course of the quarter. Fees will be *pro-rated* based on the number of days that services are provided when the account is established or terminated at any time other than the beginning of a calendar quarter.

Our management fees for separately managed accounts are generally based on the fair market value of assets in the portfolio as of the close of business on the last trading day of the most recent calendar quarter. When calculating management fees, we generally value equity securities at their closing price on the principal exchanges on which the securities are traded, if any, and we generally value fixed income and other securities at their fair market value as determined by us in good faith. For investments in mutual funds and hedge funds, we utilize the value provided by those funds. We generally use pricing information supplied by an independent third-party pricing vendor to assist us in valuing securities for purposes of calculating our



management fees. If no pricing information for a particular security is available from our third-party pricing vendor or we do not agree with our third-party pricing vendor's valuation, we will determine the fair market value of the security in good faith. Our valuations may be higher or lower than the valuations calculated by your custodian. A potential conflict of interest therefore exists because our management fees and performance results are based on our valuations of securities for your portfolio.

Under our investment management agreement with individuals, we generally have the authority to acquire shares of the Steben Mutual Funds, Steben Funds of Funds or the Steben Private Funds. Under these circumstances, we will exclude the value of shares of the Steben Mutual Funds, Steben Funds of Funds or the Steben Private Funds held in the client's portfolio when calculating applicable management fees. However, we will include the value of shares of unaffiliated mutual funds, money market funds, and exchange-traded funds held in the client's portfolio when calculating applicable management fees.

Under our investment management agreement with individuals, we generally will deduct management fees from the client's portfolio on a quarterly basis by submitting an invoice for our management fees directly to the custodian. We will send each client a quarterly statement identifying the amount of the management fee due and the manner in which the management fee was calculated. Each client may be invoiced directly for management fees if reflected in our investment management agreement.

Brokerage commissions and/or transaction ticket fees charged by the custodian will be charged directly to the client. Steben & Company will not receive any portion of such commissions or fees from the custodian or client. See Item 12 – Brokerage Practices for disclosure regarding Steben & Company's brokerage arrangements. In addition, clients may incur certain charges imposed by third parties other than the advisor in connection with investments made through the account, including but not limited to, mutual fund expenses, 12b-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees.

All fees paid to Steben & Company for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. Such fees and expenses are described in each fund prospectus, and will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund is sold on a short-term basis, the account could be subject to a short-term redemption fee. A client could invest in a mutual fund directly, without the services of Steben & Company. In that case, the client would not receive the services provided by Steben & Company which are designed, among other things, to assist the client in determining which mutual funds or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by Steben & Company to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Steben Managed Futures Funds

Steben & Company does not charge a separate fee for its advisory services to the Steben Managed Futures Funds. Rather, Steben & Company receives a management fee from each Steben Managed Futures Fund which compensates us for all of the services we provide to each Steben Managed Futures Fund. Steben & Company may also receive a performance fee from Futures Portfolio Fund Class I Units – please see Item 6 - Performance-Based Fees and Side-



by-Side Management for more information. The firms engaged to manage the cash assets of each commodity pool are paid a fee based on the value of the assets entrusted to their management.

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

Currently, all Steben & Company Funds and Managed Accounts are charged by Steben & Company a combination of asset-based and/or performance fees. Steben & Company may, in the future, charge other types of fees and use different fee structures.

In the case of Futures Portfolio Fund Class I Units only, Steben & Company is entitled to receive a quarterly performance fee if the Fund reaches a net new profit. This performance fee is in exchange for the lower management fee charged for Class I Units. This performance fee (if earned) combined with the lower management fee, is designed to bring total fees paid for Class I Units in line with the other classes of Units for the Fund. Any profits or losses for the Fund are equally allocated among all classes of Units. Thus, this mitigates potential conflicts of interest or manner in which to treat Class I Units differently from other classes of the Fund that do not pay a performance fee.

Nevertheless, a performance fee may create a conflict of interest in that the investment personnel at Steben & Company may have an incentive to allocate the investment opportunities to the Futures Portfolio Fund that they believe might be the most profitable to the Fund instead of the other Funds advised by Steben & Company. A performance fee also creates potential conflicts of interest because Steben & Company has an incentive to solicit prospective limited partners in, and devote more resources to, the Futures Portfolio Fund Class I Units. Steben & Company also may have an incentive to favor the Futures Portfolio Fund Class I Units for which performance fees are charged over other client portfolios for which performance fees are not charged, such as by allocating more profitable investments or opportunities to, or by devoting more resources to, this fund.

Potential conflicts of interest may arise from Steben & Company's management of the Steben Funds, Managed Accounts and other accounts. For example, conflicts of interest may arise with the allocation of limited investment opportunities. Allocations of investment opportunities generally could raise a potential conflict of interest to the extent that Steben & Company may have an incentive to allocate investments that are expected to increase in value to preferred accounts.

Steben & Company seeks to allocate investment opportunities to its clients, and otherwise to treat all of its clients, in a manner that is fair and equitable to all clients. Steben & Company has adopted policies and procedures that address parameters to be considered in allocating investment opportunities and Steben & Company's time. All investment decisions are also subject to periodic review by Steben & Company's Chief Compliance Officer (CCO).

