

**Item 1 – Cover Page**

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**Date of this Brochure: March 30, 2016**

This Brochure provides information about the qualifications and business practices of FIELD STREET CAPITAL MANAGEMENT, LLC, FIELD STREET CAPITAL MANAGEMENT (MONACO) SAM and FIELD STREET GP, LLC (collectively, the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at 212 768-0000 or [info@fscm.com](mailto:info@fscm.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Registration of an Investment Adviser does not imply a certain level of skill or training. This Brochure does not constitute an offer to sell or the solicitation of any offer to purchase any securities of any entities described herein. Additional information about the Adviser is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

Since our last annual updating amendment, filed March 31, 2015, we have made the following changes to the Brochure:

1. Item 4(C) – Updated to reflect the Adviser’s regulatory assets under management as of December 31, 2015.
2. Item 5(C) – Updated to provide additional clarifying information about fees and expenses that are charged to the Funds (as defined below).
3. Item 7 – Updated to provide more detail regarding minimum investment amounts.
4. Items 8(B) and 8(C) – Updated to include more detail regarding certain risk factors and the Adviser’s risk management framework.
5. Items 11(A), 11(C) and 11(D) – Updated to clarify the description of potential conflicts resulting from employee personal trading and better describe the Adviser’s employee personal trading policies and procedures.
6. Item 12(B) – Updated to describe average pricing of aggregated orders.
7. Item 17 – Updated to better summarize the Adviser’s proxy voting policies.
8. Certain other clarifications and updates have been made.

In the future, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will provide you with a new Brochure as necessary without charge.

Currently, our Brochure may be requested by contacting the Adviser’s Chief Compliance Officer (“CCO”) at 212 768-0000 or by email at [info@fscm.com](mailto:info@fscm.com).

Additional information about Field Street Capital Management, LLC is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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#### Item 4 – Advisory Business

- A. General Description of Advisory Firm** – Field Street Capital Management, LLC (“FSCM”) is a Delaware limited liability company with its principal place of business in New York. FSCM was founded in 2007. Ownership of FSCM is maintained by two non-grantor trusts established for the benefit of Mr. Rod Gancas’ immediate family members. Mr. Gancas serves as the sole manager of FSCM and, as such, has the sole right, power and authority to manage and control the business and affairs of FSCM.

FSCM has filed a single Form ADV with the SEC with FSCM as the “filing adviser” and Field Street Capital Management (Monaco) SAM (“FSCM Monaco”) and Field Street GP LLC (“FSGP”) each as “relying advisers” in reliance on the position of the SEC expressed in the no-action letter issued to the American Bar Association, Business Law Section, dated January 18, 2012. FSCM Monaco is a corporation constituted under Monagasque law, and FSGP is a Delaware limited liability company. FSCM, FSGP and FSCM Monaco are herein collectively referred to as the “Adviser”.

- B. Description of Advisory Services** – The Adviser provides advisory services on a discretionary basis to its Clients, which include a separately managed account and pooled investment vehicles intended for sophisticated and institutional investors. The Adviser has particular expertise in diversified fixed income trading strategies. As of the date hereof, the Adviser provides investment advice to six private investment funds (detailed below) and one separate account. Each of the private investment funds are herein referred to as a “Fund”, and collectively as the “Funds”. The separately managed account is herein referred to as a “Separate Account”. In addition, from time to time herein, the Funds and the Separate Account may be referred to as “Clients” of the Adviser.
- C. Availability of Tailored Services for Individual Clients** – The Adviser does not tailor its advisory services to the individual needs of investors in the Funds (the “Investors”) and does not accept Investor-imposed investment restrictions with respect to the Funds.

When deemed appropriate, the Adviser has established, and may in the future establish, separate accounts for particular Clients. These separate accounts are subject to investment objectives, guidelines, restrictions, fee arrangements and other terms that are individually negotiated with each such Client. These separate account relationships generally involve significant account minimums.

The Funds currently managed by the Adviser are set up in two master-feeder structures as follows:

### The Legacy Funds

- Field Street Master Fund, Ltd. (the “Legacy Master Fund”) – a Cayman Islands master fund
- Field Street Offshore Fund, Ltd. (the “Legacy Offshore Fund”) – a Cayman Islands feeder fund
- Field Street Partners, LP (the “Legacy Domestic Fund”) – a Delaware feeder fund

### The Global Investments Funds

- Field Street Global Investments Master Ltd. (the “Global Investments Master Fund”) – a Cayman Islands master fund
- Field Street Global Investments Offshore Ltd. (the “Global Investments Offshore Fund”) – a Cayman Islands feeder fund
- Field Street Global Investments US LP (the “Global Investments Domestic Fund”) – a Delaware feeder fund

The Legacy Offshore Fund, the Legacy Domestic Fund, the Global Investments Offshore Fund and the Global Investments Domestic Fund are from time-to-time herein referred to collectively as the “Feeder Funds”. The Global Investments Master Fund and the Legacy Master Fund are from time-to-time herein referred to collectively as the “Master Funds”.

**D. Wrap Fee Programs** – The Adviser does not participate in wrap fee programs.

**E. Client Assets Under Management** – The Adviser’s regulatory assets under management as of December 31, 2015 are approximately \$56,295,709,767. All the assets managed by the Adviser are managed on a discretionary basis.

## **Item 5 – Fees and Compensation**

**A. Advisory Fees and Compensation** – The Adviser or its affiliates generally receive management fees and performance-based (incentive) fees from Clients. The offering memoranda (each an “Offering Memorandum” and together the “Offering Memoranda”) for the Funds (defined below) describe the basic fee structure relevant to Investors in each Fund. Note that some Fund Investors may pay more or less than other Fund Investors for the same management services generally depending on the series or sub-class of the Fund that they are invested in, each of which has a specified minimum investment amount and associated fee and liquidity terms. In addition, the Adviser waives or modifies fees for Fund Investors that are members, employees or affiliates of

the Adviser and relatives of such persons. Separate Account Investors pay fees and compensation pursuant to an individually negotiated agreement with the Adviser.

