

**Part 2A of Form ADV: Firm Brochure**

Item 1 Cover Page



QUANTA FINANCE SA

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The terms “QF,” “we,” “our” and “us” refer to Quanta Finance SA.

This brochure (Form ADV Part 2A) provides information about the qualifications and business practices of Quanta Finance SA. QF is a registered investment advisor (“RIA”) with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

If you have any questions about the contents of this brochure, please contact us at +41 22 321 42 40 and/or [info@quantaфин.com](mailto:info@quantaфин.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Quanta Finance SA also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

There is no specific level of skill or training required to register as an RIA with the SEC.

The information contained in this brochure relates only to specific questions to which the relevant agencies request answers. The document is not, and is not intended to be, a marketing brochure, nor is it to provide detailed information about all aspects of Quanta’s business. There is no specific level of skill or training required to become “registered” as an investment adviser with the SEC. QF requires of its employees, however, to have a high level of experience and/or education.

This brochure provides information for U.S. clients and prospective U.S. clients of QF; most of the provisions of the Investment Advisers Act of 1940, as amended, and of this Brochure do not apply to QF’s non-U.S. clients.

Item 2 Material Changes

This is the first Form ADV Part 2A/Brochure for Quanta Finance.

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#### Item 4 Advisory Business

QF is organized as a corporation in Switzerland. QF has been in continuous operation since March 19, 2002.

The sole shareholder of QF is a Luxembourgish holding company named Deutsche Finanz AG, set up on April 24, 2005, with 100% of the shares. This company is 100% owned by Mr. Francois Mauron.

The sole director of the Company is Mr. Francois Mauron.

##### **General**

QF provides discretionary and non-discretionary asset management services to individuals, trusts, estates, and other business entities (“**Clients**”). QF primarily provides services to clients not resident in the U.S. (“**non-U.S. Clients**”) and occasionally provides services to U.S. resident clients (“**U.S. Clients**”). More information about our types of clients can be found in Item 7 – Types of Clients.

The ownership and management of Quanta Finance resides in the same hands. We therefore believe that Clients will benefit from the fact that QF is a privately held and an independent company.

##### **Description of Services**

We provide investment supervisory services in a broad range of marketable securities, taking into consideration our Client’s expectations, risk tolerance and investment constraints.

In order to be able to provide our services, QF’s Clients sign an agreement or mandate (“**Agreement**”/ “**Mandate**”) with us.

Under this Agreement/ Mandate, QF is authorized to either manage the Client’s assets on a fully discretionary basis or to manage the Client’s assets on a non-discretionary basis (advising only), according to the Client’s written investment needs, objectives, and restrictions, which are stated in the Agreement and amended from time to time if and/or when the Client so requests.

Pursuant to this Mandate and always respecting the Client’s requirements for determining the account’s asset allocation, QF will be responsible for investing the account’s assets and/or will advise Clients with regards to their investments on a regular basis.

QF will regularly review and adjust a discretionary account’s asset allocation and holdings in response to any social, economic or political factors.

##### **Discretionary Investment Advisory**

QF offers discretionary asset management services whereby QF has the authority to supervise and direct the investments of and for each Client’s account without prior consultation with the Client. QF determines the securities that are bought and sold for the Client’s Account and the total amount of the purchases and sales. QF’s authority may be subject to conditions imposed by individual Clients as set forth and agreed upon in the investment management agreement entered into between QF and the Client. For example, a Client may restrict or prohibit transactions in certain types of securities.

QF seeks to obtain a rate of return consistent with the Client’s objectives, risk tolerance, future liquidity requirements and potential tax and legal restrictions.

##### **Nondiscretionary Investment Advisory**

QF also offers investment advice in a nondiscretionary capacity whereby QF requires the Client’s prior consultation and approval before purchasing or selling securities.

QF works with its nondiscretionary Clients to define the investment objectives of the Client and consults with each Client on a regular basis with investment suggestions in line with the defined objectives.

**Wrap Fee Programs**

QF does not participate in wrap fee programs.

## Item 5 Fees and Compensation

The manner in which fees are charged by QF to Clients is detailed in each Client's investment management Mandate, which can be either a nondiscretionary/advisory or a discretionary Mandate. This Mandate is signed at the beginning of each business relationship between QF and the Client.

