

## **PART 2A OF FORM ADV: FIRM BROCHURE**

### **Item 1 – Cover Page**

**R&F Capital Advisors LP  
3 Columbus Circle, Suite 1201  
New York, NY 10019  
(646) 213-7000**

This brochure (this “Brochure”) provides information about the qualifications and business practices of R&F Capital Advisors LP (“R&F Capital Advisors”, the “Firm,” “we,” “us,” and similar terms). If you have any questions about the contents of this Brochure, please contact us at (646) 213-7000. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about R&F Capital Advisors LP also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for R&F Capital Advisors LP is 281193.

Please note that registration as an investment adviser with the SEC does not imply any level of skill, training or ability with respect to the provision of investment advisory services.

**February 12, 2016**

## **Item 2 – Material Changes**

This amendment, dated **February 12, 2016**, to the Brochure contains no material changes from our previous Brochure, which was filed in September 2015 as part of our application for registration with the SEC.

## Item 3 – Table of Contents

Item 1 – Cover Page.....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	6
Item 6 – Performance-Based Fees and Side-By-Side Management .....	8
Item 7 – Types of Clients.....	9
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	10
Item 9 – Disciplinary Information .....	19
Item 10 – Other Financial Industry Activities and Affiliations .....	20
Item 11 – Code of Ethics, Participation or Interests in Client Transactions and Personal Trading .....	21
Item 12 – Brokerage Practices .....	22
Item 13 – Review of Accounts.....	23
Item 14 – Client Referrals and Other Compensation.....	24
Item 15 – Custody .....	25
Item 16 – Investment Discretion.....	26
Item 17 – Voting Client Securities.....	27
Item 18 – Financial Information .....	28
Item 19 – Requirements for State-Registered Advisers.....	29

## Item 4 – Advisory Business

- A. R&F Capital Advisors is a Delaware limited partnership that was formed in June 2015. The Firm currently has one office, which is located in New York, New York. The Firm serves as an investment adviser to pooled investment vehicles exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”), pursuant to Section 3(c)(7) of the Investment Company Act.

Matthew Rothman and Sergey Fein are each Co-President and together are majority owners of the Firm. Mr. Rothman is responsible for all business and strategic matters of the Firm. Mr. Fein is the principal portfolio manager of the Firm and is responsible for building and managing the Firm’s research and development team.

- B. The Firm is a quantitatively focused investment management firm whose objective is to trade a robust and multi-strategy set of systematic equity market-neutral strategies with strong risk-adjusted returns exhibiting low correlations to relevant indices.

The Firm provides discretionary investment advisory services to three pooled investment vehicles: a Cayman Islands exempted limited partnership (the “Master Fund”), in which two feeder funds, one of which is a Delaware limited partnership (the “Onshore Feeder”) and the other a Cayman Islands exempted company (the “Offshore Feeder”) (the Onshore Feeder and the Offshore Feeder, collectively, the “Feeder Funds”, and together with the Master Fund, each a “Fund” or collectively the “Funds”) invest as part of a “master-feeder” portfolio structure by which the Master Fund acts as a central trading mechanism for the Feeder Funds. The Feeder Funds invest all of their investable assets in the Master Fund.

- C. The Firm manages the Funds in accordance with the investment objectives and limitations set forth in each Fund’s respective confidential private offering memorandum and memorandum and articles of association or limited partnership agreement, as applicable (“Offering Documents”), and the investment management agreement between the Firm and each Fund. The descriptions set forth in this Brochure of the advisory services that we offer to the Funds, and investment strategies pursued and investments made by us on behalf of the Funds, should not be understood to limit the Firm’s investment activities. Subject to each Fund’s investment objectives and guidelines as set forth in the Offering Documents, the Firm may, in its full discretion, offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate.

The Firm does not tailor advisory services to the individual or particular needs of the investors in the Feeder Funds. Information about the Feeder Funds, including their investment objectives and strategies, is set forth in their respective Offering Documents. Since we do not provide individualized advice to the Feeder Funds’ investors, such investors should consider whether the investment objectives of the Funds are in line with their individual objectives and risk tolerance prior to investment.