As further described in the Offering Memoranda, investors may be subject to certain early redemption fees, payable to the relevant Master Fund, if such investor redeems its investment prior to the first or second anniversary, as applicable, of such investment.

- B. Payment of Fees** – For the Funds, management fees charged are deducted from the relevant Fund’s assets. Management fees are calculated and paid monthly in advance. Performance-based fees are calculated and payable annually (see Item 6) and upon redemption. An Investor’s monthly account statement shows an Investor’s holdings in the Fund net of all fees and expenses.

For the Separate Account, a fixed management fee is billed monthly in arrears. Performance-based fees are calculated and payable annually (see Item 6).

- C. Other Fees and Expenses** – Other fees and expenses payable by the Funds and/or Separate Account include: Fund legal, compliance (including expenses associated with Fund-level FATCA compliance and Fund-level reporting on Form PF and under AIFMD Annex IV), audit, accounting and third party administrator fees and expenses, organizational expenses, each Feeder Fund’s pro rata share of its Master Fund’s investment expenses such as commissions, research, market data and pricing fees and expenses (including expenses associated with licensing analytics and software, as well as with research-related travel), Bloomberg and Reuters services, risk analytics and software, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, Fund-related insurance costs, each Feeder Fund’s pro rata share of the expenses of its Master Fund (including the Management Fee and the Incentive Allocation), Directors’ fees and expenses, shareholder proxy voting services and any other expenses reasonably related to the purchase, sale or transmittal of Fund assets. Note that at the present time, the Separate Account is not responsible for certain research fees, which the Adviser pays on its behalf.

As noted above, the Funds and the Separate Account incur brokerage and other transaction costs. The Offering Memoranda discusses these brokerage and transaction costs, including factors related to how brokers are selected, under the section entitled “Brokerage Practices”. Item 12 also describes the factors that the Adviser may consider in selecting or recommending broker-dealers for Client transactions.

The Funds and the Separate Account will bear the cost of any trading losses, liabilities, damages, expenses or any other costs resulting directly from a trade error (collectively,

the “Error Costs”), except for the following two limited exceptions: (i) Error Costs that directly result from the Adviser’s gross negligence, willful misconduct, or violation of applicable laws (as shall be determined in the sole discretion of the Adviser by the Pricing and Allocation Committee (the “PAC”)), or (ii) Error Costs that may not be waived or limited by the Adviser under applicable law.

Investors are subject to the foregoing fees and expenses regardless of whether any profit is made on investments.

- D. Prepayment of Fees** – For the Funds, as noted in Item 5(B) above, the management fee is paid monthly in advance. Once charged to an Investor’s account, there is no refund of any of the fees and expenses that have been charged.
- E. Additional Compensation and Conflicts of Interest** – No supervised person of the Adviser receives any transaction based compensation for the sale of securities or other investment products.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

The Adviser charges the Legacy Funds, the Global Investment Funds and the Separate Account performance-based fees (sometimes called an “incentive fee” or “incentive allocation”) at the same rate, however a single sub-class and series of the Global Investment Funds are charged a performance-based fee at a lower rate. Some of the investment personnel working at the Adviser receive compensation that includes a performance-based component.

As the Adviser and its investment personnel manage more than one Client account, a potential exists for one Client account to be favored over another Client account. The Adviser has adopted and implemented policies and procedures intended to address potential conflicts of interest relating to the management of multiple accounts and the allocation of investment opportunities to ensure that all Clients are treated fairly and equitably. At the Adviser’s quarterly PAC meetings, the committee reviews, among other things, trade allocation and account performance for any evidence of favoritism to one Client over another. See Item 12 for further discussion of the Adviser’s allocation policy.

The incentive allocation, once paid by a Client to the Adviser, is not subject to claw-back in the event of subsequent losses incurred by the Client. Thus an Investor may be subject to an incentive allocation for one or more years even where it did not receive a net profit over the entire term of its investment in the Fund(s).

## Item 7 – Types of Clients

The Adviser currently provides investment advisory services only to private funds (i.e., hedge funds) and separately managed accounts (whose beneficial owners may be, for example, pension plans, trusts, investment companies or other private funds). The Funds currently offer various sub-classes of shares and interests, each of which has a specified minimum initial investment amount and associated fee and liquidity terms. Minimum investment amounts are subject to waiver, reduction, or increase by the General Partner or the Board of Directors, as the case may be (but in no event will the minimum be less than \$100,000 in the Legacy Offshore Fund or Global Investments Offshore Fund). Potential Investors must meet the requirements set forth in the Funds' subscription documents in order to invest in the Funds.

The Separate Account had an individually negotiated minimum investment requirement.

There are no minimum investments to maintain in either the Funds or the Separate Account.

## Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

**A. Methods of Analysis and Investment Strategies** - Please consult the Offering Memorandum for each Fund for a complete description of the methods of analysis and investment and investment strategy utilized by the Adviser. Set forth below are summaries of the methods and strategies utilized for each Fund group. Separate Accounts may have the same or different methods and strategies pursuant to the terms of their individual investment management agreements.

*The Legacy Funds:* The investment objective of the Legacy Funds is to produce attractive risk-adjusted returns through a diversified portfolio of global trading strategies spread across various markets and asset classes. The Adviser seeks to minimize correlation between the Legacy Fund's returns and equities, bonds, and other risk assets.

The Adviser believes that the Legacy Fund's investment objective can be achieved primarily by engaging in relative value, global macro, volatility, and other trading strategies. The Legacy Fund primarily invests in a broad range of securities and derivatives including bonds, swaps, futures, options, currencies, and other products. There are no material limitations on the instruments, markets, or countries in which the Legacy Fund may invest or on the investment strategies that the Adviser may employ.

The primary instruments that the Legacy Fund trades include, but are not limited to: developed-market sovereign debt, interest rate swaps and swaptions, exchange-traded futures and futures options, currencies and currency derivatives, credit derivatives including, without limitation, credit default swaps and credit default swap indices, agency and



supranational debt and repurchase agreements. To a lesser extent, the Legacy Fund may trade in other liquid instruments that may include, without limitation: commodity futures and options; stock index futures and options; agency mortgage-backed securities, to-be-announced mortgage-backed securities transactions ("TBAs") and options on TBAs; and emerging market sovereign debt and associated options.

