

FORM ADV PART 2A

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Important Disclosure:

This brochure provides information about the qualifications and business practices of The Electrum Group LLC (the “**Adviser**”), an investment adviser registered with the United States Securities and Exchange Commission (“**SEC**”). If you have any questions about the contents of this brochure, please contact us at compliance@electrumstrat.com. Registration with the SEC does not imply that the Adviser or its employees possess a certain level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

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

ITEM 2. MATERIAL CHANGES

Not applicable.

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ITEM 4. ADVISORY BUSINESS

Item 4.A: *Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).*

Services of the Adviser

The Electrum Group LLC (the “Adviser”) is a Delaware limited liability company formed in 2011. The Adviser is indirectly majority owned by Leopard Holdings LLC, a Delaware limited liability company owned by trusts for the benefit of Dr. Thomas S. Kaplan and his family. The Adviser is also indirectly minority owned by certain third party investors, whose investments the Adviser manages through Electrum US Holdings I L.P. and Electrum Global Holdings L.P. (together, the “Electrum Clients” and, collectively with future clients of the Adviser, “Clients”), Cayman Islands limited partnerships majority owned by Leopard Holdings LLC. Dr. Kaplan is the Chairman and Chief Executive Officer of the Adviser.

Item 4.B: *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.*

The Adviser’s primary investment objective is to attain superior after-tax returns by making strategic investments in the natural resources sector, targeting assets that provide leverage to the resource cycle. A natural resources sector investment is considered to be “strategic” if it involves (i) a majority voting position, (ii) a non-majority voting position that offers the opportunity to influence the management or policies of the investee entity, or (iii) a significant, but non-controlling, position in connection with which the Adviser believes it can enhance value. Strategic investments include investments in the securities and assets of public and private companies in the natural resources sector. The Adviser manages portfolios based on perceived risk-reward potentials, seeking catalysts that will help to accelerate the realization of value in each individual investment.

The historical focus of the Adviser’s team has been on making strategic investments in precious metals resources and hydrocarbons, including in the securities and assets of undervalued or underappreciated public and private companies having significant precious metals resources or hydrocarbons. More recently, the Adviser has expanded its focus to include base and other metals. The Adviser’s team has historically concentrated, and expects to continue to concentrate, on early stage exploration opportunities, although the Adviser’s strategy includes a broad range of companies and assets that have both proven and unproven resources and reserves, *i.e.*, exploration companies, development companies, and production companies, from small- to large-cap. In addition, the Adviser’s team has undertaken exploration activities throughout the world. The Adviser expects to seek to invest in companies and assets located or operating in “mining-friendly” jurisdictions around the world, and at times also may seek to invest in companies and/or regions that may not be considered “mining-friendly.”

The Adviser manages the Clients’ accounts in accordance with, and subject to, its investment objective, strategies, restrictions and risk levels as described herein.

Advisory services include investigating, analyzing, performing due diligence, structuring and negotiating potential investments, monitoring the performance of investments, advising as to disposition opportunities and otherwise providing investment advisory, research and administrative services. The Adviser’s supervised persons serve on the boards of directors of companies in which its Clients invest and assist those companies with strategic planning and maximizing shareholder value. Investments made by the Adviser in

the natural resources sector are generally sourced, and are investigated, executed and monitored, by Dr. Kaplan with input and assistance from the Adviser's personnel acting pursuant to Dr. Kaplan's supervision and direction ("Investment Personnel"), and with input and assistance from exploration personnel who provide services to the Adviser and who are acting pursuant to Dr. Kaplan's supervision and direction ("Exploration Personnel").

The Adviser may engage such non-discretionary investment subadvisers as it considers advisable from time to time to consult with the Investment Personnel with respect to securities investments for the Clients, subject to the Adviser's supervision and direction.

The Adviser also offers business advice, research and administrative services, as well as resource-specific expert services, technical analysis and related services on a fee-basis to companies in which Clients have existing investments and, in the future, may offer such services to other companies.

Item 4.C: *Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.*

See the discussion in Item 4.B above.

Item 4.D: *If you participate in wrap fee programs 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.*

The Adviser does not engage in wrap fee programs.

Item 4.E: *If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a nondiscretionary basis. Disclose the date "as of" which you calculated the amounts.*

Assets Under Management

The Adviser manages Electrum Client assets in the amount of \$1,797,876,850 on a discretionary basis, valued as of September 30, 2012.

ITEM 5. FEES AND COMPENSATION

Item 5.A: *Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.*

The Adviser will receive a fee equal to the Adviser's costs plus an agreed markup plus performance-based compensation for managing the assets of the Electrum Clients, and certain of its senior officers and employees will receive performance-based compensation for managing the assets of the Electrum Clients.

The Adviser may offer services to other Clients, such as institutional investors and private investment funds (which may be sponsored by the Adviser or its affiliates), pursuant to fee arrangements and terms that will be individually negotiated and disclosed in the Client's advisory agreement or (in the case of a private investment fund) offering memorandum.

Other Adviser Compensation

The Adviser, its Investment Personnel and/or its affiliates receive business consulting, monitoring and/or board of director fees from certain portfolio companies in which Clients invest. The Adviser may also receive introductory and/or breakup fees from companies its Clients have invested in or are considering investing in. The fee arrangements and terms related to the foregoing are or will be individually negotiated.