- D. The Firm does not currently participate in wrap fee programs.

E. As of February 1, 2016, we manage \$325,412,000 of client assets on a discretionary basis and \$0 of client assets on a non-discretionary basis.

## Item 5 – Fees and Compensation

- A. As the Firm only provides this Brochure to “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Company Act, we have not included a fee schedule or the other information requested by Item 5.A.
- B. The Master Fund pays the Firm a monthly management fee in advance upon the commencement of each calendar month. The Master Fund also allocates special performance-based allocations to the general partner of the Onshore Feeder and the Master Fund (the “General Partner”), generally on an annual basis (see Item 6 – Performance-Based Fees and Side-by-Side Management).
- C. The Master Fund bears its own and the Feeder Funds’ costs and expenses, including, but not limited to: expenses directly related to investment transactions and positions for the Master Fund’s account (see Item 12, Brokerage Practices for a detailed discussion of the Firm’s brokerage practices), including brokerage commissions and custody charges, interest and commitment fees on loans and debit balances, costs of borrowing securities to be sold short, research and market data fees and expenses, expenses and materials (including online news and quotation services, computer hardware, data and software used for research, Bloomberg service and research-related travel expenses), costs of any outside appraisers, accountants, auditors, attorneys or other experts or consultants engaged by the Firm, the General Partner and/or the directors of the Offshore Feeder (the “Directors”) fees and expenses of the Funds’ administrator (such as portfolio and investor accounting, middle office, tax reporting and investor servicing costs), investor reporting costs, bank charges, legal fees and costs (including settlement costs), including legal fees and costs arising in connection with any litigation or regulatory investigation instituted against the Funds, the Firm, the General Partner and/or the Directors in connection with the affairs of the Funds, liability and other insurance for the benefit of the Funds, the General Partner and/or the Firm and their affiliates and/or the Directors, any withholding or transfer taxes, administration costs, including portfolio and investor accounting, tax and investor servicing costs, valuation costs and the costs of the audit of the Funds’ annual financial statements, fees and expenses of the Firm incurred in connection with preparing and filing reports relating to the Funds’ investment and trading activities (including under investment advisory laws, such as Form PF), expenses related to the offering of the redeemable shares and withdrawable interests, as applicable, of the Funds (not including the Firm’s travel and lodging expenses relating to marketing such shares and interests, but including fees and expenses of the Firm incurred in connection with the European Alternative Investment Fund Managers Directive and blue sky fees), and other similar fees and expenses.

Unless waived by the Firm, the Funds also each pay or reimburse the Firm for the Funds’ organizational fees and expenses, which may be amortized, for accounting purposes.

Please refer to the relevant Fund’s Offering Documents for a complete understanding of each Fund’s fees and expenses. The information contained herein is a summary only and is qualified in its entirety by the relevant Fund’s Offering Documents.

- D. Management fees are paid monthly in advance upon the commencement of each calendar month. Investment subscriptions made at times other than as of the first day of a calendar month are charged a *pro rata* management fee at the time of subscription. Generally, once paid, the management fee is not refundable.

Performance-based allocations are not paid in advance.

- E. Neither the Firm nor any of the Firm's supervised persons accept compensation (e.g., asset-based sales charges or services fees) for the sale of securities or other investment products.

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

As described above under Item 5 – Fees and Compensation, an affiliate of R&F Capital Advisors is generally entitled to receive performance-based allocations from the Master Fund. This arrangement may create a theoretical incentive for the Firm to recommend investments that are riskier or more speculative than would be the case in the absence of such performance allocation. Investors in the Feeder Funds are provided with disclosures contained in the Feeder Funds' Offering Documents relating to the incentive allocation payable to the Firm's affiliate and the risks associated with their investment in the Feeder Funds.

The Firm does not currently have any side-by-side management arrangements.



## **Item 7 – Types of Clients**

The Firm provides investment advice to the Funds, which are private fund investment vehicles that are exempt from registration under the Investment Company Act. These Funds are limited to individuals and entities that meet the criteria of “qualified purchasers”.

Prospective investors to the Funds should refer to the Offering Documents of each respective Feeder Fund for information on minimum investment requirements or other such requirements for opening or maintaining an account.

