

THREE ZERO THREE

303 CAPITAL PARTNERS, LLC

Part 2A of Form ADV: Firm Brochure

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This brochure provides information about the qualifications and business practices of Three Zero Three Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 312-432-6550 or www.303capital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Three Zero Three Capital Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Three Zero Three Capital Partners, LLC is a SEC Registered Investment Adviser. Please note that "registration" does not imply a certain level of skill or training.

Material Changes

Item 2 Material Changes

In this section of the brochure we will only describe material changes that have occurred since the last time the ADV was updated. The last **annual update** of the ADV for Three Zero Three Capital Partners, LLC (“Three Zero Three” or the “Firm”) was prepared in March 2010. In addition, the Firm also updated the ADV in September 2010. The material changes that have occurred since September 2010 are as follows:

- Three Zero Three became the Managing Member and Commodity Pool Operator (“CPO”) of Endurance Investments, LLC in January 2011.
- Three Zero Three also became the managing member of 303 Volatility Management, LLC in March 2011.

Table of Contents

<u>Item</u>	<u>Page</u>
Advisory Business	2
Fees and Compensation	3
Performance-Based Fees and Side-By-Side Management	7
Types of Clients	7
Methods of Analysis, Investment Strategies and Risk of Loss	7
Disciplinary Information	20
Other Financial Industry Activities and Affiliations	21
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	31
Brokerage Practices	32
Review of Accounts	32
Client Referrals and Other Compensation	33
Custody	33
Investment Discretion	33
Voting Client Securities	34
Financial Information	34

Advisory Business

Three Zero Three Capital Partners, LLC (“Three Zero Three” or the “Firm”) is a registered investment advisor managing private investment funds for qualified and accredited investors. The Firm was organized under the laws of the State of Illinois in March 1999, and was originally named TJM Capital Partners, LLC. On July 19, 2004 the Articles of Organization were amended and name was changed to Three Zero Three Capital Partners, LLC.

Three Zero Three is a wholly owned subsidiary of TSJ Holdings, LLC (“**TSJ**”) and MARS Asset Management, LLC (“**MARS**”). The designated principal owners of TSJ that are principals of 303 Capital are Steve A. Beitler and Thomas J. Murphy. The principal owners of MARS are Jeffrey H. Kaplan and Michael J. Rane. The principal owners of Three Zero Three (Steve A. Beitler, Thomas J. Murphy, Jeffrey H. Kaplan and Michael J. Rane) are referred to as the “**Board of Managers**”.

Three Zero Three provides discretionary investment advice and management services, in its capacity as manager of several funds (the “303 Funds”) listed below. These funds are all privately held pooled investment vehicles (“Funds”) exempt from registration as an investment companies under the Investment Company Act of 1940. The 303 Funds are the Firm’s “Clients”.

303 Equity Trading Group, LLC (“303 Equity”)
303 Opportunities, LLC (“303 Opportunities”)
303 Quantitative Trading, LLC (“303 Quant”) [a sub fund of 303 Opportunities]
National Trading II, LLC (“National”) [a sub fund of 303 Opportunities]
Endurance Investments, LLC (“Endurance”)
303 Volatility Management, LLC (“303 Volatility”) [a sub fund of 303 Equity]
Three Zero Three Fund SPC (“303 Fund SPC”)

303 Equity’s investment objective is to generate gains and income principally by allocating its capital among trading advisors who actively trade in equities and equity derivative products through managed accounts and privately held pooled investment vehicles.

303 Opportunities’ investment objective is to generate gains and income principally by allocating its capital to one or more trading advisors who actively trade in equities, commodities products and privately held pooled investment vehicles.

303 Quant’s investment objective is to generate gains and income by engaging in speculative short-term trading of equities and equity options. 303 Quant’s capital is currently allocated to one trading advisor.

National’s objective is to operate more as an active manager of the Trading Advisors, allocating the Fund’s assets among Trading Advisors (including Trading Advisors exempt from CFTC registration) and Investee Pools. The Managing Member’s objective in doing so is to attempt to optimize the Fund’s balance between profit potential and controlled downside volatility. There are no Investee Pools as of this time.

Endurance Investments investing objective is to achieve risk-adjusted returns trading a diversified portfolio of investments contracts, using quantitative models and systems licensed from a third party.

303 Volatilities’ investment objective is to generate gains and income by actively trading in equity and equity derivative products through managed accounts and privately held pooled investment vehicles.

Three Zero Three also provides management services to 303 Fund SPC, an exempted limited liability company registered as a Segregated Portfolio Company (“SPC”) pursuant to Part XIV of the Companies Law (2004 Revision) of the Cayman Islands. Three Zero Three provides such services in its capacity as manager of 303 Fund SPC.

303 Fund SPC’s investment objective is to generate gains and income principally by allocating its capital to one or more trading advisors who actively trade in equities, commodities products and privately held pooled investment vehicles.

The Firm also serves as the managing member and CPO of 303 Opportunities and National, and Endurance (the “Pools”). These Pools invest in a broad range of futures, and futures options, OTC and physical products over timeframes ranging from intra-day to several months. The Pools trade futures and futures options listed on organized exchanges in the United States and regulated foreign markets.

The Firm is currently managing the following assets for the respective clients on a discretionary basis.

Client (Fund)	Assets Under Management (Discretionary)	Date
303 Equity	\$62.5 MM	March 1, 2011
303 Opportunities	\$23.9 MM	March 1, 2011
303 Quant	\$1.6 MM	March 1, 2011
National	\$77 MM	March 1, 2011
Endurance	\$1 MM	March 1, 2011
303 Volatility	\$23.7 MM	March 1, 2011
303 Fund SPC	\$4.3 MM	March 1, 2011

Fees and Compensation

The Firm is compensated for its management through fees on the net asset value of the various funds and a percentage of the net profits (Managers Allocation). The details of the compensation for management of each fund are explained below.

303 Equity

Management Fee

Three Zero Three receives an annual management fee (“Management Fee”) of 1.0% of the net asset value of 303 Equity, payable in quarterly installments of 1/4th of 1.0% in arrears as of the last business day of each month. A pro rata Management Fee is charged on any amount invested or withdrawn during any calendar quarter. Three Zero Three may waive or reduce the Management Fee as to a particular investor in certain circumstances.

Manager’s Allocation

Three Zero Three also receives a Manager’s Allocation equal to 15% of 303 Equity’s net new profits, paid quarterly (“Manager’s Allocation”). The Manager’s Allocation is calculated separately in respect of each investor’s capital account. The Manager’s Allocation is calculated on a “high water mark” basis, *i.e.*, only to the extent that the increase in net asset value recognized by an investor’s capital account (net of additions and withdrawals) exceeds the highest cumulative level of such increase in net asset value as of the most recent calendar month-end for which an allocation was made with respect to such capital account (or, if no increase in net asset value has been recognized, only to the extent that such increase causes an investor’s capital account to exceed the investor’s net capital contributions). Three Zero Three may waive or reduce the Manager’s Allocation as to a particular investor in certain circumstances.

In the event the aggregate Manager’s Allocations to Three Zero Three during a calendar year exceed the actual Manager’s Allocations to which Three Zero Three is entitled at the end of such calendar year based on 303 Equity’s performance during that calendar year, Three Zero Three will promptly repay such

excess; provided, however, that Three Zero Three is not obligated to repay more than one-half of the Manager's Allocation received during such calendar year.

The Manager's Allocation is a performance based fee arrangement which complies with Rule 205-3 of the Investment Adviser's Act of 1940. The Manager's Allocation may create an incentive to Three Zero Three to make investments that are riskier or more speculative than would be the case in the absence of the allocation to Three Zero Three.

303 Equity investors may generally withdraw all or any part of their investment at the end of each calendar quarter on forty-five days prior written notice.

303 Opportunities

Management Fee

Three Zero Three receives an annual management fee ("Management Fee") of 2.0% of the net asset value of 303 Opportunities, payable in quarterly installments of 1/4th of 2.0% in arrears as of the last business day of each quarter. A pro rata Management Fee is charged on any amount invested or withdrawn during any calendar quarter. Three Zero Three may waive or reduce the Management Fee as to a particular investor in certain circumstances.

Manager's Allocation

Three Zero Three also receives a Manager's Allocation equal to 10% of 303 Opportunities' net new profits, paid quarterly ("Manager's Allocation"). The Manager's Allocation is calculated separately in respect of each investor's capital account. The Manager's Allocation is calculated on a "high water mark" basis, *i.e.*, only to the extent that the increase in net asset value recognized by an investor's capital account (net of additions and withdrawals) exceeds the highest cumulative level of such increase in net asset value as of the most recent calendar month-end for which an allocation was made with respect to such capital account (or, if no increase in net asset value has been recognized, only to the extent that such increase causes an investor's capital account to exceed the investor's net capital contributions). Three Zero Three may waive or reduce the Manager's Allocation as to a particular investor in certain circumstances.

In the event the aggregate Manager's Allocations to Three Zero Three during a calendar year exceed the actual Manager's Allocations to which Three Zero Three is entitled at the end of such calendar year based on 303 Opportunities' performance during that calendar year, Three Zero Three will promptly repay such excess to 303 Opportunities; provided, however, that Three Zero Three will not be obligated to repay more than one-half of the Manager's Allocation received during such calendar year.

The Manager's Allocation is a performance based fee arrangement which complies with Rule 205-3 of the Investment Adviser's Act of 1940. The Manager's Allocation may create an incentive to Three Zero Three to make investments that are riskier or more speculative than would be the case in the absence of the allocation to Three Zero Three.

303 Opportunities' investors may generally withdraw all or any part of their investment at the end of each calendar quarter on fifteen days prior written notice.

303 Quant

Management Fee

Three Zero Three receives an annual management fee ("Management Fee") of 2.0% of the net asset value of 303 Quant, payable in quarterly installments of 1/4th of 2.0% in arrears as of the last business day of each quarter. A pro rata Management Fee is charged on any amount invested or withdrawn during any calendar quarter. Three Zero Three may waive or reduce the Management Fee as to a particular investor in certain circumstances.

Manager's Allocation

Three Zero Three also receives a Manager's Allocation equal to 35% of 303 Quant's net new profits, paid quarterly ("Manager's Allocation"). The Manager's Allocation is calculated separately in respect of each investor's capital account. The Manager's Allocation is calculated on a "high water mark" basis, *i.e.*, only to the extent that the increase in net asset value recognized by an investor's capital account (net of additions and withdrawals) exceeds the highest cumulative level of such increase in net asset value as of the most recent calendar month-end for which an allocation was made with respect to such capital account (or, if no increase in net asset value has been recognized, only to the extent that such increase causes an investor's capital account to exceed the investor's net capital contributions). Three Zero Three may waive or reduce the Manager's Allocation as to a particular investor in certain circumstances.

In the event the aggregate Manager's Allocations to Three Zero Three during a calendar year exceed the actual Manager's Allocations to which Three Zero Three is entitled at the end of such calendar year based on 303 Quant's performance during that calendar year, Three Zero Three will promptly repay such excess to 303 Quant; provided, however, that Three Zero Three will not be obligated to repay more than one-half of the Manager's Allocation received during such calendar year.

The Manager's Allocation is a performance based fee arrangement which complies with Rule 205-3 of the Investment Adviser's Act of 1940. The Manager's Allocation may create an incentive to Three Zero Three to make investments that are riskier or more speculative than would be the case in the absence of the allocation to Three Zero Three.

303 Quant investors may generally withdraw all or any part of their investment at the end of each calendar quarter on ten days prior written notice.

National

Management Fee

The Managing Member as the Trading Manager shall receive a quarterly "Management Fee" in an amount not to exceed 0.25% of the Fund's Net Asset Value, determined as of the end of each quarter (Net Asset Value for such purposes to be calculated on a prorated basis for any mid-quarter subscriptions and redemptions, and without reduction for accrued Management Fees or accrued Managing Member Allocations as of such date). The Managing Member may, in its sole discretion, charge an investor a reduced Management Fee.

