

FAUCHIER PARTNERS MANAGEMENT LIMITED

CRD Number 154428

24 March 2011

This Brochure provides information about the qualifications and business practices of Fauchier Partners Management Limited.

If you have any questions about the contents of this Brochure, please contact us at +44 1481 716288 or client.services@fauchierpartners.com. You may also visit our website at www.fauchierpartners.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 Fauchier Partners Management Limited is available on the SEC's website at www.adviserinfo.sec.gov.

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1. Material changes

This document is the initial Brochure prepared by Fauchier Partners Management Limited. The Brochure will be updated on an annual basis and any material changes to it will be identified in this section.

2. Advisory Business

Fauchier Partners Management Limited (“**FPML**”) provides investment management or advisory services in relation to funds of hedge funds and portfolios of hedge funds, in line with each fund's or client's investment objectives, investment restrictions and risk parameters. FPML does not currently provide such services in relation to any other kind of investment products.

In addition to being registered with the U.S. Securities & Exchange Commission as an investment adviser, FPML is licensed in Guernsey by the Guernsey Financial Services Commission (“**GFSC**”) under the Protection of Investors (Bailiwick of Guernsey) Law 1987.

The Fauchier Partners business was established in 1994. FPML was incorporated in 2001 and is the parent company of the Fauchier Partners group. FPML's indirect subsidiary, Fauchier Partners LLP (“**FP LLP**”), is also registered with the SEC. FP LLP is a limited liability partnership registered in England and is authorised in the U.K. by the Financial Services Authority.

Approximately 99.99% of the shares of FPML are owned by BNP Paribas Investment Partners S.A. (“**BNPP IP**”). It should however be noted that FPML and BNPP IP have signed a comprehensive shareholder agreement which provides that FPML (and its subsidiaries, including FP LLP) has operational autonomy from BNPP IP and maintains full investment discretion regarding the management of its clients' assets.

As at 28 February 2011, FPML managed approximately US\$ 6,190,482,463 on a discretionary basis and US\$ 285,635,955 on a non-discretionary basis.

Advisory Services - Funds

FPML is an investment adviser or manager in relation to portfolios of hedge funds.

FPML provides investment management or advisory services as may be agreed from time to time with its clients. The specific services provided by FPML to a particular client depend upon the investment objectives and guidelines imposed by the client, as set forth in the documents governing FPML's agreement with the client.

FPML currently provides investment advisory services in relation to a number of private investment funds (the “**Funds**”), either directly to those Funds or to the designated investment manager of the Funds. In this regard, FPML typically enters into either non-discretionary advisory agreements or discretionary investment management agreements with its client. These agreements may be terminated by FPML or its client, subject to applicable notice periods contained in the relevant agreement.

The Funds are established in jurisdictions outside of the United States. The Funds may issue separate classes, sub-classes, or series of interests (including, without limitation, different fee schedules, currency denominations and other characteristics).

The investments of each Fund are managed in accordance with the investment objectives and guidelines applicable to each such Fund and are not tailored to the individualized needs of any particular investor in a Fund (each an “**Investor**”). An investment in a Fund does not, in and of itself, create an advisory relationship between the Investor and FPML and FPML typically does not enter into separate advisory arrangements with any such Investor. As a consequence, each Investor must consider for itself whether any particular Fund meets the Investor's investment objectives and risk tolerance before investing in a Fund. Information about each Fund is set forth in its offering memorandum and organizational documents.

3. Fees and Compensation

Fees - Funds

Fees for each Fund are described in the applicable offering memorandum. Fees may include, inter alia, a “management fee” or “advisory fee” based on the net asset value of the relevant Fund, before deduction of any performance fees. In addition, fees may include a “performance” element, which is calculated based upon the performance of a portfolio, share or assets. Performance fees and other arrangements where the incentive to achieve gains may exceed the disincentive to suffer losses may cause an adviser to choose investments that are riskier or more speculative than might otherwise have been chosen.

The current fee schedule for most of the Funds generally provides for the relevant management fee/advisory fee and performance fee to be charged to the Funds. In certain instances, the management and performance fee may be paid to the primary investment manager of the relevant Fund who has, in turn, appointed FPML as its sub-manager, delegated investment manager or investment adviser, and the primary investment manager pays FPML a management/advisory fee and performance fee out of the management / performance fee paid to it. The amount of the fees charged depends on the services that FPML provides:

- Management Fee: typically 0.40% to 2% (annually), payable monthly in arrears.
- Performance Fee: typically 0% to 15% (annually), payable annually in arrears.

