

Form ADV Part 2A: Brochure

R. G. Niederhoffer Capital Management, Inc.

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This Form ADV Part 2A (“Brochure”) provides information about the qualifications and business practices of R. G. Niederhoffer Capital Management, Inc. (“RGNCM” or “we”).

If you have any questions about the contents of this Brochure, please contact our Investor Relations or Compliance departments at 1-212-245-0400 or compliance@niederhoffer.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

RGNCM is registered as an investment adviser with the SEC. Registration of an investment adviser does not imply any level of skill or training.

A copy of this Brochure and additional information about RGNCM is available on the SEC’s website at www.adviserinfo.sec.gov.

This Brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any entities described herein. Any such offer or solicitation will be made solely to qualified investors by means of a private placement memorandum and related subscription materials.

Item 2: Material Changes

RGNCM's last Brochure was dated September 29, 2017. Set forth below is a summary of material changes since that last annual update to the Brochure.

Because the Optimal Alpha Program no longer trades securities (except perhaps a minimal amount), references to the Optimal Alpha Program and any investment vehicles that use the program have been deleted from this Brochure.

You will receive a summary of any material changes to this Brochure and subsequent Brochures within 120 days of the end of our fiscal year (our fiscal year currently ends of December 31). We may provide other disclosure information about material changes as necessary.

This Brochure, any subsequent Brochures, and any other disclosure information we provide will always be available free of charge.

Our Brochure may be obtained by contacting our Investor Relations or Compliance departments at 1-212-245-0400 or compliance@niederhoffer.com.

A copy of this Brochure and additional information about RGNCM is also available via the SEC's web site at www.adviserinfo.sec.gov.

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Item 4: Advisory Business

RGNCM is a quantitative trading advisor that employs a short-term, primarily contrarian strategy to trade the world's largest and most liquid equity, fixed income, foreign exchange and commodity markets. Founded in 1993, RGNCM's scientific trading philosophy takes inspiration from the field of computational neuroscience. Our investment objective is to provide above-average, risk-adjusted returns on capital in all market environments, but particularly in choppy, volatile and emotional market conditions.

RGNCM has been registered with the SEC as an investment adviser since 2006, has been registered with the Commodity Futures Trading Commission ("CFTC") as a commodity pool operator and commodity trading advisor since 1993, and is a member of the National Futures Association ("NFA"). Such registrations and memberships do not imply that the SEC, CFTC or the NFA have endorsed RGNCM qualifications to provide advisory services.

Roy G. Niederhoffer is the founder, sole owner and sole director of RGNCM. As of December 31, 2017, RGNCM managed approximately \$560,000,000 in assets (\$515,000,000 if the three funds in the Optimal Alpha Program are not included). All such assets are managed on a discretionary basis.

RGNCM serves as the investment manager to several hedge funds, and serves as the investment manager or trading advisor to five separately managed accounts (each, an "SMA"). As further discussed in Item 8, RGNCM currently has four trading programs: (1) Diversified Program; (2) Optimal Alpha Program (no longer trading securities (except perhaps a minimal amount), and consequently not further discussed in this Brochure); (3) iHedge Inflation Protection Program; and (4) Total Return Program. These trading programs have different investment objectives.

RGNCM seeks to attain the trading program objectives by trading in cash and spot currencies, futures contracts, forward contracts, swaps, equities, options on the foregoing and other derivative and financial instruments on regulated and over-the-counter United States and non-United States exchanges and markets. RGNCM places no permanent limits on the exchanges or markets on which it trades, but concentrates its trading in markets that offer high liquidity. In addition, the Diversified Fund Offshore offers a share class (Class K) that only invests in cash and cash equivalents.

RGNCM provides investment advisory services to the following hedge funds:

- Roy G. Niederhoffer Diversified Fund (Offshore), Ltd. ("Diversified Fund Offshore");
- Roy G. Niederhoffer iHedge Inflation Protection Fund, Ltd. ("iHedge Fund Offshore");
- R. G. Niederhoffer Global Fund, L.P. I ("Global Fund Onshore");
- Roy G. Niederhoffer iHedge Inflation Protection Fund (Onshore) L.P. ("iHedge Fund Onshore");
- Roy G. Niederhoffer Diversified Master Fund Ltd. ("Diversified Master Fund");
- Roy G. Niederhoffer iHedge Inflation Protection Master Fund, Ltd. ("iHedge Master Fund"); and
- Roy G. Niederhoffer Total Return Fund (Onshore) L.P. ("Total Return Fund Onshore").

RGNCM also provides investment advisory services to separately managed accounts. The five SMAs are: (1) an SMA via a Bermuda entity established by a European Union financial institution; (2) an SMA via a Cayman Islands entity established by a European Union financial institution; (3) an SMA via a Cayman Islands entity established by a European Union financial institution; (4) an SMA established by

a European Union financial institution; and (5) an SMA established by a European Union financial institution.