Other Fees and Expenses

Tigris Group Inc. (“Tigris”), which is an affiliate of Leopard Holdings LLC, currently provides recordkeeping, accounting and other back-office services to the Adviser for the direct and indirect benefit of Clients. The Adviser pays a fee to Tigris for such services, and will continue to provide some or all of such services until such time as the Adviser procures such services internally using its own staff or from an unrelated service provider. Clients may incur fees and charges of third-party brokers and other service providers, such as legal fees, audit costs and bank fees. Such fees are exclusive of and in addition to the Adviser’s advisory service fees and performance-based compensation, and the Adviser will not receive any portion of such fees, commissions or costs.

Each Client must refer to its respective advisory agreement for a complete understanding of expenses. The information contained herein is a summary only and is qualified in its entirety by such documents.

Item 5.B: *Describe whether you deduct fees from clients’ assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.*

See the discussion in Item 5.A above.

Item 5.C: *Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.*

See the discussion in Item 5.A above.

Item 5.D: *If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client 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.*

See the discussion in Item 5.A above.

Item 5.E: *If you or any of your supervised persons 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.*

Not applicable to the Adviser.

Item 5.E.1: *Explain that this practice presents a conflict of interest and gives you or your supervised persons an incentive to recommend investment products based on the compensation received, rather than on a client’s needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to clients. If you primarily recommend mutual funds, disclose whether you will recommend “no-load” funds.*

Not applicable to the Adviser.

Item 5.E.2: *Explain that clients have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.*

Not applicable to the Adviser.

Item 5.E.3: *If more than 50% of your revenue from advisory clients results from commissions and other compensation for the sale of investment products you recommend to your clients, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.*

Not applicable to the Adviser.

Item 5.E.4: *If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.*

Not applicable to the Adviser.

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 noted in Item 5 above, the Adviser and certain of its senior officers and employees may be entitled to receive performance-based compensation based on the performance of a Client's investments. Performance-based compensation (if any) will comply with the requirements of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

Although the existence of performance-based compensation is intended to align the interests of the Adviser and its personnel with the interests of Clients, it may also create an incentive for the Adviser and the individuals who are entitled to receive a portion of such performance-based compensation to manage investments in a more aggressive manner than they would otherwise have in the absence of such performance-based compensation. In addition, in the event that the Adviser takes on Clients other than the Electrum Clients, the Adviser would have an incentive to favor Client accounts from which it receives performance-based compensation over Client accounts from which it does not receive performance-based compensation, for example, by allocating investments with higher potential to such accounts. The Adviser has adopted procedures designed to ensure that all Clients are treated fairly and equitably and that the Adviser meets its fiduciary obligation to act in the best interests of its Clients.

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.

As indicated in Item 4, the Adviser provides investment advisory services to the Electrum Clients. The Adviser also intends to offer services to other Clients, such as institutional investors and private investment funds.

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

Item 8.A: *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 clients should be prepared to bear.*

The Adviser's primary investment objective is to attain superior after-tax returns by investing in strategic investments in the natural resources sector, targeting assets that provide leverage to the resource cycle. A natural resources investment is considered to be "strategic" if it involves (i) a majority voting position, (ii) a non-majority voting position that offers the opportunity to influence the management or policies of the investee entity, or (iii) a significant, but non-controlling, position in connection with which the Adviser believes it can enhance value. Strategic investments include investments in the securities and assets of public and private companies in the natural resources sector. The historical focus of the Adviser's team has been precious metals and hydrocarbons. More recently, the Adviser has expanded its focus to include base and other metals. The Adviser's team has historically concentrated, and expects to continue to concentrate, on early stage exploration opportunities, although the Adviser's strategy includes a broad range of companies and assets that have both proven and unproven resources and reserves, *i.e.*, exploration companies, development companies, and production companies, from small- to large-cap. In addition, the Adviser undertakes exploration activities throughout the world. The Adviser expects to seek to invest in companies and assets operating in "mining-friendly" jurisdictions around the world, and at times also may seek to invest in companies and/or regions that may not be considered "mining-friendly." The Adviser manages portfolios based on perceived risk-reward potentials, seeking catalysts that will help to accelerate the realization of value in each individual investment.

The Adviser employs fundamental research, specific industry knowledge, proprietary relationships and strategic alliances with management teams. The Adviser's sources of information and investment opportunities include contacts with industry executives and established business relationships. In addition, related persons of the Adviser serve on the boards of directors of, or in advisory positions for, companies in which Client assets are invested. In its research, the Adviser gathers and evaluates information from diverse sources that may include, but are not limited to, annual reports, prospectuses, filings with the SEC and/or other regulatory authorities, company press releases, corporate rating services, company financial statements, due diligence, industry experts and analysis, professional advisors and financial newspapers and magazines. That information is then evaluated by the Adviser's team of experienced resources professionals, including geologists, engineers, mining professionals, investment professionals, accountants, lawyers and other staff, in order to make investment or disposition decisions.

Item 8.B: *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 investment performance, particularly through increased brokerage and other transaction costs and taxes.*

THE FOLLOWING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN PURSUING THE ADVISER'S INVESTMENT STRATEGIES. POTENTIAL CLIENTS SHOULD OBTAIN PROFESSIONAL GUIDANCE

FROM THEIR TAX, LEGAL AND OTHER ADVISORS IN EVALUATING ALL OF THE TAX, LEGAL AND INVESTMENT IMPLICATIONS AND RISKS INVOLVED IN ENGAGING THE ADVISER AND PURSUING THE ADVISER'S INVESTMENT STRATEGIES.