Investors should be aware that fees may change over time and that different fee schedules may apply. Parts of the fees received may be rebated to clients.

Other fees

Other fees that may be incurred (directly or indirectly) by Investors in respect of their investments in Funds are set out below:

Administrator fees

An independent third-party administrator will typically be appointed to provide administrative services (including monthly net asset value calculations and investor servicing). The fees for these services are typically based on the net asset value of the relevant Fund or Account on a monthly basis. The administrator may also charge a separate fee for the preparation of financial statements and corporate secretarial services and be reimbursed for any reasonable out-of-pocket expenses or costs necessarily incurred in the performance of its duties.

Custodian fees

An independent third-party custodian will typically be appointed to provide custody services. The fees for these services are typically based on the net asset value of the relevant Fund or Account on a monthly basis. The custodian may also levy transaction charges and other charges.

Other fees and expenses

Other fees and expenses charged may include the following:

- (a) charges and expenses of legal advisers, accountants and independent auditors, (b) brokers' commissions, broker funding costs (c) all taxes or stamp duties and corporate fees payable to governments or agencies, (d) directors' fees (if any) and expenses, (e) interest on borrowings

if applicable, including borrowings from the custodian, (f) communication expenses with respect to investor services and all expenses of meetings of shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents, (g) the cost of insurance for the benefit of the directors, (h) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, (i) the cost of obtaining and maintaining the listing of shares on a stock exchange (if applicable) and (j) some other organisational and operating expenses.

Please see the section on “Brokerage practices” for a description of other brokerage charges.

4. Performance-Based Fees and Side-by-Side Management

As described in the previous section of this Brochure (*Fees and Compensation*), the fees payable to FPML in respect of Funds may include a “performance” element which is calculated based upon the performance of a portfolio, share or assets. Please refer to that section for further details.

Performance fees and other arrangements where the incentive to achieve gains may exceed the disincentive to suffer losses may cause an adviser to choose investments that are riskier or more speculative than might otherwise have been chosen.

A performance fee is payable in respect of some Funds but not others, or in respect of certain share classes or certain Funds but not others. FPML does not believe that this creates a conflict of interest in relation to its advisory business since investment decisions are made without regard to fees and, in any event, performance fees are typically subject to a “high water mark” (i.e. the requirement for the relevant net asset value per share to exceed the previous high point reached) which aligns Investors’ interests with FPML’s interests.

5. Types of Clients

FPML currently provides investment services primarily to institutional clients, including private investment funds, asset management firms, pension funds, local authorities, charities, foundations and endowments.

Investors in the Funds are typically non-U.S. persons (as defined under Regulation S of the U.S. Securities Act of 1933, as amended (the “**1933 Act**”). The pooled investment vehicles in relation to which FPML provides investment management or advisory services generally qualify for an exception from the definition of “investment company” under the U.S. Investment Company Act of 1940, as amended (the “**1940 Act**”), and will generally be offered pursuant to exemptions (Regulation D and/or Regulation S) from registration under the 1933 Act. As a result, Investors do not have the benefits of 1940 Act or 1933 Act registrations. Investors that are U.S. persons must generally meet the requirements for “accredited investors” under the 1933 Act and “qualified purchasers” under the 1940 Act.

In some cases, a Fund may be a commodity pool for which FPML is a commodity pool operator that is exempt from registration and related requirements pursuant to Rule 4.13(a)(4) or other provisions of or rules under the Commodity Exchange Act. In connection with these exemptions, Investors may be required to meet additional requirements. Investors may also be subject to additional eligibility requirements, as set forth in the relevant offering memorandum.

FPML’s personnel (including, but not limited to, portfolio management personnel responsible for the provision of investment advisory or management services in relation to the Funds) may invest in a Fund. FPML, its affiliates or its related persons may also hold interests in the Funds and may have different compensatory, investment or pecuniary interests in such Funds, including some which follow similar, complementary or competing strategies. See Item 9, below, for a discussion of certain potential conflicts associated with these investments.

Recipients of this Form ADV should be aware that it is designed merely to provide information about FPML and should not be considered to be an offer of interests in any pooled investment vehicle managed by FPML.