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

### A. Methods of Analysis and Investment Strategies.

As referenced in Item 4 above, the Firm's objective is to trade a robust and multi-strategy set of systematic equity market-neutral strategies with strong risk-adjusted returns exhibiting low correlations to relevant indices. The Firm employs a systematic strategy across U.S. and non-U.S. equities for the Master Fund but may intervene in such trading system in a discretionary manner in rare instances and only for the purposes of risk management. This quantitative program relies upon a system which employs a series of models that use market data, other publicly or commercially available data and internally collected or derived data to forecast price movements and risk in securities.

The Firm anticipates that the number and content of the trading strategies will change over time, increasing with the addition of new ideas, opportunities, and data, while sometimes decreasing because of alpha decay or downward revised forecasts of profitability with respect to particular strategies. Often, strategies emerge from hypotheses-driven, intuitive theses and either explore behavioral finance or seek to exploit market phenomena.

The Firm currently organizes its trading program around five thematically different strategy categories: fundamental, event-driven, sentiment, special situations and alternatives, and technical strategies. Each strategy category incorporates one or more sub-strategies that the Firm anticipates, in turn, will exhibit low expected correlations with one another. The Firm believes that a diversity of sub-strategies will lead to strong risk-adjusted portfolio returns over time.

A full description of our investment strategy and processes is included in the Funds' Offering Documents.

### B. Risk of Loss.

General Risk of Loss. An investment in the Funds involves substantial risks, and prospective investors should carefully consider, among other factors, the risks described below. These risk factors are not intended to be an exhaustive listing of all potential risks associated with an investment in the Funds.

Limited Operating History. The Firm was formed in 2015 and has a limited operating history upon which investors can evaluate its likely performance. The prior performance of any other entity or account managed by Matthew Rothman and/or Sergey Fein should not be relied upon to predict the future performance of the Firm or its Funds.

Investment, Trading and Hedging Transactions. All securities trading risks the loss of capital. No guarantee or representation is made that the Firm's trading program will be successful or that the Master Fund will not incur substantial losses. The Firm attempts to assess these risks, and others, in determining the extent of the position the Master Fund will take in the relevant securities and the price it is willing to pay for such securities. However, such risks cannot be eliminated. Past

performance of the Funds or any other entity or account managed by Matthew Rothman and/or Sergey Fein is not necessarily indicative of the Funds' future results.

The Master Fund may utilize financial instruments, both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of the Master Fund's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Master Fund's unrealized gains in the value of the Master Fund's investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Master Fund's portfolio; (v) hedge the interest rate or currency exchange rate on any of the Master Fund's liabilities or assets; (vi) protect against any increase in the price of any securities the Master Fund anticipates purchasing at a later date; or (vii) for any other reason that the Firm deems appropriate.

The success of the Master Fund's hedging strategy depends, in part, upon the Firm's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Master Fund's hedging strategy is also subject to the Firm's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Master Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Master Fund than if it had not engaged in such hedging transactions. For a variety of reasons, the Firm may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Master Fund from achieving the intended hedge or expose the Master Fund to risk of loss. The Firm may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Master Fund's portfolio holdings.

*Quantitative Nature of Trading.* The Firm employs a quantitative trading process and utilizes various quantitative and financial models and strategies in seeking to achieve the Master Fund's objectives. The success of the Master Fund's activities depends on, among other things, the ability of the Funds' General Partner to adequately build and adjust such models, utilize such models, identify appropriate investment opportunities and to successfully implement its trading strategies. Building quantitative models requires heavy reliance on historical information and past statistical patterns which could prove not predictive of future behavior of financial markets. Adequate utilization of models, identification of opportunities and successful implementation of trading strategies involves a high degree of uncertainty. A reduction in the volatility and pricing inefficiency of markets, as well as other factors, may reduce the number and scope of available

investment opportunities and strategies for the Master Fund. If numerous traders employ a similar system, this may impede the ability of the Firm to execute these trades at attractive prices.

In addition, the Firm's decisions are based on assumptions, assessments and estimates of the Firm and its personnel, which are subject to error.