The Legacy Fund's investments include, but are not limited to, the following types of fixed income and currency trades: Vega neutral implied volatility spreads; Vega neutral skew; G7 futures basis; outright gamma and vega positions; curve trades; conditional curve trades; central bank rates policy trades; London Interbank Offered Rate ("LIBOR") Option Adjusted Spread ("OAS") relative value; LIBOR Spread curve relative value; outright LIBOR swap spreads; liquid high grade mortgages and related securities; sovereign debt relative value; sovereign debt auction cycle driven trades; index re-balancing driven trades; outright positions in sovereign debt; term financing relative value; long and short positions in options and options spreads; long and short positions in sovereign debt and currencies; and long and short positions in other fixed income securities.

In addition, the Legacy Fund generally will maintain a substantial portion of its assets in cash and cash instruments and government securities with the objective of assuring the Legacy Fund's ability to satisfy obligations incurred in connection with its investment activities. The Legacy Fund employs leverage, the value of which varies from time to time. The amount of leverage the Legacy Fund may employ is not limited and such leverage may be substantial.

*The Global Investment Funds:*

The investment objective of the Global Investment Funds is to produce attractive risk-adjusted returns by constructing a diversified portfolio of trading strategies spread across various markets and asset classes. The Adviser will seek to minimize, over a long time horizon, correlation between the Fund's returns and equities, bonds and other risk assets.

The Adviser believes that the Global Investment Fund's investment objective can be achieved primarily by engaging in global macro, volatility, and other trading strategies. The Global Investment will primarily invest across a broad range of securities and derivatives including bonds, swaps, futures, options, currencies, and other products. There are no material limitations on the instruments, markets or countries in which the Global Investment Fund may invest or on the investment strategies that the Adviser may employ.

The primary instruments that the Global Investment Fund trades include, but are not limited to: developed-market sovereign debt, interest rate swaps and swaptions, exchange-traded futures and futures options, currencies and currency derivatives, credit default swaps, credit indices, emerging market debt or interest rate swaps and swaptions, agencies and

agency mortgage-backed securities, and commodity futures and options. To a lesser extent, the Global Investment Fund may trade in other instruments that may include: municipal bonds, corporate credit securities, asset-backed securities, agency mortgage backed securities, including stripped mortgage backed securities issued by Federal Agencies, to-be-announced trades (TBAs) and options on TBAs, , equity index futures and options, exchange-traded funds (ETFs) and single-name equities.

Global macro trading focuses on directional strategies expressed on rates, curves, spreads, currencies, other risk assets, and the level of implied volatility. Trade-level, strategy-level and portfolio-level hedges may also be employed to manage the volatility of an individual strategy and the overall returns of the Fund, respectively. Global macro trading is often driven by a fundamental macroeconomic view, but quantitative models are employed to identify opportunities, and assist in timing and structuring potential trades.

Volatility trading focuses on directional or hedged trading strategies expressed on volatility surfaces primarily through the use of options markets. Volatility trading is often driven by a fundamental view on the level of implied volatility, but the Adviser will employ proprietary models to monitor volatility surfaces across various asset classes to look for pricing anomalies.

The Adviser may also employ other trading strategies that might be added to the Global Investment Fund as opportunities present themselves. Although relative value trading is not generally expected to be employed by the Global Investment Fund, the Adviser may choose to pursue relative value trading strategies in the Fund during periods of significant market dislocation.

In addition, the Global Investment Fund generally will maintain a substantial portion of its assets in cash and cash equivalents and government securities with the objective of assuring the Global Investment Fund's ability to satisfy obligations incurred in connection with its investment activities. The Global Investment Fund employs leverage, the value of which varies from time to time. The amount of leverage the Global Investment Fund may employ is not limited and such leverage may be substantial.

*Investment Process for both the Global Investment Funds and the Legacy Funds:* The investment process is generally a bottom-up trade selection process driven by Mr. Gancas and his team of portfolio managers and traders. Quantitative tools are used to assist a generally subjective decision-making process, as strategies are evaluated using empirical data, proprietary interest rate and volatility term structure models, macroeconomic factors, flow and positioning data across asset classes, and the extensive trading experience of the investment team. Strategies are managed at the trade level and analyzed with respect to their

marginal contribution to the risk and return of the portfolio in an effort to build a balanced portfolio of relatively uncorrelated trades.

The Adviser has designed a risk management framework which seeks to limit potential losses that may be incurred. The Adviser seeks to mitigate risk and limit losses in three primary ways: (i) portfolio construction; (ii) maintaining a risk reporting system measuring and monitoring portfolio risk, and (iii) implementation of flexible portfolio risk management guidelines.

Comparison of the Global Investment Funds and the Legacy Funds: Although the Legacy Funds and the Global Investment Funds both use global macro and volatility investment strategies and may both use relative value investment strategies, the global macro investment, volatility and relative value strategies, if any, used by the Global Investment Funds may differ materially from those used by the Legacy Funds. The investments made by the Global Investment Funds and the Legacy Funds generally may differ significantly with respect to, among other things, duration of holdings, scope, position size, risk profile, leverage and other relevant factors and may differ significantly with respect to the types of financial instruments and timing of purchases and sales. The past performance of the Legacy Funds is not indicative of the future results of the Global Investment Funds, and vice versa.