Funds

The Funds in relation to which FPML provides investment advisory or management services typically require a minimum initial investment from Investors. However, FPML is generally not responsible for determining such minimum initial investment.

FPML’s advisory/management agreements with its clients may be terminated at any time by FPML or its client, subject to applicable notice periods contained in the relevant agreements.

6. Methods of Analysis, Investment Strategies and Risk of Loss

FPML is an investment adviser or manager in relation to portfolios of hedge funds. In respect of all Funds, FPML has appointed its indirect subsidiary, FP LLP, to provide it with investment advice. Further information regarding FP LLP is set out in Section 2.

Final investment decisions are made by senior members of FPML's team who have extensive experience in financial markets.

FPML provides investment advisory or management services regarding investment across a variety of hedge fund strategies, which can be grouped into two broad types: Absolute Value and Relative Value. Absolute Value funds are those which take independent long and short positions, often in securities unrelated to one another. In contrast, Relative Value funds seek to exploit inefficiencies in the relative pricing of two or more securities.

Absolute Value strategies often feature hedge funds that are more directional in nature. They can therefore be more correlated to markets over time. Generally speaking, Relative Value strategies are less correlated to markets but funds within them are often correlated to one another and substantially more capacity-constrained.

Further (non-exhaustive) descriptions of some the relevant strategies employed by the underlying hedge funds are as follows:

Macro

These managers take directional positions based on their views of macroeconomic and market trends. They primarily use futures, forwards and options to implement trades in currencies, bonds, equities and commodity markets.

Equity Long Bias

These managers seek to extract returns from positions in individual equities. However, they will have a structurally higher allocation to long positions than to shorts and will primarily incorporate short positions as a means of dampening volatility, rather than as a source of alpha.

Equity Hedged High Volatility

These managers seek to extract returns from both long and short positions in individual equities. Over a market cycle, FPML expects these funds to exhibit at least two-thirds of the volatility of the MSCI World Equity Index. This higher level of volatility may be a function of greater gross exposure, position-level concentration or a bias towards more volatile underlying securities.

Equity Hedged Low Volatility

These managers seek to extract returns from both long and short positions in individual equities. Over a market cycle, FPML expects these funds to exhibit less than two-thirds of the volatility of the MSCI World Equity Index. This lower level of volatility may be a function of lower gross exposure, greater position-level diversification or a bias towards less volatile underlying securities.

Short Bias

These managers run hedge funds with a consistent short bias, primarily in equities, but also in corporate bonds. They will vary the degree of gross and net exposure according to their perception of individual opportunities. These funds deliver performance which tends to be negatively correlated to markets, to Equity Long Bias funds, and to a number of other fundamentally-driven hedge fund strategies.

Specialist Credit

These managers generate their returns through long and short positions in corporate debt. Hedging instruments can include credit default swaps, equities and equity options. Managers often specialise in certain areas of the credit spectrum, ranging from distressed and high yield bonds to investment grade issues.

Event Driven

These managers take advantage of announced corporate actions or other pre-defined events that provide an estimated rate of return over a defined time period. Examples of such events include mergers, spin-offs, restructurings and Index rebalances. Often there is a “spread” between two or more involved securities, or between one security and a specified cash level. The principal risk is that the event does not come to fruition or that the timeline is underestimated. Generally, only moderate leverage is employed in this strategy.

Volatility Trading

These managers seek to generate returns by exploiting inefficiencies in the pricing of both implied and realised volatility in a variety of asset classes. Managers can be sub-classified into those who capture cheap optionality embedded within convertible bonds (“Convertible Bond Arbitrage”) and those who take stand-alone and relative positions in options of both individual securities and in indices (“Options Arbitrage”).

Fixed Income

These managers trade interest rate risk on a relative value and/or directional basis. Typically they express their views through G10 government bond markets, interest swaps and other OTC and exchange traded derivative contracts. As government bonds are low volatility instruments, it is considered appropriate to apply greater levels of nominal leverage in this strategy.

Multiple Strategy

This group of hedge funds engages in a combination of the aforementioned strategies, adding value by dynamically allocating to in-house specialist teams in the areas which the manager believes are likely to be most rewarding. These funds have further attractions in that they only charge a performance fee on the net returns achieved across the various strategies in aggregate.

