



## **Firm Brochure/ Form ADV Part 2A**

### **Uniform Application for Investment Adviser Registration**

#### **IMC Asset Management**

<http://www.imc.nl/Asset-management/>

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##### **Date:**

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This brochure provides information about the qualifications and business practices of IMC Asset Management B.V. and IMC Asset Management Inc. (jointly "IMC Asset Management" or "IMCam"). For the purpose of this document, "IMCam BV" will represent the full name of IMC Asset Management B.V., while "IMCam Inc" will represent the full name of IMC Asset Management Inc. If you have any questions about the contents of this brochure, please contact us at +31-20-3050-600 (Amsterdam office). 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.

Additional information about IMC Asset Management B.V. and IMC Asset Management Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration does not imply that IMCam or its employees have attained a certain level of skill or training.

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## Item 2 - Material Changes

This is an annual update of our Brochure. Since our last Brochure in January 2015, this Brochure reflects general updates, including updates to assets under management and to risk disclosures.

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## Item 4 - Advisory Business

### A. General Description of Advisory Firm

As mentioned in the covering page, IMCam has two entities registered as Registered Investment Advisers (RIA): IMCam BV ("the adviser") and IMCam Inc ("the sub-adviser"). IMCam is the trade name which covers the combined activities of both legal entities.

IMCam BV was established in 2000 (as Faptor Securities B.V.) and was originally involved in managing Collateralized Debt Obligations ("CDOs") backed by asset-backed and credit securities. Based in Amsterdam, it is the head-office for the asset management operations and home to the European Credit and the majority of the Systematic Global Macro investment teams. It leads the growth and strategic direction of the company as it strives to continuously deliver value and service to investors.

IMCam BV is 100% owned by IMC B.V. (the principal owner), which is also based in Amsterdam, the Netherlands. As subsidiary of IMC B.V., IMCam BV is part of a global financial organization with a presence in Amsterdam, New York, Chicago, Hong Kong, Sydney and Zug.

In the Netherlands, IMCam BV is under the supervision (conduct of business supervision) of the Netherlands Authority for the Financial Markets (AFM) and under the supervision (prudential supervision) of the Dutch Central Bank (DNB) as an Alternative Investment Fund Manager (AIFM).

In the United States of America, IMCam BV has been registered as an investment adviser with the SEC since 2005 (CRD number 136225) under Section 203 of the Investment Advisers Act of 1940, as amended (the "Advisers Act").

IMCam Inc, established in 2007, is a wholly owned entity of IMCam BV. IMCam Inc serves as a sub-adviser to IMCam BV and its Clients and is based in New York City. It is the primary place of business for the US Credit investment team and the Systematic Global Macro research team, along with dedicated operations, compliance, Client relations and marketing professionals. IMCam Inc has been registered as an investment adviser with the SEC since 2007 (CRD number 144827) under Section 203 of the Investment Advisers Act. IMCam Inc also holds registrations with the CFTC as a Commodity Trading Advisor (CTA) and a Commodity Pool Operator (CPO).

### B. Description of Advisory Services Offered

IMCam provides investment advisory services to its Clients on a discretionary basis. Specifically, IMCam currently manages investment Funds ("the Funds") and managed accounts, (collectively referred to as "Clients") specializing in two core strategies: Systematic Global Macro and Credit. Please refer to the table below for an overview of the Funds IMCam currently manages:

Fund	Strategy
IMC Strategic Investment Funds Plc - Quantitative Indicator Fund	Systematic Global Macro
IMC Asset Management Funds – IMC Credit Fund	Global Credit
IMC Strategic Investment Funds Plc – Mortgage Opportunities Fund	Global Credit

For detailed information on advisory services offered, please refer to Item 8 in this document.

IMCam is not involved in any financial planning or similar activities.

### **C. Availability of Customized Services for Individual Clients**

IMCam does not typically tailor its advisory services to the individual needs of Fund account Clients. In addition, Clients do not impose restrictions on certain securities or types of securities traded in the Funds. IMCam can tailor its advisory services through managed accounts, where an Investment Management Agreement ("IMA") is agreed upon, detailing specific investment guidelines.

### **D. Wrap Fee Programs**

IMCam does not participate in a wrap fee program.

### **E. Assets under Management**

IMCam manages USD 934.5 million (as of 31<sup>st</sup> December 2014) on a discretionary basis in hedge funds, managed accounts and legacy securitizations. IMCam's legacy securitization services (collateral management) are no longer marketed to investors and are amortizing over time. This legacy business accounts for USD 443.7 million (as of 31<sup>st</sup> December 2014) of the AUM. Since IMCam no longer markets its legacy securitizations, this brochure will focus on the core strategies and business activities, i.e. the hedge funds and managed accounts.

IMCam's hedge funds and managed account total Assets under Management ("AUM") are USD 490.8 million (as of 31<sup>st</sup> December 2014).

As noted in Item 5 below, IMCam Inc. provides exclusive sub-advisory services to a portion of IMCam B.V.'s discretionary assets. As of 31<sup>st</sup> December 2014, IMCam Inc. via its respective Funds provided USD 442.4 million in sub-advisory services on a non-discretionary basis, which is also included as part of IMCam overall assets under management.

IMCam does not manage any Client assets on a non-discretionary basis.