In seeking to implement the Master Fund's trading program, the Firm, among other things, generally seeks to monitor the risk of each trading strategy and the correlation of, and among, such strategies. Such determinations are based upon forecasts and estimates of the Firm, and on analysis of historical events. These determinations may, for a variety of reasons, fail to accurately predict the risk and correlation of such strategies, because of scarcity of historical data in respect of certain trading strategies, or because future events may not necessarily follow historical norms. Accordingly, there can be no assurance that the Firm will be successful in implementing the Master Fund's trading program, including, without limitation, its risk control goals.

*Obsolescence Risk.* The Master Fund is unlikely to be successful unless the assumptions underlying its quantitative models are realistic and either remain realistic and relevant in the future or are adjusted to account for changes in the overall market environment. If such assumptions are inaccurate or become inaccurate and are not promptly adjusted, it is likely that profitable trading signals will not be generated. If and to the extent that the models do not reflect certain factors, and the Firm does not successfully address such omission through its testing and evaluation and modify the models accordingly, major losses may result. The Firm will continue to test, evaluate and add new models, as a result of which the existing models may be modified from time to time. Any modification of the models will not be subject to any requirement that holders of participating redeemable shares of the Funds receive notice of the change or that they consent to it. There can be no assurance as to the effects (positive or negative) of any modification on the Master Fund's performance.

*Crowding/Convergence.* There is significant competition among quantitatively-focused managers, and the ability of the Firm to deliver returns that have a low correlation with global aggregate equity markets and other hedge funds is dependent on its ability to employ models that are simultaneously profitable and differentiated from those employed by other managers. To the extent that the Firm is not able to develop sufficiently differentiated models, the Master Fund's objectives may not be met, irrespective of whether the models are profitable in an absolute sense. In addition, to the extent that the Firm's models come to resemble those employed by other managers, the risk that a market disruption that negatively affects predictive models will adversely affect the Master Fund is increased, as such a disruption could accelerate reductions in liquidity or rapid re-pricing due to simultaneous trading across a number of funds in the marketplace.

*Concentration of Investments.* The Master Fund is not restricted in the amount of its capital that it may commit to any single security or industry sector, and at times the Master Fund may hold a relatively large concentration in a particular security or industry. Losses incurred in those

investments could have a material adverse effect on the Master Fund's overall financial condition. This is because the value of participating redeemable shares and withdrawable interests, as applicable, of the Funds will be more susceptible to any single occurrence affecting one or more of those issuers or industry sectors than would be the case with a more diversified investment portfolio.

*The Firm's Trading Decisions Are Based on Technical Analysis.* Trading decisions made by the Firm on behalf of the Master Fund are generated systematically, based primarily on technical, as distinguished from fundamental, analysis. The profitability of technical analysis depends upon the ability to interact profitably with price moves. However, in a trendless or erratic market, a technical method may fail to identify a profitable price move on which action should be taken or may overreact to minor price movements, and thus establish a position that may result in losses. In addition, a technical trading method may underperform other trading methods when fundamental factors dominate price moves within a given market.

The calculations that underlie the Master Fund's trading program involve a number of variables that are determined in part by information generated by computer analysis. The use of a computer in collating information or in developing and operating a trading method does not assure the success of the method because a computer is merely an aid in compiling and organizing price information. Accordingly, no assurance is given that the decisions based on the Master Fund's trading program will produce profits for the Funds.

*Risk of Programming and Modeling Errors.* The research and modeling process engaged in by the Firm are extremely complex. Although the Firm seeks to hire individuals skilled in programming and modeling and to provide appropriate levels of oversight, the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform "real world" testing of the end product raises the chances that the finished models may contain an error; one or more of such errors could adversely affect the Master Fund's performance.

*Higher Expenses.* The Master Fund's trading program may involve more frequent trading and a greater reliance on technology and data than other investment vehicles pursuing a more traditional trading program. As a result, the trading, technology and data costs and expenses that are borne by the Master Fund may be higher than such costs and expenses are for such other investment vehicles.