Risk Factors

Any investment in securities involves a risk of loss that clients should be prepared to bear. No guarantee or representation is made that the investment programs offered by FPML will achieve their investment objective. The following list of risk factors is a brief (non-exhaustive) overview of the risks involved in an investment in a Fund:

1. Any investment in securities entails a risk of loss of capital.
2. An investment in a Fund or Account provides limited liquidity since redemptions are permitted only on a periodic basis and further, the payment of redemption monies is dependent on the Fund’s ability to redeem its investment in underlying funds.
3. It must be emphasised that the net asset value of Funds can fall as well as rise and that an investor may not recover his investment.
4. Depending on the investor's currency of reference and that of the relevant Fund’s underlying investments, FPML or its delegates may enter into foreign currency transactions on behalf of the relevant Fund solely for actual currency hedging

purposes and not to hedge against either (i) performance or non-performance in relation to the relevant Fund; or (ii) as speculation regarding future upwards or downwards currency movements. However there can be no assurance that the transaction will eliminate all currency risk. In particular, there may be an imperfect correlation between the price movements of the hedging instruments and the price movements of the securities being hedged, particularly in periods of volatility in either or both currency and securities markets during the period of any foreign currency contract.

While the hedging strategies reduce the risk of loss, they offset favourable price movements in hedged investments thereby reducing the opportunity for gain or even resulting in losses. In the event of losses on the foreign currency transactions, the relevant Fund may have to enter into short-term borrowing until such time as assets have been liquidated to meet such losses. In certain circumstances, foreign exchange transactions may be entered into on the basis of estimated prices.

5. The Fund may invest in hedge funds investing in emerging markets. In particular liquidity and settlement risks may be greater in emerging markets and accounting standards may not provide the same degree of shareholder protection as would generally apply internationally. These risks and special considerations include: (a) the risk of nationalisation, (b) price fluctuations, (c) currency exchange risks, (d) differences in auditing and financial reporting standards, (e) the settlement period of securities transactions in emerging markets may be longer, (f) less extensive regulation of the securities market, (g) less developed corporate laws regarding fiduciary duties, and (h) governmental involvement in and control of the economies of emerging market countries.
6. The Fund may invest in hedge funds which may be subject to issue and redemption charges, expenses and to management, administration and incentive or performance fees to the relevant service providers of such hedge funds, in addition to those payable to and by the Fund and FPML. The underlying funds may invest in instruments in currencies other than US Dollars. This could give rise to currency fluctuations and exchange rate exposure both at the level of the underlying hedge funds and the Fund.
7. The Fund may in the future invest in hedge funds which invest in derivatives, such as options, warrants, forward contracts, swaps and other similar investments. The use of these funds involves certain special risks, including (1) dependence on the funds' ability to predict movements in the price of securities being hedged and movements in interest rates; (2) imperfect correlation between the hedging instruments and the securities or market sectors being hedged; (3) the fact that skills needed to use these instruments are different from those needed to select the funds' securities; (4) the possible absence of a liquid market for any particular instrument at any particular time; and (5) possible impediments to effective portfolio management or the ability to meet repurchase requests or other short-term obligations attributable to the proportion of a funds' assets segregated to cover its obligations. The underlying funds may employ leverage in using derivatives. While such techniques can substantially improve the return on invested capital, their use may also increase the risk of losses to the Fund. There are no limits on leverage used by the hedge funds the Funds may invest in. The underlying hedge funds will also be subject to counterparty risk.

Investment and Trading Risks in General

All investments in securities risk the loss of capital. Investment in the various securities and other instruments contemplated by the Fund involves significant economic risks. Although each Fund's investment programme is expected to provide some protection from the risk of

loss inherent in the ownership of such investments, there can be no assurance that these strategies will completely protect against this risk or that the Fund's investment objectives will be attained.

Possible Effect of Redemptions

Substantial redemptions from a Fund could require such Fund to liquidate investments more rapidly than otherwise desirable in order to raise the necessary cash to fund the redemptions and to achieve a market position appropriately reflecting a smaller equity base. This could adversely affect the value of the investment.

Concentration

Funds are likely to have limited restrictions relating to the diversification or concentration of its investments. To the extent the investments of a Fund are concentrated in any type of investment, that Fund may be more vulnerable to particular economic, political, regulatory or other developments than would a more diversified portfolio and the aggregate return of that Fund may be substantially adversely affected by the unfavourable performance of even a single investment.