Risks of Loss

Investing is speculative in nature and investing in the strategies offered by the Adviser (the "Strategies") is suitable only for sophisticated investors who are aware of the risks involved in investment in the Strategies. Investors must be able and willing to accept (i) the risk of the potential total loss of their investments in the Strategies, and (ii) the illiquid nature of investment in the companies and assets acquired pursuant to the Strategies. Prospective Clients should consider each of the following risks before making an investment in the Strategies.

Risks Related to the Investment Strategy

Achievement of the Adviser's Investment Objectives. No assurance can be given that the Adviser or its Clients will achieve the Adviser's investment objectives. There can be no assurance that the Adviser will be able to invest the Client's assets profitably. Additionally, the profitability of the investments made by the Adviser pursuant to the Strategies depends to a great extent on correct assessments of the future course of the price movements of securities and precious metals. There can be no assurance that the Adviser will be able to accurately predict such price movements. In addition to market risk, there is unpredictability as to changes in general economic conditions, which also may affect the profitability of the Strategies.

Investment Risk. The Adviser will utilize the Strategies to invest Client assets in strategic investments in the natural resources sector, targeting assets that provide leverage to the resource cycle. There are numerous risks inherent in such investments, some of which are specifically referenced below. Such investments are subject to investment-specific price fluctuations as well as to macro-economic, market and geographically specific conditions, including but not limited to local, national and international economic conditions, domestic and international financial policies and performance, national and international politics and governmental events, and changes in federal and local income tax laws. Moreover, in its implementation of the Strategies, the Adviser does not intend to vary a Client's portfolio in response to changing economic, financial and investment conditions.

Illiquid Investments; Limited Markets. Certain assets purchased pursuant to the Strategies may be illiquid, lack an active secondary market and/or be subject to resale restrictions. Private investments, at least initially, are generally illiquid. The risk of investing in privately issued financial instruments generally is greater than the risk of investing in registered, publicly traded securities. There is a risk that the Adviser or the Client may be unable to realize its investment objectives by sale or other disposition at attractive prices or will otherwise be unable to complete any exit strategy. In some cases, the Adviser or the Client may be prohibited by contract from selling such financial instruments for a period of time or otherwise may be restricted from disposing of such financial instruments. Furthermore, the types of investments made may require a substantial length of time to liquidate. Lack of an active secondary market and resale restrictions may result in the inability of the Adviser or the Client to sell an investment at a fair price and may substantially delay the sale of part or all of an investment which the Adviser or the Client seeks to sell. Although investors may have certain registration rights, the exercise of these registration rights is dependent upon various conditions, and there is no assurance that such conditions will occur or that such registration rights will otherwise be exercisable.

Even upon registration, financial instruments of private companies may lack an active secondary market and therefore may be relatively illiquid. It may be difficult to sell large positions without adversely affecting the price of such financial instruments. Additionally, such financial instruments may be subject to

more abrupt or erratic price movements than financial instruments of larger, more established companies or stock market averages in general. Such factors may negatively impact the Adviser's or the Client's exit strategy.

Concentration of the Portfolio in Assets and Securities of Public and Private Companies in the Natural Resources Sector. The Adviser will not diversify across multiple sectors or commodities. The investment strategy of the Adviser is focused on investing in strategic investments in assets and in the securities of companies in the natural resources sector. This investment concentration exposes the Adviser and Clients to the price fluctuations of the underlying commodities and to the natural resources sector. Should the price of natural resources drop precipitously and remain depressed, the Adviser would have significant difficulty in achieving its objective. Furthermore, as a result of this concentration the Adviser may invest a significant percentage of the Client's assets in one or more specific investments. This could make liquidating those investments without affecting the market price difficult. In addition to the risks of concentration (which include potentially increased volatility and the failure to accurately predict prices), certain events may cause a decline in the prices of certain natural resources, and a corresponding decline in the value of the Client's assets. Such events include:

- Distress Sales: The possibility of large-scale distress sales of certain natural resources, such as gold and/or precious metals resources equities, in times of crisis could have a negative impact on the Adviser's portfolio and the value of a Client's investments pursuant to the Strategies. For example, the 2008 financial credit crisis resulted in significantly depressed prices of precious metals resources as well as precious metals resources equities largely due to forced sales and deleveraging from institutional investors such as hedge funds and pension funds. Although the price of gold rapidly recovered, there is no assurance that this would occur in the future. Crises in the future may impair natural resources' price performance which could, in turn, adversely affect an investment in the Strategies.
- Large sales by the official sector: A significant portion of the aggregate world holdings of many precious metals is owned by governments, central banks and related institutions. Should these institutions decide to sell in amounts large enough to cause a decline in the price of precious metals, the value of the Client's assets could be adversely affected.
- A significant increase in hedging activity by producers: Should there be an increase in the level of hedge activity of producing companies, it could cause a decline in world prices, adversely affecting the Adviser's portfolio and the Client's investments pursuant to the Strategies.
- A significant change in the attitude of speculators and investors towards certain natural resources: Should the speculative community take a negative view towards one or more natural resources, it could cause a decline in world prices, negatively impacting the price of the Adviser's portfolio and the Client's investments pursuant to the Strategies.
- Rising interest rates and low cost of borrowing precious metals: A combination of rising interest rates and a continuation of the current low cost of borrowing precious metals could improve the economics of selling precious metals forward. This could result in an increase in hedging by precious metals mining companies and short selling by speculative interests, which could negatively affect the price of precious metals. Under such circumstances, the value of the Client's assets invested pursuant to the Strategies could be similarly affected.

