
Eagle Trading Systems Inc.

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This Brochure provides information about the qualifications and business practices of Eagle Trading System Inc. (“Eagle”). If you have any questions about the contents of this Brochure, please contact us at (609) 688-2060. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

Additional information about Eagle also is available on the SEC’s website at: www.adviserinfo.sec.gov.

ITEM 2 – MATERIAL CHANGES

This Item 2 only discusses material changes to this Brochure that occurred since the last update of this Brochure on March 25, 2015. All undefined terms have the meanings ascribed to those terms in the Brochure.

Item 4 – Eagle provided fuller disclosure regarding the types of financial instruments about which Eagle provides advice. Eagle also noted that it now provides advice regarding money market fund investments. Eagle also updated the disclosure regarding the activities of its affiliates including the fact that one of its affiliates now sub-advises an account managed by Eagle.

Item 5 – Eagle disclosed how the affiliated sub-advisor’s fees are paid, provided disclosure regarding expenses borne by its Funds and updated the fees paid by Clients.

Item 6 – Eagle provided additional disclosure regarding side-by-side management conflicts including conflicts that arise because of certain fees that it is paid and investments by Eagle and its related persons in certain accounts managed by Eagle.

Item 8 – Eagle provided fuller disclosure of the material risks of the types of financial instruments about which Eagle provides advice.

Item 10 – Eagle disclosed that it shares space and employees with an affiliate. Eagle also disclosed a new potential conflict regarding a company in which an affiliate is a minority owner.

Item 11 – Eagle updated its personal securities trading policy. Eagle also disclosed a new potential risk regarding a company in which an affiliate is a minority owner.

Item 13 – Eagle updated its policy regarding reviewing Client accounts.

Item 14 – Eagle provided new disclosure regarding referrals from a non-U.S. company in which an affiliate is a minority owner.

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ITEM 4 – ADVISORY BUSINESS

Eagle is a Delaware corporation formed in May 1993. Eagle became registered as an investment adviser with the Securities and Exchange Commission (“SEC”) on June 26, 2009. Eagle has been registered with the Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator and commodity trading advisor and has been a member of the National Futures Association since June 22, 1993. Eagle also was approved as a forex firm on September 29, 2010. All of the shares of Eagle are owned its Chief Executive Officer, Chairman and President, Menachem Sternberg, and Liora Sternberg.

Eagle utilizes proprietary trading systems to provide advice regarding certain financial instruments, which include:

- positions in the global futures and forward markets in foreign currencies, government debt instruments, energy, equity indices, and traditional commodities (e.g., agriculturals, softs, and metals), and will also include swap contracts and currencies, as well as listed and over-the-counter options and other derivative instruments (including credit derivatives) on all of the above instruments, and rights to acquire the same of public and private issuers throughout the world (collectively, “Futures and Derivatives”); and
- on a more limited basis, discretionary investment management services regarding cash, deposit accounts, short-term debt instruments, money market funds and/or cash equivalents (which include U.S. treasuries and other U.S. government securities, bank deposits, certificates of deposits, bankers acceptances and similar bank instruments) (collectively, “Securities Instruments”).

Eagle’s primary investment strategy involves trading Futures and Derivatives for managed accounts and private investments funds pursuant to Eagle’s proprietary trading systems. Certain managed accounts do not receive any advice regarding Securities Instruments (or any other securities) from Eagle (“Non-Securities Accounts”). Eagle also manages its own proprietary accounts. These Non-Securities Accounts (and Eagle’s proprietary accounts) are not “investment advisory clients” for purposes of the Investment Advisers Act of 1940, as amended. Therefore, these Non-Securities Accounts (and Eagle’s proprietary accounts) are generally not discussed in this Form ADV, Part 2A, except in the context of conflicts of interest that arise between Eagle’s management of the Non-Securities Accounts and its Clients (as defined below).

On a more limited basis, Eagle provides investment advice regarding Securities Instruments to certain private investment fund advisory clients (each, a “Fund”) and for two managed accounts for which Eagle gives discretionary investment advice (collectively, “Clients”). Eagle also trades Securities Instruments for its own proprietary accounts.

