
Eagle Trading Systems Inc.

47 Hulfish Street

Princeton, NJ 08542

(609) 688-2060

www.eaglets.com

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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

There are no material changes to report.

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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’s primary investment strategy involves trading commodity futures contracts and foreign exchange products through managed accounts and private investments funds pursuant to Eagle’s proprietary trading systems. On a more limited basis, Eagle provides discretionary investment management services regarding securities portfolios (primarily U.S. Government Securities, cash and cash equivalents, which may include treasuries, bank deposits, certificates of deposits. Bankers acceptances and similar bank instruments) to certain private investment fund advisory clients for which Eagle acts as either General Partner and Managing Member (collectively, “Clients”). Eagle also manages its own proprietary account(s).

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

Eagle generally does not tailor advisory services to the individual needs of Clients. Clients which are Funds are governed by the investment restrictions contained in its respective Memorandum. Clients may impose restrictions on investing in certain securities or types of securities.

As of February 29, 2012, Eagle managed approximately \$481,159,250 of regulatory assets on a discretionary basis. Eagle, overall, manages approximately \$2.5 billion, including its primary investment strategy involving trading commodity futures contracts and foreign exchange products through managed accounts and private investments funds.

ITEM 5 – FEES AND COMPENSATION

While Eagle does not have a standardized fee schedule with respect to its securities advisory 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 2% per annum of the net asset value under management per annum, generally charged monthly in arrears, and performance-based compensation is generally 20-25% 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. Fees may be negotiable depending

upon, 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 futures trading may be similar or different to those charged to its securities advisory Clients.

Fees are generally billed separately, 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 may occur other than at the beginning of a month.

Client advisory agreements are generally terminable upon 30 days' prior written notice to Eagle, without penalty. Managed account futures clients may terminate Eagle at any time without penalty upon prior written notice (generally 3 days) to Eagle. 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.

Eagle's fees do not include brokerage and transaction fees, costs and charges, and other related costs and expenses which will be incurred by Clients regarding the trading and maintenance of Client accounts. Clients may 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. 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.

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 25% 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. Please see Item 5 for more information.

Performance-based fee arrangements may create an incentive for Eagle to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also may create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities.

Managing accounts that are charged performance-based compensation and accounts that are not may give rise to a potential conflict of interest, as Eagle may have an incentive to favor the accounts of Clients for which it receives performance based compensation over accounts for which it receives only asset-based fee or no fee.

Eagle has established allocation procedures so that all clients are treated fairly and equally on an overall basis, and to prevent this potential conflict from materially influencing the allocation of investment opportunities among such clients.

ITEM 7 – TYPES OF CLIENTS

Eagle generally may provide 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 provides discretionary investment management services regarding securities portfolios (primarily U.S. Government Securities, cash and cash equivalents, which may include treasuries, bank deposits, certificates of deposits, Bankers acceptances and similar bank instruments).

Eagle's securities analysis utilizes its own proprietary systematic, model driven, trading approach. The approach is designed to capture and participate in trading opportunities and incorporate money management principles. Decisions to initiate or liquidate positions are generally dependent upon computer-generated signals, which are based on mathematical analysis of closing market prices, proprietary trading rules and the incorporation of predetermined risk parameters. Once implemented, the trading approach is monitored and reevaluated to identify any need for refinements or modifications.

There can be no assurances that a Client will achieve its investment objective or that the strategy pursued and methods utilized by Eagle will be successful under all or any market conditions.

Investing in securities involves risk of loss that Clients should be prepared to bear. A brief explanation of the material risks associated with Eagle's securities investment strategy and methods of analysis follows. Additional risk factors are set forth in the Memorandum of a Fund.

There is no assurance that a Client will achieve its investment objective or that any program will be successful and provide an acceptable return to investors or will not incur substantial losses. Eagle's securities trading system trades in a limited amount of securities and therefore does not reflect a fully diversified portfolio. Investments may be made in securities including U.S. government obligations (such as U.S. Treasury Bills and similar instruments). U.S. government securities are debt securities (including bills, notes, and bonds) that are subject to interest rate and market risks. The prices of government securities tend to fall as interest rates rise. In addition, securities that have longer maturities tend to fluctuate more in price in response to changes in market interest rates than do securities with shorter maturities.

Eagle's trading methods are based on mathematical analysis of certain technical data including past market price performance and does not consider fundamental factors such as weather,

supply, demand and political or economic events except to the extent that such fundamental factors are reflected in technical input data analyzed by the system. Thus, there is a risk that technical methods like Eagle's systems may be unable to respond to fundamental causative events until after their impact has ceased to influence the market, and futures positions dictated by such methods may be incorrect in light of the fundamental factors then affecting the market. A further limitation inherent in technical strategies like Eagle's systems is the need for price trends or relative value developments 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, the systems may not be able to identify a trend on which it can act, or it may react to a minor price movement in establishing a position contrary to the overall price trend.

The foregoing does not purport to be a complete explanation of the risks involved in trading securities or with respect to any trading system. Additional risk factors are set forth in each Fund's Memorandum.

ITEM 9 – DISCIPLINARY INFORMATION

Eagle does not have any disciplinary or legal events to report.

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 private investment funds sponsored and/or advised by Eagle. See also Item 1.

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, political contributions, outside business activities and confidentiality.