Natural Resources Exploration and Development. The Adviser will seek investments in companies that engage in natural resources exploration and development, many of which have no net revenues and little or

no gross income. Resource exploration and development involves a high degree of risk and requires significant capital investment over a number of years. Few properties that are explored are ultimately developed into producing mines. There is no assurance that any exploration activities will result in discoveries of resources. There is also no assurance that if discovered the resources would be economical for commercial purposes. Discovery of natural resources, although significantly influenced by the technical skill of the Exploration Personnel involved, is dependent upon a number of factors. As a result, it is possible that Clients may lose some or all of the value of assets that they invest pursuant to the Strategies. Companies that engage in resource exploration and development also are likely to require additional funding to complete their exploration and development activities. Each time a company goes to the markets for funding it dilutes the Client's investment in that company.

Long Bias. An investment in the Strategies is not a market-neutral investment. The Adviser will have a long directional bias in favor of strategic investments in the assets and the securities of public and private companies in the natural resources sector. The Adviser may invest all or the vast majority of Client assets in long positions without any hedges whatsoever. As a result, any long-term negative market movements during the term of the investment may result in the Adviser and the Client not being able to achieve the Adviser's objectives.

Small- and Medium-Capitalization Companies. The Adviser will invest the Clients' assets in companies with small- to medium-sized market capitalizations. Investments in smaller capitalized companies generally incur higher risks than do investments in stocks of larger companies. For example, prices of small-capitalization and even medium-capitalization stocks are often more volatile than prices of large-capitalization stocks, and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in some small-capitalization stocks, an investment in those stocks may be highly illiquid. Small companies often have limited financial and managerial resources. Such companies may also be dependent on personnel (including key personnel) with limited experience.

Special Situations. The Adviser may invest Client assets in the natural resources sector, in whole or in part, based upon, or in anticipation of, an extraordinary event, such as a spin-off, merger, or other corporate or economic event. In special situation investing, in addition to all of the risks set forth herein, there is the additional risk that the anticipated special situation will not occur or the anticipated benefit of the special situation will not be realized.

Options Positions. The Adviser may engage in various types of options transactions, including over-the-counter transactions and hedging in options. In certain circumstances, the Adviser may elect to establish options positions when the Adviser believes that options present more favorable risk/reward relationships than owning the underlying security. Each such option is a right, purchased for a certain price, to either buy or sell the underlying security during a certain period of time for a fixed price. The Adviser will not engage in short selling of securities.

Emerging Markets Investments. The Adviser will invest globally in natural resources sector companies and assets, including making investments located in undeveloped and emerging markets. Global investing involves certain risks not typically associated with investing in developed countries, including risks relating to (i) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation, (ii) certain economic and political risks, including expropriation, potential exchange control regulations and restrictions on foreign investment and repatriation of capital and the risks of political, economic or social instability, (iii) obtaining governmental approvals and complying with local laws, (iv) the possible imposition of foreign taxes on income and gains recognized with respect to such investments, and (v) differing tax structures. Anti-fraud and anti-insider trading legislation in certain countries may be rudimentary. In certain countries, the

concept of fiduciary duty on the part of the management or directors of companies to shareholders may be limited. The legal systems in these countries may offer no effective means for the Adviser and its Clients to enforce their rights or otherwise obtain legal redress or to enforce foreign legal judgments.

Regulatory and Legal Risks Related to Natural Resources Investing. Some of the Adviser's natural resources investments may become subject to regulation by governments and agencies of the localities in which they operate. New and existing regulations, changing governmental and regulatory schemes and the burdens of regulatory compliance all may have a material negative impact on the performance of the Adviser's investments, either in specific cases or in general. There can be no assurance that government action, new legislation or regulation, including changes to existing laws and regulations, will not have a material negative impact on investments made pursuant to the Strategies.

Unforeseen Events Risk. Investments may be subject to, or directly or indirectly adversely affected by, catastrophic events and other force majeure events such as fires, earthquakes, adverse weather conditions, changes in law, eminent domain, riots, terrorist attacks, epidemics and similar risks. In addition, with respect to investments in companies and assets in certain countries, there may exist the risk of adverse political developments, including nationalization, taxation, confiscation without fair compensation or war. These events could result in the partial or total loss of an investment.

Debt Investments. The Adviser in its discretion may elect to invest Client assets in the debt or convertible debt securities of natural resources companies. Such debt may be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such debt investments may not be protected by financial covenants or limitations upon additional indebtedness and there is no minimum credit rating for such debt investments. Other factors may materially and adversely affect the market price and yield of such debt investments, including, without limitation, investor demand, changes in the financial condition of portfolio companies, government fiscal policy and domestic or worldwide economic conditions.