Eagle is the majority owner of an affiliated investment adviser, Eagle Equity Strategies, LLC (“EES”), a Delaware limited liability company formed in January 2011 and that registered with the SEC as an investment adviser in January 2016. EES utilizes proprietary trading systems and licensed third-party systems to provide discretionary investment management services regarding

securities and other financial instruments. On January 4, 2016, Eagle launched a new master-feeder fund structure (the “New Fund”) in which Eagle serves as investment adviser but has delegated discretionary investment advisory authority to EES to manage the New Fund’s portfolio on a day-to-day basis under Eagle’s overall supervision. EES also currently manages on a discretionary basis a proprietary account of Eagle, and it is anticipated that in the future EES will sub-advise other Client accounts of Eagle.

Information about the Funds, including information about investment strategies, fees, risks and other material information, is contained in each Fund’s respective offering documents (collectively, “Memorandum”).

Clients that are Funds are governed by the investment restrictions contained in its respective Memorandum. Non-Fund Clients may impose investment restrictions on Eagle.

Eagle managed approximately \$534,685,000 of regulatory assets on a discretionary basis as of December 31, 2015. The New Fund’s assets as of March 1, 2016 was approximately \$16,900,000. Consequently, the combined total of December 31, 2015 regulatory assets under management for all clients other than the New Fund and the New Fund’s assets as of March 1, 2016 is approximately \$551,600,000. Eagle, overall, managed approximately \$1,050,000,000 as of December 31, 2015 and adding in the March 1, 2016 assets of the New Fund approximately \$1,066,900,000 which amounts include Eagle’s primary investment strategy involving trading Futures and Derivatives for managed accounts and private investments funds pursuant to Eagle’s proprietary trading systems.

In addition to EES, Eagle has several other majority-owned subsidiaries.

First, Eagle Trading Systems (R&D) Ltd. (“Eagle R&D”) is a company organized and operated under the laws of the State of Israel. Eagle R&D specializes in research and systems development. Eagle R&D does not provide investment advice on any securities traded by Eagle. However, among other things, Eagle R&D provides certain research support services to EES with respect to its trading strategies including trading strategies used to sub-advise the New Fund and other Clients that EES may sub-advise in the future. For additional information regarding the relationship between Eagle R&D and EES, please see the EES Form ADV Part 2A. available on the SEC’s website at: www.adviserinfo.sec.gov.

Second, Eagle Labs LLC (“Eagle Labs”) is a limited liability company organized under the laws of the State of Delaware. Eagle Labs focuses on proprietary alternative futures trading. Eagle does not believe that the commodities trading of Eagle Labs poses any conflict of interest to the commodities trading Eagle engages in for its Clients and Non-Securities Accounts because of the liquid nature of Eagle’s commodities trading and the minimal overlap of the types of commodities traded by Eagle Labs and Eagle. Among other things, Eagle Labs also conducts due diligence on third-party software that employs systematic trading systems for securities and futures trading for the benefit of EES clients including the New Fund and other Clients that EES may sub-advise in the future. For additional information regarding the relationship between Eagle R&D and EES, please see the EES Form ADV Part 2A.

ITEM 5 – FEES AND COMPENSATION

While Eagle does not have a standardized fee schedule with respect to its Clients, Eagle charges management fees based on the net asset value under management and performance-based compensation based on net realized and unrealized trading gains. While Eagle does not have a standardized fee schedule management fees generally are 1.5-2.0% per annum of the net asset value under management per annum, generally charged monthly in arrears, and performance-based compensation is generally 15-20% per annum of net realized and unrealized trading gains subject to a high water mark and generally charged quarterly in arrears. Performance-based compensation will be in conformity with Rule 205-3 under the Investment Advisers Act of 1940 (the “Advisers Act”), as applicable. Under certain circumstances, fees are negotiable. The factors that determine whether or not fees will be negotiable include, among other factors, the relationship between Eagle and the Client, amount of assets under management, and type of advisory services (including whether Eagle is providing non-securities advisory services as well). Fees charged with respect to Eagle’s Non-Securities Accounts may be similar or different to those charged to its Clients (and those charged to investors in the Funds). Differences in fee arrangements create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities (see also Items 6 and 11).