We make investment decisions for our clients based on their respective investment objectives, guidelines, restrictions, risk profiles, tax status and other relevant considerations. Consequently, we may purchase or sell securities at the same or different times for some clients but not other clients, or we may make investment decisions for some clients that are contrary to investment decisions for other clients. In addition, we could favor some clients over other clients in the order



in which trades are placed, in that portfolios for which trades are placed first could receive a more or less favorable execution price than portfolios for which trades are placed in subsequent transactions. We could also favor some clients over other clients when allocating investment opportunities of a limited nature, such as initial public offerings and private placements. We and/or our principals, employees or affiliates have a proprietary interest in certain portfolios, the Steben Mutual Funds or the Steben Private Funds, and we therefore may have an incentive to favor such portfolios over other portfolios or devote more resources to such portfolios as compared to other portfolios.

These practices may be considered potential conflicts of interest because they may benefit some clients over other clients depending on market conditions and other factors. We believe we have implemented policies and procedures that are reasonably designed to mitigate potential conflicts of interest raised by side-by-side management of various portfolios. Some of these policies and procedures are described in Item 12 – Brokerage Practices of this brochure. You may contact our CCO at 240.631.7604 to discuss the policies and procedures we have implemented in an effort to mitigate potential conflicts of interest raised by side-by-side management of various portfolios.

Item 7: Our Clients

We provide investment advisory services to individuals, trusts, estates, charitable organizations, government entities, corporations, institutions and other business entities, foundations, endowments, pension and profit sharing plans, registered investment companies, and private investment funds. Our requirements for opening and maintaining a portfolio with us are summarized below.

Steben Mutual Funds

The Steben Mutual Funds require a minimum initial investment of \$2,500, which may be waived by the Steben Mutual Funds in their discretion. An exception to this general representation are Class I Shares of Steben Managed Futures Strategy Fund which require a minimum initial investment of \$1,000,000. Purchases and redemptions of shares of the Steben Mutual Funds are subject to various requirements as further described in the prospectus and statement of additional information for each Fund filed with the Securities and Exchange Commission.

Steben Funds of Hedge Funds

Steben Select Multi-Strategy Fund requires a minimum initial investment of \$25,000, which may be waived by the Fund in its discretion. Purchases and redemptions of shares of the Steben Select Multi-Strategy Fund are subject to various requirements as further described in the prospectus and statement of additional information for each Fund filed with the Securities and Exchange Commission.

Steben Private Funds

The Steben Private Funds generally require limited partners to satisfy the following minimum initial investment amounts and eligibility requirements:



- Steben Select Multi-Strategy Partners, LP generally requires an initial minimum investment of \$250,000. The general partner may waive this minimum investment amount in its discretion. Limited partners must qualify as “accredited investors,” “qualified purchasers” and/or “knowledgeable employees” under applicable federal securities laws.

Managed Accounts

We generally require a minimum account size of \$100,000 for opening and maintaining a non-institutional Managed Account with us.

For institutional accounts, we generally require a minimum account size of \$5,000,000 for opening and maintaining an institutional Managed Account with us.

We may waive this account minimum for any client in our discretion. We may also consolidate separately managed accounts of related parties to determine whether or not our account minimums are satisfied for a particular client.

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

Steben & Company's Investment Committee or its members oversee all of Steben's client accounts except for the Managed Accounts. To the extent that any member of the Investment Committee manages separately Managed Accounts, those accounts are overseen by that member. The Investment Committee consists of three persons: the President, the Chief Investment Officer and the Director of Operational Due Diligence. The Investment Committee generally (i) performs an ongoing topdown alternative strategy review to determine any gaps in the lineup of strategies recommended by Steben, (ii) the identification, selection and monitoring of trading advisors and underlying hedge funds, and (iii) directs the research team as to a bottom-up approach to monitoring of trading advisors and underlying hedge funds.

Steben Mutual Funds

We provide investment advisory services to the Steben Mutual Funds. The following section includes a summary of the investment objective, principal investment strategies, and material risks associated with the Steben Managed Futures Strategy Fund.

A summary of the investment objective, principal investment strategies, and material risks provided below is necessarily limited and is presented for general informational purposes in accordance with regulatory requirements. Consequently, this summary is in all instances qualified and superseded by the prospectus and statement of additional information of the Steben Managed Futures Strategy Fund. Additional information about the investment objective, investment strategies, risks, and other terms of the Steben Managed Futures Strategy Fund is contained in the prospectus and statement of additional information for the Fund, which can be obtained free of charge by contacting the Fund at 855.775.5571, by visiting www.steben.com, or by sending an email to info@steben.com.



Steben Managed Futures Strategy Fund

Investment Objective: The Fund seeks to achieve positive long term absolute returns with low correlation to broad equity and fixed income market returns.

Principal Investment Strategies: The Fund seeks to achieve its investment objective by pursuing a managed futures strategy which intends to capture absolute returns in the commodity and financial futures markets (equity, interest rate and currency) markets by investing mainly in:

- futures contracts (such as currency futures, futures on broad-based security indices and futures on commodities);
- foreign currency transactions (such as U.S. and foreign spot currencies and currency forward contracts); and
- options on futures and swaps (collectively, Derivative Instruments).