Manager's Allocation

The Managing Member as the Trading Manager shall receive a "Managing Member Allocation" to its Capital Account. As of the date of this Memorandum, the Managing Member Allocation paid to the Managing Member will not exceed 7.5% of the New Net Profits (as such term is defined below). The Managing Member Allocation will be calculated after reduction of accrued Trading Advisor Incentive Allocations. The Managing Member Allocation will be distributed on a quarterly basis; provided, however, that if the aggregate distributions to the Managing Member during the first three quarters of a calendar year exceed the Managing Member Allocation at the yearend based on the calendar year's performance of the Fund, the Managing Member shall promptly repay such excess to the Fund (not to exceed one-half of such distributions already received by the Managing Member during the calendar year). In any reporting period in which such a repayment occurs, performance will be reported net of the repayment. The Managing Member may, in its sole discretion, charge an investor a reduced Managing Member Allocation.

Endurance

Management Fee

The Managing Member shall receive a quarterly “Management Fee” equal to .5% of the Fund’s Net Asset Value, determined as of the end of each quarter (Net Asset Value for such purposes to be calculated on a prorated basis for any mid-quarter subscriptions and redemptions, and without reduction for accrued Management Fees or accrued Managing Member Allocations as of such date). The Managing Member may, in its sole discretion, charge an investor a reduced Management Fee. The Managing Member shares the Management Fee with the Trading Advisor on such terms as the Managing Member and the Trading Advisor may agree from time to time. The Managing Member is authorized to pay the Trading Advisor’s share of the Management Fee directly from the Fund (but in no event will the aggregate amount of Management Fee received by the Managing Member and Trading Advisor exceed .5% of the Fund’s Net Asset Value per quarter as stated above). No separate management fee is charged by the Trading Advisor.

Manager’s Allocation

The Managing Member shall receive a “Managing Member Allocation” to its Capital Account. The Managing Member shares the Managing Member Allocation with the Trading Advisor on such terms as the Managing Member and the Trading Advisor may agree from time to time. The Trading Advisor may maintain its own capital account in the Fund to receive its share of the Managing Member Allocation. As of the date of this Memorandum, the Managing Member Allocation equals 20% of the New Net Profits. The Managing Member Allocation will be distributed on a quarterly basis. The Managing Member may, in its sole discretion, charge an investor a reduced Managing Member Allocation.

303 Volatility

Management Fee

The Fund Manager and the Portfolio Manager are collectively entitled to receive an annual management fee (“Management Fee”) of 2.0% of the Net Assets of the Fund, payable in quarterly installments of 1/4th of 2.0% in arrears. A pro rata Management Fee will be charged to Members on any amount invested or withdrawn during any calendar quarter. The Fund Manager and the Portfolio Manager, in their sole discretion, may waive or reduce the Management Fee as to a particular investor in certain circumstances, and have waived the Management Fee with respect to the Net Assets of the Fund that have been invested by the 303 Equity Fund. The Capital Account of the 303 Equity Fund is, however, subject to an increased Incentive Allocation. See “Allocation of Gains and Losses; Incentive Allocation” below.

Manager’s Allocation

The net appreciation or depreciation in the Fund during each calendar quarter, after payment of all Fund expenses, is allocated to all Members in proportion to their respective “Capital Accounts” (as computed in accordance with the terms of the LLC Agreement) at the end of each applicable period. As of the end of each calendar quarter, the Fund determines whether there has been an increase or decrease in the Net Assets of the Fund. In the event there is an increase in Net Assets, 20% of such increase is allocated to the Fund Manager and Portfolio Manager (the “Incentive Allocation”) in such proportions as they may agree. The Incentive Allocation is calculated separately in respect of each Member’s Capital Account. The Incentive Allocation charged to the Capital Account of the 303 Equity Fund, however, is equal to 40% of the increase in Net Assets allocated to its Capital Account at the end of each quarter.

In all events, the Incentive Allocation is calculated on a “high water mark” basis, *i.e.*, only to the extent that the increase in Net Assets recognized by an investor’s Capital Account (net of additions and withdrawals) exceeds the highest cumulative level of such increase in Net Assets as of the most recent calendar quarter-end for which a Incentive Allocation was made with respect to such Capital Account (or, if no increase in Net Assets has been recognized, only to the extent that such increase causes an investor’s Capital Account to exceed the investor’s net capital contributions).

303 Fund SPC

303 Fund SPC (the “Company”) will pay such of its own costs and the costs and expenses of the Company and the Funds as the Board shall reasonably determine to be necessary, appropriate, advisable, incidental or convenient to effect a Fund’s formation, carry on its business and realize its objective, including without limitation: (i) organizational costs and expenses, and offering costs and expenses incurred in connection with the offer and sale of Shares issued on the date of the Initial Closing; (ii) costs and expenses incurred in connection with the offer and sale of Shares after the Initial Closing; (iii) direct operating costs and expenses, including administrative, legal, accounting and auditing costs and expenses (including costs and expenses associated with obtaining systems and other information designed to facilitate accounting or record-keeping, including related hardware and software); fees, costs and expenses of third-party service providers that provide such services (including fees, costs and expenses of attorneys retained by the Company in connection with the business and affairs of the Company or any Fund, to the extent such fees, costs and expenses relate to advice provided to the Company or any Fund by such attorneys with respect to such business and affairs); insurance costs and expenses (including premiums for liability insurance covering the Company or a Fund and other persons); bank service fees; costs and expenses associated with preparing investor communications; and printing and mailing costs; (iv) fees and taxes imposed by any federal, state, local or foreign government, governmental agency or regulatory body or self-regulatory organization, including licensing, filing, registration and exemption fees and withholding, transfer and franchise taxes; (v) the Company’s indemnification obligations under the Company Charter, the Investment Management Agreement and the Administration Agreement; (vi) possible Management and Incentive Fees; and (vii) extraordinary costs and expenses, if any.

The Company will amortize these costs and expenses in equal installments over a period of 60 months, commencing as of the end of the month in which the Initial Closing occurs, for purposes of calculating a Fund’s NAV to a maximum threshold of .50% of the NAV per Shareholder per annum. To the extent these costs and expenses do exceed the maximum threshold of .50% per annum, the Investment Manager shall pay the excess. Amortizing these organizational and offering costs and expenses in equal installments over 60 months, is not in accordance with U.S. generally accepted accounting principles, which would require the Company to expense its organizational and offering costs immediately, thereby charging them only to those investors who subscribe during the Initial Offer Period. While not expected to be deemed material by the Company’s auditor, if this departure from generally accepted accounting principles is deemed to be material, it may result in a qualification of the annual financial statement of the Company.

Performance-Based Fees and Side-By-Side Management

Three Zero Three receives a Manager’s Allocation which is also referred to as an “Incentive Fee”. This fee is specifically addressed for each of the Funds in the “Fees and Compensations” section under “Manager’s Allocation”.

Type of Clients

Three Zero Three provides discretionary investment advice and management services, in its capacity as manager to privately held pooled investment vehicles (“Funds”) exempt from registration as investment companies under the Investment Company Act of 1940. Three Zero Three is the managing member of each Fund and the Funds are our client.

Methods of Analysis, Investment Strategies and Risk of Loss

Three Zero Three provides the management services to various privately held pooled investment vehicles (“Funds”), and the various Funds are our clients. Additional details of the investments for each fund are provided below.

303 Equity

The Fund seeks to generate gains and income principally by allocating its capital among a number of Constituent Advisors it selects, including Constituent Advisors who may be affiliates of the Three Zero Three, who will actively trade equities and equity derivative products.

The Fund's business objective is to seek significant capital appreciation and income regardless of the phase of economic or investment market cycles. The Fund will seek to achieve this objective by allocating capital among Constituent Advisors who actively buy and sell (and sometimes hold for longer periods of time) a broad range of equity options and equity securities, including but not limited to, exchange traded U.S. equities, equity and index options, foreign equities and equity and index options, U.S. and foreign equity index futures and futures options, U.S. and foreign single stock futures, U.S. and foreign exchange-traded-funds ("ETFs"), U.S. and foreign over-the-counter traded equities and equity derivatives, U.S. and foreign debt securities, U.S. and foreign debt derivative instruments and restricted and other illiquid securities, over time frames ranging from intra-day to several or more months.

Direct investments in managed accounts or investment funds managed by trading advisors are not without their risks. Any given trading advisor may experience fluctuations in performance and could lose money in any given period, and identifying capable trading advisors amidst an ever growing field is becoming increasingly difficult. By allocating its capital among a carefully selected group of trading advisors and investment funds employing an equity investment strategy, the Fund will seek to reduce the effects of any one Constituent Advisor failing to successfully implement its strategy in a given period.

The Fund has been designed with the goal of providing investors with the investment benefits of hedge funds specializing in various long/short equity investment strategies while seeking to lessen the risks associated with direct investments in any one of these vehicles. The Firm believes that, by investing through a group of carefully selected Constituent Advisors, the Fund will afford investors access to the varied skills and expertise of these Constituent Advisors while at the same time lessening the risks and volatility associated with investing through any one trading advisor or investment fund.

The Manager intends to use, and seek Constituent Advisors who use, leverage in their trading operations. In order to maximize the amount of leverage available to the Fund in its trading operations, the Fund has entered into a "joint back office" ("JBO") relationship. A joint back office arrangement is one in which a clearing broker-dealer, referred to commonly as the "JBO Clearing Firm," with a minimum of \$25,000,000 net capital, sells a nominal, non-voting ownership interest in itself to a participating broker dealer, referred to commonly as the "JBO Participant." The ownership position allows the JBO Clearing Firm to finance securities positions of the JBO Participant on a good faith margin basis. 303 Equity II is currently a JBO Participant of Merrill Professional Clearing Corporation ("Merrill Pro"). 303 Equity II, may however, terminate its agreement with Merrill Pro and/or become a JBO Participant of other JBO Clearing Firms at any time without notice to the Members.

THE CAPITAL OF A JBO PARTICIPANT (INCLUDING 303 EQUITY II, AS A RESULT, THE FUND) IS AGGREGATED WITH THE CAPITAL OF ALL OTHER MEMBERS OF THE JBO CLEARING FIRM. AS A RESULT, THE JBO PARTICIPANT AND ITS MEMBERS (SUCH AS THE FUND) ARE EXPOSED TO THE FINANCIAL AND OPERATIONAL RISKS OF THE JBO CLEARING FIRM. THEREFORE, IF ONE OF THE OTHER JBO PARTICIPANTS OF THE

FUND'S JBO CLEARING FIRM SUFFER LOSSES IN EXCESS OF THEIR CONTRIBUTED CAPITAL, THE FUND'S CAPITAL WILL BE NEGATIVELY IMPACTED AND COULD BE LOST ENTIRELY.

Certain of the Fund's Constituent Advisors may, through access obtained by 303 Equity II, function as a market maker at an exchange in their trading operations on behalf of the Fund. Among other things, the market maker program at an exchange may allow for an increased amount of leverage.

In addition to the leverage available to the Fund through the joint back office relationships discussed above, the Constituent Advisors may employ high levels of leverage in their trading operations on behalf of the Fund. Leverage in securities trading allows the trader to acquire larger positions than the trader would otherwise be able to take if full cash payment for the position was required. Leverage necessarily and materially increases the potential for loss on Fund investments. In order to have access to increased leverage, the Constituent Advisors may use portfolio margining in their trading activities on behalf of the Fund. SEC portfolio margin rules allow margin to be based upon the net risks of the eligible instruments. A margin requirement is set equal to the greatest loss that, theoretically, would result if a gain or loss is computed on the portfolio as a whole, at set increments to the upside and downside. Portfolio margin treatment aligns the amount of margin money required to the risk of the portfolio as a whole, calculated through simulating market moves up and down, and accounting for offsets between and among highly correlated products. Positions eligible for a portfolio margining account include margin equity securities, listed options on an equity security or index of equity securities, security futures products, unlisted derivatives on an equity security or index of equity securities, warrants on an equity security or index of equity securities, broad-based index futures, and options on broad-based index futures. Portfolio margin calculations are comparable to the net capital rule deductions requiring broker dealers to adjust their net capital for risks computed on their portfolio. The use of margin in the trading of securities poses not only the risks associated with leverage, but also imposes additional costs of trading because interest is charged to the customer when credit is extended.