Fees are billed separately and are not deducted from Client assets. The specific manner in which fees are charged by Eagle is set forth in a Client’s written agreement with Eagle or its governing Memorandum. Generally, the management fee is computed before taking account of any redemptions at the end of the month and is pro-rated for any additional capital contributions by an investor which occur other than at the beginning of a month.

When EES acts as a sub-advisor to Eagle’s Clients, EES is paid by Eagle, and not by such Clients, out of the fees that Eagle charges to such Clients. EES separately negotiates its fees with Eagle when it acts as a sub-advisor to Eagle’s Clients. As a sub-advisor, EES will provide varying levels of investment advice to such Clients based on the amount of assets of such Clients that are allocated to the strategies advised by EES. As such, the amounts paid by Eagle to EES will vary, but could be a substantial portion of the fees charged by Eagle if EES manages a substantial portion of the assets of a particular Client.

Client advisory agreements are generally terminable upon 30 days’ prior written notice to Eagle, without penalty. Upon termination of any account, for any partial period, fees charged to Clients in arrears will be prorated. Withdrawals by investors in a Fund are governed by such Fund’s respective Memorandum.

Clients also incur certain charges imposed by custodians, brokers and other third parties such as commissions, custodial fees, and other fees and taxes on brokerage accounts and securities transactions where applicable. Such charges, fees and commissions are exclusive of and in addition to Eagle’s fee, and Eagle does not receive any portion of these commissions, fees, and costs.

Funds bear the expenses incurred in connection with their organization and the continuing offering of their interests. These expenses include, without limitation, legal fees, accounting fees, printing costs, government filing fees, and out-of-pocket expenses incurred by Eagle in connection with offering the Funds' interests. Other fees and expenses relating to the operation of the Funds will also be borne by the Funds. These expenses will include: (i) transaction costs and investment-related expenses incurred in connection with all investment and trading activities, including brokerage, exchange-related, and clearing expenses; (ii) directors' fees in the amount as stated in a Fund's Memorandum (excluding directors affiliated with Eagle or EES, who have elected to waive their fees), in addition to routine legal, accounting, auditing, tax preparation, custodial and related out-of-pocket expenses for all directors and regulators charges; (iii) expenses associated with the formation of any master Fund to a feeder Fund and the continued offering of interests in a Fund, other than finders' fees, if any; (iv) all other operational expenses, including, but not limited to, photocopying, facsimile, postage, duplication and telephone expenses; (v) extraordinary expenses (e.g., litigation costs and indemnification obligations), if any; (vi) each Fund's administrator's fees; and (vii) any fees of other service providers disclosed in each Fund's Memorandum.

Generally, Client expenses are billed directly to the applicable Client, however, if more than one Client and/or Non-Securities Account incurs a shared expense, Eagle allocates such shared expense among the applicable Clients and Non-Securities Accounts (i) in proportion to the net asset value of each applicable Client and Non-Securities Account; (ii) in proportion to the size of the investment made by each Client and Non-Securities Account to which the expense relates; or (iii) in such other manner as Eagle considers fair and reasonable.

Item 12 further describes the factors that Eagle considers in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their compensation (e.g., commissions).

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As set forth in Item 5 above, Eagle's performance-based compensation is generally 15-20% per annum of net realized and unrealized trading gains subject to a high water mark and generally charged quarterly in arrears. Performance-based compensation will be in conformity with Rule 205-3 under the Advisers Act. Please see Item 5 for more information. However, certain of Eagle's Clients pay higher or lower fees.

Performance-based compensation is based upon unrealized, as well as realized, gains, and such unrealized gains may never be recognized by the Client. Thus, performance-based compensation creates an incentive for Eagle to recommend investments which are riskier or more speculative than those which would be recommended under a different fee arrangement.