## **Item 5 - Fees and Compensation**

### **A. Advisory Fees and Compensation**

IMCam BV provides advisory services in its role as Investment Advisor to the Funds. IMCam Inc acts as a Sub-Adviser to certain Funds managed by IMCam BV. IMCam BV charges fees for its investment advisory services that are based on Assets under Management and performance of the relevant strategies.

Fees are charged in arrears, typically on a monthly or quarterly basis, depending on the relevant Fund or managed account. Fees are clearly outlined in the Prospectus and the Prospectus Supplement of the relevant Fund. Typically, IMCam BV's Funds charge up to 2% (on an annual basis) in management fees. IMCam's detailed fee schedule is omitted because this brochure is only being delivered to qualified purchasers as defined in the Investment Company Act of 1940.

Performance fees may be charged as a percentage over a pre-defined outperformance of the Funds that IMCam BV manages. These fees are charged after service and are typically payable on an annual basis. Typically, IMCam BV's Funds charge up to 20% (on an annual basis) in performance fees.

Fees for investment advisory services for managed accounts are negotiated individually and are governed by an Investment Management Agreement or Engagement Letter, capturing the scope of services, investment strategy, investment criteria and fees.

IMCam Inc receives fees/compensation from IMCam BV with respect to services provided by staff working from the IMCam office in New York.

It should be noted that IMCam has the authority to waive all or portion of the fees and allocations it receives from the Funds with respect to any particular investor.

## **B. Client Billing / Fee Deduction**

For Clients invested in Funds advised by IMCam BV, IMCam BV deducts fees from Clients' assets. Fees are drawn from the Funds and paid by the Administrator of the Fund on a regular basis, typically monthly or quarterly. Fees are clearly stated in the applicable Prospectus and its Supplements of the specific Fund.

For managed account Clients advised by IMCam BV, IMCam BV invoices Clients directly on a regular basis, typically monthly or quarterly.

## **C. Additional Fees Clients May Incur**

The types of fees that Clients may pay are set out in the Prospectus and its Supplements of the specific Fund and may include for example:

- Custody fees
- Legal fees
- Audit fees
- Accountant fees
- Regulator y fees

The execution of Client transactions may require payment of brokerage commissions and other transaction costs which are exclusive of the abovementioned fees. Please refer to Item 12 for more information on our brokerage practices.

## **D. Prepayment of Fees**

Not applicable.

## **E. Additional Compensation and Conflicts of Interest**

Supervised persons do not receive additional compensation for the sale of securities or other investment products. Please refer to Item 6 for more information regarding potential conflicts of interests.

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

IMCam BV charges performance fees as described in Item 5 above. The possibility that IMCam BV may receive performance-based fees creates a potential conflict of interest in that it may create an incentive to make investments that are riskier or more speculative than in the absence of such a performance-based fee. Investors are provided with clear disclosure as to how performance-based compensation is charged with respect to a particular Fund or managed account and the risks associated with such performance-based compensation prior to making an investment.

IMCam recognizes that it is a fiduciary and as such, must act in the best interests of its Clients. Further, IMCam recognizes that it must treat all Clients fairly and must refrain from favoring one Client's interests over another's. IMCam operates clear trade allocation policies and methodologies regarding the allocation of assets to ensure adherence to its fiduciary duties. Please refer to Item 12 for more information on our brokerage practices.

## Item 7 - Types of Clients

IMCam typically provides investment advisory services to Funds and managed accounts on behalf of its investors. Investors in the Funds are typically, but not limited to, financial institutions (e.g. banks, insurance companies, pension funds) and high-net-worth investors. Investment advisory services through managed accounts typically are offered to financial institutions only. The minimum account size varies per Fund and is disclosed in the Prospectus and the Prospectus Supplements of the Funds.

## Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

### A. Methods of Analysis and Investment Strategy

Currently the methods of analysis include, but are not limited to:

- fundamental analysis
- financial modeling
- behavioral studies
- quantitative modeling
- technical analysis
- stress testing
- B/E analysis
- relative value analysis
- scenario analysis
- cash flow projections

IMCam uses the above methods to drive its investing activities for the different strategies it manages. IMCam is currently focused on Systematic Global Macro (quantitative approach) and Credit (fundamental approach) strategies.

#### IMC Strategic Investment Funds Plc - Quantitative Indicator Fund

The IMC Strategic Investment Funds Plc - Quantitative Indicator Fund is a systematic global macro program that takes an economic approach to trade futures. The Fund tries to anticipate price moves, caused by behavioral biases and institutional frictions, which makes it different from the prevalent statistical approach taken by trend-following programs. By using approximately thirty-two indicators that model investor behavior, the Fund aims to predict directional moves in commodities, currencies, equities, and fixed-income markets. Indicators are divided into Leading and Trend Indicators. Leading indicators capture inattention to subtle changes in economic conditions, while Trend indicators identify opportunities resulting from under- or over-reaction behavior. The Fund features five models covering four of the major asset classes individually and one cross-asset class model covering securities in the various markets jointly. An investment theme is traded in each model that is specific to the securities it covers, resulting in a low pair-wise return correlation across models. The Fund is fully systematic, including risk controls to limit volatility, exposure to equity and bond risk and drawdowns. Holding periods range from one day to a few months.