The Fund invests in Derivative Instruments directly and it invests up to 25% of its total assets in a wholly owned and controlled subsidiary (the Subsidiary) to pursue its managed futures strategy through investments in Derivative Investments. Steben & Company and the Fund utilize Trading Advisors who employ a variety of managed futures trading strategies. The Fund also invests generally between 60% to 80% of its assets directly in fixed income investments to generate returns and interest income, diversifying the returns of the Fund's investments in managed futures. Steben & Company and the Fund have appointed a subadviser to manage the fixed-income portion of assets of the Fund.

Steben & Company generally expects that the Fund's performance will have a low correlation to the long-term performance of the general global equity, fixed income, currency and commodity markets; however, the Fund's performance may correlate to the performance of any one or more of those markets over short-term periods.

Trading Advisor Selection. After identifying a universe of Trading Advisors and managed futures programs that meet Steben's internal criteria, Steben selects potential managed futures programs using a methodology based on both quantitative and qualitative assessments. Steben employs a portfolio construction process based on its assessment of each managed futures program's historical return and risk profiles and the Fund's investment objective. In general, Steben seeks to select Trading Advisors and managed futures programs based on the programs' expected individual risk-adjusted performance and their potential diversification benefits to the Fund's overall portfolio. For each prospective allocation to a new Trading Advisor, Steben will conduct an evaluation of the Trading Advisor and its strategy, team, and approach through analysis of, among other criteria, its prior investment returns, portfolio exposures, current assets under management, and investment strategy outlook. Trading Advisors are generally not registered under the Investment Advisers Act of 1940.

Investment and Operational Due Diligence. For each selected managed futures program that Steben considers for investment, Steben completes a due diligence process that, among other things, reviews the respective Trading Advisor's trading strategy, performance, experience, management team, strategy implementation, firm organizational strength and



risk management. In addition, Steben conducts a separate internal review of the Trading Advisor's investment and organizational documents, the Trading Advisor's relationships with its auditors, prime brokers, fund administrators and other service providers, technology infrastructure, management and organization, legal, regulatory and compliance capabilities, policies and practices regarding valuation and the calculation of net asset values, trading processes, fees and cash movement, among other factors.

Allocation. Steben allocates the assets of the Fund and the Subsidiary among the Trading Advisors so as to provide exposure to what Steben considers to be an appropriate mix of trading styles and managed futures investment strategies given its strategic market views. The allocations are determined at Steben's discretion in order to attempt to achieve the investment objective of the Fund. Allocations will not necessarily be equally weighted to each Trading Advisor, and the amount allocated to any program can change over time. New managed futures programs may be added and existing ones may be removed at any time.

Monitoring. Steben monitors the performance and risk exposures of the Trading Advisors and the Derivative Investments. If an investment's performance or risk deviates significantly from Steben's expectations, Steben will review the issue with the Trading Advisor. An unfavorable review could prompt Steben to reduce the allocation to the Trading Advisor's program, or remove it altogether. However, Steben need not reduce the allocation if the outcome of the review is favorable.

Steben also performs periodic ongoing due diligence reviews of each Trading Advisor, in order to track enhancements or changes to their trading programs, as well as any significant organizational or operational developments. An unfavorable review could prompt an allocation reduction or a removal of the Trading Advisor from the Fund's portfolio.

Material Risks: Investing in securities and other instruments involves a risk of loss that advisory clients should be prepared to bear, and clients may lose all of their invested capital. These risks vary dependent on the strategy and investment objective of the Steben Mutual Fund and investors should carefully read the offering material and consult their own advisers with respect to such investment.

- Investment in the Fund is speculative and there is no guarantee that the Fund will achieve its investment objective.
- The Fund has significant risks due to substantial price volatility in domestic and foreign markets for financial instruments, stock indices, currencies, energies, metals and commodities, as well as the uncertainty as to the ability of the Fund's trading advisors to profit in those markets.
- The Fund invests in futures, options, forward contracts and other derivative investments which can be highly volatile, illiquid and difficult to value. Changes in the value of these instruments held directly or indirectly by the Fund may not correlate with the underlying instrument or the Fund's other investments. There are additional risks associated with derivative instruments that are possibly greater than the risks associated with investing directly in the underlying instruments, including leveraging risk and counterparty credit risk.



- The Fund invests in fixed income securities which subject the Fund to credit risk, interest rate risk, call and extension risks and risks inherent with investing in government securities. Prices of fixed income securities tend to move inversely with changes in interest rates.
- The Fund's investment in its subsidiary exposes the Fund to the risks associated with the subsidiary's investments, which are generally the risks of futures-related investments. Changes in the laws of the United States and/or the Cayman Islands could result in the inability of the Fund and/or its Subsidiary to operate as described in the prospectus and the statement of additional information and could adversely affect the Fund.
- There is a risk that profits realized by the Fund's subsidiary may not be considered "qualifying income" for purposes of the Fund qualifying as a regulated investment company for U.S. federal income tax purposes.

Steben Funds of Hedge Funds and Steben Private Funds

We provide investment management services to the Steben Funds of Hedge Funds and serve as the general partner to the Steben Private Funds. The following section includes a summary of the investment objectives, principal investment strategies, and material risks associated with each Steben Fund of Hedge Fund and Steben Private Fund.