Control Position. The Adviser will generally seek to invest Client assets in investment opportunities that allow the Adviser to have an influence on management, operations and strategic direction. The exercise of influence over a company may create risks of liability for the Client. The exercise of influence over a company in which the Client invests could expose the assets of the Client to claims by such company, its security holders and/or its creditors.

The size of an equity holding in a particular issuer, or contractual rights or arrangements obtained by the Adviser in connection with an investment, may enable the Adviser to designate one or more directors to serve on the boards of entities in which a Client invests. As a member of the board, such director may come into possession of material non-public information and may be subject to various trading or confidentiality restrictions either contractually or pursuant to applicable securities laws, which may in turn restrict the Adviser's ability to trade in the securities of the issuer. While such board representations may enhance the Adviser's ability to influence the outcome of investments for a Client, it may also have the effect of impairing the ability of the Adviser to engage in any transactions with respect to securities of an issuer for any of its Clients. Conversely, if in order to avoid trading or other restrictions, the Adviser forgoes the opportunity to designate a director for an entity in which a Client invests, or forgoes the opportunity to receive information from such an entity, the Adviser may have less ability to influence the entity or its management. The Adviser's policies and procedures regarding the receipt and handling of material non-public information are included in the Adviser's Code of Ethics.

Currency and Exchange Rate Risks. As the Adviser may invest in assets denominated or quoted in currencies other than the U.S. Dollar, changes in currency exchange rates may affect the value of investments and the unrealized appreciation or depreciation of such investments. The value of such assets

as measured in U.S. Dollars would be adversely affected by devaluations in foreign currencies. Further, as proceeds from investments and trades may be received or realized in foreign currencies, Clients may incur higher brokerage commissions in connection with conversions between currencies as brokers are subject to risks during the conversion process.

Business Risks

Dependence on the Adviser. Except to the extent otherwise provided in a given Client's advisory agreement, the Adviser has discretion over investment decisions made with respect to each Client's account. Clients therefore do not have the opportunity to evaluate for themselves the relevant economic, financial and other information regarding their investments. Clients are dependent on the Adviser's judgment and abilities. There is no assurance that the Adviser will be successful. Furthermore, the Adviser may choose not to make a particular investment on behalf of the Clients if the Adviser disapproves of the investment on any one or more non-economic grounds, including without limitation environmental, conservation or medical concerns, which may cause a Client's performance to be lower than it otherwise would be. A prospective Client should not invest in the Strategies unless it is willing to entrust all aspects of the investment activities of the Client's account to the Adviser.

Availability of and Ability to Acquire Suitable Investments. While the Adviser believes that ample attractive investments are currently available, there can be no assurance that such investments will be available when a Client commences its investment in the Strategies or will continue to exist during the life of the Adviser's advisory relationship with the Client, or that available investments will meet the Client's investment criteria. Although the Adviser believes it can successfully execute the Strategies, there is no assurance that the Adviser will be able to find suitable investments or, if found, that the Adviser will be able to generate returns.

Competition. The natural resources industry is becoming increasingly competitive. In pursuing its investment methods and strategies, the Adviser will compete with industry, investor and securities firms, as well as institutional investors and, in certain circumstances, market-makers, banks and broker-dealers. In relative terms, a Client's account advised by the Adviser may have little capital and may have difficulty in competing in markets in which its competitors have substantially greater financial resources, larger research staffs, and more investment professionals than the Adviser has or expects to have in the future. In any given transaction, investment and trading activity by other firms will tend to narrow the spread between the price at which a natural resources investment may be purchased by the Adviser and the price it expects to receive upon disposition.

Dependence on Key Personnel. The success of the Adviser depends on the skill and expertise of Dr. Kaplan and other key employees of the Adviser. There can be no assurance that Dr. Kaplan and other key employees will continue to serve as officers or be employed by the Adviser throughout the life of the Strategies.

Risk of Reliance on Management of Portfolio Companies by Third Parties. Although the Adviser will monitor the performance of each investment, it will rely upon the management of portfolio companies to operate the portfolio companies on a day-to-day basis.

Item 8.C: *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.*

See the discussion in Item 8.B above.

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.

Item 9.A: *A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a management person*

- 1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related 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 proceeding that involves an investment-related 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 found to have been involved in a violation of an investment-related statute or regulation; or*
- 4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.*

Not applicable to the Adviser.

Item 9.B: *An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which your firm or a management person*

- 1. was found to have caused an investment-related business to lose its authorization to do business; or*
- 2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority*

- a. *denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business;*
- b. *barring or suspending your firm's or a management person's association with an investment-related business;*
- c. *otherwise significantly limiting your firm's or a management person's investment-related activities; or*
- d. *imposing a civil money penalty of more than \$2,500 on your firm or a management person.*

Not applicable to the Adviser.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Item 10.A: *If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.*

Not applicable to the Adviser.

Item 10.B: *If you or any of your management persons 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.*

Not applicable to the Adviser.

Item 10.C: *Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.*

- 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

As indicated in Item 4, Dr. Thomas S. Kaplan is ultimately responsible for the investments made by the Adviser. Leopard Holdings LLC, which is owned by trusts for the benefit of Dr. Kaplan and his family, is the majority owner of the Electrum Clients. As a result, Dr. Kaplan and the Adviser will have a conflict of interest in the event that the Adviser takes on other Clients, because they may have an incentive to favor Electrum Clients over such other Clients.