PROSPECTIVE INVESTORS SHOULD UNDERSTAND THE RISKS OF PORTFOLIO MARGINING ARRANGEMENTS AND THE RISKS OF INCREASED LEVERAGE GENERALLY BEFORE MAKING ANY INVESTMENT IN THE FUND. THE FUND'S INVESTMENT PROGRAM ENTAILS SUBSTANTIAL RISKS AND THERE CAN BE NO ASSURANCE THAT THE INVESTMENT OBJECTIVES OF THE FUND WILL BE ACHIEVED. THE PRACTICES OF LEVERAGE AND OTHER INVESTMENT TECHNIQUES WHICH THE FUND AND ITS CONSTITUENT ADVISORS MAY EMPLOY FROM TIME TO TIME CAN, IN CERTAIN CIRCUMSTANCES, MAXIMIZE THE ADVERSE IMPACT TO WHICH THE FUND'S INVESTMENT PORTFOLIO MAY BE SUBJECT.

Many of the Constituent Advisors through which the Fund will invest will use special investment techniques that may subject the Fund's investments to certain risks. Certain, but not all, of these techniques and the risks that they entail are summarized below. The Fund in any event is not designed to correlate to the broad equity market, and should not be viewed as a substitute for equity investments.

Trading in Options, Warrants and Convertible Bonds. Certain Constituent Advisors through which the Fund may invest may purchase or sell options, and may purchase or sell warrants or convertible bonds. If a Constituent Advisor buys an option or warrant it may pay a "premium" representing the market value of

the option or warrant. If the price of the securities underlying the option or warrant does not change so that it becomes profitable for the Fund to exercise the option or warrant prior to its expiration, the Fund will lose the entire premium. Similarly, the Fund may pay a premium representing the market value of the convertibility feature on a convertible bond. If the price of the securities interest into which the bond is convertible does not change such that it becomes profitable for the Fund to convert the bond prior to its maturity, the Fund will lose the entire premium.

Options. In seeking to enhance performance or hedge assets, a Constituent Advisor may purchase and sell call and put options on both securities and stock indexes. Purchasing put and call options and writing such options are highly specialized activities and entail greater than ordinary investment risks. Because option premiums paid or received by an investor are small in relation to the market value of the investments underlying the options, buying and selling put and call options can result in large amounts of leverage. As a result, the leverage offered by trading in options could cause the value of a Member's capital account to be subject to more frequent and wider fluctuations than would be the case if the Fund did not invest in options.

The Fund expects that its Constituent Advisors will trade in standardized options which trade on an exchange. There is no guarantee that such exchanges will provide liquidity at all times to holders and writers of options. Lack of investor interest could adversely affect the liquidity for a particular option or series of options and an exchange may discontinue trading of a particular option or options generally.

Non-U.S. Securities or Options. Although the Fund intends to focus primarily on U.S. securities and options, its Constituent Advisors may also trade and invest in non-U.S. securities and options. Trading and investing in securities and options of non-U.S. governments and companies which are generally denominated in non-U.S. currencies, and utilization of currency forward contracts and options on currencies involve certain considerations comprising both risks and opportunities not typically associated with investing in securities of United States issuers. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes, less liquid markets and less available information than are generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Small Cap Stocks. At any given time, the Fund, through its Constituent Advisors, may have significant investments or option positions in smaller-to-medium sized companies of a less seasoned nature. These securities are traded in the over-the-counter market or recognized stock exchanges. These "secondary" securities often involve significantly greater risks than the securities of larger, better-known companies.

High Growth Industry Related Risks. The Fund, through its Constituent Advisors, may buy and sell options on or invest in the securities of high growth companies (e.g., healthcare and technology companies). These options and securities may be very volatile. In addition, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses, have limited ability to protect their rights to certain patents, copyrights, trademarks and other trade secrets, or be otherwise adversely affected by the extremely competitive markets in which many of their competitors operate.

Short Sales. Certain managed accounts in which or through which the Fund may engage in short sales by selling equity securities that it does not own at the time of sale. By doing so, the Fund will become obligated to purchase and deliver equity securities against the short position. In the event that the price of an equity security increases between the short sale and the Fund's subsequent purchase of shares of that security, the Fund will suffer a loss on that transaction and the value of the Members' investments will decrease accordingly. There can be no assurance that the Fund will not suffer such losses. In theory, a short sale has the potential for unlimited loss. In connection with short sales, the Fund will have to deliver cash or United States Treasury securities or other securities to brokers to assure delivery of equity securities against short positions. The Fund will be able to keep only a negotiated percentage of the yield of such United States Treasury or other securities.

The investment strategy to be employed by the Manager will result in the portfolio having a high degree of turnover which will result in higher transaction costs than would be the case if the Fund employed a buy-and-hold strategy. The transaction costs associated with an active trading strategy may lower returns. This strategy may also generate significant amounts of short-term capital gain, which is taxed at higher rates than long-term capital gain

303 Opportunities

Three Zero Three allocates 303 Opportunities' capital to one or more trading advisors that invest through managed accounts and privately held pooled investment vehicles that invests in a broad range of equity securities and commodities products over time frames ranging from intra-day to several or more months. The trading advisers may engage in the speculative trading of domestic and foreign equities, equity options, futures and futures options, spot and forward cash commodities, foreign exchange, and other instruments and products. There is no fixed percentage or amount of Fund's assets to be used to trade various types of commodities or market sectors, or types of securities.

Three Zero Three anticipates the Fund will concentrate assets in futures, futures options, forwards, securities, securities options, and related cash contracts in the energy markets, including, without limitation, natural gas, oil, and electricity contracts. A goal of the Firm is to diversify the Fund's assets among other products and strategies. However, until diversification occurs (and no assurance can be given that the Fund's assets will be diversified) a possible risk of the Fund is its concentration in energy products and related strategies. A substantial portion of the Fund's past performance was attributable to the successful trading of one of Trading Advisors concentrating in energy products, Irish Exchange, L.P. Investors should be aware that if Irish Exchange, L.P. ceases to be a Trading Advisor for the Fund, the Fund's performance could be negatively impacted.

Moreover, the New York Mercantile Exchange ("NYMEX") and Intercontinental Exchange ("ICE") list a series of basis swap contracts that are quoted as price differentials between approximately 30 natural gas pricing points and Henry Hub. These contracts have idiosyncratic settlement processes. That is to say, the last day of trading in the NYMEX and ICE cash settled basis swap contracts occur on or about the last day of the preceding contract month. All remaining open contracts are marked at a non-final settlement price derived from a call-around process to energy brokers. The final cash settlement date occurs on or about the second business day the next month, and the final cash settlement price is either the Natural Gas Intelligence Index or Inside FERC Index. There is sometimes a significant disparity (higher or lower) in

the settlement prices used after the contracts close for trading and the final cash settlement price. In determining monthly net asset value, the Fund will utilize the final cash settlement price published within the first several business days of the following month.

All investment contracts, including futures contracts, securities, options on futures contracts and securities, foreign exchange, cash and forward investments, other commodity-related contracts and financial interests are highly volatile. Price movements of these investment contracts are influenced by, among other things, changing supply and demand relationships; climate; government agricultural, trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; crop diseases; the purchasing and marketing programs of different nations; and changes in interest rates. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and gold. Such intervention is often intended to influence prices directly. None of these factors can be controlled by the Trading Advisors or Sub Funds and no assurances can be given that their advice will result in profitable trades for the Fund or that the Fund will not incur substantial losses.

The low margin deposits normally required in futures trading permit an extremely high degree of leverage; margin requirements for futures trading being in some cases as little as 2% of the face value of the contracts traded. For example, if at the time of purchase 10% of the price of the futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract was then closed out, result in a total loss of the margin deposit before any deduction for the trading commission. A decrease of more than 10% would result in a loss of more than the total margin deposit. Accordingly, a relatively small price movement in a futures contract may result in immediate and substantial loss to the investor. Like other leveraged investments, any trade may result in losses in excess of the amount invested.

303 Quant

Three Zero Three allocates 303 Quant's capital currently one trading advisor that invest in a broad range of equity securities over time frames ranging from intra-day to several or more months. The trading advisers may invest in securities on domestic and foreign exchanges which are publicly traded, such as stocks (common and preferred), convertible securities, rights and warrants on stocks, bonds, debentures and other forms of debt securities, options (including securities options and index options), and may also trade in non-public securities (although this is not the emphasis of the program). In addition, the Firm may cause the Fund to invest in repurchase contracts, swaps and currencies, as well as other financial instruments and derivatives currently or hereafter existing.

The Firm does not intend to limit the Fund's trading activity to a particular style or method of trading, nor does the Manager intend to limit the types of securities (and other products identified above). The Firm's goal is to identify and engage Trading Advisors who, in the reasonable business judgment of the Manager, appear to have trading styles, methods, or ideas which may prove to be successful, and allocate to them some or all of the Fund's assets for trading. No assurance can be given that the Firm's selection of Trading Advisors who will trade on behalf of the Fund will be successful.

The Firm may, in its sole discretion, utilize the services of cash managers to manage the Fund's assets not used for margin or otherwise invested. The Fund earns all interest on such assets.

A Trading Advisor (on behalf of the Fund) may actively engage in the trading of options contracts. Although successful trading in options contracts requires some of the same skills required for successful securities trading generally, the risks involved are different. Although the purchaser of an option cannot lose more than the purchase price of the option, the seller of an option has no such protection and is subject to unlimited liability. **Accordingly, the strategy of selling options is extremely risky. Investors must be aware that a Trading Advisor (on behalf of the Fund) may allocate a portion of its assets to strategies involving the sale of options.**

Three Zero Three, as the Manager intends to employ high levels of leverage in operating the Fund. Leverage in securities trading allows the Trading Advisor to acquire larger positions than the Trading Advisor would otherwise be able to take if full cash payment for the position was required. Leverage necessarily and materially increases the potential for loss on Fund investments. In order to have access to increased leverage, the Firm will operate the Fund's trading through an account that is subject to "portfolio margining." A portfolio margined account receives substantially greater leverage than the leverage an ordinary retail customer receives at a brokerage firm. In a portfolio margined account, the brokerage firm (or prime broker) where trading is conducted will calculate levels of margin based on the total positions in the account. Generally (but not always), margin requirements calculated based on net risk are lower than traditional methods of calculating margin. **PROSPECTIVE INVESTORS WHO DO NOT UNDERSTAND THE RISKS OF PORTFOLIO MARGINING ARRANGEMENTS AND THE RISKS OF INCREASED LEVERAGE GENERALLY SHOULD NOT INVEST IN THE FUND. AN INVESTMENT IN THE FUND IS HIGHLY SPECULATIVE AND ENTAILS A HIGH DEGREE OF RISK.**

The risk in a short sale of a security such as a stock is that the price of the security can increase. The amount of the price increase is theoretically unlimited. The risk in the short sale of a stock option (or security index option) is essentially the same as that of a short stock position (except that a short put option risk is limited by the underlying position going to zero, which for all practical purposes constitutes unlimited risk).

303 Volatility

The Fund's objective is to achieve significant capital appreciation and income regardless of economic or investment market cycle. No assurance can be given that the Fund's objective will be achieved. Three Zero Three allocates 303 Volatility capital to currently one trading advisor (MMJ Capital Management, LLC) to serve as its sole portfolio manager. The Portfolio Manager invests through managed accounts and privately held pooled investment vehicles, and seeks to generate gains and income for the Fund by actively trading in equities and equity derivative products, employing a relative value long-short equity volatility strategy in listed U.S. equity options and their underlying shares. A dynamic portfolio is constructed by buying options that are cheap relative to the Portfolio Manager's model and selling those options that are expensive. Utilizing proprietary software provided by an affiliate of the Fund Manager, the universe of listed equity options is scanned, identifying trading opportunities in those options where implied volatility is mispriced relative to both the historical and realized volatility of the underlying shares. After a potential trade is identified, fundamental analysis is undertaken to determine the reason for the mispricing before a position is taken. Positions are hedged by either buying or selling the underlying shares and the hedges are adjusted to conform with applicable risk tolerance. Profits are achieved by

capturing the “theoretical edge” derived from the volatility mispricing. A ratio of long options versus short options that conforms to its established risk tolerance is maintained. Adherence to the ratio enhances preparation for a change in the macro environment which could affect the level of broad option premiums. Risk is otherwise managed from both a top down and individual stock basis.