Performance-based compensation arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. In addition, Eagle has an incentive to favor accounts for which performance-based compensation is likely to be paid sooner than for accounts for which such compensation is likely to be paid later.

In addition, Eagle or their related persons will invest varying amounts in certain Funds and/or open managed accounts advised by Eagle (collectively “Related Accounts”). Like performance-based compensation accounts, Eagle has an incentive to favor Related Accounts over other managed accounts and Funds managed by Eagle and Related Accounts that have a higher amount of related person assets over other Related Accounts that have a lower amount of related person assets.

Because all Securities Instruments and Futures and Derivatives purchased by the Firm are liquid and readily available, the Firm does not expect that the above described conflicts of interest will negatively affect any Client accounts. Furthermore, Eagle has established allocation procedures so that all Clients are treated fairly and equally on an overall basis. Please see Item 11 below for a discussion of Eagle’s allocation procedures.

ITEM 7 – TYPES OF CLIENTS

Eagle provides investment advice to private investment funds, institutional clients and other corporate entities.

Eagle does not have a standard minimum account size.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Eagle’s primary investment strategy involves trading Futures and Derivatives for managed accounts and private investments funds pursuant to Eagle’s proprietary systematic trading systems and models. In addition, Eagle trades Securities Instruments which is not based on systematic trading systems. On a more limited basis, Eagle also trades Securities Instruments. In addition, the New Fund receives advice regarding securities and other financial instruments through Eagle’s appointment of EES to act as sub-advisor to the New Fund subject to the overall supervision of Eagle. For a description of the investment strategies of EES employed with respect to the New Fund and any Clients that EES may sub-advise in the future, please see the EES Form ADV Part 2A.

A brief explanation of the material risks associated with Eagle’s significant investment strategies and methods of analysis follows. The material risks associated with the investment strategies employed by EES for the New Fund and any Clients that EES may sub-advise in the future are found in the Form ADV Part 2A of EES.

Futures and Derivatives are speculative, highly leveraged and involve a high degree of risk. The low margin deposits normally required in the trading of Futures and Derivatives permit an extremely high degree of leverage. Volatility increases risk, particularly when trading with leverage. Trading on a leveraged basis, as certain Non-Securities Accounts and Clients will, even in stable markets involves risk; doing so in volatile markets necessarily involves a substantial risk of sudden, significant losses. Due to such leverage, even a small movement in price could cause large losses for such Non-Securities Accounts and/or Clients. Market

volatility and leverage mean that Non-Securities Accounts and Clients could incur substantial losses, potentially impairing its equity base and ability to achieve its long-term profit objectives even if favorable market conditions subsequently develop.

Trading Futures and Derivatives requires that Eagle put down only “margin” payments with the futures commission merchants with whom it trades. Margin requirements are often much less than the notional value of the financial instruments being traded. Thus, Eagle’s primary investment strategy allows Eagle and its Clients to hold cash which will be held in cash and/or invested in Securities Instruments. Eagle provides discretionary investment management services to Clients with the goals of minimizing risk and generating marginal return from the cash on hand by investing in Securities Instruments.

Eagle’s securities trading system trades in a limited amount of securities and therefore does not reflect a fully diversified portfolio. Many Securities Instruments in which Eagle invests are debt securities, which are subject to interest rate and market risks. The prices of debt securities tend to fall as interest rates rise. In addition, debt securities that have longer maturities tend to fluctuate more in price in response to changes in market interest rates than do debt securities with shorter maturities. Debt securities also involve credit risk, as repayment of the debt securities is dependent upon the creditworthiness of the issuer. To minimize these risks, Eagle invests in high-quality, short-term securities (primarily short-term obligation of the United States federal government). However, high-quality, short-term securities do not generate as much of a return as other financial instruments.

Eagle’s investments in money market instruments generally are considered to be low risk, and, because by definition they are short-term securities, highly liquid. Nonetheless, money market funds are subject to risk, including default risk, depreciation risk and liquidity risk. For example, commercial paper is not backed by collateral. Issuers of commercial paper are required to have high credit ratings and defaults have been rare but they have nonetheless occurred. Money market funds are not insured or guaranteed by the Federal Deposit Insurance Corporation and may not be guaranteed by the Exchange Stabilization Fund. As a result, they are subject to a risk of loss.

