

PART 2A OF FORM ADV
FIRM BROCHURE

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&
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March 30, 2012

This brochure provides information about the qualifications and business practices of QCM Cayman, Ltd. (“QCMC”) and Quantlab Capital Management, LLC (“QCML”, together with QCMC, referred to herein as “Quantlab”). If you have any questions about the contents of this brochure, please contact Mark Hansen at 713-333-5445 or by email at MHansen@Quantlab.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.

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

QCMC and QCML are registered as investment advisers with the SEC under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”).

SEC registration does not imply a certain level of skill or training

ITEM 2 – MATERIAL CHANGES

If you are amending your *brochure* for your annual update and it contains material changes from your last annual update, identify and discuss those changes on the cover page of the *brochure* or on the page immediately following the cover page, or as a separate document accompanying the *brochure*. You must state clearly that you are discussing only material changes since the last annual update of your *brochure*, and you must provide the date of the last annual update of your *brochure*.

Quantlab is updating its Brochure as of March 30, 2012, as part of its annual amendment filings. The following is a summary of the material changes made since Quantlab last annual update on March 31, 2011.

On May 31, 2011, Quantlab submitted an other-than-annual update to include Quantlab Capital Management, LLC as an affiliated registered investment adviser of QCMC.

In addition, Quantlab has also made certain clarifying amendments to the Brochure.

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ITEM 4 – ADVISORY BUSINESS

Item 4.A	<p>Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).</p> <p>QCM Cayman, Ltd. (“QCMC”) was formed on 11/10/1998 and became registered with the SEC as an investment adviser on May 24, 2001. Quantlab Capital Management, LLC (“QCML”, together with QCMC, referred to herein as “Quantlab”) was formed in August 2010 and became registered with the SEC as an investment adviser on June 13, 2011 per rule 203A-2(c). Both entities are under common control and subject to the same compliance program.</p> <p>QCMC provides discretionary investment advisory services, including, but not limited to, managing and directing the investment and reinvestment of assets for private investment funds, via a master-feeder structure to the following entities:</p> <ul style="list-style-type: none"> ○ Quantlab Trading Partners US, LP, a Delaware limited partnership (“QTP US”) ○ Quantlab Trading Partners Offshore, Ltd., a BVI closed-ended investment vehicle (“QTPO”) ○ Quantlab Trading Partners, LP., a Cayman Islands exempted limited partnership (“QTP” and “Master Fund”) <p>QCML provides discretionary investment advisory services, including, but not limited to, managing and directing the investment and reinvestment of assets for private investment funds, via a master-feeder structure to the following entities:</p> <ul style="list-style-type: none"> ○ Q1 Partners US, LP, Delaware limited partnership (“Q1P US”) ○ Q1 Offshore Feeder, Ltd., a BVI closed-ended investment vehicle (“Q1OF”) ○ Q1 Partners, LP, a Cayman Islands exempted limited partnership (“Q1” and “Master Fund 1”, together with the Master Fund, the “Master Funds”) <p>Each of QTP US, QTPO, QTP, Q1P US, Q1OF, and Q1, may be referred to individually in this Brochure as a “Fund” and together as the “Funds” or “Advisory Clients”. The terms for each Fund are disclosed in the Fund’s Term Sheets (as applicable) that are provided to prospective investors prior to investment.</p> <p>It should be noted that in addition to the Funds listed above, Quantlab may also act in an investment advisory capacity to certain wholly-owned subsidiaries and trading vehicles of the Funds used to carry out certain investment objectives of the Funds, The “Trading Vehicles”). For example, certain entities were set-up for the sole purpose of trading certain foreign securities that are not allowed to be traded in the Funds for various tax and legal reasons. Such Trading Vehicles are not offered to investors and are wholly owned subsidiaries of Quantlab and its entities.</p> <p>The Trading Vehicles are as followed QCMC and QCML:</p>
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	<p><u>QCMC</u></p> <ul style="list-style-type: none"> ○ Q2 Partners, LP, a Delaware limited partnership wholly owned by QTP ("Q2") ○ Q5 Ltd., a BVI business company ("Q5") ○ QTPM Limited, a limited liability company registered and incorporated under the laws of Malta ("QTPM") <p><u>QCML</u></p> <ul style="list-style-type: none"> ○ Q1 E, LP, a Delaware limited partnership wholly owned by Q1 ("Q1E") ○ Q1 Offshore Partners, Ltd., a BVI business company ("Q1OP") ○ Q1M Limited, a limited liability company registered and incorporated under the laws of Malta ("Q1M") <p>For purposes of this Brochure, Q2, Q5, Q1E, Q1OP, Q1M, and QTPM are not included in the terms "Advisory Clients" or "Funds" but are only contemplated and included in the calculation for Item 4.E below.</p> <p>QCMC and QCML (for each of their respective Funds) each act as the trading manager of each Fund and serve as both investment manager and general partner (for QTP US and Q1P US only).</p> <p>It should also be noted that an affiliate of Quantlab, Quantlab Securities, LP ("QLS") is registered as a broker-dealer and is a member firm of the Financial Industry Regulatory Authority ("FINRA"). QLS provides order routing services to Quantlab's Advisory Clients. Furthermore, Quantlab Technologies Ltd. ("QLT"), owns directly and indirectly the software intellectual property that was developed by Quantlab Financial, LLC (the 100% owner of Quantlab) ("QLF") and is used by Quantlab to manage the Funds. It should also be noted that QLT pays QLF to maintain the software.</p> <p>QLF is the sole owner of Quantlab. Bruce Eames serves as the Managing Member and Chief Executive Officer of QLF.</p> <p>It should be noted that Quantlab does not have any direct employees. It utilizes employees of its parent, QLF, to carry on its services.</p>
Item 4.B	<p>Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.</p> <p>Quantlab provides investment advisory services to pooled investment vehicles operating as private investment funds. Quantlab advises such proprietary investment vehicles for employees of QLF and selected investors who have strategic relationships with QLF or its principals. Quantlab is <u>not</u> offering interests in its Funds to investors not in these groups.</p> <p>Quantlab's general investment objective for its clients is to seek to generate short-term capital appreciation with volatility that is substantially lower than that of the equity market and returns that demonstrate little or no correlation with either</p>