Dr. Kaplan and other Adviser personnel will devote only so much time and attention to the business and affairs of each Client as they, in their sole discretion, may deem reasonably necessary. Adviser personnel who perform services for a Client may also perform identical or different services for other Client accounts and, accordingly, may have conflicts in allocating management time, services and functions among such Clients.

Tigris Group Inc. ("Tigris"), an affiliate of Leopard Holdings LLC, which serves as the family office for the Kaplan family, currently provides recordkeeping, accounting and other back-office services to the Adviser. In return for such services, the Adviser pays service fees to Tigris. This creates potential conflicts of interest.

Andrew Shapiro is the General Counsel of the Adviser and also is the General Counsel of Tigris. From time to time, certain members of Mr. Shapiro's staff also may provide services (including counsel) to both the Adviser and Tigris. This may lead to a conflict in that Mr. Shapiro or his staff may have an incentive to provide advice to the Adviser that would benefit Tigris, Leopard Holdings LLC or members of the Kaplan family, rather than the Adviser or other Clients. Each of the Adviser and Tigris has granted a conflict waiver in order to enable Mr. Shapiro and other counsel on his staff to represent both entities. Although Mr. Shapiro and other counsel on his staff when necessary will recuse themselves from counseling the Adviser with respect to certain legal matters in which a conflict exists, it is possible that conflicts may arise such that, under applicable legal ethics rules, Mr. Shapiro or other counsel would be required to cease representing the Adviser, which would compel the Adviser to seek counsel from other sources that may not be as familiar with the Adviser and its business, to the possible detriment of other Clients.

Conflict of interest situations that arise in connection with the management of Client accounts will be handled on a case-by-case basis. If a principal transaction or agency cross transaction arises, the Adviser will execute such transaction with the consent of the applicable Client or as otherwise permitted by the Advisers Act, including Section 206(3) thereof. Members of the Adviser's management team may also perform investment advisory services for other investment advisers. Each such individual will remain subject to the Adviser's Code of Ethics and applicable law, will continue to owe a fiduciary duty to the Adviser's Clients, and will have the obligation to equitably allocate investment opportunities to the Clients. With respect to personal and other conflicts of interest, the Adviser has adopted a Code of Ethics described below in Item 11.

Item 10.D: *If you recommend or select other investment advisers for your clients 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.*

Not applicable to the Adviser.

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

Item 11.A: 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 client or prospective client upon request.

Code of Ethics

The Adviser has adopted a Code of Ethics (the “Code”), pursuant to Rule 204A-1 under the Advisers Act, for the purposes of establishing standards of business conduct, fostering a culture of honesty and accountability and assisting those covered by the Code to comply with the Advisers Act. The Code is applicable to all supervised persons of the Adviser and available to Clients and investors and prospective Clients and investors by contacting the Adviser’s Chief Compliance Officer and requesting such information. Please send requests via email to compliance@electrumstrat.com.

The Code of Ethics contains policies to address the following topics:

Personal and Insider Trading

The Trading Policy will serve as a guide to administering and overseeing procedures relating to the personal trading practices of supervised persons with respect to financial instruments in which such persons have a beneficial interest. The Trading Policy is designed to prevent conflicts of interest and to guard against the misuse of proprietary and confidential information.

Under the Trading Policy, subject to certain exceptions outlined therein or granted by the Chief Compliance Officer, a supervised person may not invest or trade in a financial instrument in applicable areas within the natural resources sector, and certain other types of applicable financial instruments, as determined by the Chief Compliance Officer, without the prior approval of the Chief Compliance Officer. The Chief Compliance Officer may approve the purchase or sale of a financial instrument that is being considered for purchase or sale or is owned by a Client account if the Chief Compliance Officer determines that the Adviser and the supervised person are not in possession of material non-public information and that such sale would not reasonably be expected to interfere with the Adviser’s investment strategy for the Client or adversely affect the Client with respect to such financial instrument.

Subject to certain exceptions permitted by law, the Trading Policy requires supervised persons to disclose all investment accounts in which the supervised person has a beneficial interest and to arrange for the applicable broker-dealer, counterparty or custodian to submit duplicate statements and confirmations to the Chief Compliance Officer with respect to such accounts. On at least an annual basis, supervised persons will be required to represent that they have complied with the Trading Policy and to reaffirm their commitment to comply with such Policy.

Other Supervised Person Conduct

Consistent with the fiduciary obligations owed to Clients, supervised persons must place the interests of Clients before their own interests. Supervised persons may not take advantage of an opportunity that rightfully belongs to the Adviser or a Client. All supervised persons are required to fulfill their personal obligations to governmental and regulatory bodies, including the filing of appropriate Federal, state and local tax returns, as well as the filing of any applicable forms or reports required by governmental bodies.

Administration of the Code

The Adviser's Chief Compliance Officer is responsible for general administration of the policies and procedures set forth in the Code.

A copy of the Code is available to investors, Clients and prospective Clients and investors upon request.