#### IMC Asset Management Funds – IMC Credit Fund (the “Sub-Fund”)

The Sub-Fund will seek to achieve its investment objective by taking long and short positions primarily in fixed income securities and other instruments that are linked to the performance of credit and real estate on a global basis, based on a selection process that utilizes in-house research, proprietary credit and/or prepayment models, internal structuring capabilities and portfolio optimization. The Sub-fund will seek to achieve its investment objective by taking long and short positions primarily in fixed income securities and other instruments that are linked to the performance of credit and real estate on a global basis, based on a selection process that utilizes in-house research, proprietary credit and/or prepayment models, internal structuring capabilities and portfolio optimization. The Sub-fund expects to make these investments primarily in the United States, the European Economic Area and Switzerland, and primarily in the following asset classes:

#### **Mortgage-backed securities**

- Securities collateralized by pools of residential mortgage loans assembled for sale to investors by non-government entities such as commercial banks, savings and loan associations and specialty finance companies ("RMBS"), both prime and non-prime
- Securities collateralized by mortgages guaranteed by a government or government-sponsored-entity ("MBS")
- Securities collateralized by commercial real-estate loans ("CMBS")

#### **Asset-backed securities**

- Securities collateralized by pools of loans to consumers and small and medium sized businesses ("ABS" and "SME")
- Securities collateralized by pools of leveraged loans and (corporate) bonds or other fixed income securities ("CLO" and "CDO")
- Other asset-backed securities ("Other ABS"), including but not limited to those with exposure to credit card receivables and other consumer loans, student loans, commercial loans, auto loans, receivables, and equipment and building leases

#### **Other investments**

- Synthetic instruments, derivatives, (credit linked) notes, provided that these are related to the performance of credit or real estate
- Residential mortgage whole loans, including prime and nonprime mortgage loans and performing, re-performing, sub-performing and non-performing mortgage loans
- Other real-estate related investments, including common stock, preferred stock and debt of other real estate-related entities (including mortgage origination companies, mortgage and bond insurers, mortgage servicers, REITs, and closed-end funds)
- Other credit related investments, including common stock, preferred stock, and debt of credit-related entities, including BDCs, banks, specialty finance companies, and closed-end funds
- Participation in direct lending to consumers and small businesses, both secured and unsecured
- Short term investments and money market funds

The Sub-fund has no geographical restrictions within the United States, the European Economic Area and Switzerland, no restrictions with respect to rating (original or current) by any rating agency, and no restrictions on the position of securities in the capital structure with respect to credit, either at the time of issuance, or at the time of purchase, nor at any time during which the Sub-fund is the owner. The Sub-fund may own interest only ("IO") securities and other synthetic tranches.

The Sub-fund may employ leverage. The Sub-fund has broad flexibility to hedge using securities and derivatives intended to reduce the exposure of the Sub-fund to market volatility or adverse events (including FX risk).

The Sub-fund's proposes that its investment mandate remain flexible to enable it to adapt to shifts in economic, real estate and capital market conditions, and to exploit inefficiencies in the market as attractive investment opportunities arise. Consistent with this strategy, the Sub-fund's investment decisions will depend on prevailing market conditions and may change over time in response to opportunities available in different economic and capital market conditions. The Sub-fund believes this approach will allow it to identify undervalued opportunities in all market cycles across its target assets.

#### IMC Strategic Investment Funds Plc- Mortgage Opportunities Fund

The Fund will seek to achieve its investment objective by taking primarily long positions in US mortgage- backed securities collateralised by pools of residential mortgage loans ("RMBS") collateralised by pools of loans to individuals and/or companies or fixed income securities. The Fund may employ leverage and may seek to limit its exposure to market volatility by investing in a wide variety of securities and derivatives for the purposes of hedging. The Fund may also invest up to 30% of its Net Asset Value in non-US RMBS and/or global asset-backed securities ("ABS") collateralised by pools of loans to individuals and/or companies or fixed income securities.

#### **Principal Investment Strategies**

The Fund will invest significantly in RMBS. The Fund will also hedge its investments with securities and derivatives which the Sub-Investment Manager believes will reduce the exposure of the Fund to market volatility or adverse events. Potential hedges include: credit default swaps ("CDS") referencing single RMBS bonds, CDS referencing single corporate credits, CDS referencing sovereign credits, CDS indices, government bonds, corporate bonds, interest rate swaps, equities, options, and futures. The Fund will not necessarily seek to have a market-neutral exposure.

Due to the opportunistic investment approach of the Fund, subject to the Central Bank's requirements, no restrictions will apply to the Fund on the position of these securities in the capital structure with respect to credit, either at the time of issuance, or at the time of purchase, or at any time during which the Fund is the owner. Neither will any restrictions apply to the Fund on ratings for these securities (original or current) by any of the rating agencies (Moody's, Fitch, S&P). These securities can be purchased on a forward basis.

The Fund may also invest in money market or other short-term investments, where deemed necessary by the Sub-Investment Manager.

The Fund may lend securities or pledge securities to obtain financing.

The Fund will primarily seek to identify opportunities to invest in RMBS and ABS which are undervalued versus conservative cash flow projections.

Non-agency mortgage-backed securities (RMBS) represent pools of mortgage loans assembled for sale to investors by non-government entities such as commercial banks, savings and loan associations and specialty finance companies. Residential mortgage loans are primarily classified into one of the following three broad categories based on the risk profile of the borrower and the property: Prime, Alt-A and sub-prime. In addition to seeking to exploit the mispricing of individual securities, the Fund will seek to exploit pricing differences among the categories listed above. Although non-agency mortgages are expected to be the main target for the Fund, US agency mortgages guaranteed by US government or its Government-Sponsored Enterprises ("Fannie Mae" and "Freddie Mac") or similar non-US mortgages guaranteed by non-US agencies will also be considered.