	<p>equity or fixed income markets. In this regard, Quantlab utilizes a number of proprietary investment technologies that are automated and quantitatively based technologies, utilizing state of the science modeling methodologies. The limited capacity and nature of this strategy make it suitable for a very limited, select group of investors.</p> <p>Quantlab generally imposes no limits on the types of securities or other instruments in which it (on behalf of its Advisory Clients) may take positions, the types of positions it may take, the concentration of its investments, or the amount of leverage that may be employed including the extent of margin trading and short positions. Quantlab retains broad discretion to employ any securities trading or investment techniques, including equity derivatives. There can be no assurance that the investment objectives of the Funds will be achieved.</p>
Item 4.C	<p>Explain whether (and, if so, how) you tailor your advisory services to the individual needs of <i>clients</i>. Explain whether <i>clients</i> may impose restrictions on investing in certain securities or types of securities.</p> <p>Quantlab utilizes automated technology in order to effect its trading. As such, Quantlab is unable to tailor its advisory services to the individual needs of investors nor able to accept investor-imposed investment restrictions with respect to the Funds.</p> <p>When deemed appropriate for a large or strategic investor, Quantlab may establish a Managed Account that will still be unable to tailor its investment objectives to those of the specific investor but may be subject to different terms and/or fees than those of the Funds. Such fee arrangements and terms would be individually negotiated and it should be noted that any such future relationships may be subject to a minimum investment size and other possible special requirements. Currently, Quantlab has no such arrangements.</p> <p>In addition, Quantlab, in its sole discretion, may (through the use of side letters or other agreements), in effect, negotiate special provisions, waive or reduce the Management Fee and/or Special Profit Allocation (each as defined below) to be paid to it or its affiliates by investors that are principals, employees or affiliates of QLF or relatives of such persons and for certain large or strategic investors and/or modify the withdrawal/redemption terms for such investors.</p> <p>Notwithstanding the above, some investors do receive enhanced portfolio transparency. Quantlab shall have no obligation to offer such transparency to all Investors.</p>
Item 4.D	<p>If you participate in <i>wrap fee programs</i> by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.</p> <p>Quantlab does not participate in wrap fee programs.</p>

<p>Item 4.E</p>	<p>If you manage <i>client</i> assets, disclose the amount of <i>client</i> assets you manage on a <i>discretionary basis</i> and the amount of <i>client</i> assets you manage on a <i>non-discretionary basis</i>. Disclose the date “as of” which you calculated the amounts.</p> <p>As of December 31, 2011, QCMC manages \$ 372,723,897 of Advisory Client regulatory assets under management on a discretionary basis and QCML manages \$ 53,546,281 of Advisory Client regulatory assets under management on a discretionary basis.</p>
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ITEM 5 – FEES AND COMPENSATION

<p>Item 5.A</p>	<p>Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.</p> <p>Quantlab charges management fees that are based upon a set percentage of assets under management. In addition, QLT and Quantlab receive a “Special Profit Allocation.” Set forth below are summaries of the fees payable by investors in the Funds. It should be noted that disclosure about the fees and other expenses applicable to an investment in the Funds is provided in the relevant Fund’s Term Sheets (as applicable), which are provided to prospective investors. Those operative documents should be carefully reviewed prior to making an investment in the Funds. Please note that Quantlab advises proprietary investment vehicles for employees of QLF and selected investors who have strategic relationships with QLF or its principals. Quantlab is <u>not</u> making an offer of its interests in its Funds to investors not in these groups.</p> <p><u>Asset-Based Fees:</u> As it relates to the Funds, Quantlab generally receives a Management Fee payable beginning of each month. The Management Fee is generally 0.125% (1.5% annually) of assets invested in the Master Funds to which Quantlab serves as general partner or investment manager).</p> <p><u>Special Profit Allocation:</u> In addition, consistent with the Investment Advisers Act of 1940, as amended ("Advisers Act") and Rule 205-3 thereunder to the extent applicable, QLT and Quantlab receive incentive allocations within the Master Funds from certain Advisory Clients generally based upon net profits allocable to each Fund Investor. As it relates to the Funds, Quantlab or its affiliates generally receive a Special Profit Allocation equal to 25% to 40% of a client’s monthly net profits, subject to a “high-water mark”.</p> <p>The fees detailed above are negotiable in that Quantlab reserves the right to reduce, waive or calculate differently such fees for certain investors. It should be noted that QLF principals, employees and two strategic consultants currently invested in the Funds are not charged such a Special Profit Allocation.</p> <p>The information contained herein is a summary only and is qualified in its entirety by the relevant Term Sheets (as applicable) of the Funds. Investors are encouraged to refer to these documents and/or contact Quantlab for additional information.</p>
<p>Item 5.B</p>	<p>Describe whether you deduct fees from <i>clients’</i> assets or bill <i>clients</i> for fees incurred. If <i>clients</i> may select either method, disclose this fact. Explain how often you bill <i>clients</i> or deduct your fees.</p> <p>Quantlab deducts fees from Fund Investors’ assets invested in the Funds. Fund Investors do not have the ability to choose to be billed directly for fees incurred.</p> <p>The information contained herein is a summary only and is qualified in its entirety by the relevant Term Sheets (as applicable) of the Funds. Investors are encouraged to refer to these documents and/or contact Quantlab for additional information.</p>

<p>Item 5.C</p>	<p>Describe any other types of fees or expenses <i>clients</i> may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that <i>clients</i> will incur brokerage and other transaction costs, and direct <i>clients</i> to the section(s) of your <i>brochure</i> that discuss brokerage.</p> <p>The Funds will bear their own expenses and their pro rata share of the Master Fund's expenses. The Master Funds will generally be responsible for payment of all costs and expenses incurred by or on behalf of the Funds including, without limitation, interest on the Funds' borrowings (on margin or otherwise), all costs and expenses associated with negotiating and entering into contracts and arrangements in the ordinary course of the Funds' business, all trading costs and expenses (such as, for example, expenses relating to short sales, brokerage commissions, clearing and settlement charges, custodial fees and service fees), all costs and expenses associated with the organization of the Funds or the offering or sale of interests therein (including, without limitation, filing fees and legal and accounting fees), all costs of communication with investors and potential investors, printing costs, and all third party bookkeeping, recordkeeping, administrative, legal agency, registrar, legal, accounting, tax preparation, professional, expert and consulting fees and expenses (including the fees and expenses of counsel for Quantlab) arising in connection with the Funds' business. As noted below, one of the expenses borne by the Funds are brokerage commissions paid to an affiliate of Quantlab, QLS. As noted below, the level of brokerage commissions paid to QLS is significant.</p> <p>Quantlab bears all of its other operating, general, administrative, and overhead costs and expenses, and does not charge the Master Fund for any thereof. The organizational expenses of the Funds were paid and expensed by each respective Fund.</p> <p>The information contained herein is a summary only and is qualified in its entirety by the relevant Term Sheets (as applicable) of the Funds. Investors are encouraged to refer to these documents and/or contact Quantlab for additional information.</p>
<p>Item 5.D</p>	<p>If your <i>clients</i> either may or must pay your fees in advance, disclose this fact. Explain how a <i>client</i> may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.</p> <p>As noted in Item 5.A, above, asset-based fees are generally charged at the beginning of each month based on the value of the relevant assets as of the first day of the month.</p> <p>With respect to terminating the investment advisory relationship, withdrawals/redemptions by investors in QTP US and Q1P US are generally permitted as of the last business day of each calendar month pursuant to written notice, which must be received by Quantlab at least 30 days prior to the applicable withdrawal/redemption date. In each case, withdrawals/redemptions will be subject to conditions and restrictions, which are also set forth in the relevant Fund's Term Sheets (as applicable).</p> <p>Quantlab /Board of Directors have the discretion to waive any of the above-listed withdrawal/redemption terms, including the notice period.</p>