*Short Sales.* The Firm may engage in short sales on behalf of the Master Fund. A short sale involves the sale of a security that the Master Fund does not own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the Master Fund must borrow the security and the Master Fund is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the Master Fund. When the Master Fund makes a short sale in the U.S., it must leave the proceeds thereof with the broker and it must also deposit with the broker an amount of cash or U.S.

government or other securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. If short sales are effected on a foreign exchange, such transactions will be governed by local law. A short sale involves the risk of a theoretically unlimited increase in the market price of the security that would result in a theoretically unlimited loss. The extent to which the Firm engages in short sales on behalf of the Master Fund depends upon its trading strategy and perception of market direction and the value of individual securities.

Leverage; Interest Rates; Margin. Leverage is the use of borrowed funds for investment. Subject to applicable margin and other limitations, the Master Fund may use leverage in the course of its trading operations. Such leverage would generally be obtained by using securities the Master Fund owns as collateral. Leverage may also be obtained through other means including the use of derivative instruments. To the extent that the Master Fund purchases securities with borrowed funds, its net assets will tend to increase or decrease at a greater rate than if borrowed funds were not used. If the interest expense on borrowings were to exceed the net return on the portfolio securities purchased with borrowed funds, the Master Fund's use of leverage would result in a lower rate of return than if the Master Fund were not leveraged. If the amount of borrowings which the Master Fund may have outstanding at any one time is large in relation to its capital, fluctuations in the market value of the Master Fund's portfolio will have a disproportionately large effect in relation to its capital and the possibilities for profit and the risk of loss will therefore be increased. Any investment gains made with the additional monies borrowed generally cause the value of the Master Fund's assets to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the additional monies fails to cover their cost to the Master Fund, the value of the Master Fund's assets will generally decline faster than would otherwise be the case. In addition, any leverage used by the Master Fund is subject to the risk that changes in the general level of interest rates may adversely affect expenses and operating results.

In general, any use by the Master Fund of short-term margin borrowings will result in certain additional risks. For example, should the securities pledged to brokers to secure the portfolio's margin accounts decline in value, the portfolio could be subject to a "margin call," pursuant to which the portfolio must either deposit additional funds with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the portfolio's assets, the portfolio might not be able to liquidate assets quickly enough to pay off its margin debt.

In the futures and forward markets, margin deposits are typically low relative to the value of the futures contracts purchased or sold. Such low margin deposits are indicative of the fact that any futures or forward contract trading is typically accompanied by a high degree of leverage. Low margin deposits mean that a relatively small price movement in a contract may result in immediate and substantial losses to the investor.

To the extent the Master Fund purchases an option in the U.S., there will be no margin requirement because the option premium is paid for in full. The premiums for certain options traded on non-U.S. exchanges may be paid for on margin. Whether any margin deposit will be required for over-the-counter options and other over-the-counter instruments will depend on the credit determinations and specific agreements of the parties to the transaction, which are individually negotiated.

Trading May Be Illiquid. It will not always be possible to execute a buy or sell order at the desired price, or to close out an open position, due to market illiquidity. Illiquidity may be caused by intrinsic market conditions (lack of demand or overabundant supply) or it may be the result of extrinsic factors like the imposition of daily price fluctuation limits (that set a floor and ceiling on the price at which a trade may be executed) and circuit breakers (that halt trading in certain instruments whenever the Dow Jones Industrial Average or the S&P 500 Average declines or rises by a certain number of points).

Small Cap Companies. The Master Fund may invest in smaller sized companies whose securities may be traded in the over-the counter market. These companies often involve a higher degree of risk because they may lack the management experience, financial resources, product diversification, and the competitive strength of larger companies. Less information may be available on them as well. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies.

Fixed Income Securities. The Master Fund may trade in bonds or other fixed income securities of U.S. and non-U.S. issuers, including, without limitation, bonds, notes and debentures issued by corporations, or debt securities issued or guaranteed by a sovereign government or one of its agencies or instrumentalities. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities will change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

The Master Fund may trade in fixed-income securities which are not protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for foreign debt involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparisons across countries difficult.