Valuations

All valuations based on the value of investments held by the Funds in other investment vehicles will be made by reference to the latest available prices issued by or on behalf of such investment vehicles. In certain circumstances, such valuations will be made on the basis of estimated prices.

Dependence on Key Individuals

The success of the Funds depends upon the ability of the key individuals within the Manager and Investment Adviser to develop and implement investment strategies that achieve the Funds' investment objectives. If they were to become unable to participate in the management of the Company in respect of a Fund the consequence to that Fund may be material and adverse and could lead to the premature termination of that Fund.

US investors

U.S. citizens should also read the specific risk warnings relating to U.S. private placement and U.S. federal tax and benefit plan considerations contained in any supplemental disclosure statement issued by the relevant Fund or Account.

7. Disciplinary Information

FPML has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Similarly, no persons involved in the management of FPML have been subject to such action.

8. Other Financial Industry Activities and Affiliations

In addition to being registered with the U.S. Securities & Exchange Commission as an investment adviser, FPML is licensed by the Guernsey Financial Services Commission. FPML's indirect subsidiary, FPLLP, is also registered as an investment adviser with the SEC. FP LLP is a limited liability partnership registered in England and is authorised and regulated by the Financial Services Authority.

Fauchier Partners Asset Management Limited ("**FPAM**") is a limited company registered in Guernsey which is indirectly wholly-owned by FPML and is also licensed by the Guernsey Financial Services Commission. FPAM serves as the investment manager to certain managed accounts.

FPML is the parent company of the Fauchier Partners group. Approximately 99.99% of the shares of FPML are owned by BNP Paribas Investment Partners S.A. ("**BNPP IP**"), whose ultimate corporate parent is BNP Paribas S.A. (a publicly owned, limited liability banking corporation incorporated in the Republic of France). However, the terms of FPML's shareholder agreement provide that FPML (and its subsidiaries, including FP LLP) has operational autonomy from BNPP IP and maintains full investment discretion of the management of its clients' assets.

Certain BNPP IP affiliates (such as BNP Paribas Securities Services) provide administration and/or custody services in respect of some of the Funds. In addition, in respect of certain Funds FPML's and FPAM's services include advice in relation to forward foreign exchange contracts to mitigate Investors' exposure to currency risk - FPML and FPAM use a BNPP IP affiliate, Overlay Asset Management S.A. as a specialist service provider to assist with this currency hedging program in relation to most of the relevant Funds.

Investors in a Fund may be offered the opportunity to invest in other Funds for which they are eligible; however, FPML is under no obligation to make such investments available and, as such investments may not be appropriate for any particular Investor, persons offered such an opportunity recognize that FPML is making such an opportunity available based solely on its knowledge of the Investor's eligibility for such a Fund. FPML will not consider whether the investment is appropriate for the Investor and is not providing investment advice in making such opportunity available. Such persons should consider all available information about such investments, in light of their particular circumstances, prior to making such an investment and, as a result, not all persons offered this opportunity will choose to invest.

In certain instances, feeder funds managed by FPML may be created which invest in one or more Funds. In such cases, no additional management/advisory fee or performance fee is imposed on the feeder fund in addition to the fees of the applicable Fund.

In addition, in certain instances Funds may be advised to make an allocation to one or more other Funds in relation to which FPML and FP LLP also act as investment manager or adviser. However, no additional investment management/advisory fees or performance fees are incurred by underlying investors when such investments are made.

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

FPML provides investment management and advisory services to clients. FPML may give advice with respect to any Fund to which it provides advisory services that may differ from advice given by FPML on behalf of other Funds. FPML is not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling any security that FPML's advisory persons may buy or sell for its or their own account or that FPML may advise any other client to buy or sell. FPML personnel are not obligated to refrain from investing in securities held by a Fund except to the extent that such investments violate any policies and procedures adopted by FPML or otherwise violate applicable law or fiduciary standards to which FPML may be subject.

From time to time, employees and principals of FPML or any related person(s) may have interests in securities owned by or recommended to clients. As these situations may represent a potential conflict of interest, FPML has adopted procedures relating to personal securities transactions that are designed to prevent actual conflicts of interest.

FPML is required under applicable regulations to have in place procedures for preventing or managing conflicts of interest, preventing the misuse of inside information and monitoring personal account dealing by its employees, and these procedures are set out in FPML's compliance manual and its Code of Ethics.