	<p>Please note that QTPO and Q1OF are BVI closed-ended investment vehicles. The shareholders of these entities have no withdrawal rights. Quantlab expects to distribute net profits of the Master Funds, net of the Special Profit Allocation and all expenses including the Management Fee, on a regular and periodic basis. This may be as frequent as each month.</p> <p>The information contained herein is a summary only and is qualified in its entirety by the relevant Term Sheets (as applicable) of the Funds. Investors are encouraged to refer to these documents and/or contact Quantlab for additional information.</p>
Item 5.E	<p>If you or any of your <i>supervised persons</i> accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.</p> <p>Not applicable</p>
Item 5.E.1	<p>Explain that this practice presents a conflict of interest and gives you or your <i>supervised persons</i> an incentive to recommend investment products based on the compensation received, rather than on a <i>client's</i> needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to <i>clients</i>. If you primarily recommend mutual funds, disclose whether you will recommend “no-load” funds.</p> <p>Not applicable</p>
Item 5.E.2	<p>Explain that <i>clients</i> have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.</p> <p>Not applicable</p>
Item 5.E.3	<p>If more than 50% of your revenue from advisory <i>clients</i> results from commissions and other compensation for the sale of investment products you recommend to your <i>clients</i>, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.</p> <p>Not applicable</p>
Item 5.E.4	<p>If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.</p> <p>Note: If you receive compensation in connection with the purchase or sale of securities, you should carefully consider the applicability of the broker-dealer registration requirements of the Securities Exchange Act of 1934 and any applicable state securities statutes</p> <p>Not applicable</p>

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

If you or any of your *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your *supervised persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your *supervised persons* face by managing these accounts at the same time, including that you or your *supervised persons* have an incentive to favor accounts for which you or your *supervised persons* receive a *performance-based fee*, and describe generally how you address these conflicts.

As described in Item 5.A above, QLT and Quantlab receive a Special Profit Allocation from certain of the Advisory Clients. While each of the Master Funds managed by Quantlab pay a Special Profit Allocation, it should be noted that Quantlab reserves the right to reduce, waive or calculate differently such allocations for certain investors.

In addition, it should be noted that the possibility that Quantlab may receive a Special Profit Allocation creates a potential conflict of interest in that it may create an incentive to make investments that are riskier or more speculative than in the absence of such a Special Profit Allocation. Investors are provided with clear disclosure as to how a Special Profit Allocation is allocated with respect to a particular Master Fund and the risks associated with such Special Profit Allocation prior to making an investment. As noted previously, Quantlab uses a number of proprietary investment technologies that are automated and quantitatively based technologies, utilizing state of the science modeling methodologies. Such an automated process significantly decreases this conflict.

Quantlab recognizes that it is a fiduciary and as such must act in the best interests of the Funds and investors. Further, Quantlab recognizes that it must treat all clients fairly and must refrain from favoring one client's interests over another's. To this end, it should be reminded that Quantlab advises proprietary investment vehicles for employees of QLF and selected investors who have strategic relationships with QLF or its principals. Quantlab is not offering interests in its Funds to investors not in these groups.

ITEM 7 – TYPES OF CLIENTS

Describe the types of *clients* to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

Quantlab provides investment advisory services to pooled investment vehicles operating as private investment funds. The Funds offer interests/shares only to certain qualified investors and admission to the Funds is not open to the general public. The limited capacity and nature of this strategy make it suitable for a very limited, select group of investors. **Please note that Quantlab advises proprietary investment vehicles for employees of QLF and selected investors who have strategic relationships with QLF or its principals. Quantlab is not offering interests in its Funds to investors not in these groups.**

Each investor in the Funds must generally be “accredited investors” within the meaning of Regulation D under the Securities Act of 1933, and a “qualified client” under the Advisers Act as amended. It should be noted that several of QLF’s employees and related persons do invest directly in QTP US. Specifically, many of these employees do meet the definition of a “Knowledgeable Employee” as defined in the Investment Company Act Rule 3c-5 and as such do not need to meet all of the eligibility requirements. The Chief Compliance Officer of Quantlab is responsible for determining who is deemed a Knowledgeable Employee and monitors this on an ongoing basis. It should be also noted that investments in the Funds made by such parties may not be subject to a Special Profit Allocation.

Please note the investment minimum for the accounts of all of the Funds are all subject to the discretion of Quantlab.

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

<p>Item 8.A</p>	<p>Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that <i>clients</i> should be prepared to bear.</p> <p>As stated above, Quantlab (on behalf of its Advisory Clients) uses a number of proprietary automated investment technologies, utilizing state of the science quantitative modeling methodologies. All investment and research personnel employed by QLF are required to have post-graduate scientific or professional degrees, such as Ph.Ds or Masters.</p> <p>The Funds’ investment objective is to seek to generate short-term capital appreciation with volatility that is substantially lower than that of the equity market and returns that demonstrate little or no correlation with either equity or fixed income markets. As the core of its investment program, the Funds apply the QLT Technology. The QLT Technology is an automated and quantitatively based technology, utilizing financial modeling methodologies. The QLT Technology is the proprietary investment technology developed by affiliates of Quantlab and owned by Quantlab Technologies, Ltd., a BVI business company (“QLT”). No assurance can be given that these objectives will be achieved.</p> <p>The proprietary QLT Technology employs a market neutral strategy. Quantlab, through the use of the proprietary QLT Technology, takes advantage of its capability for high-frequency trading, and as such uses its quantitative driven investment computer programs to hold short-term positions in equities, options, ETFs, and other liquid financial instruments that can be traded electronically.</p> <p>The Master Funds also may engage in short selling, margin trading, hedging and other securities investment strategies as determined by Quantlab in its exclusive discretion. The Master Funds may also invest in futures, options and currencies to the extent permissible under registration exemptions and no-action positions adopted by the CFTC.</p> <p>Each of the Master Funds have broad and flexible investment authority. The Funds may have other strategies or engage in other activities than those described herein. The information contained herein is a summary only and is qualified in its entirety by the relevant Term Sheets (as applicable). Investors are encouraged to refer to these documents and/or contact Quantlab for additional information.</p> <p>An investment in the Funds may be deemed speculative and is not intended as a complete investment program. The Funds are designed only for experienced and sophisticated persons who are able to bear the risk of substantial impairment or total loss of their investment in the Funds.</p>
<p>Item 8.B</p>	<p>For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect</p>