The summaries of the investment objectives, principal investment strategies, and material risks provided below are necessarily limited and are presented for general informational purposes in accordance with regulatory requirements. References to the "Fund" relate to each the Steben Select Multi-Strategy Fund, Steben Select Multi-Strategy Partners, LP and Steben Select Multi-Strategy Master Fund. These summaries are in all instances qualified and superseded by the prospectus and statement of additional information or the offering and organizational documents, as applicable, for the Steben Funds of Hedge Funds and the Steben Private Funds. Additional information about the investment objectives, investment strategies, risks, and other terms and provisions are contained in the prospectus and statement of additional information of the Steben Funds of Hedge Funds and the offering and organizational documents for the Steben Private Funds.

Steben Select Multi-Strategy Fund, Steben Select Multi-Strategy Partners, LP and Steben Select Multi-Strategy Master Fund

Investment Objective: The Fund's investment objective is to seek capital appreciation with low long-term correlation to traditional public equity and fixed income markets. There can be no assurance that the Fund will achieve its investment objective.

Principal Investment Strategies: The Fund seeks to achieve its investment objective, through the Master Fund, principally by allocating its assets, directly or indirectly, among investment partnerships, managed funds, securities, swaps and other assets held in segregated accounts and other investment funds, which may include investment funds commonly referred to as "hedge funds" (collectively, Portfolio Funds). The Master Fund is operated as a "fund of funds" that provides a means for investors to participate investments in various Portfolio Funds.

Portfolio Fund Managers. Portfolio Funds are managed by third-party investment managers (Portfolio Fund Managers) that employ a variety of alternative investment strategies (Portfolio Fund Strategies or Strategies). The Portfolio Fund Strategies allow Portfolio Fund Managers to invest in or trade in a wide range of investments (including, but not limited to, U.S. and non-U.S. equities, fixed income securities, currencies, and physical commodities, as well as derivatives of the aforementioned investments, such as futures contracts, forward contracts, swaps and options). These Strategies also allow the Portfolio Fund Managers the flexibility to use leveraged or short-sale positions to take advantage of perceived inefficiencies across the global capital markets and are sometimes referred to as “alternative” strategies in contrast to more conventional long-only, limited-leverage investment programs. The Master Fund’s assets that are not allocated to Portfolio Funds may be held in cash, cash equivalents (including money market funds) or short-term interest-bearing investments.

Initially, the Master Fund has invested in Portfolio Funds pursuing the following Portfolio Fund Strategies: (i) long/short equity, (ii) equity market neutral, (iii) global macro, and (iv) fixed income relative value. The Master Fund also may invest in Portfolio Funds that pursue two or more of the Strategies listed above as well as others (Multi-Strategy Portfolio Funds). Steben & Company generally expects to allocate the Master Fund’s assets among a variety of Portfolio Funds, seeking to gain exposure across various Portfolio Fund Strategies, but may focus the Master Fund’s investments in particular strategies in order to take advantage of perceived investment opportunities or based on its current market outlook. Under normal circumstances, Steben & Company will seek to allocate the Master Fund’s assets such that investments in different Portfolio Funds, across various Portfolio Fund Strategies, are combined in a manner designed to achieve a balance between risk and return.

Portfolio Fund Selection. Steben & Company identifies potential Portfolio Funds through a variety of sources.

- *Investment Analysis.* The Portfolio Fund selection process is driven by both quantitative and qualitative analysis. For each prospective allocation to a new Portfolio Fund, Steben & Company first conducts an evaluation of the Portfolio Fund Manager and its strategy, team, and approach through analysis of, among other criteria, its prior investment returns, portfolio exposures, current assets under management, and investment strategy outlook.
- *Operational and Business Risk Analysis.* Steben & Company also assesses a Portfolio Fund Manager’s ability to operate efficiently. The key components of this analysis include, but are not limited to, a review of key principals, organizational structure and terms of Portfolio Funds, mid/back office operations, valuation process, accounting practices, and internal controls and procedures, disaster recovery plan and anti-money laundering policies.

Strategic Asset Allocation. Steben & Company generally expects to allocate the Master Fund’s assets among a variety of Portfolio Funds, seeking to gain exposure across multiple Portfolio Fund Strategies. Under normal circumstances, Steben & Company will seek to allocate the Master Fund’s assets such that investments in different Portfolio Funds, across various Portfolio Fund Strategies, are combined in a manner designed to achieve a balance between risk and return. In addition, by constructing a portfolio that is comprised of a number of Portfolio Funds, across a broad range of Portfolio Fund Strategies, the Master



Fund seeks to achieve its investment objective with lower long-term volatility than likely would be achieved if the Master Fund were to focus all, or a substantial portion, of its assets in any single Portfolio Fund Strategy. Nonetheless, the Fund and the Master Fund are classified as a “non-diversified” investment company within the meaning of the Investment Company Act.

Ongoing Monitoring. Steben & Company monitors and manages the Master Fund’s portfolio on an ongoing basis. This monitoring includes the ongoing reassessment of Portfolio Fund Strategies and a Portfolio Fund Manager’s ongoing competence with those Portfolio Fund Strategies, including with respect to factors that may impact performance. No risk-management process is fail-safe, and no assurance can be given that Steben & Company’s risk management process will achieve its objective.

Steben & Company believes there are a number of potential reasons for reducing capital allocated to a Portfolio Fund. Some of these reasons may include: deficiencies in the investment strategy or internal controls of a Portfolio Fund Manager, identification of a better alternative, style drift, change in key personnel, change in investment strategy, significant change in the amount of assets under management, or a decline in performance.