QF fees generally are charged as a percentage of the market value of assets under management ("AUM") or assets under advisement ("AUA"). The asset management fee is charged quarterly in arrears.

AUM or AUA is measured with reference to the average of the closing balances for the last business day of each month within the respective calendar quarter. The fee is charged in the reference currency chosen by the Client (e.g. US dollar).

Clients also have the option of paying a fixed fee. Compensation is not payable in advance. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any relationship, accrued, unpaid fees will be due and payable.

We do not receive a fee based on the level of trading activity in the Client's account. No termination fee is charged.

Fee rates can be negotiable. QF may waive, discount and/or negotiate fees at its discretion.

By signing the Mandate whereby QF can manage the Clients' account on a fully discretionary basis or on a non-discretionary basis (advising only), the Client authorizes QF to invoice and deduct the fees from the Client's account at the custodian bank without additional authorization. The custodian will charge the Client's account directly on or after the applicable due date and pay the fees owed by the Client to QF. Additional consent will not be required to the Client for such payments to QF, unless agreed otherwise.

Custody fees and brokerage commissions will be charged to the Client directly by the custodian or any other service provider.

QF's fees are exclusive of brokerage commissions, transaction fees and other related costs and expenses imposed by the custodian bank or the broker. The fees also do not include management or other fees charged by funds or other products that Client accounts may be invested in from time to time. Our advisory fee is in addition to any third party commissions (if any).

The custodian will provide the Client with account statements and valuations as required by the Advisers Act.

In addition to the fees charged directly to each Client's Account described above, QF may receive indirect compensation. Quanta Finance's Clients hold accounts with a selection of custodian banks with which QF has signed a cooperation agreement. Under this cooperation agreement, QF's Clients obtain preferred custodial prices.

In addition, QF receives a commission from the custodian bank when QF brings a Client to the custodian bank. The payment of this commission to QF creates a conflict of interest for QF as it receives a fee for recommending certain custodian banks to its Clients. Having said that, QF seeks to ensure that all Client accounts are treated fairly and equitably. QF attempts to mitigate this conflict of interest by ensuring that the selection of custodian banks is made objectively and equitably after an independent and specific analysis of each particular case.

QF never has discretionary authority to select a qualified custodian for a Client's account. Investment decisions for each Client's account are bespoke and made with specific reference to the Client's designated needs, objectives, and restrictions.

In addition, QF requires that the custodian provides QF's Client with best execution. QF will only place an order with custodians with the best execution policy and procedures in place adequate to QF's Clients' needs. QF checks regularly with the custodian that they are in compliance with this policy.

Therefore, in light of each individual Client's requirements and circumstances, different strategies may lead to the use of different custodian banks.

**Performance-Based Fees**

QF presently does not charge performance-based fees. However, QF may enter into performance based fee arrangements with qualified Clients in the future subject to individualized agreements with each Client. To the extent QF enters into a performance or incentive fee arrangements, it will do so in accordance with Section 205(a)(1) of the Advisers Act and Rule 205-3.

QF potentially can receive higher fees with a performance based compensation structure than from those accounts that pay the asset based fee. To minimize this conflict, QF generally will enter into a performance fee arrangement upon the request of a Client or in the case of specific investment performance objectives.

QF does not manage or advise accounts based on commissions or subscription fees.

**Side-By-Side Management**

QF manages many Client accounts and as a result of differences in the fees charged on various account, QF has conflicts related to such side-by-side management of different accounts. For example, QF Advisors may manage more than one account according to the same or a substantially similar investment strategy and yet have a different fee schedule applicable to such account as a result of the respective Clients' AUM with QF.

These potential conflicts also include the favorable or preferential treatment of an account or a group of accounts, conflicts related to the allocation of investment opportunities, particularly with respect to securities that have limited availability, such as initial public offerings, and transactions in one account that closely follow related transactions in a different account.

In addition, the results of the investment activities for one account may differ significantly from the results achieved for other accounts, particularly as a result of QF's practice to individually tailor each Client's investment portfolio.

QF has policies and procedures in place aiming to ensure that all Client accounts are treated fairly and equitably. QF endeavors to equitably allocate investment opportunities among relevant accounts over time.