Code of Ethics

FPML has adopted a Code of Ethics (the "**Code**") in compliance with Investment Advisers Act Rule 204A-1. FPML is required by Rule 204A-1 to adopt a code of ethics which, among other things, sets forth the standards of business conduct required of its Supervised Persons (as such term is defined in the Code) and requires those Supervised Persons to comply with U.S. federal securities laws. A copy of the Code is available upon request.

Standards of Business Conduct

A basic tenet of FPML's Code is that the interests of clients (i.e. the Funds) are always placed first. The Code includes standards of business conduct requiring covered persons to comply with the federal securities laws and the fiduciary duties an investment adviser owes to its clients. FPML's standards of business conduct, among other things: (i) restrict such persons from (a) giving or accepting certain gifts and inducements to or from clients or others doing business with the firm when such gifts or inducements may present a material conflict of interest or (b) otherwise taking advantage of their position with FPML; and (ii) require that Access Persons (as defined in the Code) (a) treat clients fairly and consistently with FPML's compliance procedures, (b) provide disinterested advice to clients insulated from personal or business conflicts of interest and (c) report potential violations of the Code to FPML's Chief Compliance Officer ("**CCO**").

Personal Securities Transactions Policy

FPML's Code also includes a personal securities transactions policy which imposes certain requirements and restrictions with respect to personal trading and investment activity by Access Persons. In particular, the Code requires Access Persons to obtain the approval of the CCO prior to investing in initial public offerings ("**IPOs**") and limited offerings (as defined by Rule 204A-1).

Reporting Requirements under the Code

To assist FPML in monitoring personal trading activities in order to detect potential conflicts of interest or violations of the Code, fiduciary duty or applicable law, Access Persons must provide periodic reports with respect to personal securities transactions, holdings and accounts, including annual reports of holdings in certain, reportable securities and quarterly reports of their personal transactions in reportable securities. To facilitate compliance with quarterly reporting requirements, Access Persons are required to provide copies of all brokerage statements and confirmations relating to all personal securities transactions and accounts in which they have a beneficial ownership interest. These reports and relevant brokerage statements and confirmations are submitted to and reviewed by the CCO or his designee. The CCO's reports and pre-clearance requests will be reviewed by another appropriate officer of FPML or FP LLP. If any violation of the Code, fiduciary duty or applicable law with respect to trading activities is determined to have occurred, the CCO may impose sanctions and take such other actions, including, without limitation, requiring that the trades in question be reversed and/or profits be disgorged.

Insider Trading Policy

FPML and its related persons, may, from time to time, come into possession of material non-public and other confidential information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, FPML and its related persons are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a client. Accordingly, should such persons come into possession of material nonpublic or other confidential information with respect to any company, they are prohibited from communicating such information to, or using such information for the benefit of, their respective clients, and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, their clients when following policies and procedures designed to comply with applicable law.

FPML has adopted an Insider Trading Policy in accordance with Advisers Act Section 204A which establishes procedures to prevent the misuse of material information by the FPML's Supervised Persons and Access Persons.

Other Conflicts of Interest Associated with Management of, and Interests in, the Funds

Inconsistent Investment Positions and Timing of Competing Transactions. From time to time, FPML may take or recommend an investment position or action for one or more Funds that may be different from, or inconsistent with, an action or position taken for one or more other Funds having similar or differing investment objectives and such actions may be taken at differing, and potentially inopportune, times. When a position is established or disposed for one Fund ahead of, or contemporaneously with, similar portfolio decisions or strategies for another Fund, liquidity constraints or other factors could result in one or more Funds receiving less favorable trading results, the costs of implementing such portfolio decisions or strategies could be increased, such Funds could be diluted, the values, prices or investment strategies of another Fund could be impaired or such Funds could otherwise be disadvantaged.

Side-by-Side Management and Differential Interests. As discussed above, the nature and amount of compensation paid to FPML and/or its affiliates by the Funds which may be managed or advised and which may involve investing in similar, competing or conflicting investments, may differ. Additionally, FPML and its personnel may have differing investment or pecuniary interests in such Funds. FPML faces a potential conflict of interest when (i) the actions taken on behalf of one Fund may impact other similar or different Funds (e.g., because such Funds have the same or similar investment strategies or otherwise compete for investment opportunities or have potentially conflicting investment strategies or

investments, or have differing ability to engage in economically similar transactions) and (ii) FPML and its personnel have differential interests in such Funds because FPML may have an incentive to favor certain Funds over others that may be less lucrative. To mitigate these conflicts, FPML's policies and procedures seek to provide that investment decisions are made in accordance with the fiduciary duties owed to such Funds and without consideration of FPML's (or such personnel's) pecuniary, investment or other financial interests.