***Investing in the Funds and the Separate Account is highly speculative and involves risk of loss that investors should be prepared to bear.***

**B, C. Material Risks of the Adviser's Investment Strategies, Methods of Analysis and Types of Securities** - The Adviser has broad discretion in making investments for its Funds and the Separate Account. Investments contained in the Funds' and the Separate Account's portfolios may be affected by business, financial market or legal uncertainties. Material risks include, but are not limited to, the following (please consult the Offering Memoranda for each Fund for a complete description of the risks):

- The use of **leverage** exposes Client assets to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Fund/Separate Account not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Client's cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the Client's assets, it might not be able to liquidate assets quickly enough to repay borrowings, further magnifying Client losses. In an unsettled credit environment, the Adviser may find it difficult or impossible to obtain leverage for the Funds or Separate Account. Since leveraging its assets may be an integral part of the investment strategy, in such event the Adviser could find it difficult to implement its

strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Adviser being forced to unwind positions quickly and at prices below what the Adviser deems to be fair value for the positions.

- **Interest rate risk** is a risk associated with investing in fixed income securities. Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities. The Adviser may attempt to minimize the exposure to interest rate changes through the use of interest rate swaps, interest rate futures, interest rate options and/or other hedging strategies. However, there can be no guarantee that the Adviser will be successful in fully mitigating the impact of interest rate changes.
- Investments in **unrated or low grade debt securities** are subject to greater risk of loss of principal and interest than higher-rated debt securities. A Fund may invest in debt securities that rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. A Fund may invest in debt securities that are not protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for foreign debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.
- With **relative value trading strategies**, the Adviser takes long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. In the event that the perceived mispricings underlying the Adviser's trading positions were to fail to converge toward, or were to diverge further from, the Adviser's expectations, a loss may be incurred. In addition, relative value trading is extremely competitive. The Adviser competes with a large number of firms, many of which have substantially greater financial resources as well as larger research and trading staffs than are available to the Adviser.
- With **arbitrage strategies**, the Adviser attempts to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent that leverage has been employed.
- Trading of **options** involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the

underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Trading option volatility is one of the most complex of all investment strategies and requires significant quantitative and mathematical resources and capabilities. Substantial losses could be incurred as a result of the Adviser's trading of option volatility.

- Trading of **commodities and futures contracts** are highly specialized activities that may entail greater than ordinary investment risks. A relatively small price movement in a commodity futures contract may result in substantial losses. Commodity futures trading may also be illiquid. A Fund may invest in certain commodities markets, including energy and energy-related markets, metals, agriculture and crude oil, through investments in derivative instruments (including futures). Energy and energy-related markets are susceptible to significant short-term price volatility, potentially to a greater extent than the financial instruments markets. The price of metals has fluctuated widely over the past several years. Several factors may affect the price of metals by influencing global supply and demand. Trading in agricultural products is subject to the risks affecting supply and demand, including climatic conditions, transportation difficulties and natural disasters.
- In the US, the CFTC and certain other exchanges have established **speculative position limits** on the maximum net long or short futures and options positions which any person or group of person acting in concert may hold or control in particular futures contracts. Such limits may require a Fund to liquidate certain positions more rapidly than might otherwise be desirable, or not trade certain positions in order to avoid exceeding the limits, and could thereby adversely affect performance in a Fund.
- The Adviser may enter into **swaps, total return swaps and other derivative instruments** with or through third parties. Depending on how they are used, swap agreements may increase or decrease the overall volatility of a Fund's portfolio. If a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses to a Fund.
- The Adviser may invest in **non-U.S. securities and sovereign debt securities issues by governments and their agencies, including governments of emerging market nations**. In addition, investing in the securities of governments that are not denominated in the U.S. dollar and the utilization of options on such securities involves certain considerations comprising both risks and opportunities not typically associated with investing in

securities of the United States government or United States companies. Investing in instruments of government issuers may involve significant economic and political risks. Investments that are not denominated in US dollars are subject to the risk that the value of a particular currency will change in relation to one or more other currencies.

- The Adviser may invest in **mortgage-backed securities and asset-backed securities**. The investment characteristics of certain mortgage-backed securities differ from those of traditional fixed income securities. The major differences include the payment of interest and principal on the securities on a more frequent schedule and the possibility that principal may be prepaid at any time due to prepayments on the underlying mortgage loans or other assets. These differences can result in significantly greater price and yield volatility than is the case with traditional fixed income securities. Asset-backed securities are subject to interest rate risk and, to a lesser degree, prepayment risk. Mortgage-backed securities issued by the Federal National Mortgage Association (“FNMA”) or Federal Home Loan Mortgage Corporation (“FHLMC”) are guaranteed as to timely payment of principal and interest by FNMA or FHLMC, but are not backed by the full faith and credit of the U.S. government. The impact of regulatory reforms on the markets for MBS is currently unknown. It is difficult, if not impossible, to predict the future political, regulatory or economic changes that could impact FNMA, FHLMC and the Federal Home Loan Banks, and the values of their related securities or obligations.
- There can be **no assurance** that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments.
- Prices of investments may be **volatile**, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Adviser’s activities and the value of its investments.
- **Competitive investment activity** by other firms tends to reduce the Adviser’s opportunity for profit by reducing the magnitude as well as the duration of the market inefficiencies which it seeks to exploit.
- Debt instruments, options, swaps, swaptions, derivative or synthetic instruments, forward contracts, or other over-the-counter transactions are subject to **credit risk** with regard to counterparties and may also bear the risk of **settlement default**.
- **Derivative financial instruments** impose certain risks and may involve the use of leverage. These risks include:
  - (1) credit risks (the exposure to the possibility of loss resulting from a counterparty’s failure to meet its financial obligations);

- (2) market risk (adverse movements in the price of a financial asset);
  - (3) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could preempt otherwise enforceable contract rights);
  - (4) operations risk (inadequate controls, deficient procedures, human error, system failure or fraud);
  - (5) documentation risk (exposure to losses resulting from inadequate documentation);
  - (6) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative);
  - (7) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system);
  - (8) concentration risk (exposure to losses from the concentration of closely related risks); and
  - (9) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).
- **Short sales** can, in certain circumstances, substantially increase the impact of adverse price movements. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.
  - The Adviser may invest in securities that are **illiquid or thinly-traded**, making the purchase or sale of such securities at desired prices or in desired quantities difficult or impossible. Furthermore, the sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value any such investments accurately.
  - The Adviser may enter in **hedging transactions** with the intention of reducing or controlling risk. However, even if the Adviser is successful in doing so, the hedging may reduce a Fund's returns. Furthermore, it is possible that hedging strategies will not be effective in controlling risk, and hedges might not be static but rather might need to be continually adjusted based on the Adviser's assessment of market conditions. The Adviser will not, in general, attempt to hedge all market or other risks inherent in a portfolio's positions, and will hedge certain risks only partially, if at all. Any hedging of currency

exposure will primarily involve hedging back to the US dollar, but in certain circumstances may involve other hedging activities. If such hedges generate losses in any month or quarter, the Adviser may liquidate a portion of the portfolio to cover such losses.