The Fund will not invest in RMBS considered by the Sub-Investment Manager to be "Generic". Such judgment shall be wholly at the discretion of the Sub-Investment Manager and its advisors, but in general Generic RMBS should include securities most senior in the capital structure of a securitization backed by Alt-A, Prime, or sub-prime loans. Non-Generic RMBS will include securities backed by second-lien mortgages, securities in the mezzanine or subordinate positions in the capital structure of a securitisation, interest-only securities, principal-only securities, and securities backed by loans on manufactured housing.

The types of US and non-US asset-backed securities targeted include commercial mortgage-backed securities ("CMBS"), collateralised loan obligations ("CLO") including those with exposure to small and medium enterprises ("SME"), credit card asset-backed securities ("CARDS"), collateralised debt obligations of asset-backed securities ("CDO of ABS"), and other asset-backed securities ("other ABS"), such as those equipment leases and auto loans or loans outside the US.

## **B. Material, Significant, or Unusual Risks Relating to Investment Strategies**

The investment strategies advised by IMCam carry various levels of risk. Investing in absolute return strategies involves risks that Clients should be prepared to bear.

A non-exhaustive summary of risk factors that are applicable to all Funds managed by IMCam is listed below. For a detailed list of risks please refer to the Prospectus and the Supplement of the specific Fund.

### **Reliance on Models**

To the extent that such models or the assumptions underlying them are not correct, the Funds may sustain losses which could materially reduce capital.

### **Frequent Trading**

Frequent trading may not guarantee a positive performance. In addition, the cost associated with trading may increase. Costs typically arise from brokerage commissions, transaction fees, and lack of long term capital gains tax.

**Market Risk**

The securities traded by the Funds include futures, CDO securities, MBS, ABS, credit default swaps, forwards and other financial instruments. As such, the Funds' holdings may be affected by global and local market conditions which may cause fluctuations in equity and commodity prices, interest rates, exchange rates and credit spreads. In addition, the prices of the securities traded are highly volatile.

**Leverage**

The Funds may use leverage (including through borrowings). The use of leverage creates particular risks and may significantly increase investment risk borne by the Fund. The Fund may use leverage to create an opportunity for greater yield and total return. However, simultaneously, leverage increases the Funds' exposure to capital risk and interest costs. The use of leverage in a market that moves adversely could result in substantial losses to investors in the Fund, which would be greater than the potential loss sustained if leverage had not been used.

**Valuation Risk**

There is often no single market value for investments in ABS and their tranches. This is due to the various bid-offer spreads on the underlying pricing parameters. As such, the Funds trading the aforementioned securities may be subject to valuation risk.

**Counterparty Risk**

Certain markets in which the Funds may trade are over-the-counter (OTC) or "interdealer" markets. The participants in such markets are not necessarily subject to credit evaluation and regulatory oversight in the same way as members of "exchange-based" markets. To the extent a Fund invests in swaps, derivative or synthetic instruments, or other OTC transactions, on these markets, that Fund may take credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation of assets and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections. This exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds have concentrated their transactions with a single or small group of counterparties. In addition, in the case of a default, the Funds could become subject to adverse market movements while replacement transactions are executed. The Funds may not be restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. Moreover, the Funds may not be overseen by an (internal) credit function, which evaluates the creditworthiness of their counterparties. The ability of the Funds to transact business with any one or number of counterparties, the possible lack of any meaningful and independent evaluation of such counterparties' financial capabilities, and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds.

**Money Market Instruments**

The Funds may invest unencumbered cash in a money market fund that may incur losses (such as "breaking the buck") despite investing in debt securities that are deemed low risk. Money market funds may be adversely affected, among other causes, by interest rate fluctuations, changes in rates of inflation, fluctuations in currency or exchange rates.

**Interest Rate Risk**

Interest rate risk refers to the risk that debt securities prices generally fall as interest rates rise. Conversely, debt securities prices generally rise as interest rates fall. Specific debt securities differ in their sensitivity to changes in interest rates depending on specific characteristics of each debt security, and as a result, some securities may lose value if rates fall (e.g. interest only strips). A measure investors commonly use to determine this sensitivity is called duration. The longer the duration of a particular debt security, the greater its price sensitivity to interest rates. Similarly, a longer duration portfolio of securities has greater price sensitivity. Duration is determined by a number of factors, including: coupon rate, whether the coupon is fixed or floating, time to maturity, call or put features, and various repayment features.

**Liquidity Risk**

The Funds may be subject to liquidity risk. When there is little or no active trading market for specific types of securities or other instruments, it can become more difficult to sell the securities or other instruments at or near their perceived value. In such a market, the value of such securities or other instruments and the value of your investment may fall dramatically, even during periods of declining interest rates. Liquidity risk also exists when a particular derivative instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid, it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price.

**Short Sales**

In a generally rising market, short positions may be more likely to result in losses.

**Hedging Transactions**

Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Hedging transactions may also limit the opportunity for gain if the value of the portfolio position should increase.