	<p>investment performance, particularly through increased brokerage and other transaction costs and taxes.</p> <p>Business Risks</p> <p>The Funds invests substantially all of its available capital in the Master Funds, which in turn invest in securities, and may engage in short sales of securities. While the QLT Technology is designed to invest in highly liquid securities that are traded in public markets, markets for such instruments in general are subject to fluctuations and the market value of any particular investment may be subject to substantial variation. No assurance can be given that the Funds' investment portfolio will generate any income or will appreciate in value.</p> <p>Technology Risks</p> <p>The Funds base the core of their investment program on the QLT Technology. The QLT Technology determines which securities to buy and sell based on the current market price data that is received by Quantlab. The Funds may experience price slippage; that is, it is possible that the Funds are not able to obtain exactly the prices that Quantlab is acting upon. In addition, transaction costs will also reduce the profit (or increase the loss) on any particular securities trade.</p> <p>Quantlab automates its trading by implementing a direct link connecting to QLS. QLS is able to seamlessly route the Master Funds' orders directly to various market centers using proprietary technology.</p> <p>It is not uncommon for technology in all industries to suffer setbacks and not work as well as originally planned for some period of time after implementation. In some instances, technological developments never work as well as planned and sometimes fail.</p> <p>Limited Liquidity of Investments</p> <p>While the QLT Technology is designed to invest in highly liquid securities, securities in which the Master Funds invest may become thinly traded, relatively illiquid, or may cease to be traded after the Master Funds invest. The Master Funds may also acquire significant positions in some securities. In such cases, and in the event of extreme market activity, the Funds may not be able promptly to liquidate its investments if the need should arise. In addition, the Funds' sales of thinly traded securities could depress the market value of such securities and thereby reduce the Funds' profitability or increase its losses. Such circumstances or events could affect materially and adversely the amount of gain or loss the Funds may realize.</p> <p>The information contained herein is a summary only and is qualified in its entirety by the relevant Term Sheets (as applicable). Investors are encouraged to refer to these documents and/or contact Quantlab for additional information.</p>
Item 8.C	<p>If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.</p> <p>Short Sales</p> <p>A short sale results in a gain if the price of the securities sold short declines between the date of the short sale and the date on which securities are purchased</p>

to replace those borrowed. A short sale results in a loss if the price of the securities sold short increases. Any gain is decreased, and any loss is increased, by the amount of any payment, dividend or interest that the Funds may be required to pay with respect to the borrowed securities, offset (wholly or partly) by short interest credits. A short sale involves a finite opportunity for appreciation, but a theoretically unlimited risk of loss. To complete a short sale, the Funds must borrow the securities being sold short. Although the Funds have established accounts at securities brokerage firms, it may be impossible for the Funds to borrow securities at the most desirable time to make a short sale, particularly in illiquid securities markets. In addition, there are rules prohibiting short sales of securities at prices below the last sale price, which may prevent the Funds from executing short sales of securities at the most desirable time. If the prices of securities sold short increase, the Funds may be required to provide additional funds or collateral to maintain the short positions. This could require the Funds to liquidate other investments to provide additional margin, and such liquidations might not be at favorable prices. In other situations, the lender of securities may request return of the borrowed securities and the Funds may not be able to borrow those securities from another lender. Consequently, this will cause a “buy-in” of the short position, which may be disadvantageous to the Funds.

Hedging, Leverage and Margin

The Funds also engage from time to time in hedging, leverage (including, but not limited to margin trading) and other strategies. Hedging strategies in general are usually intended to limit or reduce investment risk, but can also be expected to limit or reduce the potential for profit. Any of such strategies that the Funds employs should be expected to increase the Funds’ transaction costs, interest expense and other costs and expenses. No assurance can be given that short sales, hedging, leverage and other techniques and strategies will not result in material losses for the Funds. The Funds may invest on margin and may employ other leveraging strategies, which can increase profit potential, but concomitantly increase risk of loss and volatility. In addition, margin trading requires the pledge of Fund securities as collateral, and margin calls can result in the Fund being required to pledge additional collateral or to liquidate the Fund’s holdings, which may necessitate the sale of portfolio securities at substantial losses that would not otherwise be realized

Foreign Exchanges

The Funds may engage in trading on non-United States exchanges and contract markets. Trading on such exchanges involves certain risks not applicable to trading on United States exchanges and is frequently less regulated. For example, some exchanges may not provide the same assurances of the integrity of the marketplace and its participants as U.S. exchanges. In addition, some non-U.S. exchanges are “principals’ markets” in which performance is the responsibility of the individual with whom the trader has dealt; it is not the responsibility of the exchange or a clearing association. Finally, trading on foreign exchanges is subject to the risk of changes in the exchange rate between the United States dollar and the currencies in which the contracts are settled.

Options

The Funds may engage in the trading of equity options. Such trading involves risks substantially similar to those involved in trading margined securities in that options are speculative and highly leveraged. Specific market movements of the securities underlying an option cannot accurately be predicted. The purchaser of