In this Brochure, the following definitions will be used:

- “Cayman Feeder Funds” means Diversified Fund Offshore and iHedge Fund Offshore;
- “US Feeder Funds” means Global Fund Onshore and iHedge Fund Onshore;
- “Feeder Funds” means the Cayman Feeder Funds and the US Feeder Funds;
- “Master Funds” means Diversified Master Fund and iHedge Master Fund;
- “Stand Alone Fund” means Total Return Fund Onshore;
- “Cayman Investor Funds” means the Cayman Feeder Funds;
- “US Investor Funds” means the US Feeder Funds and the Stand Alone Fund;
- “Investor Funds” means the Cayman Investor Funds and the US Investor Funds;
- “Funds” means the Investor Funds and the Master Funds;
- “Funds/SMAs” means the Funds and the SMAs; and
- “Advisory Clients” means the Funds, the SMAs, the investors in the Funds and the investors in the SMAs.

Each Feeder Fund (with the exception of Diversified Fund Offshore Class K, which only invests in cash and cash equivalents) invests substantially all of its assets into a corresponding Master Fund. Specifically: (i) Diversified Fund Offshore (with the exception of Diversified Fund Offshore Class K) and Global Fund Onshore (together, the “Diversified Feeder Funds”) invest in Diversified Master Fund; and (ii) iHedge Fund Offshore and iHedge Fund Onshore (together, the “iHedge Feeder Funds”) invest in iHedge Master Fund. The only investors in each Master Fund are the two corresponding Feeder Funds.

The Stand Alone Fund and the SMAs do not invest their assets into a Master Fund; rather, they make their investments directly.

The Funds and SMAs utilize the trading programs of RGNCM. While RGNCM does not tailor its advisory services for the individual needs of investors in the Funds, it does tailor advisory services for the needs of the owners of the SMAs.

RGNCM does not participate in any wrap fee programs.

Item 5: Fees and Compensation

The fees and expenses paid by each Advisory Client are summarized below, and set forth in more detail in the private placement memoranda for each Investor Fund and the trading advisory agreements for the SMAs.

Investor Funds (Certain Fees)

The current fee schedule for the Investor Funds became effective on April 1, 2016, as described below.

RGNCM receives a management fee (“Management Fee”) based on assets under management from each of the Investor Funds (except from the remaining Diversified Fund Offshore Class K investor, which pays no management fee). RGNCM receives a liquidity fee (“Liquidity Fee”) based on assets under management of 0.5% from each of the Investor Funds’ share classes that offer daily liquidity (except from all Classes F and K in the Cayman Feeder Funds, which pay a Liquidity Fee of 1%. RGNCM receives a Profit Allocation (as defined below) based on assets under management of 20% from each of the Investor Funds (except from Total Return Fund Onshore, which provides a Profit Allocation of 15%).

Diversified Fund Offshore: The Management Fee for each share class of this Investor Fund is as follows: Class N, 1.75%; Class O, 1.75%; Class F, 2.25%; and Class K, 0.0%.

Global Fund Onshore: The Management Fee of this Investor Fund is 1.75%.

iHedge Fund Offshore: The Management Fee for each share class of this Investor Fund is 2.25%.

iHedge Fund Onshore: The Management Fee of this Investor Fund is 2.25%.

Total Return Fund Onshore: The Management Fee of this Investor Fund is 1.50%.

Management Fees (and Liquidity Fees or Administration Fees, if applicable) paid by the Investor Funds are deducted in arrears at each month-end.

SMAs (Certain Fees)

RGNCM and the institutions that establish each SMA negotiate a separate management fee that is calculated based on assets under management. RGNCM does not receive an administration fee or a liquidity fee from the SMA

s.

Management Fees paid by SMA

s are deducted in arrears at each month-end.

Investor Funds and SMAs (Profit Allocations and SMA Incentive Fees)

At the end of each calendar quarter, or when shares or partnership interests in an Investor Fund are redeemed (the “Fund Profit Allocation Period”), RGNCM may receive a profit allocation (“Profit Allocation”) in the case of investors in the Investor Fund. For each Investor Fund, RGNCM receives a Profit Allocation to its book capital account of 20% (15% in the case of an investor in Total Return Fund Onshore) of net new appreciation in such Investor Fund (including unrealized gains), if any, achieved by each investor in such Investor Fund during each Fund Profit Allocation Period.

At the end of each calendar quarter (the “SMA Performance Fee Period”), RGNCM may receive an incentive fee (an “SMA Incentive Fee”, referred together with the Profit Allocations as “Performance Amounts”) in the case of each SMA. For each SMA, RGNCM may receive an SMA Incentive Fee equal to a percentage of the appreciation in the net asset value per share (including unrealized gains), if any, achieved by such SMA during such SMA Performance Fee Period. The SMA Incentive Fee percentage paid by each SMA has been set via negotiation with each institution that established an SMA.

Performance Amounts are subject to a loss carryforward, also known as a high water mark, such that RGNCM will be eligible to receive a Performance Amount only if the appreciation of the net asset value per share for the relevant period exceeds any depreciation of that net asset value that has not been recouped.

RGNCM, as general partner or investment manager of each Investor Fund, and as trading advisor of the SMA

s, is entitled to retain any Performance Amounts previously allocated or received even if subsequent losses are incurred. However, no subsequent Performance Amount is allocated or received until net new appreciation is achieved for the SMAs or the investor’s account in the Investor Fund, as applicable.

Profit Allocations (if any) are deducted in arrears at each quarter-end. SMA Incentive Fees (if any) are deducted in arrears at each quarter-end.