Convertible and Equity-linked Securities. The Master Fund may invest in preferred stock, convertible securities and warrants. The value of such instruments varies with movements in the equity market and the performance of the underlying common stock in particular. The market

value of a warrant may be zero if the market price of the underlying securities remains lower than the specified price at which the holder of the warrant is entitled to buy such securities. The market value of convertible securities, as with all fixed income securities, tends to decline as interest rates increase and, conversely, tends to increase as interest rates decline. However, when the market price of the common stock underlying a convertible security exceeds the conversion price, the convertible security tends to reflect the market price of the underlying common stock. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis and thus, may not decline in price to the same extent as the underlying common stock. If a convertible security held by the Master Fund is called for redemption, the Master Fund is required to permit the issuer to redeem the security, convert it into the underlying stock or sell it to a third party. Any of these actions could have an adverse effect on the Master Fund's ability to achieve its objective.

Commodities and Futures Contracts. Trading in commodities and futures contracts are highly specialized activities that may entail greater than ordinary investment risks. Commodity futures markets (including financial futures) are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin of deposit normally required in commodity futures trading, a high degree of leverage is typical of a commodity futures trading account. Consequently, a relatively small price movement in a commodity futures contract may result in substantial losses to the trader. Commodity futures trading may also be illiquid. Certain commodity exchanges do not permit trading in a particular type of future beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits – which conditions have in the past sometimes lasted for several days in certain contracts – the Master Fund could be prevented from promptly liquidating unfavorable positions and thus be subject to substantial losses.

Forward Trading. The Master Fund may engage in forward trading. Forward contracts (including forward foreign exchange contracts) and options thereon are not traded on exchanges and are not standardized. Rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated - there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities that they trade and these markets can experience periods of illiquidity, sometimes of significant duration, which could result in substantial losses to the Funds.

Swaps. The Master Fund may periodically enter into swap transactions. A swap transaction is an individually negotiated, non-standardized agreement between two parties to exchange cash flows measured by different interest rates, exchange rates or prices, with payments calculated by reference to a principal (“notional”) amount or quantity. Transactions in these markets present certain risks similar to those in the futures, forward, and options markets: (i) certain swaps are not



regulated by any U.S. or foreign governmental authorities; (ii) there are generally no limitations on daily price moves in swap transactions; (iii) speculative position limits are not applicable to swap transactions, although the counterparties with which the Master Fund may deal may limit the size or duration of positions available as a consequence of credit considerations; (iv) participants in the swaps markets are not required to make continuous markets in swaps contracts; and (v) the swap markets are “principals’ markets,” in which performance with respect to a swap contract is the responsibility only of the counterparty with which the trader has entered into a contract (or its guarantor, if any), and not of any exchange or clearinghouse. As a result, the Master Fund may be subject to the risk of the inability of or refusal to perform with respect to such contracts on the part of any swap counterparties with which it trades.

*Exchange Traded Funds (“ETFs”).* The Master Fund may invest in ETFs. ETFs are generally structured to invest in all or a representative sample of the securities that generally replicate the price and yield performance of an underlying market index or sector such as a broad stock market, industry sector, domestic or international equity or fixed income, or U.S. or foreign government bond. Although index-based ETFs are designed to provide investment results that generally correspond to the price and yield performance of their respective underlying indices, ETFs may not be able to replicate exactly the performance of the indices because of their expenses and other factors. ETF shares may trade at either a discount or premium to their underlying net asset value. The purchase or sale of ETF shares on the secondary market involves the payment of brokerage commissions and potentially other transaction costs. Investors in ETFs also directly bear the ETF’s costs associated with its payment of investment management fees and fees for administrative, custodial or other services and thus the holders of the Funds’ participating redeemable shares will indirectly incur an additional layer of fees and expenses.

*Investing in Non-U.S. Companies and Markets; European Economic Conditions.* Investments in securities of non-U.S. issuers (including non-U.S. governments) and securities denominated in, or the prices of which are quoted in non-U.S. currencies pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks which could include expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. issuers. Transaction costs of trading in non-U.S. securities markets are generally higher than in the United States. There is generally less government supervision and regulation of exchanges, brokers and issuers outside the United States than there is in the United States. The Master Fund might have greater difficulty taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which, in some markets could at times fail to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the Master Fund’s performance. In addition, the Master Fund may invest in emerging and developing non-U.S.

markets, in which some or all of these risks associated with investing in non-U.S. companies may be exacerbated.