	<p>an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the security underlying the option which the writer must purchase or deliver upon exercise of the option.</p> <p>Futures Trading: There is a significant amount of risk involved in trading futures contracts and options thereon. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.</p> <p><u>Futures Trading is Speculative and Volatile.</u> Futures contract prices are highly volatile. Prices of commodity interests are affected by a wide variety of complex and hard to predict factors such as political and economic events and the prevailing psychological characteristics of the marketplace.</p> <p><u>Futures Trading is Highly Leveraged.</u> The low margin deposits normally required in futures trading (typically between 2% and 25% of the value of the contract) permit an extremely high degree of leverage. Accordingly, a relatively small price movement in a contract may result in immediate and substantial losses to the investor. Like other leveraged investments, any trade may result in losses in excess of the amount invested.</p> <p><u>Futures Trading May be Illiquid.</u> It is not always possible to initiate or close a position at the desired price due to market conditions or price fluctuations. For example, when the market price of a futures contract reaches its daily price limit, no trades beyond the limit can be executed. Daily price limits are established by the exchanges and approved by the CFTC. The holder of a futures contract may therefore be locked into an adverse price movement for several days or more and may lose considerably more than the initial margin paid to establish the position. Furthermore, it may be difficult to execute positions in thinly traded markets or markets which lack sufficient liquidity. As a result, no assurances can be made that orders will be executed at or near the desired price. It is also possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions that may be held in particular commodities. Trading in commodity futures contracts and options are highly specialized activities that may entail greater than ordinary investment or trading risks.</p> <p><u>Counterparty Creditworthiness.</u> The Master Fund 1 and Q5 could be unable to recover assets held at the future commission merchant ("FCM") in the event of bankruptcy or insolvency or if the FCM fails to properly segregate customer funds as required by the Commodity Exchange Act.</p> <p><u>Options on Futures.</u> The Master Fund 1 and Q5 may trade options on futures. Options are speculative in nature and are highly leveraged. The purchaser of an option risks losing the entire purchase price of the option. The seller (writer) of an option risks losing the difference between the premium received for the option and the price of the underlying futures contract that the writer must purchase upon exercise of the option. This could subject the writer to unlimited risk in the event of an increase in the price of the contract to be purchased or delivered.</p> <p><u>Foreign Futures and Options.</u> The Master Fund 1 and Q5 may engage in trading on non-United States exchanges and contract markets. Trading on such exchanges involves certain risks not applicable to trading on United States exchanges and is frequently less regulated. For example, some exchanges may not provide the same</p>
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	<p>assurances of the integrity of the marketplace and its participants as U.S. exchanges. In addition, some non-U.S. exchanges are "principals' markets" in which performance is the responsibility of the individual with whom the trader has dealt; it is not the responsibility of the exchange or a clearing association. Finally, trading on foreign exchanges is subject to the risk of changes in the exchange rate between the United States dollar and the currencies in which the contracts are settled.</p> <p><u>Stock Futures Index Contracts.</u> The price of stock index futures contracts may not correlate perfectly with the movement in the underlying stock index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, investors may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Secondly, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause temporary price distortions. Successful use of stock index futures contracts by the Master Fund 1 and Q5 also are subject to Quantlab's ability to correctly predict movements in the direction of the market.</p> <p><u>Possibility of Additional Government or Market Regulation</u></p> <p>In addition, the Dodd-Frank Act, among other things, grants the SEC and the CFTC broad rulemaking authority to implement various provisions of the Dodd-Frank Act including comprehensive regulation of the OTC derivatives market. The implementation of the Dodd-Frank Act could adversely affect the Fund by increasing transaction and/or regulatory compliance costs.</p> <p>Investing in securities involves significant risks, including the risk of loss of some or all of an investment.</p> <p>The information contained herein is a summary only and is qualified in its entirety by the relevant Term Sheets (as applicable). Investors are encouraged to refer to these documents and/or contact Quantlab for additional information.</p>
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ITEM 9 – DISCIPLINARY INFORMATION

If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item. If your advisory firm or a *management person* has been *involved* in one of these events, you must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in your or the *management person's* favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the “date” of an event is the date that the final *order*, judgment, or decree was entered, or the date that any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

Items 9.A, 9.B, and 9.C do not contain an exclusive list of material disciplinary events. If your advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is not listed in Items 9.A, 9.B, or 9.C, but nonetheless is material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of its management, you must disclose the event. Similarly, even if more than ten years have passed since the date of the event, you must disclose the event if it is so serious that it remains material to a *client's* or prospective *client's* evaluation.

<p>Item 9.A</p>	<p>A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a <i>management person</i></p> <ol style="list-style-type: none"> 1. was convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any <i>felony</i>; (b) a <i>misdemeanor</i> that <i>involved</i> investments or an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses; 2. is the named subject of a pending criminal <i>proceeding</i> that involves an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses; 3. was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation; or 4. was the subject of any <i>order</i>, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a <i>management person</i> from engaging in any <i>investment-related</i> activity, or from violating any <i>investment-related</i> statute, rule, or <i>order</i> <p>Notwithstanding the above, it should be noted that two principals of Quantlab are also principals of QLS, an affiliate of Quantlab who acts as a fully disclosed introducing broker-dealer for Quantlab’s Advisory Clients. QLS’s disciplinary history includes several OATS violations which are disclosed in its Form BD, available on the FINRA website.</p>
<p>Item 9.B</p>	<p>An administrative <i>proceeding</i> before the SEC, any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> in which your firm or a <i>management person</i></p>

	<ol style="list-style-type: none"> 1. was <i>found</i> to have caused an <i>investment-related</i> business to lose its authorization to do business; or 2. was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation and was the subject of an <i>order</i> by the agency or authority <ol style="list-style-type: none"> (a) denying, suspending, or revoking the authorization of your firm or a <i>management person</i> to act in an <i>investment-related</i> business; (b) barring or suspending your firm's or a <i>management person's</i> association with an <i>investment-related</i> business; (c) otherwise significantly limiting your firm's or a <i>management person's investment-related</i> activities; or (d) imposing a civil money penalty of more than \$2,500 on your firm or a <i>management person</i>. <p>Not applicable.</p>
Item 9.C	<p>A self-regulatory organization (SRO) proceeding in which your firm or a management person</p> <ol style="list-style-type: none"> 1. was <i>found</i> to have caused an <i>investment-related</i> business to lose its authorization to do business; or 2. was <i>found</i> to have been <i>involved</i> in a violation of the <i>SRO's</i> rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from <i>investment-related</i> activities; or (iii) fined more than \$2,500. <p>Not applicable.</p>

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Item 10.A	<p>If you or any of your <i>management persons</i> are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.</p> <p>It should be noted that QLS, an affiliate of Quantlab, is a registered broker-dealer and member firm of FINRA, and acts as a fully disclosed introducing broker-dealer for Quantlab's Advisory Clients in connection with brokerage transactions. When QLS routes orders for Advisory Clients, it seeks reimbursement from the Master Funds of all transaction costs that it incurs to route such orders. In addition, QLS seeks to earn a nominal profit on this activity.</p> <p>Several of the employees of QLF are registered representatives of QLS.</p>
Item 10.B	<p>If you or any of your <i>management persons</i> are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.</p> <p>Not applicable.</p>
Item 10.C	<p>Describe any relationship or arrangement that is material to your advisory business or to your <i>clients</i> that you or any of your <i>management persons</i> have with any <i>related person</i> listed below. Identify the <i>related person</i> and if the relationship or arrangement creates a material conflict of interest with <i>clients</i>, describe the nature of the conflict and how you address it.</p> <ol style="list-style-type: none"> 1. broker-dealer, municipal securities dealer, or government securities dealer or broker 2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund) 3. other investment adviser or financial planner 4. futures commission merchant, commodity pool operator, or commodity trading advisor 5. banking or thrift institution 6. accountant or accounting firm 7. lawyer or law firm 8. insurance company or agency 9. pension consultant 10. real estate broker or dealer 11. sponsor or syndicator of limited partnerships <p>As noted in Item 5.A, above, an affiliate of Quantlab, QLS, is a registered broker-dealer and member firm of FINRA, and acts as a fully disclosed introducing broker-dealer for Quantlab's Advisory Clients.</p> <p>Quantlab has engaged a separate entity, Quantlab (UK) Limited, to provide IT operations support to Quantlab. Quantlab (UK) Limited is based out of London and assists Quantlab with technical issues and support during Quantlab's</p>