The Portfolio Manager may also introduce additional trading strategies in the future that are approved by the Fund Manager.

The Portfolio Manager may from time to time employ higher levels of leverage in its trading activities on behalf of the Fund. Leverage in securities trading allows the Portfolio Manager to acquire larger positions than it would otherwise be able to take if full cash payment for the position was required. Leverage necessarily and materially increases the potential for loss on Fund investments. In order to have access to increased leverage, the Portfolio Manager intends to utilize portfolio margining in its trading activities on behalf of the Fund. SEC portfolio margin rules allow margin to be based upon the net risks of the eligible instruments. A margin requirement is set equal to the greatest loss that, theoretically, would result if a gain or loss is computed on the portfolio as a whole, at set increments to the upside and downside. Portfolio margin treatment aligns the amount of margin money required to the risk of the portfolio as a whole, calculated through simulating market moves up and down, and accounting for offsets between and among highly correlated products. Positions eligible for a portfolio margining account include margin equity securities, listed options on an equity security or index of equity securities, security futures products, unlisted derivatives on an equity security or index of equity securities, warrants on an equity security or index of equity securities, broad-based index futures, and options on broad-based index futures. Portfolio margin calculations are comparable to the net capital rule deductions requiring broker-dealers to adjust their net capital for risks computed on their portfolio. The use of margin in the trading of securities poses not only the risks associated with leverage, but also imposes additional costs of trading because interest is charged to the customer when credit is extended.

PROSPECTIVE INVESTORS WHO DO NOT UNDERSTAND THE RISKS OF PORTFOLIO MARGINING ARRANGEMENTS AND THE RISKS OF INCREASED LEVERAGE GENERALLY SHOULD NOT INVEST IN THE FUND. THE FUND’S INVESTMENT PROGRAM ENTAILS SUBSTANTIAL RISKS AND THERE CAN BE NO ASSURANCE THAT THE INVESTMENT OBJECTIVES OF THE FUND WILL BE ACHIEVED. THE PRACTICES OF LEVERAGE AND OTHER INVESTMENT TECHNIQUES WHICH THE FUND MAY EMPLOY FROM TIME TO TIME CAN, IN CERTAIN CIRCUMSTANCES, MAXIMIZE THE ADVERSE IMPACT TO WHICH THE FUND’S INVESTMENT PORTFOLIO MAY BE SUBJECT.

The Portfolio Manager intends to cause the Fund to leverage its trading positions by borrowing funds from securities broker-dealers, banks or others. Such leverage increases both the possibilities for profit and the risk of loss. In a downward trending market, the use of leverage for long positions could have a material adverse effect on the Fund’s profitability and operations. Extensions of credit and guarantees by broker-dealers or another financial institution of performance of the Fund’s obligations will typically be secured by the Fund’s securities and other assets. Under certain circumstances, a broker-dealer may demand an increase in the collateral that secures the Fund’s obligations. If the Fund were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the Fund’s obligation. Liquidation in such a manner could have material adverse consequences. In addition,

the amount of the Fund's borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the Fund's profitability.

Holders of Interests must rely on the ability of the Portfolio Manager and the traders it retains to identify and make trades and investments consistent with the Fund's strategy. The Portfolio Manager and the traders it retains will have broad authority to select from a wide range of securities, options and other instruments for trading and investment. The Members neither participate in the making of any trading or investment decisions nor have the opportunity to evaluate personally the relevant economic, financial and other information used by the Portfolio Manager or the traders it retains in their selection, monitoring and disposition of securities, options and investments. Accordingly, no purchase of Interests should be made unless Offerees are willing to entrust all aspects of the investments of the Fund to the Portfolio Manager and the traders it retains.

303 Fund SPC

Three Zero Three allocates 303 Fund SPC's capital, pursuant to investors instructions, to one of more of its portfolios which are investments in 303 Equity, 303 Quant, and 303 Opportunities.

National

National Trading II, LLC (the "Fund") is an investment fund with a concentration in energy futures, futures options, forwards and related cash contracts (and possibly securities and related options of companies in the energy sector). Organized as an Illinois limited liability company, the Fund may engage in the speculative trading of futures, futures options, forwards and related cash contracts, securities, securities and index options, foreign exchange, and other commodity-related contracts and financial interests traded on both domestic and foreign markets (such contracts are sometimes hereinafter referred to collectively as "investment contracts").

The types of interests which may be traded are: domestic and foreign futures, futures options, forwards and cash contracts; exchange for physical contracts, exchange for swap contracts; securities and securities options. There is no fixed percentage or amount of Fund's assets to be used to trade various types of commodities or market sectors, or types of securities. However, at this time, the Fund's Managing Member has decided to allocate substantially all of the Fund's trading assets to energy products, including, but not necessarily limited to, natural gas and oil products. The Fund may finance inter-exchange energy contract spread positions where interexchange margins are not available, or for the purpose of entering into cash energy contracts. Such financing may have the effect of increasing the leverage.

The Fund may trade in securities on domestic and foreign exchanges which are publicly traded, such as stocks (common and preferred), U.S. Government and repurchase agreement securities, convertible securities, rights and warrants on stocks, bonds, debentures and other forms of debt securities, options (including securities options and index options), and may also trade in non-public securities (although this is not the emphasis of the Fund). In addition, the Fund may invest in repurchase contracts, swaps and currencies, as well as other financial instruments and derivatives currently or hereafter existing.

At this time, the Fund will concentrate substantially all of its assets in futures, futures options, forwards, securities, securities options, and related cash contracts in the energy markets, including, without limitation, natural gas and oil contracts. A risk of the Fund is its lack of diversity in other products.

Moreover, the New York Mercantile Exchange ("NYMEX") and Intercontinental Exchange ("ICE") list a series of basis swap contracts that are quoted as price differentials between approximately 30 natural gas

pricing points and Henry Hub. These contracts have an idiosyncratic settlement processes. That is to say, the last day of trading in the NYMEX and ICE cash settled basis swap contracts occur on or about the last day of the preceding contract month. All remaining open contracts are marked at a non-final settlement price derived from a call-around process to energy brokers. The final cash settlement date occurs on or about the second business day the next month, and the final cash settlement price is either the Natural Gas Intelligence Index or Inside FERC Index. There is sometimes a significant disparity (higher or lower) in the settlement prices used after the contracts close for trading and the final cash settlement price. In determining monthly net asset value, the Fund will utilize the final cash settlement price published within the first several business days of the following month.

All investment contracts, including futures contracts, securities, options on futures contracts and securities, foreign exchange, cash and forward investments, other commodity-related contracts and financial interests are highly volatile. Price movements of these investment contracts are influenced by, among other things, changing supply and demand relationships; climate; government agricultural, trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; crop diseases; the purchasing and marketing programs of different nations; and changes in interest rates. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and gold. Such intervention is often intended to influence prices directly. None of these factors can be controlled by the Trading Advisors and no assurances can be given that their advice will result in profitable trades for the Fund or that the Fund will not incur substantial losses.

The low margin deposits normally required in futures trading permit an extremely high degree of leverage; margin requirements for futures trading being in some cases as little as 2% of the face value of the contracts traded. For example, if at the time of purchase 10% of the price of the futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract was then closed out, result in a total loss of the margin deposit before any deduction for the trading commission. A decrease of more than 10% would result in a loss of more than the total margin deposit. Accordingly, a relatively small price movement in a futures contract may result in immediate and substantial loss to the investor. Like other leveraged investments, any trade may result in losses in excess of the amount invested. In addition to the leverage obtained through margin, some Trading Advisors or Investee Pools in which the Fund may invest funds of the Fund employ additional techniques to increase leverage, such as the use of "notional" funds. This might involve a situation, for example, where the Fund utilizes a Trading Advisor to manage \$1,000,000 in funds, but the Trading Advisor trades as if there were actually \$2,000,000 under management.

The Fund may finance inter-exchange energy contract spread positions where inter-exchange margins are not available, or for the purpose of entering into cash energy contracts. Such financing may have the effect of increasing the leverage.

United States commodity exchanges impose "daily limits" on the amount by which the price of most futures contracts traded on such exchanges may vary during a single day. Daily limits prevent trades from being executed during a given trading day at a price above or below the daily limit. Once the price of a futures contract has moved to the limit price, it may be difficult, costly or impossible to liquidate a position. Such limits could prevent a Trading Advisor from promptly liquidating unfavorable positions and restrict its ability to exercise or offset commodity options held in the Fund's account. In addition, even if futures prices have not moved the daily limit, a Trading Advisor may be unable to execute trades at favorable prices if the liquidity of the market is not adequate. Daily limits have been applicable to bond futures for some time and have recently been imposed on stock index futures (although none exist on actual stocks) as a result of the market turbulence of October 1987. It is also possible for an exchange or the CFTC to suspend trading in a particular contract (as, in fact, occurred in the case of stock index futures on October 20, 1987), order immediate settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only.

The Fund may engage in trading in contracts in the “cash” market. These contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. Neither the CFTC nor any banking authority regulates trading in these contracts, and there is no limitation on the daily price movements of these contracts. Speculative position limits are also not applicable to cash trading.

A Trading Advisor may engage in trading in futures options contracts. Although successful trading in futures options contracts requires many of the same skills required for successful futures trading, the risks involved are somewhat different. Although the purchaser of an option cannot lose more than the purchase price of the option, the seller of a futures option has no such protection and is subject to unlimited liability.

A Trading Advisor may engage in trading on commodity markets outside the United States on behalf of the Fund. Trading on such markets is not regulated by any United States government agency and may involve certain risks not applicable to trading on United States exchanges. For example, some foreign markets, in contrast to United States exchanges, are “principals’ markets” similar to the cash markets in which performance is the responsibility only of the individual member with whom the trader has entered into a futures contract and not of any exchange or clearing corporation. In a number of foreign markets, a substantial volume of trades which in the United States could only be executed on a regulated exchange are executed wholly off-exchanges, in privately negotiated transactions. In some cases, the intermediaries through whom the Fund may deal on foreign markets may in effect take the opposite side of trades made for the Fund. The Fund may not have the same access to certain trades as do various other participants in foreign markets. Furthermore, as the Fund will determine its net assets in United States dollars, with respect to trading in foreign markets the Fund will be subject to the risk of fluctuations in the exchange rate between the local currency and dollars as well as the possibility of exchange controls. Certain futures contracts traded on foreign exchanges are treated differently for federal income tax purposes than are domestic contracts.

The risk in a short sale of a security such as a stock is that the price of the security can increase. The amount of the price increase is theoretically unlimited. The risk in the short sale of a stock option (or security index option) is essentially the same as that of a short stock position (except that a short put option risk is limited by the underlying position going to zero, which constitutes a substantial and significant risk).

Short equity and index options have a theoretical risk which is similar to short futures options contracts. Most equity options allow for early exercise, and there are no maximum daily price limits. In addition, index options settle to cash. The minimum regulatory margin for short stock and index options are in some cases higher than futures options contracts, and securities broker dealers often require their customers to cover any daily mark-to-market loss on stock or stock index options by the opening of the ensuing trading day. Typically, long equity and index options are paid for in full upon initiation of the position, and the risk of loss is theoretically limited to the purchase price (plus commissions and any other transactional costs).

Leverage in securities trading allows the trader to acquire larger positions than would be the case of immediate full cash payment. The primary risk inherent in leverage is that the Fund will not be able (or the Managing Member will not deem it appropriate) to continue holding a leveraged position when called for further funds for margin and therefore will have to prematurely close that position (and perhaps others associated with that position) at a loss. Another significant risk in leverage is that margin requirements can change adversely to the investment, reducing the amount of marginability of the investment, resulting in calls for further funds. Further, interest rates available to the Fund may change adversely due to any number of reasons. The Fund’s investment results depend upon the use of leverage. Leverage can improve the return on Fund investments. However, leverage necessarily increases the potential for loss on Fund investments.