10. Brokerage Practices

Best Execution

FPML has an obligation to execute orders on terms most favourable to clients and to take reasonable steps to ensure that it gets the best possible result for its clients. This obligation applies to FPML only when it acts as a discretionary investment manager. It is FPML's policy to treat all customers fairly even where best execution requirements do not apply.

In achieving the best possible result, FPML will consider the following factors:

- price
- cost
- speed
- likelihood of settlement
- size and nature of the order
- any other consideration relevant to achieving the best possible result

FPML will determine the relative importance of the above mentioned factors based on its experience and the best execution criteria which are:

- the characteristics of the client
- the characteristics of the client order
- the characteristics of the financial instruments that are the subject of that order
- the characteristics of the execution venues to which that order can be directed

Best execution does not apply when FPML is following specific orders from a client when placing or transmitting an order to another entity for execution.

Trade Aggregation and Allocation Policy

Because the size and mandate of Funds may differ, the investments held by Funds may not be identical. In appropriate circumstances, any Fund in relation to which FPML is the manager or adviser may purchase or sell an investment prior to other Funds managed or advised by FPML. This could occur, for example, as a result of the specific investment objectives of the Fund or different cash resources arising from subscriptions or redemptions, the existence of short-term credit facilities or realized/unrealized foreign exchange gains and losses. In most circumstances, transactions for each Fund are effected independently, unless FPML determines to purchase or sell the same investment for several Funds at approximately the same time.

FPML may "aggregate" or batch together purchases or sales for Funds and allocate the investment opportunities in a manner that is fair and equitable over time across participating Funds.

In order to ensure fairness in the allocation of investment opportunities across all applicable Funds, FPML will determine the suitability of each investment opportunity for a given portfolio through consideration of a number of factors, the most important being the portfolio's investment objectives and liquidity parameters, existing portfolio composition and cash levels. Where an investment opportunity is suitable for two or more portfolios, FPML will allocate such investment opportunity equitably with the intention of ensuring that portfolios have equal access to the same quality of investment opportunities.

Capacity in underlying hedge funds (“capacity”) will be allocated on a basis believed to be fair and equitable; no portfolio will receive preferential treatment over any other. FPML will take steps to ensure that no portfolio will be disadvantaged by the aggregation, placement or allocation of capacity. Capacity is allocated promptly, and no subsequent reallocations are permitted from one portfolio to another except where the original allocation was done in error or if unforeseen circumstances prevented execution from taking place. No allocations of capacity can be made to any personal account of any employee of FPML unless it can clearly be demonstrated that this is in accordance with the intended basis of allocation and that all portfolios have received their full allocation. Except when inconsistent with a Fund’s investment advisory agreement, *pro rata* allocation will generally be used to allocate partial fills of batch transactions. The partial fill is generally allocated among the participating Funds based on the size of each Fund’s and Account’s original size of interest recorded. In order to try to ensure that sufficient capacity is available, FPML or its affiliates will negotiate capacity with managers at the time it makes its initial investment.

“New Issues”

The Funds do not invest directly in “new issues”, as defined in relevant rules established by the Financial Industry Regulatory Authority (“**FINRA**”) (formerly the National Association of Securities Dealers or “**NASD**”). However, the Funds may invest in hedge funds or private funds which in turn invest in initial public offerings (“IPOs”) or other new issues. FINRA Rule 5130 (the “**New Issues Rule**”) (formerly NASD Rule 2790) provides that broker-dealers, their affiliates and certain other persons (*restricted persons*) may not be able to participate in new issues.

Only Funds that are eligible under the New Issues Rule to participate in profits and losses attributable to new issues are permitted to receive allocations of new issues.

To the extent that a Fund managed or advised by FPML expects to invest in hedge funds or private funds investing in new issues, FPML will monitor the status of the Investors in such Fund in order to make the necessary representations to the hedge funds or private funds in which it intends to invest that it takes measures necessary to ensure compliance by the Fund with the New Issues Rule.