Steben & Company anticipates that the number and identity of Portfolio Funds and other investments will vary over time, at Steben & Company’s discretion, as a result of allocations and reallocations among new and existing Portfolio Funds and the performance of each Portfolio Fund as compared to the performance of other Fund assets.

Material Risks: Investing in securities and other instruments involves a risk of loss that advisory clients should be prepared to bear, and clients may lose all of their invested capital. These risks vary dependent on the strategy and investment objective of the Funds and investors should carefully read the offering material and consult their own advisers with respect to such investment.

An investment in the Fund should be considered a speculative investment that entails substantial risks, including but not limited to:

- Investment in Fund is speculative and there is no guarantee that the Fund will achieve its investment objective.
- The Fund’s shares will not be listed on any securities exchange and it is not anticipated that a secondary market for Fund shares will develop.
- The Fund’s shares are subject to substantial restrictions on transferability and resale and may not be transferred or resold except as permitted under the Declaration of Trust of the Fund and applicable law.
- Although the Fund may offer to repurchase shares (or a portion thereof) on a quarterly basis or from time to time, no assurance can be given that repurchases will occur or that any shares properly tendered will be repurchased by the Fund.
- Fund shares will not be redeemable at a shareholder’s option. As a result, a shareholder may not be able to sell or otherwise liquidate his or her shares.



- Fund shares are appropriate only for shareholders who can tolerate a high degree of risk and do not require a liquid investment.
- The Portfolio Funds in which the Fund invests may pursue various investment strategies and are subject to special risks.
- The Fund's performance primarily depends upon the performance of the Steben & Company's selection of Portfolio Funds, the allocation of offering proceeds thereto and the performance of the Portfolio Funds.
- The Portfolio Funds' investment activities involve the use of strategies and investment techniques with significant risk characteristics, including risks arising from volatility in the global equity, fixed-income, currency, commodities and real estate markets, the risks of short sales, the risks of leverage, the potential illiquidity of securities and derivative instruments, the risk of loss from counterparty defaults and the risk of borrowing to meet withdrawal requests.

Managed Accounts

We provide investment management services for equity and managed futures strategies to institutional and non-institutional clients through separately Managed Accounts. The following section includes a summary of the investment objectives, principal investment strategies, and material risks associated with the equity strategies Steben & Company offers to clients through Managed Accounts. For managed futures strategies, please contact Steben & Company.

Steben & Company's primary method of analysis or strategy for equity managed accounts is diversification through strategic asset allocation. Our investment process is grounded in the following core beliefs:

- Access to research and a disciplined process are essential for long-term success.
- Global diversification expands our field of opportunities.
- A long term approach allows us to take advantage of undervalued investments.
- Using mutual funds and hedge funds allows us to access some of the world's best investment minds.

Some of the risks involved with using this method include risk of market correction or bear market which would negatively impact the equity portion of the portfolio; risk that the long term return will fall below the return needed by the client.

Steben & Company primarily utilizes mutual funds and hedge funds when managing client accounts. Some of the risks involved with only recommending mutual funds include the risk that the fund will significantly underperform its benchmark, as most mutual funds do underperform their benchmarks. When Steben & Company invests in a mutual fund, clients will bear additional expenses based on their pro rata share of the mutual fund's operating and management fee expenses. The risk of owning a mutual fund generally reflects the risks of owning the underlying securities the mutual fund holds.

- Past performance is not indicative of future results.
- Investing in securities (including stocks, mutual funds, bonds, and hedge funds) involves risk of loss.
- Depending on the different types of investments there may be varying degrees of risk.
- Clients and prospective clients should be prepared to bear investment loss including loss of original principal.
- 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.
- Interest Rate Risk – When interest rates rise, the value of fixed income investments held by the Fund may decline. When interest rates decrease, income from the Fund's fixed income investments may decline. This effect is typically more pronounced for intermediate and long-term fixed income securities.
- Credit Risk – Fixed income securities of an issuer will likely decline in value or the issuer may fail to make timely payments of interest or principal on the securities. Political, economic and other factors also may adversely affect the value of fixed income securities.
- 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 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.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Options Risk – Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.



Steben Managed Futures Funds

For Steben Managed Futures Funds, Steben & Company selects and monitors the commodity trading advisers who execute the Funds' managed futures strategy. The Steben Managed Futures Funds are managed with an objective of low correlation to equity and bond investment portfolios. Steben & Company selects and monitors unaffiliated SEC-registered investment advisory firms to manage the fixed income assets of each Managed Futures Fund entrusted to it pursuant to investment guidelines adopted and implemented by Steben & Company which consist of the speculative trading of commodity futures contracts and commodity interests. These guidelines are intended to ensure that the Steben Managed Futures Funds' assets are managed with a focus on current income and preservation of the principal amount invested.

An investment in the commodity pools involves substantial risks and is suitable only for those investors who are able to assume the risk of losing a substantial portion or all of their investment. Futures and forward prices can be volatile and involve the use of substantial leverage. A substantial portion of each Managed Futures Fund's trades may be executed on foreign exchanges. There are also significant tax and other risks.