**Operational Risk**

The Funds may be subject to risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

**Futures**

Futures prices are highly volatile. Such volatility may lead to substantial risks and returns, generally much larger than in the case of fully funded equity or fixed-income investments. Futures may be traded on a leveraged basis due to the low margin deposits normally required for trading. As a result, a relatively small price movement in a futures contract may result in immediate and substantial gains or losses. Futures are subject to margin calls by the exchange or clearing broker, which may trigger the expedited unwinding of a futures position. If not trading out of a futures contract before expiration or the first delivery date the holder of the contract will be forced in taking or making delivery of the underlying asset.

**Swaps and Derivatives**

Swaps and other derivatives, such as forwards and credit default swaps, are subject to the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty. Swaps and other forms of derivative instruments are not guaranteed by an exchange or clearing house or regulated by any U.S. or foreign governmental authority. It may not be possible to dispose of, or close out, a swap or other derivative position without the consent of the counterparty, and the Funds may not be able to enter into an offsetting contract in order to be able to cover its risk.

**Currencies**

Fluctuations in exchange rates may affect the total loss or gain on a non-local currency investment when converted back to a local currency. Forward currency contracts may not be liquid in all circumstances, so that in volatile markets it may not be possible to close out a position by taking another position equal and opposite to such position on a timely basis or without incurring a sizeable loss.

**Equity index securities**

Equity index securities fluctuate in value, often based on factors unrelated to the value of the issuers of the securities that comprise the index. The market price of equity securities may be affected by general economic and market conditions, such as a broad decline in stock market prices, or by conditions affecting specific issuers, such as changes in earnings forecasts.

**Credit Risk**

Failure of an issuer to make timely interest or principal payments, a decline, or perception of a decline in the credit quality of an asset, can cause the assets', held by the Fund, to fall in price.

**Repurchase and Reverse Repurchase agreements**

In a repurchase transaction, if the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the buyer's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that a buyer may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the buyer may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller.

**Mortgage Backed Securities**

Instruments collateralized by pools of residential mortgage loans are subject to various risks. A decline or extended flattening of house prices may result in worsening of credit quality. This manifests itself in loan defaults, increases in delinquencies, and losses on residential mortgage loans generally - particularly with respect to second homes and investor properties, and with respect to any residential mortgage loans in which the aggregate loan amounts (including any subordinate liens) are close to or greater than the related property values. Mortgage-backed securities are also subject to prepayment or call risk, which is the risk that payments may be received earlier or later than expected due to changes in the rate at which the underlying loans are prepaid. Faster prepayments often happen when market interest rates are falling.

**Asset Backed Securities (ABS)**

Asset-backed securities collateralized by pools of loans to consumers and/or businesses carry a variety of risks to which the Fund may be exposed. ABS carry essentially all the risks of RMBS – market values and payments to the Fund can be adversely affected by economic slowdown, interest rates, geographically local events, servicer and trustee behavior, regulatory and legal change, and global market events. Additionally, some ABS are collateralized by unsecured loans or loans secured by difficult-to-value or depreciated collateral which have poor prospects for recovery of principal if borrowers cease making payments. Additionally, ABS may have complex structures which make it difficult to predict the timing and amount of principal and interest payments investors. ABS may be collateralized by hundreds or thousands of loans and the quality of information available may be limited.

**Subordination of ABSs**

ABS equity tranches, by way of example, are fully subordinated to any related ABS mezzanine tranches and ABS senior tranches. ABS mezzanine tranches are fully subordinated to the related ABS senior tranches. To the extent that any losses are incurred by an ABS security in respect of its related ABS collateral, such losses will be borne first by the holders of the related ABS equity tranches and then by the ABS mezzanine tranches. In addition, if an event of default occurs under the applicable indenture, the holders of the most senior tranche of ABS securities generally will be entitled to determine the remedies to be exercised under the indenture. Remedies pursued by such holders could be adverse to the interests of the holders of any related ABS mezzanine tranches, in the case of outstanding ABS senior tranches, and/or holders of the related ABS equity tranches. Illiquidity of ABS: the lack of an established, liquid secondary market for ABS securities and transfer restrictions typical to such Investments (and ABS equity tranches in particular) may have an adverse effect on the market value of such investments, and on the ability to dispose of them. In 2007, many types of securities, such as CDOs, other asset backed securities, and structured credit products, experienced substantial declines in liquidity. Investors who wished to sell these investments in 2007 had great difficulty in finding buyers.

**Mandatory Redemption of Senior Tranches and Mezzanine Tranches:**

Under certain circumstances, cash flows from the collateral of ABS securities that otherwise would have been paid to the holders of any related mezzanine tranches and the related equity tranches will be used to redeem the related senior tranches. This could result in an elimination, deferral, or reduction in the interest payments, principal repayments, or other distributions made to the holders of such mezzanine tranches or such equity tranches, which could adversely impact the returns to the holders of such equity tranches.

**Other Risks Related to ABS**

Other common features of Investments may limit the cash flows received by the ABS investors. For example, mezzanine ABS securities may have interest deferral or payment in kind features that may adversely affect the principal and interest in a timely fashion. Investments, such as ABS securities are subject to significant interest rate risk because they generally bear interest at a floating rate, while the ABS assets bear interest at different floating rates, or at fixed rates. Although many ABS securities attempt to hedge this interest rate risk, the hedges do not eliminate this risk, and payments by the ABS securities under the hedges may significantly reduce the distributions on the ABS securities. Many ABS securities typically are subject to redemption at the request of holders of the equity class of its securities, or, if an event of default has occurred under the ABS securities' indenture, at the direction of the most senior class of that ABS securities. If redemption of such ABS securities is directed, the return on its investment may suffer a loss.