Item 11.B: *If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise. Examples: (1) You or a related person, as principal, buys securities from (or sells securities to) your clients; (2) you or a related person acts as general partner in a partnership in which you solicit client investments; or (3) you or a related person acts as an investment adviser to an investment company that you recommend to clients.*

The Adviser or its affiliates may recommend or effect the purchase or sale of securities for a Client that the Adviser buys or sells for itself or for another Client, or its affiliate buys for itself. For example, the Adviser may recommend or effect the purchase or sale by other Clients of securities in which Electrum Clients have invested. Also, officers, principals or employees of the Adviser and its affiliates ("Adviser Representatives") may buy or sell securities that the Adviser has recommended to Clients or in which Clients have invested (subject to compliance with the Trading Policy described above). In connection with such investments, the Adviser, its affiliates, Adviser Representatives and/or Clients may have conflicting interests and investment objectives.

The Adviser may purchase on behalf of Clients pooled investment vehicles for which the Adviser or an affiliate acts as general partner or managing member, or as investment adviser or manager. The Adviser, an affiliate, and/or Adviser Representatives may have an economic interest in such a vehicle (and receive their applicable share of any profits or losses associated with that interest) and/or receive advisory service fees or performance-based compensation from such a vehicle. Electrum Clients may have an economic interest in such pooled investment vehicles, which would create potential conflicts of interest that might arise out of the foregoing relationships.

The Adviser may provide a variety of services for, and advice to, various Clients, as well as to issuers of securities that the Adviser may recommend for purchase or sale by Clients. In the course of providing these services, the Adviser and Adviser Representatives may come into possession of material, nonpublic information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Adviser and Adviser Representatives may be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, including Clients.

If a principal transaction or agency cross transaction arises, Adviser will execute such transaction with the consent of the applicable Client or as otherwise permitted by the Advisers Act, including Section 206(3) thereof. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of a related person, buys from or sells any security to any advisory client. An agency cross transaction is generally defined as a transaction where a person acts as investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

Conflict of interest situations that arise in connection with the management of the assets of Clients will be handled on a case-by-case basis. Client approval will be sought in connection with approvals required under the Advisers Act, including Section 206(3) thereunder, or otherwise and, if granted, such approval will be binding.

Item 11.C: *If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, 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.*

See the discussion in 11.B above.

Item 11.D: *If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.*

See the discussion in 11.B above.

ITEM 12. BROKERAGE PRACTICES

Item 12.A.1: *Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).*

- 1. Research and Other Soft Dollar Benefits. 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.*
 - a. Explain that when you use client 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 clients' interest in receiving most favorable execution.*
 - c. If you 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), disclose this fact.*
 - d. Disclose whether you use soft dollar benefits to service all of your clients' accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.*
 - e. Describe the types of products and services you or any of your related persons acquired with client brokerage commissions (or markups or markdowns) within your last fiscal year.*
 - f. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits you received.*

In selecting brokers for a Client, the Adviser will take into account the broker's reliability, accuracy of recommendations on particular financial instruments, reputation, financial responsibility, stability, ability to execute trades, nature and frequency of sales coverage, order flow, commission rate and responsiveness to the Adviser. In addition, order placement varies in accordance with the type of transaction, the nature of

the natural resources investment being acquired, the market encountered and the type of order that can be used. The Adviser will not adhere to any rigid formulae in approving brokers, but weighs a combination of the preceding criteria. The Adviser has no fixed internal brokerage allocation procedures designating specific percentages of brokerage commissions to particular firms, and the Adviser will seek best execution in transactions for a Client. The Adviser may enter into soft-dollar arrangements within (but not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended.

Item 12.A.2: Brokerage for Client Referrals. *If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.*

- a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving client referrals, rather than on your clients' interest in receiving most favorable execution.*
- b. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for client referrals.*

The Adviser may place transactions with a broker or dealer that (i) provides the Adviser (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors, if otherwise consistent with seeking best execution, provided that the Adviser is not approving the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

Item 12.A.3: Directed Brokerage.

- a. If you routinely recommend, request or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their clients 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 client transactions, and that this practice may cost clients more money.*
- b. If you permit a client to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of client transactions. Explain that directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.*

The Adviser may permit Clients to direct it to execute transactions through a specified broker-dealer. Clients must refer to their advisory agreements for a complete understanding of how they may be permitted to direct brokerage. If a Client directs brokerage, the Client will be required to acknowledge in writing that the Client's direction with respect to the use of brokers supersedes any authority granted to the Adviser to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; the Client may be unable to participate in block trades (unless the Adviser is able to engage in "step outs"); and trades for the Client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.

Item 12.B: *Discuss whether and under what conditions you aggregate the purchase or sale of securities for various Client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to Clients of not aggregating.*

As stated above, the Adviser uses its best efforts to manage Client accounts in accordance with, and subject to, each Client's investment objectives, strategies, restrictions and risk levels. As a result, the Adviser might tailor its strategies to the preferences of such Clients and returns accordingly might differ materially from Client to Client. If the Adviser were to decide to buy or sell the same securities on behalf of more than one Client (based upon the investment mandates of Clients), it might, but would be under no obligation to, aggregate or bunch, to the extent permitted by applicable law and regulations, the securities to be purchased or sold for multiple Clients in order to seek more favorable prices, lower brokerage commissions or more efficient execution. In such case, the Adviser would place an aggregate order with the broker on behalf of all such Clients in order to ensure fairness for all Clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. The Adviser would determine the appropriate number of shares to place with brokers and will select the appropriate brokers consistent with the Adviser's duty to seek best execution, except for those accounts with specific brokerage direction (if any).