Fees (generally)

If an investor is invested for only a portion of a particular month, then the Management Fee and Liquidity Fee (if applicable) or Administration Fee (if applicable) are pro-rated. Management Fees are calculated before the accrual or payment of Liquidity Fees (if applicable) or Administration Fees (if applicable) or Performance Amounts (if any); Liquidity Fees (if applicable) or Administration Fees (if applicable) are calculated after the accrual or payment of Management Fees but before the accrual or payment of Performance Amounts (if any); and Performance Amounts are calculated after the accrual or payment of Management Fees and Liquidity Fees (if applicable) or Administration Fees (if applicable). All such fees are determined before giving effect to any subscriptions, distributions or redemptions accrued or paid as of such month-end.

RGNCM in its sole discretion may waive or reduce the Management Fee, Liquidity Fee (or Administration Fee, if applicable) or Profit Allocation with respect to one or more investors in an Investor Fund for any period of time, or agree to apply a different Management Fee, Liquidity Fee (or Administration Fee, as applicable) or Profit Allocation for such investor. In addition, RGNCM may grant certain investors in the Investor Funds preferential rights with respect to various matters, including, without limitation: the right to most favorable economic terms for their investments; the ability to transfer carryforward losses (for purposes of the Performance Amount) incurred during an investment in another investment fund managed by RGNCM; notice of certain events or changes in policies or practices; increased periodicity of reporting; greater transparency; and the right to make new investments when the applicable Fund is otherwise closed for new investments. Any such fee reductions or other preferential rights shall be determined by RGNCM on a case by case basis, and shall be limited to certain investors that are shareholders or employees of RGNCM, relatives of such shareholders or employees, and strategic or large investors. RGNCM, its shareholders or relatives of such shareholders are not charged any Management Fees, Liquidity Fees (or Administration Fees, if applicable) or Profit Allocation on their investments in the Funds.

RGNCM may waive or reduce the Management Fee or SMA Incentive Fee with respect to any investor in the SMAs. Investors in the SMAs may also be charged fees by other parties not affiliated with RGNCM.

The Management Fee and SMA Incentive Fee have been set via negotiation with the institutions that established the SMAs. Initial size of the account, potential size of the account and expected duration of the account were among the factors RGNCM analyzed when negotiating such fees.

Investors in the Funds will bear not only RGNCM's fees, but also other fees and expenses of the Funds. Expenses borne by the Funds include brokerage commissions and dealer spreads, NFA fees, give up fees, interest charges, audit fees, legal fees, independent directors' fees, custodial fees, exchange listing and membership fees and expenses, insurance costs, continuing offering fees and expenses, bank service fees, cash management fees, extraordinary fees and expenses and other fund related expenses (however, RGNCM pays Global Fund Onshore's legal and audit fees). In certain instances, RGNCM may determine, in its sole discretion, to bear (without reimbursement by the Fund) any of the foregoing expenses, in whole or in part.

To the extent that expenses of the Master Funds are identifiable with a particular Feeder Fund, such expenses are charged solely to such Feeder Fund; otherwise, expenses of the Master Funds are borne pro rata in accordance with the assets in the applicable Feeder Funds. Similarly, to the extent that expenses of Funds are identifiable with a particular Fund, such expenses are charged solely to such Fund; otherwise, expenses of the Funds are borne pro rata in accordance with the assets in the applicable Funds.

No additional Management Fees, Liquidity Fees (or Administration Fees, if applicable) or Profit Allocations are charged as a result of the master/feeder structure.

Investors in any fund that we may advise in the future may bear different expenses.

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

As set out in Item 5, RGNCM charges performance-based fees with regard to investments into each of the Funds.

Because RGNCM receives a lesser Performance Fee from the SMAs than from the Investor Funds, we could have an incentive to disfavor the SMAs. However, our allocation policy, which is discussed in Item 12, minimizes the likelihood of this occurring. RGNCM's policy is to treat all Advisory Clients fairly and equally, not to favor one Advisory Client over another, and to allocate trades in a systematic manner.

RGNCM serves as an investment adviser to the Funds and the SMAs, and may establish or serve other new Funds or SMAs. Each Fund imposes minimum investment limits upon investors in the Fund that can be waived in certain circumstances, as set forth in that Fund's private placement memorandum.

RGNCM's Performance Fee arrangements with the Funds and the SMAs may create an incentive for RGNCM to make investments that are more speculative or subject to a greater risk of loss than would be the case if no such arrangement existed. Because the Performance Fee is calculated on a basis that includes unrealized appreciation of assets (which may subsequently never be realized), such Performance Fee may be greater than if it were based solely on realized gains. In addition, because the Profit Allocation is made quarterly and the SMA Incentive Fee is paid quarterly, this may result in an allocation or payment during the year even though the annualized return results in a net loss.

Item 7: Types of Clients

RGNCM provides advisory services to hedge funds and separately managed accounts. The underlying investors may include but are not limited to funds of hedge funds, high net worth individuals, corporations and partnerships, corporate pension and profit-sharing plans, foundations, endowments, sovereign funds, municipalities, registered mutual funds, private investment funds and other U.S. and non-U.S. institutions.

iHedge Fund Offshore offers Class A shares (monthly liquidity) and Class B shares (daily liquidity), with minimum investments of \$1,000,000 and \$5,000,000, respectively.