In addition, investment decisions for each account are made with specific reference to the individual needs and objectives of the account. Accordingly, QF may give advice or exercise investment responsibility or take other actions for some Clients (including related persons) that may differ from the advice given, or the timing and nature of actions taken, for other Clients.

Investment results for different accounts, including accounts that are generally managed in a similar style, also may differ as a result of these considerations.

Some Clients may not participate at all in some investments in which other Clients participate, or may participate to a different degree or at a different time.

Item 7      Types of *Clients*

QF primarily offers its investment advisory services to High Net Worth Individuals, including personal trusts and various personal asset-holding structures of such individuals and families.

There is no account minimum at QF. However, QF believes that a minimum amount of US\$ 1,000,000 permits adequate diversification of the Clients' portfolios. QF may enter into agreements, in its discretion, with Clients that have different account sizes.



QF's investment philosophy rests on the principle of stable returns. In this endeavour, we are committed to selecting only a very restricted number of traditional and alternative financial products, which we monitor at all times.

QF had developed its own financial models, allowing for a constant monitoring of international markets. These models take into account more than 150 bonds and stocks indices as well as over 1500 individual shares. QF advises its Clients based on anticipated movements in the market which can be analyzed by using QF's financial models.

Our product offering ranges from blended mandates, which are offered in three reference currencies (USD, EUR, CHF) to risk profiles: Conservative, Balanced, and Dynamic. Blended mandates are typically invested in a multi-asset-class approach.

In general, QF advises on the following investments:

- Equity securities (exchange listed, OTC, non-USD issuers);
- Warrants;
- Municipal securities;
- Commercial papers;
- Certificates of deposit;
- Mutual fund shares;
- Corporate debt securities; and
- United States government securities.

Furthermore, QF may also offers advice on investments such as:

- Non-US Government securities: A minimum rating of "investment grade" by S&P (BBB) and/or Moody's (Baa) is required for such investments, same as for other bond investments;
- Commodities: base metals, precious metals and other commodities, including instruments that derive their value from commodities and the securities of companies engaged in commodities-related activities; and
- Other investments, such as private equity vehicles, hedge funds and funds of hedge funds.

Investment techniques that may be applied by QF in managing Clients' portfolios, include, inter alia:

- **Use of Leverage.** We may also use leverage but only by investing in certain exchange-traded products that provide leveraged exposure to their underlying indices. The use of leverage may affect portfolio values, which can rise or fall faster than when leverage is not applied. When using leverage, securities in an account will have to be liquidated when it might not be convenient or advantageous to sell in order to meet margin calls or maintain sufficient asset coverage.
- **Turnover.** QF can determine, at its discretion, to sell securities in Client accounts regardless of the length of time that they have been held and regardless of the resulting rate of portfolio turnover, provided that such changes promote the investment objectives and are consistent with the Client's instructions and limitations. Client accounts may therefore experience a rate of turnover higher than average. Turnover may lead to tax consequences for both the account and the Client, to the extent that gains and losses are realized. Clients should therefore consult a tax specialist in this regard.
- QF may **sell a security within 30 days of its acquisition** if dictated by social, economic, political, and/or other market conditions, or if the Client notifies to QF that his/her objectives and restrictions have changed. QF may from time to time use hedging strategies to alter the bond, equity, and/or currency exposure of the Client portfolio, but without being required to, in order to protect the Clients' assets against any negative market events.

### Material Investment Risks

Clients should bear in mind that investing in securities involves a risk of loss. Clients should be prepared to bear the risk of losing their investment in securities. Past performance is not an indication as to future results.

When managing a Client's portfolio, the principal risks of the investment strategies are:

- **Securities Selection Risk** – The value of Client's investments may decrease if QF's judgment is incorrect about the value, attractiveness or market trends affecting a particular security, sector or industry or about

market movements.

- **Non-Diversification Risk** – If a Client's portfolio is not diversified, the portfolio may be more likely exposed to single adverse regulatory or economic events affecting one or several of these issuers and may experience increased volatility.