**Conflicts of Interest**

IMCam, service providers and certain entities appointed to provide investment management services and/or their respective affiliates or any person connected with them may from time to time act as directors, investment manager, manager, sub-investment manager, sales agent, prime broker, broker, execution broker, custodian, director, registrar, administrator, investment advisor, distributor or dealer in relation to, or be otherwise involved in, other investment funds and/or other vehicles (including those which invest in our Clients, either directly or indirectly, and/or in which our Clients invest, either directly or indirectly) which have similar or different objectives to other funds or accounts. It is, therefore, possible that any of the foregoing may, in the course of business with one fund or account, have potential conflicts of interest with another fund or account. Further, where permitted by applicable law, any of the foregoing entities may deal, as principal or agent, with our fund Clients, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis and in accordance with applicable laws. IMCam, our affiliates or any person connected with them may invest in, directly or indirectly, or manage or advise other investment funds, vehicles or accounts which invest in assets which may also be purchased or sold by our Clients. None of IMCam, our affiliates or any person connected with them is under any obligation to offer investment opportunities of which any of them becomes aware to our Clients or to account to our Clients in respect of (or share with our fund Clients or inform the our Clients of) any such transaction or any benefit received by any of them from any such transaction, but will allocate such opportunities at their discretion in

a manner they believe to be reasonable and fair considering, inter alia, investment objective, policy, strategies, restrictions and capital available for investment of the respective parties.

### **Other Clients**

Members of IMCam, our affiliates or any person connected with them may manage or advise other funds and/or accounts, and each will remain free to provide such services to additional funds and accounts, including for their own accounts, in the future. Members of IMCam, our affiliates or any person connected with them may vary the investment strategies employed on behalf of our Clients from those used for itself and/or for other Clients. No assurance is given that the results of the trading of IMCam, our affiliates or any person connected with them on behalf of our Clients will be similar to that of other funds and/or accounts concurrently managed by IMCam, our affiliates or any person connected to them. It is possible that such funds and accounts and any additional funds and accounts to which IMCam in the future provide such services may compete with our Clients for the same or similar positions in the markets. IMCam and our affiliates own (and may transfer and/or license to any affiliate or person connected with IMCam or its affiliates as they see fit) any intellectual property developed by them in the performance of services to our Clients, including without limitation any intellectual property in the investment approach and strategies of our Clients. IMCam and our affiliates may use information, intellectual property and investment strategies which any of them obtains, produces, creates, develops or utilizes in the performance of services to our Clients in relation to other investment funds, vehicles or accounts (which may include without limitation proprietary funds, vehicles or accounts), as they determine in their sole discretion. Generally, our Clients will bear all fees, charges and expenses incurred for transactions carried out by them or on their behalf, as set forth in the applicable disclosure documents and any agreements with such Clients. Certain Clients have different applicable disclosure documentation and/or agreements in place, and such Clients do not pay any part (or may pay a reduced portion) of certain fees, charges and/or expenses (or the firm may bear all or a portion of such fees, charges and expenses on behalf of a Client) even if they benefit from information, data or investment strategies derived from the trading activities or results of such Client.

### **C. Risks Associated with Particular Types of Securities**

Please see section 8B above.

There can be no assurance that we will achieve our investment objectives or avoid substantial losses. Investing in the strategies and the underlying assets involves risk of loss that Clients should be prepared to bear. Investors are urged to consult with their independent financial advisers in connection with an investment in funds managed or accounts advised by IMCam. Risk management policies and procedures do not imply low risk, and there can be no assurance that even robust risk management will mitigate or prevent significant losses.

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## Item 9 - Disciplinary Information

SEC Order instituting administrative and cease-and-desist proceedings

In the matter of IMC asset management Inc. (IMCam Inc.).

Investment Advisers Act 1940 (Release No. 3537 / January 29, 2013)

<http://www.sec.gov/litigation/admin/2013/ia-3537.pdf>

### Background and Summary

In March 2010 IMCam Inc. and IMC asset management B.V. (IMCam B.V.) were part of a general market investigation by the SEC in regard to collateral management practices and cross trading in the CDO market.

The SEC conducted a follow-up examination in November 2010.

The SEC completed its risk targeted examination of IMCam B.V. by issuing a letter, dated March 10, 2011. This letter identified a deficiency, which was resolved by IMCam B.V.

In its letter, dated March 10, 2011 the SEC notified IMCam Inc. of deficiencies regarding its compliance program, which had resulted in a violation of Section 206 (4) of the Advisers Act and Rule 206 (4)-7 thereunder. These rules require that a registered investment adviser: (1) adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and (2) review at least annually its written policies and procedures and the effectiveness of their implementation.

IMCam Inc. took remedial action.

In January 2013 IMCam Inc. submitted (without admitting or denying the findings contained in the Order) an Offer of Settlement in anticipation of a cease-and-desist Order to be instituted against it by the SEC.

The SEC deemed it appropriate and in the public interest to impose the sanctions agreed to in IMCam Inc.'s Offer. The SEC imposed on IMCam Inc.: a monetary penalty (\$30,000) to be paid to the United States Treasury, a censure, a 'cease and desist' order and an undertaking, related 1) to training of its CCO, 2) the retention of an outside compliance consultant for a period of 2 years and 3) certification of compliance with the undertaking.