Eagle relies in large measure on systematic trading systems and models that are based on a mathematical analysis of certain technical or fundamental data regarding past market price performance. Technical trading systems rely on information intrinsic to the market itself, such as prices, price patterns, volume, volatility, etc., to determine trades. These kinds of trading strategies ordinarily do not consider fundamental factors, except to the extent that they are reflected in technical input data analyzed by the system. Thus, these trading programs are often unable to respond to fundamental causative events until after their impact has ceased to influence the market, and, under such circumstances, futures positions dictated by such methods will likely be incorrect in light of the fundamental factors then affecting the market. These trading systems can incur major losses when factors exogenous to the markets themselves — political events, natural catastrophes, acts of war or terrorism, etc. — dominate the markets. A further limitation inherent in technical strategies is the need for price changes which are sufficient to dictate an entry or exit decision. If there is no substantial price movement, or if a price movement is erratic

or ill defined, a technical system will likely not be able to identify opportunities on which it can act.

Eagle's systematic strategies rely heavily on information technology and data management systems, which systems can fail or be subject to natural or man-made interruption or destruction caused by such events as earthquakes, floods, fires, extreme weather, power loss, telecommunications failures and similar events, or break-ins, sabotage, intentional acts of destruction or vandalism or similar misconduct. In order to mitigate those risks, Eagle has in place a backup and disaster recovery procedure that outlines steps that Eagle will take to prevent or mitigate damage if such an event occurs. However such procedures could fail or be insufficient, and any failure, interruption or destruction of the information technology systems or data could materially and adversely impact Non-Securities Accounts and/or Clients. In addition, each strategy involves the storage and transmission of proprietary and sensitive information, and breaches of security could expose Non-Securities Accounts and/or Clients to risk of loss of information, litigation and liability. Although there are information security and incident response procedures in place, breaches are still possible, and the existing procedures may not be sufficient to avoid, mitigate, or remedy a breach. The security measures may be breached as a result of third party acts, computer error or malicious code, employee error, malfeasance or otherwise, and since the methods and technologies used to obtain unauthorized access to systems change frequently and often are not recognized until used against a potential target, Eagle may not be able to anticipate the methods and technologies used or to implement adequate protections.

There can be no assurances that a Client will achieve its investment objective, that the strategy pursued and methods utilized by Eagle will be successful under all or any market conditions or that any program will provide an acceptable return to Clients or will not incur substantial losses.

The foregoing is a basic description of the material risks associated with Eagle's investment strategy and methods of analysis and does not purport to be a complete explanation of the risks involved in trading securities or with respect to any trading system managed by Eagle. Additional risk factors are set forth in each Fund's Memorandum or in Eagle's NFA Disclosure Document, which are available from Eagle upon request.

ITEM 9 – DISCIPLINARY INFORMATION

Eagle does not have any disciplinary or legal events to report, other than as disclosed in Part 1 of Eagle's Form ADV. As disclosed in Part 1 of Eagle's Form ADV, Eagle voluntarily submitted itself to the jurisdiction of the New York Mercantile Exchange ("NYMEX"). Without admitting or denying the violation, Eagle agreed to a \$25,000 fine in a settlement with the NYMEX which found that Eagle inadvertently maintained an open natural gas futures position of 1,333 short contracts, which was 333 contracts over the 1,000 contract spot month position limit in effect for the trade date of August 25, 2011, which was Eagle's first (and, as of the date hereof, only) violation of a position limit.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Eagle is also a commodity pool operator, commodity trading advisor and forex firm registered with the Commodity Futures Trading Commission and is a member of the National Futures Association. Eagle also serves as a General Partner or Managing Member of certain of the Funds. See also Item 4. Certain control persons of Eagle also serve as uncompensated directors on the boards of directors of certain Funds. Although such directors have a conflict of interest in making decisions on behalf of the Fund that also affect Eagle in its capacity as investment advisor to such Fund, such conflicts are mitigated by the fact that the majority of the directors of those boards are independent.