Cybersecurity

The computer systems, networks and devices used by us and service providers to us and a client to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client and its investors could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; interference with our ability to calculate the value of an investment in a client; impediments to trading; the inability us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; counterparties with which a client engages in transactions; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, insurance companies, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

Item 9: Disciplinary Information

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

Item 10: Other Financial Industry Activities and Affiliations

In addition to being a registered investment adviser with the SEC, Steben & Company also is registered as a broker-dealer with the SEC and is registered as a commodity pool operator, introducing broker and swap firm with the CFTC. Steben & Company is a member of FINRA and the NFA. Steben & Company does not have any corporate affiliates.

As discussed under *Advisory Business*, Steben & Company sponsors pooled investment partnerships and other entities which it serves as the general partner. Investments in certain Managed Futures Funds sponsored by Steben & Company are conducted on a private placement basis and prospective investors are solicited by means of the current prospectus or confidential private placement memorandum of the relevant Steben Managed Futures Fund, among other practices. Steben Managed Futures Funds may from time to time invest in other commodity funds sponsored by us. In such cases, where a Steben Managed Futures Fund (a “top-tier fund”) invests in another Steben Fund or a commodity fund we sponsor (a “lower-tier fund”), we either (i) do not charge management and performance fees at the top-tier fund level or waive or rebate those fees at the top-tier fund level; or (ii) do not charge management and performance fees at the lower-tier fund level or waive or rebate those fees at the lower-tier fund level. The purpose of the foregoing is so that there is no layering of fees. For this purpose, Steben Managed Futures Fund expenses, administrative services expenses and overhead costs borne by top-tier funds and lower-tier funds are not considered fees. In addition, the commodity funds we sponsor have different fee structures. Therefore, we do have an incentive to favor one or more commodity funds that charge higher fees.

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

Code of Ethics

Steben & Company has adopted a code of ethics pursuant to the requirements of the Investment Advisers Act of 1940, and the rules adopted there under. Our code of ethics reflects the principle that our employees owe a fiduciary duty of care, loyalty and good faith to our clients. Our code also provides that our employees must comply with applicable federal securities laws and may not engage in any act, practice or course of conduct that operates as a fraud or deceit upon our clients.

In general, our code of ethics contains policies and procedures that require our employees to:

- identify their brokerage or securities accounts to us;
- report their securities transactions and holdings to us on a periodic basis;
- certify their compliance with our code of ethics on a periodic basis;
- provide us with their trade confirmations and account statements; and
- report any actual or suspected violations of the code of ethics to us.



Steben & Company will provide a copy of the Code to any client or prospective client upon request.

Participation or Interest in Client Transactions

We serve as the investment adviser to the Steben Mutual Funds, a registered investment company consisting of one fund. We serve as the investment adviser to the Steben Funds of Hedge Funds, registered closed-end investment companies in a master-feeder structure. We serve as the general partner of the Steben Private Funds. In these capacities, we may receive management fees from the Steben Mutual Funds, Steben Funds of Hedge Funds and/or the Steben Private Funds. We and/or our principals, employees and affiliates are shareholders of the Steben Mutual Funds, the Steben Funds of Hedge Funds and/or investors in the Steben Private Funds. We may offer advice to qualified existing and prospective clients regarding investing in the Steben Mutual Funds, Steben Funds of Hedge Funds and the Steben Private Funds. These relationships create potential conflicts of interest because we may have a financial incentive to favor the Steben Mutual Funds, the Steben Funds of Hedge Funds or the Steben Private Funds over other client portfolios. We furnish prospective investors with offering documents, organizational documents and other information concerning the Steben Private Funds for their consideration when making a decision to invest in the Steben Private Funds. We also provide prospective investors with an opportunity to ask us questions prior to investing in the Steben Private Funds.

Personal Trading

We and our principals or employees may purchase or sell for our own portfolios the same securities that we purchase or sell for client portfolios. We also may recommend that our clients purchase or sell the same securities that we and/or our principals or employees may purchase or sell for our own portfolios. We and/or our principals or employees may purchase or sell securities for our own portfolios at the same or different times as client portfolios. We and/or our principals or employees may also purchase or sell securities for our own portfolios while selling or purchasing the same securities for client portfolios. These practices create potential conflicts of interest because we and/or our principals and employees may have an incentive to favor our own portfolios over client portfolios. We believe that we have implemented policies and procedures that are reasonably designed to mitigate these potential conflicts of interest.

Item 12: Brokerage Practices

As an investment advisory firm, Steben & Company has a fiduciary and fundamental duty to seek best execution for client transactions. Best execution is not defined simply as attaining the lowest price, but as the best overall qualitative execution in the particular circumstances. Steben & Company, as a matter of policy and practice, seeks to obtain best execution for client transactions. This applies to the purchase of limited partnership interests or other securities by clients. With respect to Steben & Company's fund-of-funds business, because interests in Portfolio Funds are purchased directly from the issuer at net asset value without the payment of a placement fee or commission, most best execution principles do not apply to such transactions.



To the limited extent we engage in transactions involving securities on behalf of Client Funds, we have the authority to determine the broker-dealers to be used in connection with such transactions and to negotiate the amount of commission or other compensation to be paid in connection with such transactions. To the extent feasible and practicable, we negotiate commission schedules with broker-dealers. In addition, when selecting brokers, we maintain a policy to seek best execution on transactions effected on behalf of Client Funds. In placing portfolio transactions, we seek to obtain the best execution for the clients, taking into account factors we deem relevant, including but not limited to: price, the ability of the brokers to effect the transactions, the brokers' facilities, reliability and financial responsibility, ease of trading with that broker and any research or investment management-related services that may be provided by such brokers. Accordingly, if we determine in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the services provided by such broker, we may cause a client to pay commissions to such broker in an amount greater than the amount another broker might charge. Currently, we do not have any formal arrangements in place with brokers in which we cause a client to pay a higher commission in return for such services.