When managing a Client's portfolio, the principal risks of the types of securities QF may recommend are:

- **Credit Risk** – If the issuer of a security held by the Client fails to pay principal and/or interest due, and/or is in default, or is perceived to be less creditworthy, a security's credit rating is downgraded. Likewise, the value of the security will decline if the credit quality or value of any underlying assets decline.
- **Prepayment Risk** – When interest rates fall, certain obligations will have to be paid off by the debtor earlier than initially foreseen. The Client may therefore have to invest the proceeds in securities with lower yields.
- **Market Risk** – The securities markets are volatile, and the market prices of the Client's securities may decline overall. Based on variations in a company's financial condition, and/or general market and economic conditions, the price of securities may oscillate. The value of a particular security may decline due to various features affecting a specific industry, such as competitiveness, increase of production costs, labor shortages, or adverse economic conditions.
- **Extension Risk** – When interest rates rise, the value of these securities may fall since certain obligations will be paid by the debtor more slowly than predicted.
- **Non-U.S. Securities Risk** – Non-U.S. markets may be less liquid and more volatile (politically or economically) than U.S. markets, and may experience negative government actions, such as currency controls or seizures of private businesses or property. In some non-U.S. countries, a non-rigorous accounting and regulatory system may lead to a lack of information. Further, non-U.S. securities may be denominated or quoted in currencies other than the U.S. dollar. Therefore, changes in currency exchange rates may affect the value of non-U.S. securities.
- **Interest Rate Risk** – When interest rates rise, the value of a fixed income security generally falls. An interest rates change will not have the same impact on all fixed income securities. Generally, the longer the maturity or duration of a fixed income security, the greater the impact of a rise in interest rates on the security's value. In addition, different interest rate measures (i.e. short-term / long-term interest rates and U.S. / non-U.S. interest rates), or interest rates on different types of securities or securities of different issuers, may not automatically change in the same amount or in the same direction.
- **Liquidity Risk** – This occurs when investments are difficult to purchase or sell. A Client's investment in illiquid securities may reduce returns because it may be difficult to sell the illiquid securities at an advantageous time or price. A Client investing in alternative investments or securities with substantial market and/or credit risk will tend to have greater exposure to liquidity risk.
- **Risk of Investment in Mutual Funds, Hedge Funds, Funds of Hedge Funds and Private Equity Vehicles, Exchange Traded Funds (ETF)** – Investments in pooled investment vehicles are subject to market and selection risk. In addition, a Client must bear its proportionate share of expenses in the pooled investment vehicle. Hedge fund investing may involve substantial investment, liquidity risk, derivatives risk, and other risks described in the offering memorandum of each fund. ETF's may also have the following risks: (i) a Correlation risk, (ii) a Counterparty risk, i.e. there is no guarantees that the chosen counterparties are and/or will remain solvent in the future, and (iii) a Credit risk, which means that a fund may lose money if the debt security issuer is not capable to meet its financial obligations and/or goes bankrupt.
- **Hedge funds** – Their investment results can be volatile. Hedge funds and private equity vehicles are not subject to the same regulatory requirements as mutual funds.
- **Commodities Market Risk** – Investments in commodities can be volatile. The value of commodity-linked derivative investments may be affected by changes in the market, commodity index volatility, changes in interest rates, or a particular industry or commodity changes.
- **Derivatives Risk** – A Client's investment in derivatives may reduce returns and/or increase volatility. The fluctuations in the derivatives value may not correlate perfectly with the overall securities markets. Derivatives are also subject to counterparty risk, (i.e. the other party in the transaction will not fulfill its contractual obligations). The possible lack of a liquid secondary market for derivatives and the subsequent inability of QF to sell or close a derivatives position may expose the Client to losses. QF may also encounter difficulties when trying to predict correctly the direction of security prices, interest rates, and

other economic factors, which may cause the Client's derivatives positions to lose value. When a derivative is used as a hedge against a position that the Client holds, any loss generated by the derivative generally should be substantially offset by gains on the hedged investment and vice versa. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains. There can be no assurance that the QF's hedging transactions will be effective.