The Fund may have interests to pursue its investment objectives on a global basis. There are risks in investments in offshore companies that are not inherent in U.S. companies. Among them are the changing political climate of the foreign jurisdictions in which a company is domiciled to engage in business, currency restrictions, embargoes, tax laws, changing administrations and governments, changing monetary or other policies, unfavorable treatment of foreign investments, currency exchange rates, insufficient government regulation of company activities and disclosures, irregular accounting practices, insufficient standards of audit, and no reporting standards. Further, companies in foreign countries can be restricted in their dealings with other countries, including the United States. In addition, many foreign countries have no organized stock exchanges and no regulatory supervision of securities transactions. Even organized and regulated foreign securities markets are often less liquid, more volatile and less supervised than in the United States. Also, many foreign jurisdictions have no adequate mechanism for prosecuting customer complaints regarding investments. Further, to the extent that the Fund invests in domestic companies or other investments which are not listed on a U.S. exchange or actively traded in the U.S. organized over-the counter markets, there may be no liquid market for the security.

The Fund's investments which require foreign currency are exposed to the risk of adverse changes of value of that currency in relation to other currencies including the U.S. dollar. The currency of any country continuously fluctuates in value in relation to other currencies, due to a vast array of factors including interest rates, political developments, government deficits, balances of trade, economic developments, and governmental policies. Although the Fund may attempt to moderate the currency risks in its investments, by such techniques as forwarding contracts, commodities futures or options on commodities futures, and investments in foreign currencies, there is no assurance that to the extent it does so any such attempt will have any success.

The Fund may invest in interest rate instruments and other securities which have low credit ratings or which would be given low credit ratings if given a credit rating by any services. These securities are subject to a greater risk of loss, both as to interest or dividends and as to principal, than are securities with higher credit ratings, and are also more volatile. The market for such securities is generally not liquid, and the price accorded to investors seeking to buy or sell such securities is less favorable than would be the case of an actively traded market. Practically, these investments often temporarily lose value due to unfavorable commentary published by analysts, the media, and other parties as opposed to reasons relating purely with the issuer and economic considerations.

Although it is not the emphasis of the Fund's trading program, it is possible that the Fund may invest in privately offered securities. Such securities are illiquid. Typically, it is impossible for the holder of such a security to determine its value.

Endurance

Three Zero Three, the Managing Member intends to allocate all or most of the Fund's assets to the Trading Advisor Endurance Investment Advisors, ("EIA" or the "Trading Advisor"). The Trading Advisor's objective is to achieve risk-adjusted returns trading a diversified portfolio of investment contracts, using quantitative models and systems developed in collaboration with a third party. The Trading Advisor will deploy multiple systematic trading strategies: long term trend following; currency long/short; fixed income versus equity; and global bond relative value. Each strategy is intended to have a low correlation to the others, and each applies a profit/loss management trigger. The systematic strategies, which have undergone considerable testing and limited trading, will be continuously evaluated and further developed, as will other strategies which may be deployed.

Long Term Trend Following. This momentum-based strategy applies a buy/sell signal based on lagging moving averages which dictate a long or short position, and a volatility measure which determines position size.

Currency Long/Short. Based upon a weighted yield ranking of short term rates, short positions are taken in the currencies with the highest yielding rates and long position are taken in the currencies with the lowest yielding rates. Re-weighting is undertaken based on volatilities and the relative yield of USD short term rates.

Fixed Income versus Equity. This strategy values equities relative to interest rates, “normalizing” the relationship over rolling long term periods. Position size is determined by relative historic volatilities of stocks and bonds and by the normalized stock bond relationship.

Global Bond Relative Value. This strategy, comparable to a currency carry trade, position long bond futures of countries with a steep yield curve against short bond futures of countries with relatively flatter curves.

Interest Rate Risk Hedge. This strategy dynamically analyzes and applies a binary scoring technique to various factors, including: rich/cheap based on money supply growth and industrial activity, yield curve shape, and market technicals. Trading the US Ten-Year Note futures, a binary scoring technique is applied to the factors in order to determine the position direction, and an analysis of recent market volatility is applied to determine position size.

All investment contracts, including futures contracts, options on futures contracts, foreign exchange, cash and forward investments, other commodity-related contracts and financial interests are highly volatile. Price movements of these investment contracts are influenced by, among other things, changing supply and demand relationships; climate; government agricultural, trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; crop diseases; the purchasing and marketing programs of different nations; and changes in interest rates. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and gold. Such intervention is often intended to influence prices directly. None of these factors can be controlled by the Trading Advisors and no assurances can be given that their advice will result in profitable trades for the Fund or that the Fund will not incur substantial losses.

The low margin deposits normally required in futures trading permit an extremely high degree of leverage; margin requirements for futures trading being in some cases as little as 2% of the face value of the contracts traded. For example, if at the time of purchase 10% of the price of the futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract was then closed out, result in a total loss of the margin deposit before any deduction for the trading commission. A decrease of more than 10% would result in a loss of more than the total margin deposit. Accordingly, a relatively small price movement in a futures contract may result in immediate and substantial loss to the investor. Like other leveraged investments, any trade may result in losses in excess of the amount invested.

United States commodity exchanges impose “daily limits” on the amount by which the price of most futures contracts traded on such exchanges may vary during a single day. Daily limits prevent trades from being executed during a given trading day at a price above or below the daily limit. Once the price of a futures contract has moved to the limit price, it may be difficult, costly or impossible to liquidate a position. Such limits could prevent the Trading Advisor from promptly liquidating unfavorable positions and restrict its ability to exercise or offset commodity options held in the Fund’s account. In addition, even if futures prices have not moved the daily limit, the Trading Advisor may be unable to execute trades at favorable prices if the liquidity of the market is not adequate. Daily limits have been applicable to bond futures for some time and have recently been imposed on stock index futures (although none exist on actual stocks) as a result of the market turbulence of October 1987. It is also possible for an exchange or the CFTC to suspend trading in a particular contract (as, in fact, occurred in the case of stock index

futures on October 20, 1987), order immediate settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only.

The Fund may engage in trading in contracts in the “cash” market. These contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. Neither the CFTC nor any banking authority regulates trading in these contracts, and there is no limitation on the daily price movements of these contracts. Speculative position limits are also not applicable to cash trading.

The Trading Advisor may engage in trading in futures options contracts. Although successful trading in futures options contracts requires many of the same skills required for successful futures trading, the risks involved are somewhat different. Although the purchaser of an option cannot lose more than the purchase price of the option, the seller of a futures option has no such protection and is subject to unlimited liability.

The Trading Advisor may engage in trading on commodity markets outside the United States on behalf of the Fund. Trading on such markets is not regulated by any United States government agency and may involve certain risks not applicable to trading on United States exchanges. For example, some foreign markets, in contrast to United States exchanges, are “principals’ markets” similar to the cash markets in which performance is the responsibility only of the individual member with whom the trader has entered into a futures contract and not of any exchange or clearing corporation. In a number of foreign markets, a substantial volume of trades which in the United States could only be executed on a regulated exchange are executed wholly off-exchanges, in privately negotiated transactions. In some cases, the intermediaries through whom the Fund may deal on foreign markets may in effect take the opposite side of trades made for the Fund. The Fund may not have the same access to certain trades as do various other participants in foreign markets. Furthermore, as the Fund will determine its net assets in United States dollars, with respect to trading in foreign markets the Fund will be subject to the risk of fluctuations in the exchange rate between the local currency and dollars as well as the possibility of exchange controls. Certain futures contracts traded on foreign exchanges are treated differently for federal income tax purposes than are domestic contracts.

The Trading Advisor will use trend-following trading techniques, which seeks to identify significant price trends soon after they begin and participate in such trends until soon after they have begun to reverse. The profitability of any trend-following strategy depends upon the occurrence of major price moves in some futures contracts traded. There is no guarantee that there will actually be such trends in the future. The best trend-following strategy, whatever elements it may contain, is unlikely to be profitable if there are no trends of the kind it seeks to identify. Furthermore, a strategy which is successful in the case of upward price trends may not be successful in downward trends and vice versa. Any factor which may lessen the prospect of major trends in the future (such as increased government control of, or participation in, the markets) may reduce the prospect that any trend-following strategy will be profitable.

Investments in the various funds that Three Zero Three manages involve significant risk and is suitable only for investors of substantial net worth who are willing and have the financial capacity to purchase a high risk investment which may not provide any immediate cash return (if any return). An investor in these funds should be able to bear the complete loss of an investment in the fund.

Disciplinary Information

None Currently

Other Financial Industry Activities and Affiliations

Three Zero Three is a wholly owned subsidiary of TSJ Holdings, LLC (“**TSJ**”) and MARS Asset Management, LLC (“**MARS**”). The designated principal owners of TSJ that are principals of Three Zero Three are Steve A. Beitler and Thomas J. Murphy. The principal owners of MARS are Jeffrey H. Kaplan and Michael J. Rane. Other officers of the Firm include Edward J. Donnellan, Managing Principal; Michael Schwaeber, Chief Financial Officer, and Peter Dorenbos, Compliance Officer.

Three Zero Three is the managing member of 303 Equity Trading Group II, LLC (“**303 Equity II**”), an SEC registered broker-dealer and member of the Chicago Board Options Exchange (“**CBOE**”). The fund 303 Equity is the parent company of 303 Equity II.

Three Zero Three is registered with the NFA and CFTC as a Commodity Pool Operator (“**CPO**”) and Commodity Trading Advisor (“**CTA**”). The Firm serves as the managing member and CPO of 303 Opportunities, National, and Endurance (the “**Pools**”).

Three Zero Three has arrangements that are material to its business with certain of TSJ’s affiliates, including arrangements to receive brokerage. TSJ’s affiliate, **TJM Investments, LLC**, is registered with FINRA and with the Chicago Board Options Exchange (“**CBOE**”), and is a broker-dealer; and **TJM Institutional Services, LLC** is an Introducing Broker registered with the National Futures Association. These entities provide brokerage and other services to 303 Equity, 303 Quant, 303 Opportunities, National, Endurance, and 303 Volatility for which commissions and/or other compensation is earned.

Three Zero Three co-manages with On Trading LLC through the Registered Investment Advisor **OnThree Management, LLC** and provides discretionary investment advice and management services to OnThree Fund, LLC, a privately held pooled investment vehicle exempt from registration as an investment company under the Investment Company Act of 1940. This affiliate advisor was organized in May 2010 and officially began functioning in July 2010. OnThree Fund, is the parent company of a broker dealer named **OnThree Fund Subsidiary, LLC**. The following Three Zero Three Principals and officers are also registered with OnThree Fund Subsidiary, LLC: Thomas J. Murphy, Steven Beitler, Edward Donnellan, Michael Schwaeber and Peter Dorenbos.

Various principals and officers (Thomas J. Murphy, Steven Beitler, Edward J. Donnellan, Michael Schwaeber, and Peter Dorenbos) are registered with the above referenced affiliated broker-dealers as registered representatives (as they maintain a Series 7 License) due to their capacity as indirect owners of the broker-dealer, or due to their function at the broker-dealer. The following is a summary of the Three Zero Three Principals and officers and their registrations with the various broker dealer affiliates:

<u>Individual</u>	<u>Names of Broker Dealer maintaining Individuals Registration</u>
Thomas J. Murphy	TJM Investments, 303 Equity II, OnThree Fund Subsidiary LLC
Steven Beitler	TJM Investments, 303 Equity II, OnThree Fund Subsidiary LLC
Edward Donnellan	303 Equity II, OnThree Fund Subsidiary LLC
Michael Schwaeber	303 Equity II, OnThree Fund Subsidiary LLC
Peter Dorenbos	303 Equity II, OnThree Fund Subsidiary LLC

As previously mentioned, Three Zero Three is registered with the NFA and CFTC as a CPO and CTA. The following is a summary of the registrations of the Three Zero Three Principal persons and entities that are registered with the NFA:

<u>Individual</u>	<u>Title</u>
Steve Beitler	Manager TSJ-LLC
Edward Donnellan	Head-Business Unit

Jeffery Kaplan
Thomas J. Murphy
Michael Rane
Michael Schwaeber
Mars Asset Management, LLC
TSJ Holdings, LLC

Manager MARS-LLC
Manager TSJ-LLC
Manager MARS-LLC
Chief Financial Officer

In order to take advantage of proprietary trading competitive leverage, 303 Equity has entered into a Joint Back Office (“JBO”) arrangement as parent company of the broker-dealer 303 Equity Trading Group II, LLC (“303 Equity II”). 303 Equity II is registered with the CBOE, and is a JBO Participant of Merrill Professional Clearing Corporation (“Merrill Pro”), a JBO Clearing Firm. A JBO arrangement is one in which a clearing broker-dealer, referred to commonly as the “JBO Clearing Firm,” sells a nominal, non-voting ownership interest in itself to a participating broker-dealer, referred to commonly as the “JBO Participant.” The ownership position allows the JBO Clearing Firm to finance securities positions of the JBO Participant on a good faith margin basis.