	European business hours. It should be noted that this entity does not perform investment advisory functions. Quantlab (UK) Limited is wholly owned by a principal of Quantlab.
Item 10.D	<p>If you recommend or select other investment advisers for your <i>clients</i> and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.</p> <p>Not applicable.</p>

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

<p>Item 11.A</p>	<p>If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any <i>client</i> or prospective <i>client</i> upon request.</p> <p>Quantlab’s Code of Ethics (the “Code”) is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (“Advisers Act”). The Code applies to Quantlab’s Access Persons (which term includes all employees of QLF) and sets forth a standard of business conduct that takes into account Quantlab’s status as a fiduciary and requires Access Persons to place the interests of Advisory Clients and Investors above their own interests. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of Quantlab’s Chief Compliance Officer. All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code on at least an annual basis.</p> <p>As required by Rule 204A-1 of the Advisers Act, the Code also sets forth certain reporting and preclearance requirements with respect to personal trading by access persons. Quantlab’s Access Persons must provide the Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, Quantlab’s Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Rule 204A-1.</p> <p>Quantlab and its personnel may have conflicts in allocating their time and services among the Advisory Clients. Quantlab will devote as much time to each of the Advisory Clients as it deems appropriate to perform its duties in accordance with its investment management agreements. It should be noted that Quantlab, its affiliates and employees may conduct outside business activities.</p> <p>In addition, the Code of Ethics ensures the protection of nonpublic information about the activities of the Funds. Investors or prospective investors may obtain a copy of Quantlab’s Code of Ethics by contacting the Chief Compliance Officer, Mark Hansen at 713-333-5445.</p>
<p>Item 11.B</p>	<p>If you or a <i>related person</i> recommends to <i>clients</i>, or buys or sells for <i>client</i> accounts, securities in which you or a <i>related person</i> has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</p> <p>As explained in Item 10 above, Quantlab serves as the investment manager to the Funds and as such recommend interests in the Funds to prospective Fund investors. Quantlab has a material financial interest with respect to fees paid by Fund Investors. A Special Profit Allocation may create an incentive for Quantlab to make investments that are riskier or more speculative than in the absence of such Special Profit Allocation. Advisory Clients and Fund Investors are provided with clear disclosure as to how the Special Profit Allocation is calculated and the risks associated with such Special Profit Allocation prior to making an</p>

	<p>investment. In addition and as noted previously, Quantlab utilizes QLT Technology, an automated and quantitatively based technology, utilizing financial modeling methodologies. Such an automated process significantly decreases this conflict as the model itself makes the final decision on whether to buy or sell securities.</p> <p>It should be noted that several of QLF's employees and related persons have been permitted to invest in QTP US. It should be also noted that investments in the Funds made by such parties may not be subject to the Special Profit Allocation. The fact that Quantlab's principals and employees have financial ownership interests in the Funds also creates a potential conflict in that it could cause Quantlab to make different investment decisions than if such parties did not have such financial ownership interests. Please note though that the Quantlab Funds are for investments by the employees of QLF and selected investors who have strategic relationships with QLF or its principals. Quantlab is <u>not</u> offering interests in its Funds to investors not in these groups.</p> <p>In addition, the principals, officers and employees of QLF and its affiliates may buy and sell, for their own account or for the account of other clients, securities and other financial instruments, in each case of the same or a similar type to those bought or sold on behalf of the Funds. Quantlab utilizes an automated trading platform that trades at an extremely high frequency with very short portfolio holding periods. Due to the nature of this type of trading it would be extremely difficult for any principal, officer or employee of Quantlab to be able to replicate Quantlab's exact trading strategy and overcome the high transaction costs of high-frequency trading.</p> <p>It should be specifically noted that Quantlab or its affiliates may participate in or sponsor other investment vehicles, and possibly have additional investment advisory clients, in the future. Quantlab and its affiliates may give advice and take action with respect to any one advisory client that may differ from advice given or the timing or nature of action taken with respect to another advisory client. It is the policy of Quantlab, to the extent practicable, to allocate investment opportunities to an Advisory Client over a period of time on a fair and equitable basis relative to any other Advisory Client. Quantlab and its affiliates are not obligated to acquire for any Advisory Client any security that Quantlab or its managers, officers, employees or affiliates may acquire for its or their own accounts or for any other Advisory Client, if it is not practical or desirable to acquire a position in such security for that Advisory Client. Potential conflicts of interest may arise in connection with the personal trading activities of Quantlab's employees. In an effort to mitigate such conflicts, Quantlab takes appropriate measures to assure that neither they nor any of their affiliates unfairly profits from any transaction between any of them and an Advisory Client. Quantlab uses its best efforts to apportion or allocate business opportunities among persons or entities to or with which it and its affiliates have fiduciary duties and other relationships on a basis that is fair and equitable to the maximum possible extent to each of such persons or entities.</p> <p>As stated in Item 11 herein, in order to address these potential conflicts and in recognition of Quantlab's fiduciary obligations to its Advisory Clients and Quantlab's desire to maintain its high ethical standards, Quantlab has adopted a Code of Ethics containing provisions designed to: (i) prevent improper personal trading by Quantlab's "Access Persons"; (ii) prevent improper use of material,</p>
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	<p>non-public information about securities recommendations made by Quantlab or securities holdings of the Funds; (iii) identify conflicts of interest; and (iv) provide a means to resolve any actual or potential conflict in favor of the Funds.</p> <p>Lastly, it should be noted that Quantlab will not, directly or indirectly, while acting as principal for its own account, knowingly sell any security to, or purchase any security from, a Fund and generally does not contemplate engaging in agency-cross transactions.</p>
Item 11.C	<p>If you or a <i>related person</i> invests in the same securities (or related securities, <i>e.g.</i>, warrants, options or futures) that you or a <i>related person</i> recommends to <i>clients</i>, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.</p> <p>Quantlab believes that high ethical standards are essential for the success of Quantlab and to maintain the confidence of its Advisory Clients. The Code is designed to ensure that the personal securities transactions of Quantlab and its affiliates, officers and employees (and members of their families) do not conflict with transactions effected on behalf of the Advisory Clients. Employees of QLF must (i) place the interests of Advisory Clients and, in the case of the Funds, Fund Investors, first, (ii) avoid taking inappropriate advantage of their positions within the firm, and (iii) conduct their personal securities transactions in full compliance with the Code. As required by Rule 204A-1 of the Advisers Act, Quantlab requires its Access Persons to report their securities transactions on a quarterly basis and disclose their securities holdings upon employment and on an annual basis thereafter. Quantlab also requires each of its Access Persons to preclear transactions in all reportable securities.</p> <p>Quantlab's personnel are required to certify their compliance with the Code of Ethics and Policies and Procedures.</p>
Item 11.D	<p>If you or a <i>related person</i> recommends securities to <i>clients</i>, or buys or sells securities for <i>client</i> accounts, at or about the same time that you or a <i>related person</i> buys or sells the same securities for your own (or the <i>related person's</i> own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</p> <p>Please refer to Items 11.A, 11.B, and 11.C.</p>