As described in Item 4 above, Eagle has delegated discretionary investment advisory authority to EES to manage the New Fund's portfolio on a day-to-day basis under Eagle's overall supervision. Eagle and EES also share office space, systems, and, to a large extent, employees. For the time being, Eagle pays all employees and EES reimburses Eagle for the portion attributable to each employee's work for EES.

In sub-advising the New Fund, EES uses third-party software from third-party software provider ("Related Software Company"), in which Eagle Labs, an affiliate of Eagle and EES, owns a minority, non-controlling interest. Therefore, each of Eagle and EES had an incentive to influence the selection of the Related Software Company and has an incentive to influence the renewal of the license with the Related Software Company, notwithstanding any issues related to its performance or the performance of such software. Despite the potential for conflicts of interest, EES believes based on its due diligence that the Related Software Company's software provides a unique trading strategy and, to date, EES is unaware of comparable software in the marketplace to use for the investment strategy that employs the software of the Related Software Company.

ITEM 11 – CODE OF ETHICS

Eagle has adopted a Code of Ethics (the "Code") which sets forth the ethical and fiduciary principles and related compliance requirements under which Eagle operates and the procedures for implementing those principles. The Code includes provisions which govern fiduciary duty, client opportunities, insider trading, personal trading, gifts and entertainment, outside business activities and confidentiality.

The Code contains policies and procedures that, among other things:

- prohibit Employees from taking personal advantage of opportunities belonging to Clients,
- prohibit trading on the basis of material nonpublic information,
- place limitations on personal trading by Access Persons and impose preclearance (in certain cases) and reporting obligations with respect to trading,
- require initial and annual reports of securities holdings and quarterly transaction reports

by Access Persons,

- prohibit directors, officers and Employees from violating federal securities laws,
- place limitations on Employee receipt and giving of gifts and entertainment,
- place restrictions on Employees regarding disclosing confidential information of the firm,
- place limitations on outside business activities of Employees, and
- require directors, officers and Employees to report promptly any violations of the Code to the Chief Compliance Officer.

The Code is available for inspection in Eagle's office by Clients, potential Clients, Fund investors and potential investors from Eagle upon request.

Other than as discussed below, with respect to personal trading by certain of its principals, employees and related accounts (collectively, "Access Persons"), prior approval of the Chief Compliance Officer and the Chief Executive Officer is required for Access Persons to buy, sell or otherwise trade for any account in which such Access Persons has a beneficial interest in any equity securities and any futures or derivatives. Such consent is generally not expected to be granted unless the Chief Compliance Officer and the Chief Executive Officer determine that there are special circumstances and that such transactions will not take opportunities from Clients.

Notwithstanding the foregoing, (i) transactions in certain "exempt securities" (as defined in the Code, which includes securities such as government-issued securities, money market fund and certain other open-ended mutual funds) do not require pre-approval and (ii) transactions in exchange traded funds and in private placements require the pre-approval only of the Chief Compliance Officer, who generally expects to approve such transactions unless such transactions will conflict with Eagle's management of Client accounts.

Eagle proprietary accounts and Client accounts trade in the same Securities Instruments both at the same time and at different times. Securities Instruments are traded for proprietary and Client accounts based on the needs of each account. Because of the liquid nature and availability of such Securities Instruments, there is no material risk of a partial fill of a transaction in Securities Instruments or of trading for a proprietary account disadvantaging a Client account.

Trading Futures and Derivatives for Client accounts, Non-Securities Accounts and proprietary accounts are generally conducted on an aggregated basis when consistent with such accounts' investment objectives. Allocation of trades between the various accounts will be made in accordance with computerized block allocation schedules generated by Eagle's systems. Because of the liquid nature of the Futures and Derivatives that Eagle trades, Eagle does not expect that any trades of Futures and Derivatives will involve limited opportunities or partial fills. In addition, to help mitigate any potential conflict of interest, in such circumstances, Eagle all accounts participating in bunched commodities trades will share commission costs equally.