As a JBO Participant, 303 JBO is exposed to the financial and operational risks of the JBO Clearing Firm. Therefore, if one of the other JBO Participants of Merrill Pro suffers losses in excess of their capital, 303 JBO’s capital could be negatively impacted and could be lost entirely

A JBO arrangement is one in which a clearing broker-dealer, referred to commonly as the “JBO Clearing Firm,” with a minimum of \$25,000,000 net capital, sells a nominal, non-voting ownership interest in itself to a participating broker-dealer, referred to commonly as the “JBO Participant.” The ownership position allows the JBO Clearing Firm to finance securities positions of the JBO Participant on a good faith margin basis.

The 303 Funds and the Three Zero Three (the Manager of the Funds) are not represented by separate counsel in connection with the transactions and activities described herein. Counsel to the Fund, and other experts who perform services for the Fund, may also perform services for affiliates of, and other partnerships, limited liability companies or other entities sponsored by, the Manager. It is anticipated that such multiple representation will continue in the future. However, should a dispute arise between the Fund and the Manager or should it be necessary in the future to negotiate and prepare contracts and agreements between the Fund and the Manager, other than those existing on the effective date hereof, the Manager will consider the need to cause the Fund to retain separate counsel for such matters.

Conflicts related to 303 Equity

The Fund, 303 Equity is subject to actual and potential conflicts of interest arising out of the operation and management of the Fund. These conflicts include:

Three Zero Three is one of the owners of KCM Management, which is a Constituent Advisor of the Fund. The Firm’s ownership interest entitles it to receive a portion of the proceeds from a sale of KCM Management and certain other non-trading generated fees and profits, but does not entitle it to receive any fees based on the trading activities of KCM Management. In addition, its ownership interest entitles it to control the management and operations of KCM Management. Because the Firm is entitled to a portion of the proceeds of the sale of KCM Management, the Firm has an incentive to allocate a substantial amount of the Fund’s assets to KCM Management for the purpose of increasing the value of KCM Management.

KCM Management has entered into an agreement with the Firm and certain Constituent Advisors pursuant to which the Firm and those Constituent Advisors are authorized to use proprietary trading software developed by KCM Management, for which KCM Management is entitled to a software licensing fee from the Firm, those Constituent Advisors and/or 303Equity. The agreement between KCM Management and the Firm was not negotiated at arms-length. In the future, KCM Management may

enter into similar licensing agreements with (1) other Constituent Advisors and (2) trading advisors who are not Constituent Advisors who may employ trading strategies similar to strategies traded by Constituent Advisors on behalf of the Fund.

Three Zero Three may form Constituent Advisors in the future to whom 303 Equity will allocate capital. The terms of the fee arrangement with any such Constituent Advisor will not likely be negotiated on an arms' length basis. Any such arrangement could create an incentive to allocate Fund assets to such fund or trading group.

TJM Investments, LLC ("TJM Investments"), an affiliate of the Firm and a broker dealer, introduced the Fund to the JBO Clearing Firm, guarantees to the JBO Clearing Firm the Fund's performance, and provides various services to the Fund, including trade reconciliation and market connectivity systems. The Fund is charged competitive brokerage commissions by the JBO Clearing Firm. In consideration of the services provided by TJM Investments, a portion of the brokerage commissions charged by the JBO Clearing Firm is shared with TJM, and the balance the brokerage commissions are apportioned among various executing brokers.

In limited circumstances, TJM Investments executes equity and options trades for 303 Equity, for which it receives competitive brokerage commissions.

TJM Institutional Services, LLC ("TJM Institutional"), also an affiliate of the Firm, provides the 303 Equity with system administration services, and business continuity facilities and systems, for which it receives separate payment at competitive rates.

The Firm and the Principals may develop or acquire trading support systems and programs which they may use in connection with 303 Equity's business. However, these systems will not be the property of the 303 Equity.

The Principals will devote a substantial amount of time to their other business activities, including trading equities, options and futures for their own accounts and for the account of other managed pools, and will not devote their entire energies to the 303 Equity.

Two of the principals of the Firm, Thomas J. Murphy and Jeffrey Kaplan, also act as trading advisors to 303 Proprietary Trading, LLC, an investment vehicle that is also managed by the Firm. In their capacity as trading advisors to 303 Proprietary Trading, LLC, they engage in the trading of equities and options on equities and may also engage in the trading of futures, options on futures and other products. This results in a potential conflict of interest because Messrs. Murphy and Kaplan, as principals of the Firm, have access to non-public information regarding the trading activities and positions of the funds and the other trading and investment vehicles managed by the Firm, including 303 Equity, and they may have an incentive to use that information in their trading activities. The Firm does not, however, permit its principals and employees to trade for their own account (or for any other account) using such non-public information, and the compliance officer of the Firm reviews trading account activity to monitor and enforce compliance with such prohibition and its procedures.

Certain Principals have been and from time to time may continue to invest in various interest bearing vehicles and accounts, some of which the Firm may determine to invest in on behalf of the 303 Equity. This may give rise to conflicts of interest if the Principals determine to make or pull an investment in a position contrary to the Fund. Additionally, the Firm, the Principals and their affiliates may sponsor or manage other entities, or engage in other business ventures, for their own account or for the account of others, and neither 303 Equity nor any Member is entitled to any interest therein.

Conflicts may develop in the event the Firm or its affiliates fail to adequately perform their obligations to the Fund. The Manager may face further conflicts in enforcing 303 Equity's rights against non-performing affiliates.

Conflicts related to 303 Opportunities

The Firm currently acts as the Managing Manager of the Fund, and is also the managing member of 303 Quantitative, LLC, and National Trading II, LLC, which are Sub Funds of the Fund. The Firm may also serve as the manager or managing member of other Trading Advisors and Sub Funds to which the 303 Opportunities allocates assets. Therefore, any Managing Member Allocation (which shall be added to its Capital Account) and any Incentive Allocation payable to such Sub Funds have not been negotiated at arm's length. In addition, the Firm may in the future cause the 303 Opportunities to invest in other commodity pools operated by the Firm and to invest with Trading Advisors in which the Firm owns an interest.

The Firm is partly owned and controlled by TSJ Holdings, LLC ("TSJ Holdings"), an affiliate of TJM Institutional Services, L.L.C. ("TJM Institutional"), an independent introducing broker registered with the Commodity Futures Trading Commission and a member of the National Futures Association. It is possible (but not required) that an investor's account would be introduced to 303 Opportunities by TJM Institutional. If that happened, TJM Institutional might benefit from the production of orders relating to the investor's account because the Firm might pay a fee to TJM Institutional for introducing the business. This could result in a situation where "over-trading" or "churning" of 303 Opportunities' trading positions could benefit, directly or indirectly, one of the principals of the Firm.

TJM Investments, LLC ("TJM Investments"), an affiliate of TJM Institutional, is a licensed broker-dealer and member of the FINRA. It is possible (but not required) that 303 Opportunities would be introduced to a broker-dealer for clearing or execution purposes. If that happened, TJM Investments might benefit from the production of orders relating to 303 Opportunities' account. This could result in a situation where "over-trading" or "churning" of the Fund's securities positions could benefit an affiliate of the Firm.

303 Opportunities utilizes a third party provider for administrative and operational support services, including, but not limited to, accounting, administration, client servicing, tax and performance calculation/reporting.

TSJ Holdings is one of the owners of the Firm. TSJ Holdings is an affiliate of TJM Investments, which, as explained above, may directly or indirectly benefit from the production of orders from 303 Opportunities.

The Fund's futures commission merchant and futures clearing broker has agreed to pay TJM Institutional an introducing broker fee.

As stated above, MARS Asset Management, LLC ("MARS") is an owner of the Managing Member. The owners of MARS (Jeff Kaplan and Michael Rane) are also members of TJM Holdings, LLC, the parent company of TJM Institutional and TJM Investments. Accordingly, the owners of MARS, by reason of their ownership interest in TJM Holdings, LLC have an indirect interest in commissions and other income generated by TJM Institutional and TJM Investments.

Selling Agents. The selling agents (if any) may have an incentive to advise the person they solicited for the Fund to remain as investors since the selling agents' compensation may depend on the continuation of the solicitee as an investor. TJM Investments, a licensed broker-dealer regulated by the FINRA and an affiliate of TJM Institutional, may also be a non-exclusive selling agent for the Fund. The Managing Member, not the Fund, will be solely responsible for paying selling agent fees to any selling agents except as provided in the next paragraph. To the extent a broker-dealer, investment advisor or other selling agent

sells Interests in the Fund in the future, any fees charged by such selling agents will be disclosed to the extent the fee is paid by the investor or the Fund.

Trading Own Accounts. The Managing Member, TSJ Holdings, LLC, TJM Institutional Services, L.L.C., TJM Investments, LLC, MARS Asset Management, LLC and the principals of the foregoing, and the Trading Advisors and their principals may invest in accounts managed by them, and may trade commodity interest contracts, securities, and other products for their own accounts. For such accounts, the above entities and individuals may use trading approaches which are different from the trading approaches utilized by Sub Funds and Trading Advisors utilized by the Fund. It is possible that the above entities and individuals may, from time to time, be competing with the Fund's account for similar commodity interest contract or securities positions in one or several markets or may take positions in their proprietary accounts which are opposite, or ahead of, the positions taken in the Fund's account. The records of such trading will not be made available to investors of the Fund.

Trading Other Customer Accounts. Trading Advisors and Investee Pools to which the Managing Member may allocate funds of the Fund and their affiliates may manage and trade additional accounts, including commodity pools, and may have an incentive to favor such accounts over the Fund's account.

Conflicts related to 303 Quant

Principals of Manager. The principals of the Manager, and entities which they own or control, are actively engaged full time in various aspects of the securities and futures trading and brokerage businesses, including businesses directly competitive with the business of the Fund. Without limiting the generality of the preceding sentence, the principals have reserved the right to trade for their own proprietary accounts while at the same time serving as principals of the Manager. In addition, they may use trading approaches which are the same or different from the trading approaches utilized by the Fund. It is possible that they may, from time to time, be competing with the Fund's account for similar positions in one or several markets or may take positions in their proprietary accounts which are opposite, or ahead of, the positions taken in the Fund's account. The records of such trading will not be made available to Investors of the Fund.

Affiliates of Manager. The Manager is partly owned and controlled by TSJ Holdings, an affiliate of TJM Investments, LLC ("TJM Investments"). TJM Investments is a licensed broker dealer and member of FINRA. It is likely (but not required) that the Fund will be introduced by TJM Investments to a broker-dealer for clearing or execution purposes. If that happened, TJM Investments might benefit from the production of orders relating to the Fund's account. This could result in a situation where "over-trading" or "churning" of the Fund's securities positions could benefit an affiliate of the Manager.

MARS is also an owner of the Manager. The owners of MARS and TSJ Holdings are also members of TJM Holdings, LLC, the parent company of TJM Investments. Accordingly, the owners of MARS and TSJ Holdings, by reason of their ownership interest in TJM Holdings, LLC, have an indirect interest in commissions and other income generated by TJM Investments.

Selling Agents. Although the Fund does not contemplate utilizing other selling agents as of the date this Memorandum was prepared, to the extent a broker-dealer, investment advisor or other selling agent sells Interests in the Fund in the future, any fees charged by such selling agents will be paid solely by the Manager and not by the Investors or the Fund. In addition, selling agents (if any) may have an incentive to advise the person they solicited for the Fund to remain as Investors since the selling agents' compensation may depend on the continuation of the solicitee as an Investor. TJM Investments may also be a non-exclusive selling agent for the Fund.