ITEM 12 – BROKERAGE PRACTICES

Item 12.A.1	<p>Describe the factors that you consider in selecting or recommending broker-dealers for <i>client</i> transactions and determining the reasonableness of their compensation (e.g., commissions).</p> <p><u>Research and Other Soft Dollar Benefits.</u> If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.</p> <ol style="list-style-type: none"> a. Explain that when you use <i>client</i> brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services. b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your <i>clients’</i> interest in receiving most favorable execution. c. If you may cause <i>clients</i> 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), disclose this fact. d. Disclose whether you use soft dollar benefits to service all of your <i>clients’</i> accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to <i>client</i> accounts proportionately to the soft dollar credits the accounts generate. e. Describe the types of products and services you or any of your <i>related persons</i> acquired with <i>client</i> brokerage commissions (or markups or markdowns) within your last fiscal year. f. Explain the procedures you used during your last fiscal year to direct <i>client</i> transactions to a particular broker-dealer in return for soft dollar benefits you received. <p>Quantlab has implemented an automated trading system with an affiliated broker. This affiliated broker routes all orders in US equities or options on behalf of Quantlab’s Advisory’s Clients.</p> <p>Quantlab, at its exclusive discretion, selects the executing brokers on the basis of best execution for its Advisory Clients. It should be noted that QLS, an affiliate of Quantlab, is a registered broker-dealer and member firm of FINRA, and acts as a fully disclosed introducing broker-dealer for Quantlab’s Advisory Clients in connection with brokerage transactions for US equities and options.</p> <p>In selecting brokers or dealers to execute transactions in European and Asian</p>
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	<p>securities, Quantlab seeks to minimize transaction costs but is not required to solicit competitive bids and does not have an obligation to seek the lowest available commission if it feels an alternative is in the best interest of the Advisory Client. In selecting brokers and negotiating commission rates, Quantlab will take into account the financial stability and reputation of brokerage firms, and the brokerage, and execution services provided by such brokers. Finally, it is noted that since commission rates are generally negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may result in higher transaction costs than would otherwise be obtainable.</p> <p>It should be noted that the investment programs utilized by Quantlab on behalf of its advisory clients are sensitive to short-term market considerations. The turnover of an Advisory Clients' portfolio (and the concomitant brokerage, custodial and other transaction costs and expenses) will likely be considerably greater than the turnover rates (and transaction costs) of other types of investment vehicles. In this regard, the high turnover rate typical of Quantlab's Advisory Clients' portfolios together with the fact that an affiliate of Quantlab, QLS, executes securities transactions for Quantlab's Advisory Clients and receives compensation for performing these services, assist in creating a profitable business for QLS. Generally, QLS handles all of the trades for Advisory Clients of Quantlab in US equities and options. It should be noted, however, that Quantlab is of the view that if it did not engage QLS, which utilizes proprietary order routing software, to effect its Advisory Clients' securities transactions, execution costs (including brokerage commissions and market impact slippage) would be higher than present levels.</p> <p>Due to this relationship, Quantlab does not currently utilize "soft dollars".</p> <p>Quantlab has the right, at its discretion, to change the brokerage arrangements described above without further notice to investors.</p>
Item 12.A.2	<p><u>Brokerage for <i>Client</i> Referrals.</u> If you consider, in selecting or recommending broker-dealers, whether you or a <i>related person</i> receives <i>client</i> referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.</p> <ol style="list-style-type: none"> Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving <i>client</i> referrals, rather than on your <i>clients'</i> interest in receiving most favorable execution. Explain the procedures you used during your last fiscal year to direct <i>client</i> transactions to a particular broker-dealer in return for <i>client</i> referrals. <p>QLS, an affiliate of Quantlab, acts as fully disclosed introducing broker-dealer for Quantlab's Advisory Clients. Quantlab does not receive client referrals from QLS.</p>
Item 12.A.3	<p><u>Directed Brokerage.</u></p> <ol style="list-style-type: none"> If you routinely <u>recommend</u>, <u>request</u> or <u>require</u> that a <i>client</i> direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require

	<p>their <i>clients</i> to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of <i>client</i> transactions, and that this practice may cost <i>clients</i> more money.</p> <p>b. If you <u>permit</u> a <i>client</i> to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of <i>client</i> transactions. Explain that directing brokerage may cost <i>clients</i> more money. For example, in a directed brokerage account, the <i>client</i> may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the <i>client</i> may receive less favorable prices.</p> <p>Quantlab does not have directed brokerage arrangements.</p>
Item 12.B	<p>Discuss whether and under what conditions you aggregate the purchase or sale of securities for various <i>client</i> accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to <i>clients</i> of not aggregating.</p> <p>Quantlab may aggregate sale and purchase orders of securities held by an Advisory Client with similar orders being made simultaneously for other Advisory Clients if, in Quantlab's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to the Advisory Clients in the aggregate based on an evaluation that the Advisory Clients are benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these factors. In many instances, the purchase or sale of securities for an Advisory Client will be affected simultaneously with the purchase or sale of like securities for other Advisory Clients. Such transactions may be made at slightly different prices, due to the volume of securities purchased or sold. In such event, the average price of all securities purchased or sold in such transactions may be determined, and a particular Advisory Client may be charged or credited, as the case may be, the average transaction price. As a result, however, the price may be less favorable to certain Advisory Clients than it would be if similar transactions were not being executed concurrently for other Advisory Clients.</p>

ITEM 13 – REVIEW OF ACCOUNTS

Item 13.A	<p>Indicate whether you periodically review <i>client</i> accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the <i>supervised persons</i> who conduct the review.</p> <p>The Advisory Client portfolios are regularly reviewed and their performance is analyzed on a daily basis. All investment and research personnel employed by Quantlab are required to have post-graduate scientific or professional degrees, such as Ph.Ds or Masters.</p> <p>In addition, the Chief Compliance Officer will periodically review Quantlab's trade policies and procedures to ensure that it represents Quantlab's current practices and (to the best of its reasonable knowledge and belief) is in conformity with applicable law and regulations</p>
Item 13.B	<p>If you review <i>client</i> accounts on other than a periodic basis, describe the factors that trigger a review</p> <p>Please see Item 13.A. The accounts are under continuous review.</p>
Item 13.C	<p>Describe the content and indicate the frequency of regular reports you provide to <i>clients</i> regarding their accounts. State whether these reports are written.</p> <p>Investors will receive annual audited financial statements and in addition investors in the limited partnerships will receive Schedule K-1s on an annual basis.</p>