- **Warrants** – If the price of the underlying stock does not rise above the exercise price before the warrant expires, the warrant generally expires without any value, and the Client loses any amount it paid for the warrant. Thus, investments in warrants may be riskier than investments in common stock. Warrants may trade in the same markets as their underlying stock. Nevertheless, the price of the warrant does not necessarily move with the price of the underlying stock.
- **U.S. Government Securities Risk** – Not all U.S. Government securities are fully supported and have the credit of the United States. Obligations of certain agencies, authorities, instrumentalities, and sponsored enterprises of the U.S. Government are backed by the full faith and credit of the United States. Other obligations are backed by the right of the issuer to borrow from the U.S. Treasury, by the discretionary authority of the U.S. Government to purchase an agency's obligations or by the credit of the agency, authority, instrumentality, or sponsored enterprise issuing the obligation. No assurance can be given that the U.S. Government would provide financial support to any of these entities if it is not obligated to do so by law.
- **Municipal Securities Risk** – This include the ability of the issuer to repay the obligation, the relative lack of information about certain issuers of municipal securities, and the possibility of future legislative changes that may affect the market for and value of municipal securities. Certain municipal securities, including private activity bonds, are not backed by the full faith, credit, and taxing power of the issuer. Additionally, if events occur after the security is acquired that impact the security's tax-exempt status, the Client may become subject to tax liabilities.
- **Currency Exposure:** QF invests in securities and other investments that are denominated in currencies other than U.S. Dollars. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. QF may seek to hedge the foreign currency exposure but such hedging strategies may not necessarily be available or effective and may not always be employed. Accounts managed by QF are routinely subject to foreign exchange risks and bear a potential risk of loss arising from fluctuations in value between the U.S. Dollar and such other currencies.
- **Non-U.S. Investments:** Investments in non-U.S. securities expose the Client's portfolio to risks that in addition to those risks associated with investments in U.S. securities. Such risks include, among other things, trade balances and imbalances, economic policies of various foreign governments, exchange control regulations, withholding taxes, potential for nationalization of assets or industries, and the political instability of foreign nations.

Item 9      Disciplinary Information

Quanta Finance has not been involved in any legal or disciplinary events.

Item 10      Other Financial Industry Activities and Affiliations

QF does not maintain affiliations with other firms.

QF has selected a number of custodian banks with which it cooperates and has signed collaboration agreements. The agreement between the custodian bank and QF establishes the cooperation terms between the parties and indicates that a commission shall be paid to QF for any prospective Clients it may bring to the custodian bank. This presents a conflict of interest for QF as described in Item 5 above.

QF management personnel are neither registered, nor have an application pending to register as, broker-dealers, registered representatives of a broker-dealer, future commissions merchants, commodity pool operators, commodity trading advisors, or associated persons of the foregoing entities.

QF is a member of the OAR-G and the GSCGI, which are Swiss self-regulatory organizations recognized by the Swiss Financial Market Supervisory Authority (FINMA) as professional associations empowered to issue rules of conduct in the contest of asset management.

QF seeks to minimize conflicts of interest and resolve those conflicts of interests in favor of its Clients to the extent it determines reasonable and necessary in accordance with its Code of Ethics.

QF is an active member of the OAR-G and the Swiss Association of Independent Financial Advisors and has adopted the latter's Code of Ethics (the "Code") and attendant policies and procedures providing guidance and instruction to QF and its personnel on their ethical obligations in fulfilling its duties of loyalty, fairness and good faith towards the Clients.

The main areas covered by the QF Code of Ethics are:

- A. Independence of asset management;
- B. Dealing with conflicts of interest;
- C. Safeguarding and promotion of market integrity;
- D. Assurance of proper business conduct;
- E. Duty to inform;
- F. Protecting the confidentiality of Client information;
- G. Prohibition against the misuse of material non-public information;
- H. Establishing standards of behavior.

QF treats all Clients equitably and has a duty to act in its Clients' best interests. The interests of Clients will be placed above QF's interests in case of any conflict.

QF strives to ensure that all of its members and employees observe the highest standards of morality, professionalism, and integrity.

QF will at all times comply with all relevant laws and regulations, maintain independence in any decision-making process, keep all Client information confidential and conduct all transactions in accordance with the Code of Ethics.

The Code prohibits personnel from engaging in "unauthorized investment transactions" and misusing confidential information.

Personal account transactions are subject to compliance with the Code of Ethics and are monitored by QF's Chief Compliance Officer ("CCO").

If a person subject to the Code of Ethics fails to comply with the Code, such person may be subject to sanctions, which may include warnings, disgorgement of profits, restrictions on future personal trading, and, in the most severe cases, the possibility of dismissal.