Trading Other Customer Accounts. Trading Advisors to which the Manager may allocate funds of the Fund and their affiliates may manage and trade additional accounts and may have an incentive to favor such accounts over the Fund's account.

Conflicts related to National

Three Zero Three, the Managing Member Allocation (which shall be added to its Capital Account) has not been negotiated at arm's length. In addition, the Managing Member may in the future cause the Fund to invest in other commodity pools operated by the Managing Member and to invest with Trading Advisors in which the Managing Member owns an interest. The Managing Member is also the managing member of 303Opportunities, which is an investor in the Fund.

The Managing Member is partly owned and controlled by TSJ Holdings, LLC ("TSJ Holdings"), an affiliate of TJM Institutional Services, L.L.C. ("TJM Institutional"), an independent introducing broker registered with the Commodity Futures Trading Commission and a member of the National Futures Association. It is possible (but not required) that an investor's account would be introduced to the Fund by TJM Institutional. If that happened, TJM Institutional might benefit from the production of orders relating to the investor's account because the Managing Member might pay a fee to TJM Institutional for introducing the business. This could result in a situation where "over-trading" or "churning" of the Fund's trading positions could benefit, directly or indirectly, one of the principals of the Managing Member.

TJM Investments, LLC ("TJM Investments"), an affiliate of TJM Institutional, is a licensed broker-dealer and member of the NASD. It is possible (but not required) that the Fund would be introduced to a broker dealer for clearing or execution purposes. If that happened, TJM Investments might benefit from the production of orders relating to the Fund's account. This could result in a situation where "over-trading" or "churning" of the Fund's securities positions could benefit an affiliate of the Managing Member. The Fund utilizes a third party provider for administrative and operational support services, including, but not limited to, accounting, administration, client servicing, tax and performance calculation/reporting.

TSJ Holdings is one of the owners of the Managing Member. TSJ Holdings is an affiliate of TJM Investments, which, as explained above, may directly or indirectly benefit from the production of orders from the Fund.

The Fund's futures commission merchant and futures clearing broker has agreed to pay TJM Institutional an introducing broker fee.

As stated above, MARS Asset Management, LLC ("MARS") is an owner of the Managing Member. The owners of MARS (Steven Amiel, Jeff Kaplan and Michael Rane) are also members of TJM Holdings, LLC, the parent company of TJM Institutional and TJM Investments. Accordingly, the owners of MARS, by reason of their ownership interest in TJM Holdings, LLC, have an indirect interest in commissions and other income generated by TJM Institutional and TJM Investments.

Irish has granted the Managing Member an option to purchase 30% of the outstanding ownership interests of Irish, which option may be exercised if Irish incurs a capital event, as defined in the agreement between the Managing Member and Irish. Investors in the Fund should understand that the Fund itself has no interest in such option. Accordingly, should the option become valuable in the future, only the Managing Member, and not the Fund, will receive the benefit of any such value.

Selling Agents. The selling agents (if any) may have an incentive to advise the person they solicited for the Fund to remain as investors since the selling agents' compensation may depend on the continuation of the solicitee as an investor. TJM Investments, a licensed broker-dealer regulated by the NASD and an affiliate of TJM Institutional, may also be a non-exclusive selling agent for the Fund. The Managing

Member, not the Fund, will be solely responsible for paying selling agent fees to any selling agents except as provided in the next paragraph.

Although the Fund does not contemplate utilizing other selling agents as of the date this document was prepared, to the extent a broker-dealer, investment advisor or other selling agent sells Interests in the Fund in the future, any fees charged by such selling agents will be disclosed to the extent the fee is paid by the investor or the Fund.

Trading Own Accounts. The Managing Member, TSJ Holdings, LLC, TJM Institutional Services, L.L.C., TJM Investments, LLC, MARS Asset Management, LLC and the principals of the foregoing, and the Trading Advisors and their principals may invest in accounts managed by them, and may trade commodity interest contracts, securities, and other products for their own accounts. For such accounts, the above entities and individuals may use trading approaches which are different from the trading approaches utilized by Investee Pools and Trading Advisors utilized by the Fund. There are no Investee Pools in the Fund as of the date of this document; however, the Fund reserves the right in the future to add Investee Pools and other Trading Advisors. It is possible that the above entities and individuals may, from time to time, be competing with the Fund's account for similar commodity interest contract or securities positions in one or several markets or may take positions in their proprietary accounts which are opposite, or ahead of, the positions taken in the Fund's account. The records of such trading will not be made available to investors of the Fund.

Trading Other Customer Accounts. Trading Advisors and Investee Pools to which the Managing Member may allocate funds of the Fund and their affiliates may manage and trade additional accounts, including commodity pools, and may have an incentive to favor such accounts over the Fund's account.

Conflicts related to Endurance

Managing Member. The Managing Member currently acts as the Managing Manager of the Fund, and is also the managing member several other investment funds in addition to the Fund. The Managing Member does not devote its exclusive efforts to the Fund.

Trading Advisor. The owner of the Trading Advisor, Michael Murphy, is also an associated person of TJM Institutional Services, L.L.C. ("TJM Institutional"). TJM Institutional is one of the owners of the Managing Member. Accordingly, Murphy renders services to both the Trading Advisor and to one of the owners of the Managing Member. There is a potential or actual conflict of interest because the agreements negotiated between the Managing Member and the Trading Advisor is not at arm's length and Murphy has an interest in both the Managing Member and the Trading Advisor. Moreover, Murphy does not devote his energies exclusively to the Trading Advisor. In addition, the Trading Advisor may manage and trade additional accounts, including commodity pools, and may have an incentive to favor such accounts over the Fund's account.

Selling Agents. The selling agents (if any) may have an incentive to advise the person they solicited for the Fund to remain as investors since the selling agents' compensation may depend on the continuation of the solicitee as an investor. TJM Investments, LLC, a licensed broker-dealer regulated by the FINRA and an affiliate of TJM Institutional, may also be a non-exclusive selling agent for the Fund. TJM Investments, LLC is an affiliate of TJM Institutional. The Managing Member, not the Fund, will be solely responsible for paying selling agent fees to any selling agents except as provided in the next sentence. Although the Fund does not contemplate utilizing other selling agents as of the date this document was prepared, to the extent a broker-dealer, investment advisor or other selling agent sells Interests in the Fund in the future, any fees charged by such selling agents will be disclosed to the extent the fee is paid by the investor or the Fund.

Trading Own Accounts. The Managing Member, TSJ Holdings, LLC, TJM Institutional Services, L.L.C., TJM Investments, LLC, MARS Asset Management, LLC and the principals of the foregoing, and the Trading Advisor and their respective principals may invest in accounts managed by them, and may trade investment contracts for their own accounts. For such accounts, the above entities and individuals may use trading approaches which are different from the trading approaches utilized by the Trading Advisor utilized by the Fund. It is possible that the above entities and individuals may, from time to time, be competing with the Fund's account for similar investment contracts in one or several markets or may take positions in their proprietary accounts which are opposite, or ahead of, the positions taken in the Fund's account. The records of such trading will not be made available to investors of the Fund.

Other Potential Conflicts. MARS Asset Management, LLC ("MARS") is one of the owners of the Managing Member. The owners of MARS (Jeff Kaplan and Michael Rane) are also members of TJM Holdings, LLC, the parent company of TJM Institutional and TJM Investments. The owners of MARS, by reason of their ownership interest in TJM Holdings, LLC have an indirect interest in the company that employs Michael Murphy as an associated person (TJM Institutional) as well as their interest in the Managing Member.

Conflicts related to 303 Volatility

303 Volatility is subject to actual and potential conflicts of interest arising out of the operation and management of the Fund. These conflicts include:

Three Zero Three is the sole manager of the 303 Volatility and the 303 Equity Fund, an investment fund that will initially be a significant investor in the Fund. In managing the 303 Equity Fund and 303 Volatility, the Firm and the Principals may be subject to numerous conflicts of interest, but will be obligated to fulfill their fiduciary duties to the 303 Equity Fund, 303 Volatility and their respective investors. Given this relationship, however, the 303 Equity Fund may be given terms in respect of the Fund that are not made available to other investors in 303 Volatility. For instance, the following terms are different from those made available to other investors in 303 Volatility:

There will be no Management Fee allocable to the 303 Equity Fund with respect to its Net Assets that are invested in the 303 Volatility; and the Incentive Allocation allocable to the capital account of the 303 Equity Fund will be equal to 40% of the increase in Net Assets in the capital account of the 303 Equity Fund.

The Firm, the 303 Equity Fund and their Affiliates may receive other terms in the future that are not available to other investors in 303 Volatility.

The Firm, its affiliates and the Principals may develop or acquire trading support systems and programs which they may use in connection with the 303 Volatility's business. However, these systems will not be the property of 303 Volatility.

The Principals and the Three Zero Three will devote a substantial amount of time to their other business activities, including trading equities, options and futures for their own accounts and for the account of other managed pools, and will not devote their entire energies to 303 Volatility.

The decision discussed below regarding whether to make a Section 475 Election shall be made by the Firm in its sole discretion and such election may have different effects on the Firm than on the investors in 303 Volatility.

Conflicts related to 303 Fund SPC

The Investment Manager or Administrator and their respective holding companies, their principals, shareholders, any subsidiaries and any of their directors, officers, members, employees, agents and affiliates ("Interested Parties") may be involved in other financial, investment or professional activities which may on occasion cause conflicts of interest with a Fund. These include management and administration of other funds, purchases and sales of securities, investment and management advisory services, brokerage services, and serving as directors, officers, advisers, or agents of other funds or other companies. In particular it is envisaged that the Investment Manager and the Administrator may be involved in advising or administering other investment funds which may have similar or overlapping investment objectives to or with a Fund. The Investment Manager and the Administrator may provide services to third parties similar to those provided to a Fund and shall not be liable to account for any profit earned from any such services. Where a conflict arises the Investment Manager and the Administrator will both endeavor to ensure that it is resolved fairly. In relation to the allocation of investment opportunities to different clients, including a Fund, the Investment Manager may be faced with conflicts of interest with regard to such duties; however, they will ensure that investment opportunities in those circumstances will be allocated fairly.

The Administrator and its officers, affiliates, and employees will use their best endeavors in carrying out their obligations under the terms of the Administration Agreement. The principals of the Administrator are not obligated to devote any specific amount of their business time to the affairs of a Fund and may provide administrative or other similar services to other funds and accounts, whether or not such other funds or accounts are in competition with Fund. The Administrator may give advice on administrative matters and render services to, or take action with respect to such other funds or accounts that differ from advice given with respect to a Fund.

The Company, on behalf of a Fund, may acquire securities from or dispose of securities to any Interested Party or any investment fund or account advised or managed by any such person. Any Interested Party may hold Shares and deal with the same as it thinks fit. An Interested Party may buy, hold and deal in any investments for its own account notwithstanding that similar investments may be held by the Company for the account of a Fund.

Any Interested Party may contract or enter into any financial or other transaction with any Shareholder or with any entity any of whose securities are held by or for the account of a Fund, or be interested in any such contract or transaction. Furthermore, any Interested Party may receive commissions and benefits which it may negotiate in relation to any sale or purchase of any investments effected by it for the account of a Fund and which may or may not be for the benefit of a Fund.

Certain of the Directors are also directors and/or officers of the Investment Manager and the fiduciary duties of the Directors may compete with or be different from the interests of the Investment Manager. Only the Directors may terminate the services of the Investment Manager and other agents of a Fund.

The Investment Manager and/or any company associated with it may enter into portfolio transactions for or with a Fund either as agent, in which case they may receive and retain customary brokerage commissions and/or cash commission rebates, or deal as a principal with the in accordance with normal market practice subject to such commissions being charged at rates which do not exceed customary full service brokerage rates.

The Investment Manager and/or any company associated with it reserves the right to effect transactions by or through the agency of another person with whom the Investment Manager and/or any company associated with it have an arrangement under which that party will from time to time provide to or procure for the Investment Manager and/or any company associated with it goods, services or other benefits (such as research and advisory services, computer hardware associated with specialized software

or research services and performance measures) the nature of which is such that their provision can reasonably be expected to benefit a Fund as a whole and may contribute to an improvement in the performance of a Fund or of the Investment Manager and/or any company associated with it in providing services to a Fund and for which no direct payment is made but instead the Investment Manager and/or any company associated with it undertake to place business with that party. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments.