For Futures and Derivatives, split fills within a block trade will be allocated between accounts based on the low to high rule (i.e., all accounts will be numbered from a low to high number and the lower number the account the lower the price it will receive on both the buy and the sell

orders). While Eagle's goal is to be fundamentally fair on an overall basis with respect to all Clients and Non-Securities Accounts, there can be no assurance that on a trade-by-trade basis that any particular Client or Non-Securities Account will not be treated more favorably than another.

EES has separate allocation policies and procedures for trading among its client accounts including the New Fund. For a description of the EES allocation policies and procedures and the conflicts of interests EES faces in allocating among its client accounts see the EES Form ADV Part 2A.

Eagle does not expect the trading of EES to conflict with Eagle's trading for its Clients because of the minimal overlap of the types of securities traded by EES and Eagle and the liquid nature of the Securities Instruments.

The Related Software Company from whom EES licenses certain trading software to assist in sub-advising the New Fund also uses the software to trade for its principal's accounts and to manage accounts of others ("Third-Party Investors"). Eagle and EES have no control over these activities and the New Fund will compete with such Third-Party Investors for investment opportunities. However, because EES also incorporates certain additional investment optionality into the software that is not incorporated into the software used by the Third-Party Investors and because the instruments purchased through such programs are generally liquid and readily available, EES does not expect that the trading by the Third-Party Investors based on the Related Software Company software will negatively affect the New Fund or any other Client accounts for whom EES may employ such software in the future.

Eagle sometimes recommends to Clients investments in Funds managed by Eagle. Eagle has an incentive to recommend that Clients invest in such Funds over opening managed accounts managed according to the same or a different strategy because of the higher fees Eagle generally receives from Funds. However, Eagle's policy is to allow a Client to open a managed account if the Client provides certain minimum investment amounts that justify the higher costs associated with administering managed accounts. See also Item 4.

Eagle does not engage in principal transactions with Client accounts and if it did so, it will secure applicable Client consent. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, buys from or sells any security to any advisory client. A principal transaction will also be deemed to have occurred if a security is crossed between a Fund holding more 25% or more Eagle affiliated money and another Client account.

Eagle, without the consent of, or notification to, other Fund investors, has granted certain Fund investors special rights, including, without limitation, enhanced information rights and other terms. In addition, Eagle may in the future, without notice to or consent of Fund investors, grant certain Fund investors similar special rights. It is possible that, under certain circumstances, providing access to enhanced information to such Fund investors will disadvantage other Fund investors not receiving such information. Except to the extent disclosed in a Fund's Memorandum, Eagle will not offer any Fund investor special liquidity rights or rights to be charged reduced or no management fee or performance-based compensation. Managed account

Clients negotiate their own account agreements, and, as such, different managed account Clients sometimes have differing fees and liquidity rights.

ITEM 12 – BROKERAGE PRACTICES

Eagle has the authority to determine, without obtaining Client consent, (1) securities to be bought and sold, (2) amount of securities to be bought and sold, (3) the broker or dealer to be used, and (4) commission rates paid. Limitations on Eagle's authority are guided by, among other things, (i) its responsibility to act as a fiduciary when handling Clients' accounts, (ii) the investment strategies and objectives of its Clients, and (iii) with respect to a Fund, the Fund's Memorandum.

Eagle recommends and effects transactions through various brokerage firms, which include futures commission merchants (collectively, "Brokers") which are considered reputable and financially secure to execute its trades, and which it believes can offer best execution, on an overall or transaction basis. In selecting Brokers to execute transactions a number of factors are also considered including, among others, financial strength, quality and depth of services, price, reliability, execution, commission rate and responsiveness to Eagle. The commissions and/or fees charged by Brokers are exclusive of, and in addition to, Eagle's fees.

In selecting Brokers to execute transactions, Eagle need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost to be charged by the Brokers it selects. Due to the nature of its advisory activities, trading system and investment strategies, Eagle does not utilize research products or services from Brokers and does not intend to enter into any soft dollar arrangements with, or receive any soft dollar benefits from, Brokers. Eagle does not consider Client referrals when selecting or recommending Brokers, and does not engage in directed brokerage arrangements.