### Note

The Order was limited to IMCam Inc. and did not relate to the policies and procedures or the business activities of IMCam B.V. or IMC B.V.

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## Item 10 - Other Financial Industry Activities and Affiliations

### A. Broker-Dealer Registration Status

IMCam is not registered or in the process of registering as a broker-dealer or registered representative of a broker-dealer.

### B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status

As mentioned in Item 4A, IMCam BV's affiliated entity IMCam Inc. is registered as a Commodity Pool Operator and a Commodity Trading Advisor with the CFTC. The following persons are registered as Associated Persons and/or Principals related to IMCam Inc:

- Niels Aalen
- Rob Defares
- Timothy Kirk
- Paul van der Linden
- Maria Moreira
- Katia Larchanka
- Alex Tsirkin
- Brian McCawley

### C. Material Relationships or Arrangements with Industry Participants

IMCam BV is 100% owned by IMC B.V. (the principal owner), which is also based in Amsterdam, the Netherlands. IMCam Inc. in New York is 100% owned by IMCam BV. As subsidiaries of IMC B.V., IMCam BV and IMC Inc. are part of a globally active IMC branded organization which also has a presence in Chicago, Hong Kong, Sydney and Zug and which covers a Financial Markets business (market making, proprietary trading) and an Asset Management business. The IMC Financial Markets activities and Asset Management activities in Amsterdam are separated by 'Chinese walls'. The other IMC offices across the globe are either dedicated to Financial Markets or to Asset Management (New York only).

### D. Material Conflicts of Interest Relating to Other Investment Advisers

Not applicable.

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

### **A. Code of Ethics**

As SEC registered advisers, IMCam has adopted a Code of Ethics pursuant to SEC Rule 204A-1. Our rules of conduct include our code of ethics, standards of professional conduct, and policies and procedures, all of which are included in our Employee and Compliance Manuals.

Under our Code of Ethics, each IMCam employee agrees to:

- Act with integrity, competence, diligence, respect and in an ethical manner with the public, Clients, prospective Clients, employers, employees, colleagues in the investment profession and other participants in the global capital markets.
- Place the integrity of the investment profession and the interests of Clients above their own personal interests.
- Use reasonable care exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions and engaging in other professional activities.
- Practice, and encourage others to practice, in a professional and ethical manner that will reflect credit on themselves and the profession.
- Promote the integrity of, and uphold the rules governing, capital markets.
- Maintain and improve their professional competence, and strive to maintain and improve the competence of other investment professionals.

In addition to the Code of Ethics IMCam and its respective advisers have adopted Compliance Manuals based on the principles that employees have a fiduciary duty to places the interests of its Clients ahead of their own and that employees are required to avoid taking advantage of their position. The Compliance Manuals cover issues such as personal securities holdings and transactions, gifts, and entertainment, political contributions and treatment of sensitive information. All IMCam employees are required to certify annually that they have complied with the terms of the Compliance Manuals. Personnel who fail to observe the Compliance Manuals and related compliance policies risk serious sanctions, including dismissal and personal liability.

### **B. Securities That You or a Related Person Has a Material Financial Interest In**

Not applicable.

### **C. Investing in Securities That You or a Related Person Recommends to Clients**

Not applicable.

### **D. Conflicts of Interest Created by Contemporaneous Trading**

IMCam has implemented a Personal Trading Policy which aims to mitigate any conflicts of interest between Client trades and employee personal trading transactions.

## Item 12 - Brokerage Practices

### A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

#### 1. Research and Other Soft Dollar Benefits.

The primary factors that determine our selection of broker-dealers include their financial strength, execution, and the quality of research done (if applicable for the Fund). IMCam aims to select the broker which provides the best qualitative execution for its Client. When executing orders (whether on a regulated market or OTC), IMCam must execute transactions in such a manner that the Client's total cost, or proceeds in each transaction, is the most favorable under the circumstances. Other execution factors are price, costs, speed and likelihood of execution and settlement, experience, expertise, financial responsibility, strength and reputation, responsiveness, size of order, or any other considerations relevant to the execution of an order.

IMCam may at times receive research from brokers and/or counterparties which is made generally available to their Clients. However, IMCam does not presently have any soft dollar arrangements with any broker or counterparty that execute transactions for the Clients' accounts.

#### 2. Brokerage for *Client* Referrals.

IMCam does not solicit Client referrals from brokers. IMCam does not consider Client referrals in selecting or recommending broker-dealers.

#### 3. Directed Brokerage

Managed account Clients may select any brokerage firm with which they will maintain their account. In case of directed brokerage, this will be specified in the Investment Management Agreement between IMCam and the Client. Clients who direct brokerage should understand that they may be unable to receive most favorable executions of transactions and might cost the Client more money.

### B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various *Client* accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to *Clients* of not aggregating

#### Systematic Global Macro Strategies

Currently, IMCam does not aggregate orders on the purchase or sale of securities because it does not allocate the transactions across various Client accounts. Orders for managed accounts are traded separately but simultaneously in order to ensure a fair and equitable allocation of trades. We first generate generic desired model views. Then we translate this for each account (funds, managed accounts) separately into the number of contracts to be traded. The calculation is based on the account specific AUM and the existing account contract positions. The resulting number of contracts to be traded is rounded to the closest integer. Subsequently, a separate trade order is generated for each account. Trades are typically executed using a VWAP or TWAP order, where we use the same start and end time for the different accounts which should result in a very similar average fill price across accounts. Because orders are specific to an account, there are no post-trade allocations.