With respect to personal trading by its principals, employees and related accounts (collectively, "Employees"), Employees are not permitted to buy, sell or otherwise trade any futures contracts (or option thereon) or other commodity contracts (or option thereon), or foreign exchange product for any account in which such Employee has a beneficial interest, with the exception that they may be permitted to invest in Eagle sponsored investment vehicles with the prior permission of the Chief Compliance Officer and Chief Executive Officer.

Employees are permitted to maintain personal securities accounts provided that such accounts are disclosed to Eagle and that any personal trading is consistent with applicable law and with the Code. Subject to compliance with the Code of Ethics, Employees and Eagle may buy, sell or hold, for their own respective personal or proprietary trading accounts, securities that Eagle also may buy, sell or hold for Clients, although it is not expected that Employees will generally do so to any great extent, which will help to mitigate any potential conflict of interest. Certain Eagle proprietary accounts may trade in the same securities with Client accounts on an aggregated basis when consistent with the Client's investment objectives. Given the liquid nature and availability of such securities, Employee and Eagle proprietary trading does not present a material conflict of interest. In addition, to help mitigate any potential conflict of interest, in such circumstances, Eagle proprietary and Client account trades are bunched and will share commission costs equally and receive securities at a total average price. Partially filled orders will be allocated on a pro rata basis.

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 Employees and impose preclearance (in certain cases) and reporting obligations with respect to trading, and
- require initial and annual reports of securities holdings and monthly transaction reports by Employees.

Eagle's Code of Ethics is available upon request to any Client or prospective client by contacting Michael Emanuel, Eagle's Chief Compliance Officer, at (609) 688-2060.

Eagle, consistent with Clients' investment objectives and in accordance with applicable law, may cause accounts it manages to effect, and will recommend to Clients or prospective clients, the purchase or sale of securities in which Eagle, directly or indirectly, has a position or interest. Eagle may recommend to Clients an investment in a private investment fund for which Eagle serves as the General Partner or Managing Member. The potential conflict of interest regarding such relationship is disclosed to investors and prospective investors in a Fund prior to their making an investment in the Fund. See also Items 4 and 10.

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 may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account.

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 may 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. Based on 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.

From time to time, it may be appropriate for more than one of the accounts managed by Eagle to trade in the same securities at the same time. As a general rule, such orders are combined (or bunched) and allocations among Eagle's Clients acquiring the same securities on the same day are effected on a pro rata basis, based on the relative value of the accounts, or otherwise on a allocation amount determined at the time of the order. If the orders are combined (or bunched), each of the accounts will have their same day orders filled on an average price basis (such that each receives the same price). While Eagle's goal is to be fundamentally fair on an overall basis with respect to all Clients, there can be no assurance that on an overall or trade-by-trade basis that any particular Client will not be treated more favorably than another.

ITEM 13 – REVIEW OF ACCOUNTS

Client accounts, including portfolio positions, are generally reviewed weekly by Eagle's Chief Executive Officer, Menachem Sternberg, and at least bi-weekly by Eagle's Chief Compliance Officer, Michael Emanuel or Eagle's Chief Financial Officer, Eileen Kovacs. 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.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Eagle does not compensate third parties for Client referrals and does not receive an economic benefit for providing advice to its Clients from anyone other than its Clients. If Eagle were to enter into any such arrangement, to the extent applicable, such arrangement will comply with Rule 206(4)-3 under the Investment Advisers Act of 1940.

Eagle may compensate third parties for referring investors to a Fund. Such referral fees generally may be a percentage of the annual management fees and/or performance-based compensation earned by Eagle or such other amount as agreed to between Eagle and the referring third party. Referred investors in a Fund do not pay any referral fees.

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 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.

As an investment adviser registered with the SEC, Eagle has implemented a written policy regarding the voting of Client securities in the circumstances, if any, when it may be applicable to do so. If voting Client securities, Eagle's policy is to vote in the Client's best interest as determined on a case-by-case basis. Proxy voting would be determined by Eagle's Chief Executive Officer, Menachem Sternberg. Generally, if voting proxies, Eagle's objective would

be to vote proxies, in its judgment, in a manner that is most likely to maximize the value of its Clients' investments. Eagle's proxy voting policy also contains provisions regarding the steps it will take if it identifies a conflict of interest regarding voting proxies.

As applicable, if Eagle determines there is a potential for a material conflict of interest regarding a proxy, Eagle will take one or some of the following steps: (i) inform the Client of the material conflict and Eagle's voting decision; (ii) discuss the proxy vote with the Client; (iii) fully disclose the material facts regarding the conflict and seek the Client's consent to vote the proxy as intended; and/or (iv) seek the recommendations of an independent third party. Any Employee who has a direct or indirect pecuniary interest in any issue presented for voting, must so inform Eagle's Chief Compliance Officer and recuse himself or herself from decisions on how proxies with respect to that issuer are voted.

In addition, Eagle's Chief Compliance Officer would oversee and manage the process by which it would vote proxies. Eagle's proxy voting policy is available upon request. A Client may obtain Eagle's proxy voting policy and procedures or a record of Eagle's proxy voting for such Client by contacting Michael Emanuel, Eagle's Chief Compliance Officer, at (609) 688-2060.

ITEM 18 – FINANCIAL INFORMATION

Eagle has no financial condition that impairs its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy proceeding.