Further, there remains considerable uncertainty as to future developments in the European debt crisis and the impact on global financial markets. A significant deterioration of the European debt crisis could result in material reductions in the value of sovereign debt and other asset classes, disruptions in capital markets, widening of credit spreads, loss of investor confidence in the financial services industry, a slowdown in global economic activity, and other adverse developments that could negatively impact the performance of the Master Fund.

*Operational and Information Security Risk from Cyberattacks; Disaster Recovery.* The Funds and their service providers may be subject to operational and information security risks resulting from cyberattacks. Cyberattacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cybersecurity attacks affecting the Funds, the Firm, the Funds' administrator, the Funds' prime brokers, custodians, and other third party service providers may adversely impact the Funds. For instance, cyberattacks may interfere with the processing of investor transactions, impact the ability to calculate the Funds' net asset value, cause the release of private investor information or other confidential information, impede trading, subject the Funds and their service providers to regulatory fines or financial losses, and cause reputational damage. Similar types of cybersecurity risks are also present for other market participants, which may have material adverse consequences for the Funds, and may cause the Funds' investments to lose value. The Funds and their service providers may incur additional costs relating to cybersecurity preparations, and such preparations, though taken in good faith, may be inadequate. Cyberattacks are viewed as an emerging risk and the scope of the risk and related mitigation techniques are not yet fully understood and are subject to continuing change.

While the Firm has put in place safeguards including the use of parallel or back-up systems, emergency power and, in certain cases, alternative sources of data or alternative data delivery mechanisms designed to protect the interests of the Funds in case of disruption of information technology, including transmission failures, there can be no guarantee that such measures will be effective against all situations or could be implemented in time, and each of the Funds may be adversely affected accordingly.

## **Item 9 – Disciplinary Information**

Neither the Firm nor any of its management persons has been the subject of any such legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

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

- A. Neither the Firm nor any management person is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Firm nor any of its 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.
- C. Neither the Firm nor any of its management persons has any relationship or arrangement that is material to the Firm's advisory business or its Funds with the related persons described in the instructions to this Item.
- D. The Firm does not recommend or select other investment advisers for its Funds.

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

- A. R&F Capital Advisors has adopted a written Code of Ethics (the “Code”) pursuant to SEC rule 204A-1, which establishes the standard of business conduct that all employees must follow in upholding the Firm’s fiduciary duty to its Funds. The Code is designed to promote high ethical standards and sets forth internal policies and procedures designed to address and mitigate actual and potential conflicts of interest between the Firm, its employees and its Funds. Each employee is required to annually certify that he or she has read, understands and agrees to abide by the Code, including the insider trading policies and procedures set forth therein. The Code also establishes guidelines for the appropriate handling and containment of any material non-public information to which an employee may be exposed.

Additionally, the Code contains controls implemented by the Firm designed to monitor and mitigate potential conflicts of interest, including specific policies to address, among other things, outside activities of employees, the prevention of insider trading, and restrictions on the acceptance or offer of significant gifts.

Further, the Firm has adopted a formal personal trading policy which imposes restrictions on employee trading of most securities without the approval of the Firm’s Chief Compliance Officer, prohibits purchasing securities in an IPO, requires pre-clearance before purchasing securities in a limited offering (i.e., a private placement) and requires periodic reporting of employees’ personal securities transactions and all holdings. The Firm closely monitors the personal trading of employees and discourages excessive personal trading. Each employee is required to annually certify that he or she has read, understands and agrees to abide by the Code and all policies and procedures set forth therein.

Clients may request a copy of the Code by contacting us at the address or telephone number listed on the first page of this document.