- Although it does not currently do so, the Global Investments Funds may invest in **equities and equity derivatives**. The value of these instruments generally will vary with the performance of the issuer and movements in the equity markets. Regarding equity derivatives, the Fund is exposed to risks that issuers will not fulfill their contractual obligations to the Fund.
- Certain of the Adviser's strategies may use **quantitative valuation models** that it has developed, as well as valuation models developed by third parties. As market dynamics shift over time, a previously highly successful model is subject to becoming outdated or inaccurate, likely with the Adviser being able to recognize that fact before substantial losses are incurred. There can be no assurance that the Adviser will be successful in continuing to develop and maintain effective quantitative models.
- The Adviser has **one manager**, Mr. Rod Gancas. In the event that Mr. Gancas should become unable to perform his duties at the Adviser, the Clients may be adversely affected.
- The Adviser may face **cyber-security threats** in that various cyber and other security threats, including malicious software, may successfully gain unauthorized access to the Adviser's information technology system that could lead to disruptions to critical systems, unauthorized release of confidential or otherwise protected information, and/or corruption of the Adviser's data, networks or systems.

Over time the Adviser has developed, and continues to develop, a risk management framework intended to facilitate the monitoring of portfolio and other risks.

## Item 9 – Disciplinary Information

Investment Advisers registered with the SEC are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Adviser or the integrity of the Adviser's management. The Adviser has no disclosures to make in this regard about any of its management persons, employees or the firm itself.



#### Item 10 – Other Financial Industry Activities and Affiliations

- A. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. FSCM is a registered commodity pool operator and commodity trading advisor with the U.S. Commodity Futures Trading Commission (“CFTC”). FSGP is a registered commodity pool operator with the CFTC. FSCM Monaco is a registered commodity trading advisor with the CFTC and a management company duly authorized by the Commission de Contrôle des Activités Financières (the “CCAF”). Note that both the Adviser and the Funds have claimed “registration lite” exemptions under CFTC Rule 4.7 which provides relief from certain disclosure and periodic reporting requirements.  
  
FSCM, FSGP and FSCM Monaco are Members of the National Futures Association (“NFA”). As such, various persons associated with the Adviser are registered with the NFA as associated persons and/or principals of the Adviser.
- C. Except for FSGP, which is the general partner entity that acts as a sponsor of the Legacy Domestic Fund and the Global Investments Domestic Fund, as well as FSCM Monaco, the Adviser and its management persons have no relationships or arrangements with advisory affiliates or persons under common control with the Adviser that are material to its advisory business, its Clients or its Investors. The Adviser does not believe that this structure creates a conflict of interest to Clients or Investors.
- D. The Adviser does not recommend or select other investment advisers for its Clients.

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

- A. **Code of Ethics** - The Adviser has adopted a Code of Ethics (contained in its Compliance Manual) for all employees of the Adviser describing its high standard of business conduct and fiduciary duty to its Clients. The Code of Ethics and Compliance Manual include provisions relating to, among other things: confidentiality of Client information; prohibitions on insider trading, “pay-to-play” and market manipulation; restrictions on the acceptance of significant gifts and political contributions; reporting of certain gifts and entertainment and outside activities; and personal securities trading procedures. Generally, all employees of the Adviser must acknowledge the terms of the Code of Ethics and the Compliance Manual semi-annually.

Pursuant to the Code of Ethics, subject employees are prohibited from owning for their personal accounts securities of any issuer listed on the Adviser's restricted list. In addition,

for subject employees, all transactions in “covered securities” (if not prohibited), require pre-clearance by the CCO or his/her delegate. The term “covered securities” is specifically defined in the Code of Ethics and generally includes all debt and equity securities (including direct obligations of the US government and ETFs), as well as options, futures and commodities, with certain limited exceptions pursuant to SEC rules and regulations.

The Adviser’s Clients, Investors, or prospective Investors or Clients may request a copy of the Adviser’s Code of Ethics and excerpts of the Compliance Manual by contacting the CCO at (212) 768-0000 or by email at [info@fscm.com](mailto:info@fscm.com).

- B. Transactions in Securities where Adviser has Material Financial Interest** – Neither the Adviser nor any of its related persons recommend to the Funds or the Separate Account, or buy or sell for the Funds or the Separate Account, securities in which the Adviser has a material financial interest.

Please note however that principals of the Adviser as well as other key employees of the Adviser may maintain substantial investments in the Funds, so in this regard, the Adviser may in fact be recommending securities in which it does have a material financial interest. Neither the Adviser nor any of its related persons buy or sell securities to or from the Funds or the Separate Account as principal (a “principal transaction”). The Adviser would only complete such a transaction in accordance with the requirements of Section 206(3) of the Advisers Act. All potential principal transactions would be brought to the attention of the CCO and Mr. Gancas prior to execution so that the proper course of action can be determined.

Except for the two Master Funds, which act as the investing entity for their respective Feeder Funds, neither the Adviser nor any of its related persons act as a general partner or investment manager in a Fund in which other Funds are solicited to invest. Neither the Adviser nor any of its related persons act as an investment adviser to an investment company that it recommends to the Funds or the Separate Account.

- C., D. Investing in Securities Recommended to Clients; Contemporaneous Trading.** The Adviser has no proprietary trading accounts and therefore would not invest in the same (or related) securities that the Funds or Separate Accounts are invested in.