Diversified Fund Offshore offers Class N shares (monthly liquidity) and Class O shares (daily liquidity), with minimum investments of \$1,000,000 and \$5,000,000, respectively. Diversified Fund Offshore Class A and Class B are not currently being offered to new investors.

Diversified Fund Offshore and iHedge Fund Offshore offer Class F shares (daily liquidity), with minimum aggregate investments of \$15,000,000 across Class F of those three funds and Class K of Diversified Fund Offshore (subject to further detail set forth in the funds' private placement memoranda). Diversified Fund Offshore offers Class K (daily liquidity), which only invests in cash and cash equivalents.

Each US Investor Fund offers limited partnership interests (monthly liquidity for redemptions) with minimum investments of \$1,000,000.

RGNCM may waive the minimum investment requirement for any of the Investor Funds; however, the Investor Funds require a minimum investment of \$100,000.

RGNCM provides investment advisory services to SMAs on a case by case basis. Initial size of the account, potential size of the account, expected duration of the account and level of fees are among the factors RGNCM analyzes when considering a separately managed account.

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

Overview

RGNCM employs a primarily contrarian strategy to trade, on a speculative basis, the global equity, fixed income, currency and commodity markets. While RGNCM invests primarily in interest rate sensitive instruments, currencies, equities and commodity contracts, RGNCM places no limitations on the exchanges or markets on which it trades. RGNCM currently concentrates its trading in markets that offer high liquidity. RGNCM's trading is primarily short-term and quantitative. The current SMAs do not trade in the equity markets.

RGNCM utilizes a network of computers running proprietary software designed to continuously process RGNCM's database and trading rules, plus current (real-time) and historical data to determine which rules presently apply. RGNCM relies primarily on mathematical analysis to create trading rules, which are only implemented upon meeting certain criteria for risk, correlation and potential reward when tested against historical data. These rules are intended to predict short and long-term price movements. Trades may be either contra-trend or trend-following.

RGNCM uses many different "computer models," each of which is a separate computer trading system made up of different types of rules. Each "computer model" may trade using a different strategy, time horizon, type of investment and risk/reward ratio. Performance of each "computer model" in the multi-model system is tracked in real time. By acting as an "asset allocator" to these "computer models," RGNCM attempts to optimize profitability and reduce risk. RGNCM has sole discretion to determine the Funds' maximum gross and net exposure. In rare circumstances, RGNCM may choose to exit the markets entirely.

The strategy consists of more than different trading rules which are grouped into families based on their correlation to each other and holding duration. These families typically fit into three main categories:

1. intra-day: trades less than one day in duration, including both momentum and counter-trend systems.
2. 1-5 day: trades lasting between one day and one week. These systems are primarily contrarian, but may include some momentum systems as well.
3. long term: trades lasting greater than one week, including both momentum and counter-trend systems.

In addition, RGNCM uses human discretion in conjunction with its mathematical, computerized trading systems. Rather than follow each computerized signal in a mechanical fashion, RGNCM considers the current market condition when entering or exiting positions. At any time that RGNCM believes circumstances warrant, RGNCM will use human judgment to achieve its investment objectives.

Trading Programs

RGNCM currently has four trading programs.

The Diversified Program aims to provide both attractive stand-alone returns and consistent protection during equity declines and difficult periods for hedge fund portfolios. The Diversified Program seeks to maintain a consistent low or negative correlation to traditional and alternative investments. The program

tends to do particularly well in high volatility environments. The Diversified Program has a sub-program called the Diversified Institutional Program, which has the same characteristics of the larger program, except that it targets lesser volatility. The Diversified Program is used by Diversified Master Fund, Diversified Fund Offshore and Global Fund Onshore. The Diversified Institutional Program is used by the current SMAs.

The Optimal Alpha Program (which does not trade securities (except perhaps a minimal amount), and consequently is not further discussed in this Brochure).

The iHedge Inflation Protection Program aims to provide both attractive stand-alone returns and significant and consistent protection from inflation during periods of rising interest rates and commodity prices. The iHedge Inflation Protection Program is used by iHedge Fund Offshore, iHedge Fund Onshore and iHedge Master Fund.

The Total Return Program aims to provide attractive risk-adjusted returns by combining the strategies of the Diversified Program with features of a risk-parity portfolio. The Total Return Program is used by Total Return Fund Onshore.

Risks

Offerings of shares or partnership interests in the Investor Funds are made pursuant to private placement memoranda, which all investors in the Investor Funds receive prior to making their initial investments. Such private placement memoranda contain a more complete description of the risks associated with an investment in the Funds.

General Risks

Investing in securities involves risk of loss that investors must be prepared to bear.

Investors in the Funds/SMAs should understand that all investments involve risk and that there can be no guarantee against loss resulting from an investment in a Fund/SMA nor can there be any assurance that any investment objective of the Funds/SMAs will be attained. As with any investment, the value of an investment in a Fund/SMA may decrease as well as increase, depending on a variety of factors which may affect the values of the portfolio of a Fund/SMA, including general economic conditions, market factors and currency exchange rates.

Additionally, investment decisions made by RGNCM will not always be profitable or prove to have been correct. RGNCM cannot assure that it will achieve its investment objectives, and investors should recognize the possibility of losing their entire investment.