ITEM 13. REVIEW OF ACCOUNTS

Item 13.A: *Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.*

The Adviser monitors companies in which the Adviser has invested Client funds and generally seeks to maintain an ongoing oversight position in such companies (including, in many cases, representation on the board of directors of such companies). Because certain of the investments held by Clients are private, illiquid and/or long-term in nature, the review process is not directed toward a short-term decision to dispose of securities, but rather is focused on the long-term prospects of the investments. The review process involves consideration of performance, material developments and other significant matters that would reasonably have a material effect on the portfolio companies. Reviews occur periodically, and in some cases, on a weekly or monthly basis.

The Adviser's valuation policy provides that all investments will be valued by the Adviser's Valuation Committee pursuant to procedures that meet industry standards. Until such time as the Adviser hires its own financial professionals, the Valuation Committee is expected to be composed of members of the Adviser's investment team.

Item 13.B: *If you review client accounts on other than a periodic basis, describe the factors that trigger a review.*

See the discussion in Item 13.A above.

Item 13.C: *Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.*

Clients (and investors in any potential investment fund) will receive unaudited estimated performance letters at least quarterly regarding their investment. Such correspondence will include performance information and explanation. Investors also will receive (i) annual audited financial statements and (ii) an annual report setting forth in sufficient detail such information as shall enable U.S. investors to prepare applicable federal, state and local income tax returns.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Item 14.A: *If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, 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.*

Not applicable to the Adviser.

Item 14.B: *If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.*

The Adviser does not and has not compensated any person for client referrals, although it has previously engaged agents to solicit certain specified co-investors to invest with Kaplan Family Clients in the structure that resulted in the creation of the Electrum Clients. In the future, the Adviser may enter into written arrangements with third parties to act as solicitors for the Adviser's investment management services. All compensation with respect to the foregoing will be fully disclosed to each Client consistent with applicable law. All such referral activities will be conducted in accordance with Rule 206(4)-3 under the Advisers Act, where applicable.

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.

Rule 206(4)-2 promulgated under the Advisers Act (the "Custody Rule") imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has a beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful). The Adviser will not have direct custody of Clients' funds or securities because the Adviser will not hold stock certificates or other physical securities on behalf of Clients. The Adviser currently has indirect custody with respect to the Electrum Clients, and also expects to have indirect custody with respect to any private fund it might sponsor.

The Adviser is required to maintain the funds and securities (except for securities that meet the privately offered securities exemption in the Custody Rule) over which it has (or may be deemed to have) custody with a "qualified custodian." Qualified custodians include banks, brokers, futures commission merchants and certain foreign financial institutions.

Rule 206(4)-2 imposes on advisers having custody of clients' funds or securities certain requirements concerning reports to such clients (including underlying investors) and surprise examinations relating to such clients' funds or securities. However, an adviser need not comply with such requirements with respect to pooled investment vehicles subject to audit and delivery if each pooled investment vehicle: (i) is audited at least annually by an independent public accountant; and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to their investors, all limited partners,

members or other beneficial owners within 120 days (180 days in the applicable case of a fund of funds adviser) of its fiscal year-end, and Clients should carefully review those statements.

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).

The Adviser has discretionary authority to manage Client accounts. The scope of the Adviser's discretionary authority with respect to a Client may be limited by the terms of the advisory agreement with the Client.

ITEM 17. VOTING CLIENT SECURITIES

Item 17.A: *If you have, or will accept, authority to vote client 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 clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.*

The Adviser acknowledges its fiduciary obligation to vote proxies on behalf of those Clients that have delegated to it, or for which it is deemed to have, proxy voting authority. The Adviser will vote proxies on behalf of a Client solely in the best interest of the relevant Client, consistent with the objective of maximizing long-term investment returns for that Client. The Adviser has established general guidelines for voting proxies. The Adviser may also abstain from voting if, based on factors such as expense or difficulty of exercise, it determines that a Client's interests are better served by abstaining. Further, because proxy proposals and individual company facts and circumstances may vary, the Adviser may vote in a manner that is contrary to the general guidelines if it believes that it would be in a Client's best interest to do so. If a proxy proposal presents a material conflict of interest between the Adviser and a Client, the Adviser will determine how to vote that proxy and whether the conflict of interest will be disclosed to the Client. The Adviser will retain all books and records relating to its proxy voting activities on behalf of Client accounts in accordance with the requirements of Rule 204-2(c)(2) under the Advisers Act.

Clients and investors may obtain a complete copy of the proxy voting policies and procedures by contacting the Adviser in writing and requesting such information. Each Client or investor may also request, by contacting the Adviser in writing, information concerning the manner in which proxy votes have been cast with respect to portfolio securities held by the relevant Client during the prior annual period. Clients or investors can send written requests to the Chief Compliance Officer at compliance@electrumstrat.com. Information requested will be provided in writing as soon as practicable.

Item 17.B: *If you do not have authority to vote client securities, disclose this fact. Explain whether clients 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) clients can contact you with questions about a particular solicitation.*

See the discussion in Item 17.A above.

ITEM 18. FINANCIAL INFORMATION

Item 18.A: *If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.*

- 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.*

Not applicable to the Adviser.

Item 18.B: *If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.*

Not applicable to the Adviser.

Item 18.C: *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.*

Not applicable to the Adviser.