The Code of Ethics and the Compliance Manual provides that each employee has the responsibility to be sure that they are not benefitting in any personal investments at the expense of Clients, that the employee is not in any way taking advantage of or “trading on” knowledge of the impact of Client transactions upon the market price of the employee’s own securities, and that the employee is not damaging the employee’s own or the Adviser’s reputation by trading on the Adviser’s recommendations to its Clients.

Therefore, the Code of Ethics contains specific policies and procedures regarding restrictions on personal trading for subject employees as described above in Item 11(A).

While it is theoretically possible that an employee of the Adviser may hold the same security that a Client holds, or transact in the same security that a Client is transacting in, the Adviser believes that the potential conflict of interest that is present in such situations is minimal due to the nature of the Funds' primary holdings. Nevertheless, the Adviser has implemented pre-clearance requirements as described in Item 11(A) and monitoring of employees' personal security accounts transaction and holdings reports on a regular basis in order to identify and address any potential or actual conflicts of interest that might arise, including without limitation, front-running, market manipulation or insider trading.

## **Item 12 – Brokerage Practices**

**A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions** - Generally, in determining which broker or dealer to use, the Adviser looks at the character of the market for the security, including, but not limited to, the security's price, volatility, and liquidity, as well as the size and type of transaction.

Specifically, in making any such determination, the Adviser may consider one or more factors, including, without limitation:

- the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- the operational efficiency with which transactions are effected and the efficiency of error resolution, taking into account the size of order and difficulty of execution;
- the financial strength, integrity and stability of the broker;
- special execution capabilities;
- clearance;
- settlement;
- reputation;
- on-line pricing;
- block trading and block positioning capabilities;
- willingness to execute related or unrelated difficult transactions in the future;
- order of call;
- quality of on-line access to computerized data regarding Clients' transactions;
- performance measurement data;

- the quality, comprehensiveness and frequency of available research and related services considered to be of value;
- provision of the opportunity to participate in capital introduction events sponsored by the broker-dealer, provided the Adviser is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors;
- referral of Investors to the Adviser, if otherwise consistent with seeking best execution.

In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a Client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The PAC meets quarterly to evaluate, among other things, the broker-dealers used by the Adviser to execute Client trades using the foregoing factors.

- 1. Research and Other Soft Dollar Benefits** - Although it currently does not do so, the Adviser is permitted pursuant to the Funds' Offering Memoranda to utilize "soft dollar" credits generated by brokerage of the Fund to pay for research and or other products or services other than execution from a broker-dealer or a third party under the "safe harbor" provided by Section 28(e) of the U.S. Securities and Exchange Act of 1934, as amended. Section 28(e) provides a safe harbor for advisers that receive "soft dollar" benefits that are limited to certain research and brokerage products and services.
  - a. In the event the Adviser were to utilize "soft dollars" as described above, it would receive a benefit because it would not have to produce or pay for the research or brokerage products or services.
  - b. In the event the Adviser were to utilize "soft dollars" as described above, it may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or brokerage products or services, rather than on the Clients' interest in receiving most favorable execution.
  - c. In the event the Adviser were to utilize "soft dollars" as described above, this practice may cause Clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for "soft dollar" benefits (known as "paying-up").

- d. In the event the Adviser were to utilize “soft dollars” as described above, the “soft dollars” generated by one Client’s account may be used by the Adviser to service that account as well as others and that “soft dollar” benefits possibly may be applied disproportionately to the soft dollar credits that an account generates.
- e. During the past fiscal year, neither the Adviser nor any of its related persons acquired any products and services with Client brokerage commissions (or markups or markdowns). However, note that research reports (on markets generally), introduction of Investors to a Fund or Separate Account, either through a capital introduction event or otherwise, attendance at certain seminars and conferences and discussions with research analysts may be acquired from various broker-dealers that the Adviser utilizes as either an executing broker or prime broker for the Funds and the Separate Account. These products and services are not provided with “soft dollar” credits generated by specific trades, but rather would be provided by the broker-dealer because of the Adviser’s ongoing relationship with the broker-dealer.
- f. During the past fiscal year, neither the Adviser nor any of its related persons directed any Client transactions to a particular broker-dealer in return for “soft dollar” benefits.

***Note that the Adviser presently does not utilize “soft dollars” credits generated by brokerage of the Funds to pay for research or brokerage services.***

- 2. Brokerage for Client Referrals** - Currently, the Adviser does not consider, in selecting or recommending broker-dealers, whether it or a related person receives Client referrals from a broker-dealer or third party. At a later time, the Adviser may consider this factor in selecting or recommending broker-dealers.
- 3. Directed Brokerage** - The Adviser does not recommend, request or require that a Client direct it to execute transactions through a specified broker-dealer (“directed brokerage”).

**B. Order Aggregation** - The Adviser has and may in the future determine that certain investments will be suitable for acquisition or disposition by two or more Clients and in such cases the Adviser will allocate those investments in a manner which it believes is fair and equitable over time to all affected Clients.

The ability of one or more of the Clients to invest in the same investment or to invest in the same amounts or on the same terms may be adversely affected by any limitation on the availability of the investment. In addition, the Adviser may be required to choose among one

or more of the Clients in allocating investments, and must consider a variety of factors when choosing to allocate investments among the Clients, as described below. Notwithstanding the foregoing, as stated above, the Adviser will allocate investment opportunities among Clients in a manner which it believes is fair and equitable to all Clients over time.

As set forth below, the Adviser must take into account various considerations related to specific Client groups when making allocation decisions.

#### *Legacy Funds vs Separate Account Allocations*

As between the Legacy Funds and the Separate Account, the Adviser must generally enter trades for them with the intention that the performance of the Legacy Master Fund and the Separate Account be substantially similar. Trading of the Legacy Master Fund and the Separate Account will therefore follow a similar strategy and trades generally will be allocated on a pro rata basis, subject to the Pro Rata Policy and Procedure as set forth below. Allocation of investments as between the Legacy Master Fund and the Separate Account generally will not be made on an independent basis subject to certain investment limitations on the Separate Account (e.g. position limits).