RGNCM seeks to attain the trading program objectives by trading in cash and spot currencies, futures contracts, forward contracts, swaps, equities, options on the foregoing and other derivative and financial instruments on regulated and over-the-counter United States and non-United States exchanges and markets. Each of these instruments involves particular risks, as does RGNCM's use of short-selling. The current SMAs do not trade in the equities markets.

Reliance on RGNCM

The Funds/SMA's rely on RGNCM in formulating their investment strategies. The bankruptcy or liquidation of RGNCM or the death, impairment or retirement of Roy G. Niederhoffer, the President of RGNCM, may have an adverse impact on investment performance.

Turnover

RGNCM's trading activities will often be made on the basis of short-term market considerations. The portfolio turnover rate will be substantial at times, due to either such decisions or market conditions, and may result in the Funds/SMA incurring substantial brokerage commissions, dealer spreads and other transaction fees and expenses.

Decisions Based on Technical Analysis

RGNCM primarily employs trading strategies that utilize mathematical analyses of technical factors relating to past market performance. The buy and sell signals generated by a technical trading strategy are based upon a study of actual intraday, daily, weekly and monthly price fluctuations, volume and open interest variations, and other market data and indicators. The profitability of any trading strategy based on this type of historical analysis is determined by the relationship of future price movements to historical prices and indicator values, and the ability of the strategy to adapt to future market conditions. For example, if RGNCM employs a particular strategy that has been successful in periods of sustained price movement in one direction in various markets, the future performance of this strategy may be determined by the relative frequency in the future of these sustained movements. RGNCM attempts to develop strategies that will be successful under many possible future scenarios. However, there can be no guarantee that the strategies of RGNCM will be effective or applicable to future market conditions. Any factor which lessens or increases the frequency of various types of market movements can impact the future performance of RGNCM's strategy, such as an increase or decrease in the number of other traders employing particular strategies or increased government control of, or participation in, the markets.

Technical, trend-following trading systems are used by many other traders. At times, the use of such systems may:

- result in traders attempting to initiate or liquidate substantial positions in a market at or about the same time;
- alter historical trading patterns;
- obscure developing price trends; or
- affect the execution of trades.

Investments are Speculative

Certain of the investments in which the Funds/SMA may invest are interest rate sensitive, which means that their value and, consequently, the net asset value, will fluctuate as interest rates fluctuate. In addition, interest rate increases may increase the interest carrying costs of borrowed investments. Performance of the Funds/SMA's, therefore, will depend in part on RGNCM's ability to anticipate and respond to such fluctuations in market interest rates, and to utilize appropriate strategies to maximize returns to the Funds/SMA's, while attempting to minimize the associated risks to their investment capital.

Trading Strategies

The success of RGNCM's trading strategies depends upon its ability to interpret correctly market data and to predict market movements. Any factor which would make it more difficult to execute timely trades, such as a significant lessening of liquidity in a particular market could also be detrimental to profitability. As RGNCM may modify and alter its strategies from time to time, it is possible that the trading strategies used by RGNCM in the future may be different from those presently in use. No assurance can be given that the trading strategies used or to be used by RGNCM will be successful under all or any market conditions.

Trading in Securities of Non-United States Issuers

RGNCM may trade in securities of non-United States issuers traded outside of the United States. In addition to currency exchange risks, such trading requires consideration of certain other risks not typically associated with investing in United States securities. There may be less publicly available information regarding issuers located in certain countries. In addition, certain countries may have no laws or regulations prohibiting insider trading. The economies of certain countries often do not compare favorably with the economy of the United States with respect to such issues as growth of gross national product, reinvestment of capital, resources and balance of payments position. Certain of such economies may rely heavily on particular industries or foreign capital and are more vulnerable to diplomatic developments, the imposition of economic sanctions against a particular country or countries, changes in international trading patterns, trade barriers and other protectionist or retaliatory measures. Investments in non-U.S. markets also may be adversely affected by governmental actions such as the imposition of capital controls, nationalization of companies or industries, expropriation of assets or the imposition of punitive taxes. In addition, the governments of certain countries may prohibit or impose substantial restrictions on foreign investing in their capital markets or in certain industries. Any such action could severely affect security prices, impair RGNCM's abilities to purchase or sell non-U.S. securities or otherwise adversely affect the Funds/SMA. Other non-U.S. market risks include political and social instability. In addition, higher expenses may result from investment in non-U.S. securities than would from investment in U.S. securities because of the costs that must be incurred in connection with conversions between various currencies and foreign brokerage commissions that may be higher than in the United States. Non-U.S. markets also may be less liquid, more volatile, and generally less subject to governmental supervision than in the United States.

Trades May be Executed at Different Prices for Different Accounts

The trading models used by RGNCM identify the price of a particular instrument which corresponds to one of the model's entry or exit point for a trade. Once an entry or exit point has been reached, RGNCM attempts to execute the trade for all appropriate accounts at the best price possible. Trades may be executed at different times for different accounts. There is no guarantee that the Funds/SMA's will receive a trade at the price identified by the models or at the same price as other accounts.

Potential Inability to Trade or Report Due to Systems Failure

RGNCM's strategies are dependent to a significant degree on the proper functioning of its internal computer systems. Accordingly, systems failure, whether due to third party failures upon which such systems are dependent or the failure of RGNCM's hardware or software, could disrupt trading or make trading impossible until such failure is remedied. Any such failure, and consequential inability to trade (even for a short time), could, in certain market conditions, cause the Funds/SMA's to experience

significant trading losses or to miss opportunities for profitable trading. Additionally, any such failures could cause a temporary delay in reports to investors.