Each officer, director, and employee is required to comply with initial, quarterly, and annual reporting of their securities positions, as well as of the contract note/confirmation of each trade. In addition, each officer, director, and employee is required to sign a statement to acknowledge that they have received, read, and understand the Code and will comply with it, as well as confirming that they will not misuse inside information.

QF does not buy or sell securities for itself or maintain proprietary accounts.

QF may recommend to its Clients investments in various investment vehicles, including mutual funds and other pooled investment vehicles.

From time to time, a Client account may purchase or hold a security in which a related person of QF has financial interest or an ownership position, or a related person may purchase a security that is held in a Client account.

Although QF does not hold proprietary positions, QF's related persons may own, buy, or sell for themselves the same securities that they or QF have recommended to Clients.

QF's research, recommendations, and placement of orders are carried out independently and information barriers prevent QF from exchanging information and recommendations with third parties.

The results of investment activities vary from case to case. Having said that, QF ensures that all Client accounts are treated impartially and equitably at all times. Specific reference to each Client's needs, objectives, and limitations will be taken into consideration when making investment decisions.

QF may give advice and/or take different actions for different Clients, always on a fair and unbiased manner.

All proposed investments may not be suggested to some Clients and/or different degrees of participation may be recommended.

Records of monitoring and testing will be regularly maintained and reviewed.

QF ensures that confidential information and the Clients' recommendations are not disclosed to a third party.

The asset management of QF is run by a single individual. QF's CEO supervises, manages, and controls QF employees and monitors all services provided by QF.

QF will provide a copy of the Code of Ethics to any Client or prospective client upon request.

QF conducts a comprehensive assessment of all transactions, looking after our Client's interests, taking into consideration the price, costs, type and size of the trade, etc. The significance of these factors above mentioned varies from case to case and will be determined by the characteristics of the Client, the characteristics of the order, the financial instrument, etc.

First, an Agreement between the Client and the custodian is signed. Then, once assets are deposited with the custodian by the Client, QF can manage the Client's assets. When an investment decision is made, QF directs the order to buy or sell investments to the custodian. The custodian contacts the executing broker and is involved in the trade execution.

QF has no discretion to determine who the executing broker will be and has no involvement whatsoever at this stage.

The custodian identifies the executing broker for the transaction and routes the order to it for execution or executes the order itself or through an affiliate, which may create a conflict of interest at the Client's custodian. Thus, QF requires that the custodian provides QF's Client with best execution. QF will only place an order with custodians with the best execution policy and procedures in place. QF checks with the custodian that they are in compliance with this policy.

#### **Aggregate Trade Allocations**

QF executes transactions on an aggregated basis, and negotiates more favorable commission rates when we believe this is in the Client's best interest. We treat all of our Clients in a fair manner.

A Client may participate in an aggregated transaction depending on, inter alia, cash availability, risks to be encountered, Client's objectives and strategies, etc. As such, there may be differences in invested positions and securities held.

Aggregated orders filled entirely or partially will be allocated on a prorated basis within strategy among the participating accounts by account market value. In the event of de minimis allocation for a partial allocation, the trader of the custodian has the authority to determine an appropriate allocation methodology. Allocation of aggregated trades is recorded before the order is placed and is checked for post-trade. We monitor the allocation and execution of orders on a daily basis.

All pre-trade allocations are compared to subsequent fills, and any variations of percentage are obtained.

#### **Decision Making Process; Balancing the Interests of Multiple Client Accounts**

In making the decision as to which securities are to be purchased or sold and the amounts thereof, QF is guided by the general guidelines set up at the inception of the adviser-client relationship in cooperation with the Client and a periodic review of the asset allocation. These general guidelines cover such matters as the relative proportion of debt and equity securities to be held in the portfolio, the degree of risk that the Client wishes to assume and the types and amounts of securities to be held in the portfolio.

QF's authority may be further limited by specific instructions from the Client, which may restrict or prohibit transactions in certain securities.

QF may manage numerous accounts with similar or identical investment objectives or may manage accounts with different objectives that may trade in the same securities. Despite such similarities, portfolio decisions relating to Client investments and the performance resulting from such decisions may differ from Client to Client. QF will not



necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible Clients, particularly if different Clients have selected different investment profiles, have materially different amounts of capital under management with QF or different amounts of investable cash available. In certain instances, such as purchases of less liquid publicly traded securities or oversubscribed public offerings, it may not be possible or feasible to allocate a transaction pro rata to all eligible Clients, especially if Clients have materially different sized portfolios.