#### Credit Strategies

At the time of the trade, the investment team evaluates the suitability of the trade for each fund. For buy trades deemed suitable for various funds, they will be allocated pro-rata based on cash balance in each fund, with one exception: if the investment team provides written direction to allocate by a different method and compliance approves the reasoning. If the bond is a new position and one fund's position value would be less than \$100,000, that fund may receive a 0% allocation and the other a 100% allocation. Sell trades will be allocated based on the ratio of existing positions of the particular security.

## Item 13 - Review of Accounts

### A. Frequency and Nature of Review of Client Accounts or Financial Plans

Due to the frequent investment activity inherent to our Funds, IMCam's independent risk manager (Chief Risk Officer) and the investment team review all accounts on a daily basis.

IMCam has established a clear governance, oversight and accountability structure based upon a 'three lines of defense' model.

The Fund manager bears prime responsibility (first line of defense) for ensuring the portfolio is managed within the investment guidelines pertaining to the Fund or managed account. Whilst optimizing the portfolio's investment performance, the portfolio manager will at all times need to abide by the agreed risk framework.

The dedicated Risk Management function operates as a full and complete second line of defense, and functions independently from portfolio management. Risk Management forms its own opinion of risks based on independently generated data and risk models. In this way, the pre-agreed risk appetite and investment universe are independently monitored to ensure integrity of the strategy. Risk Management reports directly to the management of IMCam and has the power of veto over portfolio management.

The third line of defense consists of the internal and external independent audit functions who oversee the whole of IMCam's operations, and thus across the various lines of defense, including the application and scope of the risk framework as in force.

### B. If you review *Client* accounts on other than a periodic basis, describe the factors that trigger a review.

As mentioned in Item 13A, Client accounts are reviewed on a periodic basis. If the investment restrictions or guidelines have been breached, such findings will be escalated by IMCam's Risk Management.

### C. Describe the content and indicate the frequency of regular reports you provide to *Clients* regarding their accounts. State whether these reports are written.

IMCam, and/or the Fund administrator, prepare reports and investor letters on a monthly basis, and when appropriate, quarterly basis for each of the Funds it manages. Reports cover net asset value, performance overview, purchases/sales and a market overview. The level of detail is account dependent. Depending on the specific nature of the accounts, the trustees and fund administrators independently report net asset values on a daily, weekly or monthly basis.

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## Item 14 - Client Referrals and Other Compensation

### A. Economic Benefits for Providing Services to Clients

IMCam does not receive commissions or other compensation from third parties for providing investment advice or other services. IMCam is compensated only by its Clients. Furthermore, IMCam Inc. is solely compensated by IMCam BV.

### B. Compensation to Non-Supervised Persons for Client Referrals

IMCam does not compensate its employees, or any other related persons that is not one of our supervised persons, for their referrals.

## Item 15 - Custody

Under Rule 206(4)-2 of the Investment Advisers Act of 1940, IMCam is deemed to have custody of the securities and other assets of the Funds even though IMCam does not physically hold the securities and other assets, and such securities and assets are not held or registered in IMCam's name. IMCam is exempt from many of the provisions of Rule 206(4)-2 because the Funds are audited in accordance with U.S. generally accepted accounting principles on an annual basis by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Audited financial statements are distributed to each investor in the Funds within 120 days of the end of each Fund's fiscal year. IMCam does not currently have custody of the assets of any of the Managed Accounts.

## Item 16 - Investment Discretion

IMCam has discretionary authority over the pooled investment funds it manages. The offering documents of the pooled investment fund give such discretionary authority to IMCam. No power of attorney is involved. Clients do not place limitations on the discretionary authority unless a Client has invested in one of our funds through a separate managed account.

If invested through a separate managed account, investment restrictions can be considered on a case-by-case basis, but will typically only be entertained for accounts of significant size, and as long as IMCam is comfortable that the restrictions will not materially impact the performance of the account.

## Item 17 - Voting Client Securities

### A. Policies and Procedures Relating to Voting Client Securities

IMCam may vote on behalf of its Clients. IMCam votes in the interest of the Clients in order to support profitability and alignment of interests. Since IMCam does not allow its employees to sit on the board of publicly held companies, this helps to mitigate certain conflicts of interests. Under the current focus of IMCam, the types of securities do not allow for voting. Nevertheless, Clients can have access to our voting policy upon request.

### B. No Authority to Vote Client Securities and Client Receipt of Proxies

Not applicable.

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## Item 18 - Financial Information

### A. Balance Sheet

IMCam is not required to include a balance sheet along with this document, as it does not require or solicit fees for services to be paid in advance.

### B. Financial Conditions Likely to Impair Ability to Meet Contractual Commitments to Clients

No financial condition is reasonably likely to impair our ability to meet contractual commitments to our Clients.

### C. Bankruptcy Filings

Neither IMCam BV, nor IMCam Inc has ever been subject to a bankruptcy petition.

## Item 19 - Requirements for State-Registered Advisers

IMCam is not currently registered with any state securities authorities.