Potential Disruption or Inability to Trade Due to a Failure to Receive Timely and Accurate Market Data from Third Party Vendors

RGNCM's strategies are dependent to a significant degree on the receipt of timely and accurate market data from third party vendors. Accordingly, the failure to receive such data in a timely manner or the receipt of inaccurate data, whether due to the acts or omissions of such third party vendors or otherwise, could disrupt trading to the detriment of the Funds/SMAs or make trading impossible until such failure or inaccuracy is remedied. Any such failure or inaccuracy could, in certain market conditions, cause the Funds/SMAs to experience significant trading losses, effect trades in a manner which it otherwise would not have done, or miss opportunities for profitable trading. For example, the receipt of inaccurate market data may cause RGNCM to establish (or exit) a position which it otherwise would have established (or exited), and any subsequent correction of such inaccurate data may cause RGNCM to reverse such action or inaction, all of which may ultimately be to the detriment of the Funds/SMAs.

Item 9: Disciplinary Information

There are no legal or disciplinary events to disclose.

Item 10: Other Financial Industry Activities and Affiliations

RGNCM has been registered as a commodity pool operator and commodity trading adviser with the CFTC since 1993. RGNCM serves as the investment manager of each Fund. RGNCM serves as the investment manager or trading advisor of the SMAs.

RGNCM serves as general partner of each US Investor Fund. As of the date hereof, RGNCM has investments in Global Fund Onshore.

RGNCM holds one or more Profit Allocation shares in each Master Fund.

Roy G. Niederhoffer is the founder, sole owner and sole director of RGNCM.

As of the date hereof, Roy G. Niederhoffer has investments in Global Fund Onshore.

Certain employees of RGNCM may have investments in the Investor Funds.

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

Code of Ethics

RGNCM has adopted a Code of Ethics based on the principle that employees of RGNCM owe a fiduciary duty to its Advisory Clients. Accordingly, employees (including full and part-time employees and both paid and unpaid interns) must avoid activities, interests and relationships that might interfere or even appear to interfere with making decisions in the best interests of the Advisory Clients. Each employee is under a duty to exercise his or her authority and responsibility for the benefit of RGNCM and the Advisory Clients and may not participate in any activities that may conflict with the interests of RGNCM or the Advisory Clients. If an event occurs or is anticipated to occur which represents a conflict or could cause harm to RGNCM's reputation, the employee must immediately disclose this circumstance to RGNCM's Chief Compliance Officer. In all circumstances, each employee must comply with all federal securities rules (including rules regarding insider trading) and all policies found in the RGNCM compliance manual, a copy of which is supplied to all employees.

The Code of Ethics requires that employees:

1. Place the interests of Advisory Clients first. As an employee and a fiduciary, employees must avoid serving their own personal interests ahead of the interests of Advisory Clients. Employees may not cause an Advisory Client to take action or not take action for the employee's benefit rather than the benefit of the Advisory Client.
2. Avoid taking inappropriate advantage of RGNCM employment. Employees may not take inappropriate advantage of their positions with RGNCM. The receipt of investment opportunities, perquisites, or gifts from persons seeking business with the Advisory Clients or with RGNCM could call into question the exercise of the employee's independent judgment. Accordingly, employees may accept such items only in accordance with the limitations of the Code of Ethics. In addition, employees may not use the knowledge of Advisory Client portfolio transactions to profit by the market effect of those transactions.
3. Conduct all personal securities transactions in full compliance with the Code of Ethics, including all pre-authorization, reporting and minimum holding period requirements.
4. Comply fully with RGNCM's policies and procedures regarding inside information.
5. Maintain the confidentiality of (i) the identity of the securities holdings of RGNCM and its Advisory Clients and (ii) the financial circumstances of Advisory Clients.

Each employee must acknowledge the terms of the Code of Ethics.

A copy of the Code of Ethics is available to any investor or prospective investor by calling RGNCM's Chief Compliance Officer at 212-245-0400, or by emailing compliance@niederhoffer.com.

Conflicts of Interest

Offerings of shares or interests in the Investor Funds are made pursuant to private placement memoranda, which all investors in the Investor Funds receive prior to making their initial investments. Such private placement memoranda contain a more complete description of the conflicts of interests associated with an investment in the Funds.

RGNCM and its employees have investments in certain of the Funds. Therefore, RGNCM and its employees may be considered to participate, indirectly, in transactions effected for the Funds.

RGNCM, its officers and its employees may have investments in securities or other investments in which the Funds/SMAs invest. Further, the purchase or sale of these investments may take place at or about the same time as the purchase or sales by the Funds/SMAs. RGNCM believes that its Code of Ethics minimizes any conflicts of interest that may result.

As general partner and/or investment manager, RGNCM solicits investments into the Investor Funds by investors.

RGNCM, as principal, does not buy securities from or sell securities to the Funds/SMAs or investors in the Funds/SMAs. RGNCM does not cross trades between the Funds or between the Funds and the SMAs.