For non-institutional equity strategy Managed Accounts, Steben & Company has custodial arrangements with Schwab. Schwab offers us services that include custody of securities, trade execution, clearance and settlement of transactions. Therefore, non-institutional clients must open or transfer their accounts to Schwab in order to participate in Steben & Company's managed account services.

We have selected Schwab as the custodian of choice based on:

- Schwab's competitive transaction charges, trading platform, and on-line services for account administration and operational support.
- Schwab's general reputation, trading capabilities, investment inventory, their financial strength, and our personal experience working with Schwab staff.

Please note that not all investment advisors require the use of a specific broker/dealer. Some investment advisors allow clients to select the broker/dealer. However, for compliance and operational efficiency purposes, we have decided to require all non-institutional clients open accounts through Schwab when participating in our Managed Account services. Since we do not recommend, suggest, or make available a selection of custodians other than Schwab, and we have not verified whether their transaction fees are competitive with another custodian, best execution may not always be achieved.

Our recommendation for you to custody your assets with Schwab has no direct correlation to the services we receive from Schwab and the investment advice we offer you, although we do receive economic benefits through our relationship with Schwab that are typically not available to Schwab retail clients. Any commissions, charges or transaction fees associated with such brokerage transactions are received entirely by Schwab. Steben & Company does not have a soft dollar arrangement with Schwab.

We are not a subsidiary of, or an affiliated entity of Schwab. We have sole responsibility for investment advice rendered, and our advisory services are provided separately and independently from Schwab.



Aggregating Trade Orders

Steben & Company usually implements trades on an independent or individual account-by-account basis. However, different clients may carry many of the same securities in their respective accounts, only in different quantities to account for differences in risk tolerances. Therefore, in some cases it is efficient for Steben & Company to trade in many client accounts simultaneously. This process is referred to as aggregating orders, batch trading or block trading and is used when Steben & Company believes such action may prove advantageous to clients. When Steben & Company aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day.

When we determine to aggregate client orders for the purchase or sale of securities, including securities in which our employees and affiliated persons may personally invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, we never receive additional compensation or economic benefit as a result of aggregation.

Item 13: Review of Accounts

Steben & Company's Investment Committee, Portfolio Managers or their designees review Client accounts on an ongoing basis

Our Investment Committee meets periodically to review our investment strategies, general economic and market conditions and developments, investment ideas, and security-specific issues. The Investment Committee is responsible for Client Funds. Our Portfolio Managers regularly review and monitor investment performance, securities holdings, sector weightings, asset allocations, and other portfolio characteristics for client portfolios. Client portfolios may be reviewed on a more frequent basis depending on a variety of factors, such as changes in market, political or economic conditions, contributions or withdrawals of cash from a portfolio, changes in the portfolio's investment objectives, guidelines or restrictions, or meetings with clients. Our Portfolio Managers are responsible for Managed Accounts.

Managed Accounts are reviewed at least quarterly. More frequent reviews may occur because of material market, economic or political events, or by changes in the client's individual circumstances. The underlying investments held in client accounts are reviewed as frequently as monthly.

Steben & Company provides the following reports for separately Managed Accounts, the Steben Mutual Funds, the Steben Funds of Hedge Funds, the Steben Private Funds, and separately Managed Account clients:



Steben Mutual Funds

Each Fund provides its shareholders with a written annual report to shareholders, semi-annual report to shareholders, summary prospectus, prospectus, and statement of additional information. Each Fund may also provide additional written reports to shareholders as required by applicable federal securities laws, as described in its prospectus or statement of additional information, or as determined by the board of trustees for such Fund.

Steben Funds of Hedge Funds

Each Fund provides its shareholders with a written annual report to shareholders, semi-annual report to shareholders, prospectus, and statement of additional information. Each Fund also may provide additional monthly performance updates, written reports to shareholders as required by applicable federal securities laws, as described in its prospectus or statement of additional information, or as determined by the board of trustees for such Fund.

Steben Private Funds

Each Steben Private Fund typically provides a written performance letter and account statement to its limited partners on a monthly basis. Each Steben Private Fund also provides audited financial statements to its limited partners on an annual basis. Each Steben Private Fund also provides limited partners with monthly performance reports, other written reports and information specified in its offering or organizational documents or as determined by the general partner of such Steben Private Fund.

Managed Accounts

Clients will receive account statements directly from the qualified custodian of their account. Such statements are typically sent to clients on a monthly basis, but no less frequently than quarterly. Reporting received by Managed Account clients is separately agreed to by Steben & Company and each Managed Account client.

Item 14: Client Referrals and Other Compensation

Steben & Company does not currently pay compensation to other firms or individuals for providing or otherwise referring clients to us.