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Item 14.A	<p>If someone who is not a <i>client</i> provides an economic benefit to you for providing investment advice or other advisory services to your <i>clients</i>, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.</p> <p>Not applicable.</p>
Item 14.B	<p>If you or a <i>related person</i> directly or indirectly compensates any <i>person</i> who is not your <i>supervised person</i> for <i>client</i> referrals, describe the arrangement and the compensation.</p> <p>While Quantlab may enter into arrangements pursuant to which it compensates third parties for client referrals, at present, Quantlab has no such solicitation or referral arrangements. To the extent applicable (taking into account current SEC guidance), such third party solicitation arrangements will be in compliance with Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended.</p>

ITEM 15 – CUSTODY

If you have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other qualified custodian and that *clients* should carefully review those statements. If your *clients* also receive account statements from you, your explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from you.

Quantlab is deemed to have custody by virtue of their status as investment manager or general partner, respectively. Quantlab maintains the assets of the Funds in accounts with “qualified custodians” pursuant to Rule 206(4)-2 under the Advisers Act. Quantlab utilizes a variety of custodians and prime brokers in order to diversify risk. Such relationships include but are not limited to the following:

ABN Amro Clearing Chicago LLC
175 W. Jackson Boulevard
Suite 400
Chicago, IL 60604

ABN Amro Clearing Americas LLC
14 Wall Street
New York, NY 10005

Bank of America Merrill Lynch
P.O. Box 25118
Tampa, FL 33622-5118

Bank of America Merrill Lynch
222 Broadway
New York, NY 10038

Bank of New York Mellon
101 Barclay Street
New York, NY 10286

Barclays Capital
745 Seventh Avenue
New York, NY 10019

Deutsche Bank Securities Inc.
60 Wall Street
New York, NY 10005

Electronic Transaction Clearing, Inc.
660 South Figueroa Street
Suite 1450
Los Angeles, CA 90017

Merrill Lynch
2 King Edwards Street
London EC1A 1HQ

Morgan Stanley
1585 Broadway
New York, NY 10036

Morgan Stanley
20 Bank Street
Canary Wharf
London E14 4AD

Nomura International plc
1 Angel Lane
London EC4R 3AB

Nomura Securities International, Inc.
2 World Financial Center
New York, NY 10281-1198

Penson Financial Services, Inc.
1 Penn Plaza
51st Floor
New York, NY 10019

Velocity Futures, LLC
350 East Cermak Road
Chicago, IL 60616

Wells Fargo Bank
505 Sansome Street
San Francisco, CA 94111

Please let us know if you have any questions about particular custodians for each respective fund of the Quantlab.

To ensure compliance with Rule 206(4)-2 under the Advisers Act, Quantlab reasonably believes that all investors in the Funds will be provided with audited financial statements, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 days, of the end of the Funds' fiscal years. Investors should carefully review the audited financial statements of the Funds upon receipt.

ITEM 16 – INVESTMENT DISCRETION

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

Quantlab has discretionary authority to manage the Funds. Quantlab is authorized to make purchase and sale decisions for the Funds. As explained in Item 4.C above, individual investors in the Funds do not have the ability to impose limitations on Quantlab's discretionary authority. Prospective investors are provided with a Term Sheet prior to their investment and are encouraged to carefully review, and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective investors must execute a subscription agreement or limited partnership agreement where applicable, which constitutes a legal, valid and binding obligation of the investor, enforceable in accordance with its terms.

ITEM 17 – VOTING CLIENT SECURITIES

<p>Item 17.A</p>	<p>If you have, or will accept, authority to vote <i>client</i> securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your <i>clients</i> can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your <i>clients</i> with respect to voting their securities. Describe how <i>clients</i> may obtain information from you about how you voted their securities. Explain to <i>clients</i> that they may obtain a copy of your proxy voting policies and procedures upon request.</p> <p>Quantlab understands and appreciates the importance of ensuring that its proxy voting procedures are clearly described to Advisory Clients and investors. As Quantlab uses a number of proprietary investment technologies that are automated and quantitatively based, Quantlab has adopted a policy whereby it does not vote proxies. To the extent that Quantlab has discretion to vote the proxies of its Advisory Clients, Quantlab will inform all Advisory Clients and investors it has adopted a firm policy of not voting any such proxies. Quantlab is of the view that any issues related to proxy voting of portfolio issues is irrelevant to the investment strategy employed by Quantlab (on behalf of Advisory Clients). As such, Quantlab is of the view that reallocating resources from the research and portfolio management process to addressing issues related to such proxies is not in the best interests of Advisory Clients (as it is also irrelevant to Quantlab’s trading strategies).</p> <p>Notwithstanding the general procedures outlined above, Quantlab will adhere to the procedures listed below.</p> <p>All proxies sent to Advisory Clients that are actually received by Quantlab (if any) will be provided to the Chief Compliance Officer. A record of each proxy received by Quantlab (on behalf of its Advisory Clients) will be logged in a spreadsheet for tracking purposes. The Chief Compliance Officer (or his designee) will be responsible for maintaining files relating to Quantlab’s proxy voting when applicable. Records will be maintained and preserved for five years from the end of the fiscal year during which the last entry was made on a record, with records for the first two years kept in the offices of Quantlab.</p>
<p>Item 17.B</p>	<p>If you do not have authority to vote <i>client</i> securities, disclose this fact. Explain whether <i>clients</i> will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) <i>clients</i> can contact you with questions about a particular solicitation.</p> <p>Not applicable.</p>

ITEM 18 – FINANCIAL INFORMATION

Item 18.A	<p>If you require or solicit prepayment of more than \$1,200 in fees per <i>client</i>, six months or more in advance, include a balance sheet for your most recent fiscal year.</p> <ol style="list-style-type: none"> 1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity. 2. Show parenthetically the market or fair value of securities included at cost. 3. Qualifications of the independent public accountant and any accompanying independent public accountant’s report must conform to Article 2 of SEC Regulation S-X. <p>Not applicable.</p>
Item 18.B	<p>If you have <i>discretionary authority</i> or <i>custody</i> of <i>client</i> funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per <i>client</i>, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to <i>clients</i>.</p> <p>Quantlab is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.</p>
Item 18.C	<p>If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.</p> <p>Not applicable.</p>