Funds typically trade in the same securities as other Funds and the SMAs. Such trading is performed consistent with RGNCM's obligation of best execution, and where appropriate, is done on an aggregated basis. See Item 12 for a more detailed description of RGNCM's allocation policy.

Item 12: Brokerage Practices

The securities transactions of the Funds/SMAs generate a substantial amount of brokerage commissions and other transaction-based compensation, all of which are paid by the Funds/SMAs. In addition to paying commissions to brokers acting as agents, the Funds/SMAs may buy or sell securities directly from or to dealers acting as principals at prices that include dealer markups or markdowns.

RGNCM has complete discretion in deciding what brokers and dealers the Funds will use and in negotiating the rates of compensation paid.

For the SMAs, the brokers and dealers that may be used are subject to agreement between RGNCM and the institutions that established the SMAs. Subject to these agreements, RGNCM has discretion in deciding what brokers and dealers to use for any particular transaction. The rates of compensation paid to such brokers and dealers are set by such establishing institutions.

In selecting brokers to effect transactions for the Funds/SMAs, we consider such factors as:

- Overall economic result to the Funds/SMAs (price of commissions or dealer spreads, plus other costs;
- Efficiency and quality of the transaction;
- Difficulty of the transaction;
- Size of the order, ability of the broker or dealer to effect the transaction if a large block is involved;
- Risk the broker or dealer has accepted in the transaction;
- Financial strength and stability of the broker or dealer, including any legal considerations;
- Confidentiality of trading;
- Operational capabilities and facilities of the broker or dealer; and
- Economies of scale created by trading higher volumes with fewer brokers or dealers.

RGNCM ensures that brokers and dealers provide the best qualitative execution, not simply the lowest commission prices. We don't necessarily solicit competitive bids and do not have an obligation to seek the lowest available commission cost. Accordingly, in any transaction or series of transactions, our Funds/SMAs may pay commissions to a broker in an amount greater than the amount another broker might charge.

RGNCM's Chief Compliance Officer meets with the Head Trader to ensure that the brokers and dealers utilized by RGNCM are providing best execution. RGNCM keeps records of its best execution meetings.

Under Section 28(e) of the Securities Exchange Act of 1934, an investment adviser is generally deemed to have acted lawfully and in a manner consistent with its fiduciary duties under federal and state law, if the adviser determines in good faith that the commissions charged by a broker are reasonable in relation to the value of the brokerage and research products or services provided by such broker. For purposes of Section 28(e), research products or services provided by a broker may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, and other products and services providing lawful and appropriate assistance to the investment adviser in the performance of its investment decision making responsibilities, without regard to whether the research products or services benefit the account bearing the commission charge.

Certain brokers provide RGNCM with soft dollar credits which RGNCM uses to purchase certain brokerage and research services. These credits are generated by commissions charged by these brokers

to the Funds. RGNCM intends that all soft dollar expenditures fall within Section 28(e). RGNCM makes a good faith determination that the value of research and brokerage services is reasonable in relation to the amount of commissions being paid. RGNCM keeps adequate books and records in order to establish the required good faith. When there is mixed use of such services, RGNCM makes a reasonable allocation of the cost of the product according to its use. The portion that is used by RGNCM in a non-research/ non-brokerage capacity is outside Section 28(e) and is paid for by RGNCM. Soft Dollar commissions are generated on an approximate pro-rata basis across the Funds.

To the extent RGNCM utilizes commissions to obtain items that would otherwise be an expense of RGNCM, such use of commissions could be viewed as additional compensation. As a result of receiving such items, RGNCM has an incentive to use, and to continue to use, such brokers to effect transactions for the accounts over which RGNCM or its affiliates exercise trading discretion so long as such brokers continue to provide such soft dollar credits. The Chief Compliance Officer and the Operations Department track soft dollar expenses and the generation of soft dollar credits across the Advisory Clients. All on-going vendor relationships are revisited on to ensure that they are still in use and still valid under the provisions for soft dollar expenditures above.

Our soft dollar arrangements with brokers may condition payment of expenses upon placement of specified levels of brokerage transactions with that broker, and we may allocate a corresponding level of trades to that broker, subject to our obligation to obtain best execution (taking into account the value of the soft dollar goods and services provided).

RGNCM ensures that at all times its brokers provide service and order executions that meet its high standards. Best Execution is considered in light of the overall service provided. Soft Dollar relationships are initiated only with brokers that have proven able to provide Best Execution in the past.

RGNCM may also receive investor referrals or introductions from brokers that provide brokerage execution services to the Funds/SMAs. Such referrals or introductions may be direct or via opportunities for RGNCM to present at conferences and programs where brokers have invited potential investors. Provision of such referrals and introductions could provide RGNCM with an incentive to select the respective broker for transactions without regard to best execution. We endeavor not to allocate brokerage transactions to a provider of such services as compensation for investor referrals or other services or otherwise in violation of our duties to our clients.

Allocation of Trades

In allocating trades among the Funds/SMAs, RGNCM does not knowingly or deliberately favor one Fund/SMA over another on an overall basis. However, because of price volatility, occasional variations in liquidity and differences in order execution, it is impossible for RGNCM to obtain identical trade execution for each Fund/SMA on every particular trade. However, RGNCM allocate trades in a systematic manner without giving preference to any Fund/SMA. Such allocation of executed trades occurs via one of the two methods.