Investors should note that (i) the Investment Manager will act as a corporate Director of the Company; and (ii) the Investment Manager is a members of the same group of companies as the Company and, as such, will become involved in the investment process of the Company and a Fund (which may result in non-arm's length dealings between the Company and the Investment Manager), share directors, officers, employees, agents and affiliates from time to time. Additionally, Directors of the Company may also be members of or have interests in the corporate Director or the members of the corporate Director from time to time.

A Director of the Company will have due regard to the fiduciary obligations to the Company and in particular their obligations to act in the best interests of a Fund, so far as practicable when and if a conflict of interest arises between their duties as a Director and their interest in the affairs of any affiliated service provider.

The Investment Manager, its affiliates, the Onshore Constituent Funds and Trading Advisors for the Onshore Constituent Funds are subject to actual and specific conflicts, including:

- The Investment Manager allocates assets to the Onshore Constituent Funds and charges fees therewith. The Investment Manager may also act as (or owns a significant interest in) the Fund Manager for the Onshore Constituent Funds. In these various capacities, the Investment Manager allocates charges fees which have not been negotiated at arm's length. The Investment Manager may in the future cause a Fund to invest in other onshore constituent funds it operates and in which it may own an interest.
- TJM Institutional Services, LLC, registered with the CFTC and a member of the NFA, and TJM Investments, LLC, a licensed broker-dealer and member of the NASD, are affiliates of a member of the Investment Manager, and receive fees from the Onshore Constituent Funds for providing executing broker, introducing broker, correspondent broker and/or trade reconciliation services; and as such may directly or indirectly benefit from the production of orders from the Onshore Constituent Funds. This could result in a situation where "over-trading" or "churning" of a Fund's assets could benefit the Investment Manager's affiliate.
- Irish Exchange, L.P. ("Irish") has granted the Investment Manager an option to purchase 30% of the outstanding ownership interests of Irish, which option may be exercised if Irish incurs a capital event. Investors in a Fund should understand that the Fund itself has no interest in such option. Accordingly, should the option become valuable in the future, the Investment Manager and not the Fund, will receive the benefit of any such value.
- The Investment Manager and its affiliates, TSJ Holdings, LLC, TJM Institutional Services, L.L.C., TJM Investments, LLC, MARS Asset Management, LLC and the principals of the foregoing, and the Trading Advisors of the Onshore Constituent Funds and their principals, may invest in accounts managed by them, and may trade commodity interest contracts, securities, and other products for their own accounts. For such accounts, the above entities and individuals may use trading approaches which are different from the trading approaches utilized by the onshore Constituent Funds. It is possible that the above entities and individuals may, from time to time, be competing with a Fund for similar commodity interest contract or

securities positions in one or several markets or may take positions in their proprietary accounts which are opposite, or ahead of, the positions taken in the Onshore Constituent Funds' accounts.

- Trading Advisors for the Onshore Constituent Funds may manage and trade additional accounts, and may have an incentive to favor such accounts over the Onshore Constituent Funds.
- The Investment Manager, its affiliates and/or Trading Advisors for the Onshore Constituent Funds may develop or acquire trading support systems and programs which they may use in connection with the Onshore Constituent Funds' businesses. However, these systems will not be the property of the Onshore Constituent Funds.
- MARS and TJM, and the principals thereof, will devote a substantial amount of time to their other business activities, including trading equities, options and futures for their own accounts, and will not devote their entire energies to the Company.
- The Investment Manager, Onshore Constituent Funds and Trading Advisors for the Onshore Constituent Funds are not necessarily represented by separate counsel in connection with the transactions and activities described herein. Counsel to these entities, and other experts who perform services for such, may also perform services for affiliates of, and other partnerships, limited liability companies or other entities sponsored by the Investment Manager. It is anticipated that such multiple representation will continue in the future.

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

As a registered investment adviser, Three Zero Three has adopted a Code of Ethics which has to facilitate compliance with applicable law and to protect the interests of the Firm, the 303 Funds and 303 Fund investors. The Code of Ethics includes the following:

- Standards of business conduct for employees that require them to comply with applicable federal securities laws;
- Provisions to require "access persons" to report and have the Chief Compliance Officer ("CCO") review, their personal trading activities and holdings;
- Provisions to require employees to report any violations of the firm's Code of Ethics to the CCO; and
- The CCO to provide each Access Person with a copy of the firm's Code of Ethics and any amendments and requiring Access Persons to provide the CCO with a written acknowledgment of their receipt of the code and any amendments.
- Provide ethics training for its employees and maintain these records of ethics training.

The Code of Ethics is reviewed annually and updated as necessary to set forth the standards of conduct and areas of responsibility for each Access Person of the Firm. The Code of Ethics is distributed annually to Access Persons.

Three Zero Three makes its "Code of Ethics" available to any investor or prospective investor of our funds upon request.

The Firm maintains "Personal Accounts and Investments Policy" and with that Firm requires that within 10 days of employment or association with the Firm, each access person is required to acknowledge that they have read and understood the policy, and personally disclose any of accounts that they beneficially own and/or exercise control over the activities of the account. The policy requires that each access person

notify each brokerage firm, investment adviser, bank, or financial institution at which the person maintains an account that s/he is affiliated with an SEC regulated entity. Three Zero Three also requires that prior to opening any new account the person makes notification to the Firm. The Firm also requires each access person to annually verify the accuracy of their disclosure of personal accounts, and attest that they have read and understand the policy.

The Firm obtains reviews and maintains duplicate confirmations and statements for all accounts disclosed by its access persons. The Firm encourages long term investments and generally expects equity positions to be held for 30 days. The Firm believes that the requirements of this policy generally addresses most potential trading issues related to conflicts involving investing by an access person in the same security that the Fund invests in, and the timing of that investment.

Brokerage Practices

Uses of soft dollars fall generally into two categories:

Soft Dollar Arrangement: investment adviser on behalf of its discretionary clients, directs an amount of portfolio brokerage commissions to a broker-dealer in return for services or research used in making investment decisions; or

Directed Brokerage Arrangement: investment advisory client instructs the investment adviser to direct a portion of their brokerage transactions to a particular broker-dealer. In return, the broker-dealer provides services to the client rather than the Company.

Although Three Zero Three does not receive services that qualify as soft dollar services, the Firm allocates 303 Fund's capital among trading advisors that invest through managed accounts. Three Zero Three allocates the 303 Funds capital to one or more trading advisors who invest in a broad range of securities and these trading advisors execute transactions on behalf of the 303 Funds have discretion over the selection and amount of securities to be bought or sold. They also have discretion over the selection of the broker-dealers used to execute transactions on behalf of the 303 Funds, and the commission rates to be paid regarding such investments for the 303 Funds, and in such cases comply with their own internal policies and procedures for governing the selection of brokers, allocation of trades and the use of research and research related services received from such broker-dealers. To the extent the trading advisor is trading on behalf of the 303 Funds, Three Zero Three has the authority to select the clearing broker, correspondent broker, introducing broker and/or JBO Clearing Broker/Participant. Three Zero Three has selected various broker-dealers and introducing brokers affiliated with TSJ, including TJM Investment, LLC and TJM Institutional Services, LLC, each which receives commissions from the 303 Funds. The commissions charged are competitive but not the lowest commissions available. Additionally, TSJ affiliates provide 303 Funds and trading advisors with customized trade reconciliation procedures and systems. In all cases, the selection of brokers to execute the 303 Funds transactions and commissions paid for such transactions are subject to the oversight and final approval of Three Zero Three.

Transactions for the 303 Funds are executed through TSJ's affiliates, including TJM Institutional Services, LLC and TJM Investments, LLC which receive compensation for such transactions.

Review of Accounts

Three Zero Three undertakes two distinct but interrelated reviews of account processes: Risk Management and Portfolio Allocation. As it relates to Risk Management, Three Zero Three's designated person reviews each managed account and private fund's portfolio as well as general market conditions throughout the trading day. To the extent established risk parameters (e.g., standard deviation limits) and loss triggers (e.g., daily mark-to-market p/l) are breached, conversations and corrective actions are initiated. Mateja Raic is currently responsible for risk management analysis for each managed account and privately held pooled investment vehicle (the 303 Funds). Michael Rane, a principal of Three Zero Three is Ms. Raic's supervisor and performs her duties in her absence. As it relates to portfolio

allocation, Three Zero Three's Board of Managers reviews potential trading advisors as well as the managed accounts and private funds portfolios of existing trading advisors which have received allocations from the 303 Funds. The reviews, which inform the Board's allocation decisions, are ongoing and focus on: salient performance metrics, portfolio constitution and correlation to benchmarks and amongst other trading advisors. The Board of Managers also considers the risk management review of accounts. The Board of Managers meets at least monthly and its members are Steve A. Beitler, Thomas J. Murphy, Jeffrey H. Kaplan and Michael J. Rane.

Investors in the 303 Funds receive monthly capital account statements showing the value of their capital account and a monthly investor newsletter describing the performance for the applicable period. In addition, investors in the 303 Funds receive audited financial statements on a yearly basis within 120 days of fiscal year end.

Client Referrals and Other Compensation

Three Zero Three has a policy with regard to the compensation of solicitors for new business designed to comport with Rule 206(4)-3 under the Investment Advisers Act of 1940 pursuant to which persons introducing new investor accounts to Three Zero Three may receive compensation for such referrals. Three Zero Three's referral arrangements are also in compliance with any other applicable federal and/or state regulations and the solicitation/referral fee is paid pursuant to a written agreement retained by both Three Zero Three and the solicitor and a copy of which is provided to the client prior to or at the time of investment in any of the 303 Funds. Under these arrangements, investors do not pay higher fees than the normal fees associated with investing in any of the 303 Funds.

Custody

Because Three Zero Three is the managing member of the 303 Funds, it is deemed to have custody of investor assets. As such, Three Zero Three has adopted the following procedures:

1. Three Zero Three has appointed a custodian that is a "qualified custodian" as that term is defined by Rule 206(4)-2. The custodian maintains and administers accounts on behalf of the 303 Funds subject to the direction of Three Zero Three. The legal documents for the 303 Funds provide disclosures that include the identity of the custodian and the manner in which the accounts are maintained.
2. Each month the accountant/administrator for each 303 Fund prepares and distributes investor capital account statements and the investors of the Fund should carefully review those statements.
3. Each year the 303 Funds are audited and each investor receives an audited financial report which includes a balance sheet of the 303 Fund as of the end of the fiscal year, a statement of income and expenses, a statement of changes in the investor's capital account(s) and statements with respect to the status of the 303 Fund and the allocation of profits and losses as necessary to advise all investors properly regarding their respective investments in a 303 Fund. The audited annual financials are distributed during the first quarter of the following year.

Investment Discretion

Three Zero Three, as the managing member of our various Funds (Clients) and as the Manager of the Fund it maintains the right to utilize discretion in trading the accounts of the various funds (Clients), however, as a practice it does not engage in the buying or selling of securities for the various accounts of our funds (Clients). The Firm allocates the capital of the funds to Constituent Trading Advisors ("Constituent Advisors"), and these Constituent Advisors are authorized to buy and sell securities for the accounts of the Funds pursuant to the trading advisory agreements. However, Three Zero Three reserves the right to trade the Funds under certain circumstances, including for instance, for the purpose of balancing or limiting the risk.

Voting Client Securities

While recognizing proxy voting is its right as a shareholder, Three Zero Three has chosen to relinquish such right and generally will not vote proxies given the short holding duration of the strategies employed by trading advisors it might engage to manage its accounts. Should it be decided to undertake any voting, the Board of Managers would do so by majority vote and in a manner reasonably designed to ensure that the proxy is voted in the best interests of the client, addressing any material conflicts of interests that might arise between an the Investment Adviser's interests and those of its clients.

Financial Information

As the managing member of the 303 Funds, Three Zero Three is paid fees on a quarterly basis, not a pre-paid basis, and there is no current financial condition that is reasonably likely to impair our ability to meet the Firm's contractual commitments to clients (the 303 Funds).