#### *The Legacy Funds/Separate Account vs. The Global Investments Funds*

The investment objectives and investment strategies implemented by the Legacy Funds/Separate Account are similar to those of the Global Investments Funds, except that the Legacy Funds/Separate Account also employ relative value trading strategies that are not generally expected to be employed by the Global Investments Funds other than during periods of significant market dislocation.

Notwithstanding the similar strategies between the Legacy Funds/Separate Account and the Global Investments Funds, the Adviser may determine that certain global macro or volatility investment opportunities are appropriate for the Legacy Funds/Separate Account but not the Global Investments Funds, and vice versa. Allocation of investments as between the Legacy Funds/Separate Account and the Global Investments Funds may be made on an independent basis (e.g. 100% allocation to the Global Investments Funds and 0% allocation to the Legacy Funds/Separate Account with respect to a particular trade) or on a pro rata basis, subject to the Pro Rata Policy and Procedure as set forth below, depending on the various factors set out below.

### Pro Rata Policy and Procedure

In the event the Adviser determines that a pro rata allocation methodology will be used, the Adviser will utilize the appropriate allocation ratio according to the following specifications:

(i) as between the Legacy Funds and Separate Account, the Adviser will utilize an allocation ratio reflecting the relative assets under management (the “Asset Based Allocation Ratio”); and

(ii) as between the Legacy Funds/Separate Account and the Global Investments Funds, the Adviser will utilize an allocation ratio reflecting both relative assets under management as well as the applicable investment management and risk management guidelines (the “Enhanced Allocation Ratio”). The relative size of trades allocated between the Legacy Funds/Separate Account and the Global Investments Funds generally will reflect the generally higher risk profile of the Global Investments Funds as compared to the Legacy Funds/Separate Account.

Trades already existing on the date a new Asset Based Allocation Ratio or Enhanced Allocation Ratio becomes effective, as the case may be, may or may not be scaled to track the newly effective ratio and may continue to be managed at a ratio other than the newly effective ratio, depending on a variety of factors, including without limitation, pricing, liquidity and overall risk considerations.

The Adviser will reassess both the Asset Based Allocation Ratio and the Enhanced Allocation Ratio monthly and revise either or both as necessary, e.g., whenever there has been a significant change in relative assets of Clients or, as between the Legacy Funds/Separate Account and the Global Investments Funds, revisions to the investment management and risk management guidelines.

The following factors, among others, may be considered with respect to each respective Client in determining that an allocation other than pro rata as described above is appropriate: the investment objectives and guidelines of each Client; risk management guidelines; relative historical participation of a Client in the proposed investment and related exposure considerations; cash and liquidity needs of each of the Clients; ability to borrow and the cost of borrowed funds; regulatory differences among the Clients; legal restrictions, including those that arise in foreign jurisdictions; tax status differences among the Clients; nature and size of the trade allotment made available to Clients; new Clients with substantial amount of investable cash; and the need to avoid odd-lots.

If the Firm determines to buy or sell the same security on behalf of the Funds and the Separate Account, the Adviser may, but shall be under no obligation to, aggregate (to the extent permitted by applicable law and regulations) the securities to be purchased or sold in

order to seek more favorable prices, lower brokerage commissions or more efficient execution. In such case, the Adviser's trading personnel will place an aggregate order with the broker on behalf of all such Funds and the Separate Account. The trading personnel will determine the appropriate amount of securities to place with brokers and will select the appropriate brokers based upon the trading personnel's determination of who will likely provide best execution. Each Client that participates in an aggregated order that is executed in more than one transaction generally will participate at the weighted average price.

The PAC reviews allocations and aggregated trades at each of its quarterly meetings.

It is the Adviser's general policy that the Adviser will not engage in cross-trading between Client accounts. In the event that a portfolio manager or trader were to recommend that a cross-trade be undertaken, the Adviser's Compliance Manual contains policies and procedures to address the conflicts of interest that may arise in such a case, including prior written approval from the CCO and Mr. Gancas before execution of any such trade. The PAC would review all cross-trades that occurred during the prior quarter.

### **Item 13 – Review of Accounts**

- A. Frequency and Nature of Review** – The portfolio manager(s) and analysts of the Adviser regularly evaluate the portfolios of the Funds and the Separate Account on a real-time basis. The Funds are actively managed by the respective portfolio manager(s) of each Fund through daily position sizing evaluations, liquidity reviews, hedging adjustments and overall maintenance of the stated portfolio parameters as set forth in the Offering Memoranda or investment advisory agreement (as applicable). A quarterly PAC meeting is held to provide oversight over trading for the Funds and the Separate Account.
- B. Factors Prompting a Non-Periodic Review of Accounts** – The Funds and the Separate Account are actively managed and are reviewed regularly throughout the trading day.
- C. Content and Frequency of Regular Account Reports** –

*Reports Provided to Investors in the Funds* – (i) audited financial statements within approximately ninety (90) days after the end of each fiscal year, (ii) information necessary for the preparation of a tax return, (iii) a monthly account balance statement from the Funds' administrator, (iv) monthly unaudited reports of the performance of the Funds, (v) monthly unaudited risk reports, (vi) weekly unaudited estimates of the net returns of the Funds, and (vii) to the extent not included in the reports described in (i) – (vi) above, certain other reports regarding leverage and liquidity of the Fund shall be made available periodically and in no event less than annually. Customized portfolio risk reports through third party vendors may be obtained by Investors at their discretion and at their expense.



Although the Adviser will use its best efforts to provide timely tax information to Investors, it is possible that it may be late in providing tax information, and Investors should be prepared to file for extensions with the relevant Federal and State taxing authorities.

Certain Investors have entered into, and certain Investors in the future will enter into, “side letter” agreements with the Adviser which contain terms granting them different liquidity rights, fee arrangements and/or access to additional reporting from the Adviser. These terms are not generally available to other Investors and as a result, Investors who have entered into such side letters may be able to redeem from a Fund or otherwise act on information earlier than other investors.

*Reports Provided to Separate Account Investors* – Separate Account Investors receive the information as agreed upon in their agreement with the Adviser.