For trades executed by RGNCM's proprietary electronic execution platform on behalf of multiple Funds/SMAs, trade orders are placed and filled in a consistent sequence. (To ensure randomization over time, the sequence for "buys" is the reverse of the order for "sells.") The identity of the applicable Fund is sent to the broker along with the order, and each applicable Fund receives its pre-determined allocation.

In contrast, for trades executed by one of RGNCM's traders, orders are aggregated and all applicable Funds/SMA receive an average price based on the pre-determined allocation. If an order is only partially filled, the fill will be applied pro-rata, according to the desired proportion of the trade of each Fund/SMA.

Item 13: Review of Accounts

The Head Trader monitors the portfolios of RGNCM's trading programs on a real-time basis, and periodic strategy/portfolio meetings are held to discuss risk. RGNCM allocates its trading to a mix of different computer models, each of which is a separate computer trading system made up of different types of rules. In addition to quantitative risk management, RGNCM uses human discretion to manage positions during periods of unusual market activity or when RGNCM believes portfolio risk to be heightened.

The underlying investors in each Fund/SMA receive monthly statements of account valuations directly from the administrator of such Fund/SMA. Additional communications, whether written or oral, with underlying investors in the Funds may take place as determined by RGNCM, and may include performance information which is offered on daily, weekly or monthly basis.

The financial statements of the Funds are audited annually by independent public accountants and are then distributed to investors in the Funds.

Item 14: Client Referrals and Other Compensation

RGNCM may receive investor referrals or introductions from brokers that provide brokerage execution services to the Funds/SMAs. Such referrals or introductions may be direct or via opportunities for RGNCM to present at conferences and programs where brokers have invited potential investors. Provision of such referrals and introductions could provide RGNCM with an incentive to select the respective broker for transactions without regard to best execution. We endeavor not to allocate brokerage transactions to a provider of such services as compensation for investor referrals or other services or otherwise in violation of our duties to our clients.

As discussed in Item 12, RGNCM has soft dollar arrangements with certain brokers. These arrangements can be deemed an economic benefit to RGNCM for providing investment advice to the Funds/SMAs.

From time to time, RGNCM may utilize third-party solicitors that refer investors to the Funds. Currently, RGNCM utilizes no such solicitor.

Such solicitors receive compensation borne by RGNCM, which may be paid at the time of a subscription by the investor or on an ongoing basis. In any such case, RGNCM requires that the solicitor inform the applicable investor of such arrangement prior to subscription. Compensation paid to solicitors that refer investors to the Funds will not be borne by the investors or the Funds.

Item 15: Custody

RGNCM has custody (as defined by the SEC under Rule 206(4)-2) of Fund assets. Physical custody of assets of each private fund and the SMAs is held at qualified custodians.

The investors in each Fund receive monthly statements of account valuations directly from such Fund's administrator. RGNCM urges you to carefully review such statements.

For each private fund for which RGNCM has custody of Fund assets, RGNCM complies with the SEC's custody rule by requiring such Fund's administrator to distribute audited financial statements to the investors in such Fund within 120 days of the end of the fiscal year of such Fund.

RGNCM does not have custody of the SMAs' assets.

Item 16: Investment Discretion

Pursuant to investment management agreements, limited partnership agreements or trading advisory agreements, the Funds/SMAs have granted RGNCM discretionary authority to manage the accounts of the Funds/SMAs. Each investor in a Fund agrees to this authority via the completion and execution of a subscription agreement.

The investment management agreements, limited partnership agreements and trading advisory agreements typically place little or no restrictions on RGNCM's authority. In addition, restrictions may be set out in a Fund's private placement memorandum.

Item 17: Voting Client Securities

RGNCM, in its capacity as investment manager to each of the Funds, has been appointed as agent to vote proxies and respond to other corporate actions.

RGNCM utilizes a short-term trading strategy that is based on algorithms that attempt to predict market behavior based primarily on technical analysis. RGNCM is not a “buy and hold” investor, and trading decisions are not derived from fundamentals-based valuations of individual stocks. Consequently, the worthiness or likelihood of success of a proxy proposal generally does not impact the decision to buy or sell a stock. Further, a Fund that is long a stock on the record date for the proxy is often not long the stock on the proxy voting deadline or even a few days after the record date. Nevertheless, in compliance with the SEC’s rules, RGNCM has written policies and procedures regarding the voting of proxies.

If a Fund continues to hold a security as the proxy voting deadline approaches, then RGNCM’s equity traders and/or Head Trader, together with the Chief Compliance Officer, determine how to vote such proxy. Proxies are voted with the intention of maximizing the Fund’s investment. The Chief Compliance Officer maintains the records of all proxies received and how they were voted.

From time to time, proxy proposals may present a conflict between the interests of RGNCM and the Fund. In such instances, the Chief Compliance Officer will determine how to best minimize such conflict.

A copy of our proxy voting policies and procedures and/or information regarding the votes cast by RGNCM with regard the Fund’s securities holdings is available upon request to our Investor Relations or Compliance departments at 1-212-245-0400 or compliance@niederhoffer.com.

For the SMAs, the institutions that established the accounts maintain the power to vote proxies.

Item 18: Financial Information

RGNCM does not believe it has any financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients

Item 19: Requirements for State-Registered Advisers

Not applicable.