11. Review of Accounts

FPML is provided with details of the investment objectives and restrictions relating to Funds and enters into either non-discretionary advisory agreements or discretionary investment management agreements in which, inter alia, it agrees to comply with such investment objectives and restrictions.

FPML's CCO (or his delegate) reviews all draft investment instructions before they are issued to ensure that the instructions are in accordance with each Fund's specific guidelines and investment restrictions.

FPML typically provides investors in Funds or Client Accounts with monthly summaries of performance and manager commentaries. Financial statements are issued in accordance with a Fund's offering document and are typically prepared and sent to investors within six months of the end of the relevant financial period.

Representatives of FPML may be made available for discussions with Investors or Clients on a periodic basis or as otherwise agreed.

12. Client Referrals and Other Compensation

FPML is not remunerated by any party other than its clients.

FPML may enter into arrangements with institutions and others whereby FPML shares a portion of fees charged to clients in exchange for referral and other services. Pursuant to Rule 206 (4)-3 of the SEC Rules under the 1940 Act, where cash payments are made for solicitation in the United States, the Company will have in place a written agreement binding the solicitor to comply with the 1940 Act and Rules and requiring delivery of (a) Part II of FPML's Form ADV and (b) a written fee sharing disclosure statement meeting the requirements of the Rule.

13. Custody

FPML does not maintain custody of client funds or securities, nor is it authorised to hold or receive any stock, bond or other security or investment certificate or cash that is part of the client's account. Custody of account assets will be maintained with an independent custodian selected by the relevant Fund.

The custodian for the relevant Fund will issue statements directly to the investor on a periodic basis. FPML does not send out account statements. Clients should monitor the amount of advisory, management or performance fees deducted by reviewing the custodian's account statement, and should also compare these statements to any account information provided by FPML.

14. Investment Discretion

FPML may be retained on a discretionary or non-discretionary basis.

When FPML is retained on a discretionary basis, it is authorized to make the following determinations in accordance with a client's specified investment objectives and restrictions without client consultation or consent before a transaction is effected:

- which securities to buy or sell; and
- the total amount of securities to buy or sell.

However, FPML may accept advisory accounts with limited discretion or no discretion or where investments are client-directed pursuant to the relevant advisory agreement.

FPML does not execute orders itself for Funds, nor does it carry out transactions on its own account. Because most transactions are to purchase or sell shares or interests in hedge funds, the transactions are effected by completing and transmitting the necessary subscription documents and monies, or redemption requests, as applicable, for the relevant hedge funds. This is effected by the custodian of the relevant Fund.

In respect of certain Funds, FPML's, FP LLP's or FPAM's services include advice in relation to forward foreign exchange contracts to mitigate Investors' exposure to currency risk. FPML, FP LLP and FPAM use a BNPP IP affiliate, Overlay Asset Management S.A. as a specialist service provider to assist with this currency hedging program for most relevant Funds.

When FPML provides non-discretionary advice in relation to a Fund, advice will be passed to all clients in a timely fashion, with no client having preference over the other in regards to the timing of the advice. FPML endeavours to send all trade recommendations to the relevant manager or client in good time to enable the manager or client to instruct the custodian as required.

15. Voting Client Securities

FPML has written proxy voting policies and procedures as required by Rule 206(4)-6. Under these policies and procedures, FPML has designated certain employees to act as “proxy administrator” with responsibility for ensuring that votes are cast and records are maintained. In determining how to vote a given proxy, the proxy administrator will first liaise with FPML’s CCO (or his delegate) to determine whether a conflict of interest exists with respect to the proxy. Each proxy is voted on a case-by-case basis, taking into consideration all relevant facts and circumstances known at the time of the vote. FPML may abstain from voting a proxy in certain situations *e.g.* if the effect on shareholders’ economic interests or the value of the portfolio holding is insignificant, the cost of exercising a vote outweighs the potential benefit of voting the securities (*e.g.* proxies which may require translation or travel), or if the proxy materials are not received in a timely manner.

Clients and Investors may generally obtain copies of FPML’s written proxy voting policies and procedures as well as information on how proxies were voted for the Funds in which they are invested by requesting such information from FPML at the address and phone number listed on page 1 of Part II of this Form ADV. Generally, FPML will not disclose proxy votes for clients to third parties.

16. Financial Information

FPML does not require or solicit pre-payment of any type of fees in advance.

FPML has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to provide investment services.