All reports described above are written (although some may be delivered electronically).

#### **Item 14 – Client Referrals and Other Compensation**

- A. Economic Benefits Received from Non-Clients for Providing Services to Clients** – The Adviser has no arrangements whereby a party who is not a Client compensates or otherwise provides an economic benefit to the Adviser for providing services to Clients.
- B. Compensation to Non-Supervised Persons for Client Referrals** – The Adviser has no third party placement agents or solicitors who are compensated directly or indirectly by the Adviser for referral of Investors to its Funds.

#### **Item 15 – Custody**

The Adviser has “custody” of Client assets in the Funds for purposes of Rule 206(4)-2 of the Investment Advisers Act of 1940. However, the Funds undergo an annual audit by a PCAOB auditor, therefore this item is inapplicable. The Custodians for the Funds are identified in ADV Part 1. Note that the Adviser is not deemed to have “custody” of the Separate Account assets.

#### **Item 16 – Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis to Clients. Please see Item 4 for a description of any limitations Clients may place on the Adviser’s discretionary authority.

Prior to assuming full discretion in managing a Client's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a Client, the Adviser has the authority to determine (i) the securities to be purchased and sold for the Client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines), and (ii) the amount of securities to be purchased or sold for the Client account. Because of the differences in Client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among Clients in invested positions and securities held.

The Adviser has discretionary authority from the outset of its advisory relationship with each Fund to select the identity and amount of securities to be bought or sold for its portfolio. In all cases, however, such discretion is exercised by the Adviser in a manner consistent with the stated investment objectives and guidelines for the particular Fund account, as these are set forth in the Offering Memoranda. Investors have no ability to request or direct a change in the stated investment objectives and guidelines for the Fund that they are investing in.

For Investors in the Legacy Domestic Fund and Global Investments Domestic Fund, upon execution of the subscription documents, each investor agrees to be bound by the respective Fund's partnership agreement (which appoints the Adviser as investment adviser to the Fund pursuant to and subject to the terms of an investment advisory agreement).

For Investors in the Legacy Offshore Fund and Global Investments Offshore Fund, upon execution of the subscription documents that are accepted by the Adviser on behalf of the relevant Fund, each investor has purchased shares of such Fund. The Legacy Offshore Fund and Global Investments Offshore Fund each are organized in the Cayman Islands pursuant to Articles of Incorporation, which have been approved by its Board of Directors. The Board of Directors has approved the appointment of the Adviser to each such Fund to manage the assets of the Fund, and the Board of Directors may, with a unanimous vote, remove the Adviser if it sees fit to do so. In addition, pursuant to the Offshore Feeder Fund's and the Global Investments Offshore Feeder Fund's subscription document, Investors appoint Elian Fiduciary Services (Cayman) Limited, with full power of substitution, as its proxy for the purpose of voting their shares. Such proxy is revocable by the Investor upon written notice.

For the Separate Account Investor, the Adviser has discretionary authority from the outset of its advisory relationship to select the identity and amount of securities to be bought or sold for its portfolio. In all cases, however, such discretion is exercised by the Adviser in a manner consistent with the stated investment objectives and guidelines for the particular account, as these are set forth in the investment management agreement. Investors have no ability to request or direct a change in the stated investment objectives and guidelines for a Separate Account without an amendment to the investment management agreement.

#### **Item 17 – Voting Client Securities**

The Adviser has the authority to vote proxies for securities held in Fund and Separate Account portfolios. The Adviser's proxy voting policy was adopted in accordance with SEC Rule 206(4)-6 and calls for it to exercise its duty of care and loyalty to its Investors with respect to monitoring corporate events and exercising proxy authority. At the present time, the Firm does not transact in any securities that require proxy voting. The proxy voting policy summarized below would be applied by the Adviser in the future in the event the Firm does begin to transact in any such securities.

The Adviser's policy is to vote – not abstain from voting – on all issues presented on portfolio securities held for its Clients. The Adviser will consider all issues presented for a vote of security holders from an investment point of view and vote in the best investment interests of the beneficial owners of the Client account holding the securities that are being voted, with the goal of maximizing the long-term value of the Client account.

All employees of the Adviser have a duty to report any potential conflict of interest of which they become aware regarding voting on behalf of Client accounts. The Adviser will consider all potential conflicts of interest brought to its attention, or that otherwise come to its attention, and will determine whether there exists a material conflict of interest with respect to the vote in question. A conflict of interest will be considered material to the extent it is determined that such conflict has the potential to influence the Adviser's decision-making regarding the vote. Where it is deemed that a material conflict of interest does not exist, the Adviser may cast such vote, subject to the duty to act solely in the best interest of the beneficial owners of Client accounts holding the securities that are being voted. Where it is determined that a material conflict of interest does exist, and if the issue is specifically addressed in the Adviser's proxy voting policies and procedures, the Adviser will vote in accordance with the stated policies. In a situation where the issue is not specifically addressed in the policies and an apparent or actual

conflict exists, the Adviser shall either: (a) delegate the voting decision to an independent third party; (b) inform the Client of the conflict of interest and obtain advance requisite consent; or c) not vote.

The Adviser generally will not vote proxies in situations where its position, across all Client Accounts is an immaterial position (less than or equal to 1% of outstanding voting equity), or when the Adviser receives a proxy for a security which it no longer holds in the portfolio of any Client account.

Absent good reason to the contrary, the Adviser will generally give substantial weight to management recommendations regarding voting, and will vote for routine matters in favor of management proposals. Non-routine matters will be voted on a case-by-case basis, given the often complex nature of these issues.

Investors in the Funds and the Separate Account may not direct the Adviser's vote in any proxy solicitation.

Clients may obtain a copy of the Adviser's complete proxy voting policies and procedures upon request. Clients may also obtain information from the Adviser about how it voted any proxies on behalf of their account. Please contact the Adviser at 212 768-0000 or via e-mail at [info@fscm.com](mailto:info@fscm.com).

#### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the Adviser's financial condition. The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.