For a discussion about employee and Eagle proprietary trading, Client opportunities, and aggregated trades, please see Item 11.

ITEM 13 – REVIEW OF ACCOUNTS

Client accounts, including portfolio positions, are regularly reviewed by Eagle's Chief Executive Officer, Menachem Sternberg (or his designee) to determine that trading signals were properly executed, the prices obtained were appropriate and that trades were executed in accordance with Eagle's allocation policies. At least periodically, Eagle's Chief Compliance Officer, Michael Emanuel, will review accounts, including portfolio positions, for any anomalies in such accounts and Eagle's Chief Financial Officer, Eileen Rebele, will review allocations to accounts for conformity with Eagle's policies. Fund investors are provided with written periodic unaudited reports, on a monthly basis including information regarding such Fund's performance and current balance of the investor's investment in such Fund and also receive annual audited fiscal year-end financial information. Managed account Clients are provided a monthly performance reports related to the Eagle program in which they are invested.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Eagle does not receive an economic benefit for providing advice to its Clients from anyone other than its Clients. Although Eagle does compensate third parties for referring investors to a Fund, Eagle generally does not compensate third parties for referring managed account Clients. However, if a third party refers an investor to a Fund and the investor chooses instead to become a managed account Client, Eagle has the option to compensate such third party for such referrals. Any Client referral arrangement with a third-party into which Eagle enters will comply, as necessary, with Rule 206(4)-3 under the Investment Advisers Act of 1940.

Referral fees generally are a percentage of the annual management fees and/or performance-based compensation earned by Eagle. However, it may be another amount as agreed to between Eagle and the referring third party. Referred investors in a Fund and managed account Clients do not pay any additional fees due to any referral fees paid by Eagle to referring third parties.

Subject to applicable regulations, it is expected that the Related Software Company will refer investors to the New Fund or in the future other Funds that use its software. Neither Eagle, EES nor Eagle Labs directly pay the Related Software Company for such referrals. However, under the licensing agreement between the Related Software Company and Eagle Labs, the Related Software Company's fees are based on a percentage of the management fees and performance-based compensation earned by EES. Thus, the Related Software Company has an incentive to recommend such Funds to potential investors because its licensing fees rise as the amount of assets in such Fund increases. Investors referred to such Funds by the Related Software Company do not pay any additional fees due to the increased licensing fees received by the Related Software Company for their investment in such Funds.

ITEM 15 – CUSTODY

Eagle does not have actual custody of any Client assets. Eagle is deemed to have custody of Client assets for the Fund Clients for which it serves as general partner, managing member or similar capacity. In accordance with Rule 206(4)-2, audited financial statements are furnished annually to all investors in the Funds. Such investors are also provided with periodic unaudited reports, on a monthly basis including information regarding such Fund's performance and current balance of the investor's investment in such Fund. Clients and Fund investors are urged to carefully review all statements and contact Eagle if you have any questions.

ITEM 16 – INVESTMENT DISCRETION

Eagle has the authority to determine, without obtaining Client consent, (1) securities to be bought and sold and (2) the amount of securities to be bought and sold. Limitations on Eagle's authority are guided by, among other things, (i) its responsibility to act as a fiduciary when handling Clients' accounts, (ii) the investment strategies and objectives of its Clients, and (iii) with respect

to a Fund, the Fund's Memorandum. Eagle abides by the investment guidelines and restrictions set forth in each Client's investment advisory agreement or Memorandum, as applicable.

ITEM 17 – VOTING CLIENT SECURITIES

Eagle does not advise on equity securities which involve the potential for voting proxies and therefore does not vote proxies. For the proxy voting policies of EES which are relevant to the New Fund and any Clients sub-advised by EES in the future, please see the EES Form ADV Part 2A.

ITEM 18 – FINANCIAL INFORMATION

Eagle's financial condition supports its ability to meet contractual commitments to Clients, and Eagle has not been the subject of a bankruptcy proceeding.