Therefore, not all Clients will necessarily participate in the same investment opportunities or participate on the same basis.

### **Soft Dollars**

QF may maintain soft dollar arrangements, and to the extent it does in the future, it will enter into such arrangements only in accordance with the conditions of the safe harbor provided by Section 28(e) of the Exchange Act. Section 28(e) is a “safe harbor” that permits an investment manager to use brokerage commissions or “soft dollars” to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process.

Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants’ advice on portfolio strategy; data services (including services providing market data, company financial data, certain valuation and pricing data and economic data); and advice from brokers on order execution.

Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

### **Trade Errors**

Although QF’s goal is to execute trades seamlessly in the manner intended by the Client and consistent with its investment decisions, QF recognizes that errors can occur for a variety of reasons. QF’s policy in dealing with such errors is to:

- Identify any errors in a timely manner;
- Correct all errors so that any affected account is placed in the same position it would have been in had the error not occurred;
- Incur all costs associated with correcting an error (or to pass the costs on to the broker, depending on which party is at fault). Costs from corrective actions are not to be passed on to a Client; and/or
- Evaluate how the error occurred and assess if any changes in any processes are warranted or if any continuing education is required.

The consequences and the required corrective measures may be different depending upon the nature of the error or the account affected.

Our trading errors policy is to resolve all trade errors within a reasonable time while ensuring that the Client is not disadvantaged, consistent with the orderly disposition (and/or acquisition) of the securities in question.

Generally, actual losses suffered by a Client account as a result of a trade error caused by QF are reimbursed by QF. However, we do not compensate our Clients for lost investment opportunities.

Item 13      Review of Accounts

QF assumes either the daily asset management of Client assets or the follow up of all Clients advised by QF on a non-discretionary basis, pursuant to the Agreement signed between the Client and QF.

QF reviews each account monthly (or more frequently if necessary), in order to determine the position of each account.

QF does not issue written Client reports. The custodian issues Client reports on a quarterly basis directly to the Client. QF receives copies of those reports and monitors them.

Item 14      *Client Referrals and Other Compensation*

We have entered into contractual arrangements with firms/individuals to solicit Clients for us.

In connection with such arrangements, we comply with the conditions and requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended.

Item 15      *Custody*

Commercial banks serve as custodian of funds and/or securities so QF does not maintain physical possession of funds or securities. QF may be deemed to have custody of Client securities by reason of being authorized by a Client to deduct fees directly from the respective Client's account.

The Client establishes the bank account directly and therefore is aware of the qualified custodian's name, address and the manner in which investments are maintained. Account statements are prepared by the custodian bank and delivered directly to the Client or the Client's representative at least quarterly.

Generally, these statements include a listing of all valuations and all transactions occurring during the period. Clients should carefully review these statements and when they have questions contact either QF or the custodian bank.

Item 16      Investment Discretion

Although most of QF's Clients are advised on a non-discretionary basis, QF can also manage accounts on a discretionary basis.

When Clients' accounts are managed on a discretionary basis, QF can determine, within a Client's specified investment objectives and guidelines, and without consultation with the Client, which securities are bought or sold and the total amount to be bought or sold.

We always follow the investment policies and instructions as established in our Agreement. In some cases, Clients may also prevent certain securities from being purchased for their account.

QF never has discretionary authority to select a qualified custodian for a Client's account.

Item 17      Voting *Client* Securities

QF does not have the authority to vote Client proxies, as disclosed in QF's standard asset management agreement. This is done by the custodian of the Client in accordance with Clients' instructions.

The custodian must ensure that all proxy materials are provided without delay to the Client, must act on Client instructions and inform QF and the Client of all activities.

If QF inadvertently receives any proxy materials on behalf of a Client, QF will promptly forward such materials to the Client.

Clients may contact us for any additional information in this regard.

Item 18 Financial Information

No balance sheet is required to be provided by QF because we do not require or solicit prepayment.

Given the fact that QF is an independent structure, our ability to meet contractual commitments to Clients is not compromised.

Finally, since the incorporation of QF in 2002, we have not been the subject of any bankruptcy proceedings.