Steben & Company may pay compensation from our own resources to financial intermediaries in connection with the distribution and sale of shares of the Steben Mutual Funds, the Steben Funds of Hedge Funds or the Steben Managed Futures Funds and as compensation for shareholder-related services, including administrative, recordkeeping and shareholder communications services. We may also pay compensation to financial intermediaries to make shares of the Steben Mutual Funds, Steben Funds of Hedge Funds or the Steben Managed Futures Funds available to investors through fund platforms or similar programs or for services provided in connection with these platforms or similar programs. These payments generally benefit us, the Steben Mutual Funds, the Steben Funds of Hedge Funds and the Steben Managed Futures Funds, as applicable, by providing financial intermediaries with an incentive to



recommend sales of shares of the Steben Mutual Funds, Steben Funds of Hedge Funds or the Steben Managed Futures Funds over other potential investments.

We may be reimbursed by Foreside Fund Services, LLC, the principal underwriter for the Steben Mutual Funds and the Steben Funds of Hedge Funds, for eligible portions of the compensation that we pay pursuant to distribution plans and selling agreements adopted by the Steben Mutual Funds and the Steben Funds of Hedge Funds pursuant to Rule 12b-1 under the Investment Company Act of 1940.

Item 15: Custody

Steben & Company does not maintain custody of any Steben Mutual Fund, Steben Fund of Hedge Funds or Managed Account. All Client assets are held in separate accounts in the Client's name by unaffiliated broker/dealers, futures commission merchants and/or banks.

Managed Accounts select the broker-dealer, futures commission merchant and/or bank with which it prefers to open its accounts. Per the investment advisory agreement, Steben & Company has the authority to trade the accounts, but does not have the ability to deduct advisory fees or withdraw or transfer securities from those accounts.

Although the securities and assets of the Steben Private Funds are held with a qualified custodian, we may be deemed to have custody over these securities and assets because Steben & Company serves as the general partner of the Steben Private Funds. Investors in the Steben Private Funds will not receive statements from the custodians of the Steben Private Funds. Instead, the Steben Private Funds are subject to annual audits by independent public accounting firms that are registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. These audited financial statements are prepared in accordance with generally accepted accounting principles and distributed to investors of the Steben Private Funds on an annual basis.

Item 16: Investment Discretion

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

Item 17: Voting of Securities

The Investment Advisers Act of 1940, as amended, requires investment advisers that have proxy voting authority to: (i) adopt policies and procedures for voting proxies in the best interest of the client; (ii) describe the procedures to clients; and (iii) inform clients how they may obtain information about how the adviser has actually voted their proxies.



Steben Funds

When investing for the Steben Funds of Hedge Funds, Steben Private Funds and Steben Managed Futures Funds, we rarely vote proxies of traditional operating companies. Rather, it is more likely that we would be requested to vote on behalf of Client Funds in their capacities as investors in other Portfolio Funds. In voting proxies, Steben & Company is guided by general fiduciary principles. Our goal is to act prudently, solely in the best interest of the Client Funds and their investors. We attempt to consider all factors of our vote that could affect the value of the underlying Portfolio Fund. We vote proxies in the manner that we believe is consistent with efforts to achieve a Client Fund's stated objectives, including maximizing portfolio values.

The Steben Mutual Funds have delegated any voting of proxies in respect of portfolio holdings to Steben & Company and third party subadviser to vote proxies in accordance with their applicable proxy voting guidelines and procedures.

Steben & Company has adopted and implemented policies and procedures reasonably designed to ensure that it votes proxies in the best interests of such Client. The guiding principal by which Steben & Company votes all proxies is the promotion of the long-term economic value of the Client's holdings. No investor in any Steben Fund may direct Steben & Company's vote in a particular solicitation.

In general, Steben & Company believes that voting proxies in accordance with the best interests of its clients. Generally, we divide proxies into routine matters (*i.e.*, those covering primarily administrative matters on which a vote is requested) and non-recurring or extraordinary matters such as a change in business terms. It is our general policy, absent a particular reason to the contrary, to vote with an Investment Fund's management's recommendations on routine matters. For non-recurring extraordinary matters, we vote on a case-by-case basis. If it is determined that a conflict of interest is material when voting a proxy, our Chief Compliance Officer will, in accordance with the procedures described in our proxy voting policies and procedures, seek to resolve the conflict before voting. We maintain a record of all proxy votes Steben cast on behalf of the Steben Mutual Funds. Investors may contact us for a copy of our proxy voting policy or information with respect to a specific client proxy vote, at no cost. To request a copy please contact us at 240.631.7600 or by writing to Steben & Company at 9711 Washingtonian Boulevard, Suite 400, Gaithersburg, MD 20878, Attention: Chief Compliance Officer.

Managed Accounts

As an investment adviser registered with the SEC, Steben & Company owes its clients a duty of care and a duty of loyalty at all times. This means that if granted the authority to vote proxies, Steben & Company would be required to vote in each client's best interests – not anyone else's. However, to vote proxies and to retain this authority, Steben & Company feels the costs would not be in line with the benefits that would be received by clients and Steben & Company does not feel that increasing its costs to Managed Account clients would be in their best interests. Because of this, Steben & Company will not retain authority to vote proxies for its Managed Account clients. Managed Account clients will receive proxy requests and other voting measures directly from the qualified custodian or transfer agents. Managed Account clients may vote such as actions as they see fit. If a Managed Account client requires guidance on the issues, they should feel free to contact Steben & Company for help understanding issues presented in a proxy.



Item 18: Financial Information

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