- B. Neither the Firm nor any of its related persons recommends to clients, or buys or sells for client accounts, securities in which the Firm or any of its related persons has a material financial interest.
- C. Neither the Firm nor any of its related persons invests in the same securities that are recommended to the Firm’s clients.
- D. (See Item 11 B.) In the unlikely event that the Firm or a related person recommends securities to a Fund, or buys and sells securities on behalf of a Fund, at or about the same time that the Firm or a related person buys or sells the same securities for its or their own account, the Chief Compliance Officer will make a determination on a case by case basis to address such a situation and any conflicts of interest that such a transaction would present.

## Item 12 – Brokerage Practices

- A. In selecting brokers to effect portfolio transactions for the Master Fund, the Firm seeks best execution, taking into consideration factors such as price, the ability of the brokers to effect the transactions, the brokers' facilities, reliability and financial responsibility and the provision or payment of the costs of property or services (e.g., short-term custodial services, research services and publications). Accordingly, if the Firm determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, the Master Fund may pay commissions to such broker in an amount greater than the amount another broker might charge.
1. The Firm does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with Fund securities transactions ("soft dollar benefits").
  2. The Firm does not consider, in selecting or recommending broker-dealers, whether the Firm or a related person receives client referrals from a broker-dealer or third party.
  3. The Firm does not permit its clients to recommend, request or require the Firm to execute transactions through a specified broker-dealer.
- B. The Firm aggregates the purchase or sale of securities subject to best execution. Aggregation or "bunching" describes a procedure whereby an investment adviser combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities generally arise when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. In such event, securities purchased or sold are generally allocated among client accounts on an average price basis. When an aggregated order is only partially filled, the Firm allocates the investment opportunity in a manner that it deems fair and equitable under the circumstances existing at such time. In general, trades are allocated on a *pari passu* basis.

## Item 13 – Review of Accounts

- A. Each Fund’s portfolio is monitored and reviewed on an ongoing basis by the Firm’s portfolio manager, who is primarily responsible for portfolio and risk management. Each Fund’s portfolio is reviewed in the context of each Fund’s stated investment objectives and guidelines.
- B. A targeted review of a Fund account may be triggered by material changes in key variables that may affect the performance of the Funds, including, without limitation, changes in the financial markets or activity and trends in the political or economic environment.
- C. The Firm reports to investors in its Funds informally on an ongoing basis regarding updates on the performance and status of the portfolio and to discuss economic developments, industry outlook and other issues that might impact them. Additionally, the Firm provides unaudited performance reports with respect to the Funds to such investors on a monthly basis. Further, audited financial statements are provided to investors in each Fund, within such number of days of the end of the Fund’s fiscal year as required by Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) (currently 120 days)(the “Custody Rule”).

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

- A. R&F Capital Advisors does not receive economic benefits from anyone who is not a client for providing investment advice or other advisory services to the clients.
- B. Neither the Firm nor its related persons directly or indirectly compensates any person who is not a supervised person for client referrals. We have entered into, and in the future may enter into, contractual agreements with individuals and/or organizations that solicit investors for the Funds.



## **Item 15 – Custody**

Under Rule 206(4)-2 of the Advisers Act, R&F Capital Advisors (and any of its affiliates acting as general partner to the Funds) is deemed to have custody of the Funds' cash and securities accounts, even though it is not the Firm's practice to accept or maintain physical possession of clients' funds and securities.

In order to comply with Rule 206(4)-2, the Firm utilizes the services of qualified custodians (as defined under Rule 206(4)-2) to hold all of its clients' funds and securities. The Firm arranges for the Funds' financial statements to be prepared in accordance with GAAP and audited at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The Firm distributes such audited financial statements to all of the Funds' investors within such number of days of the end of each of the Fund's fiscal year as is required by law (currently 120 days).

## **Item 16 – Investment Discretion**

The Firm accepts full discretionary authority to manage securities accounts on behalf of its Funds and makes investment recommendations and decisions as deemed by the Firm in its sole discretion to be suitable for the Funds. The investment recommendations and decisions made with respect to each Fund are subject to each Fund’s investment objectives and guidelines, as set forth fully in its governing documents.

The Firm has entered into an investment management agreement with each Fund through which the Firm is granted discretionary trading authority.

## Item 17 – Voting Client Securities

- A. In the event that any of the Funds come into possession of securities with proxy voting rights, the Firm will accept the authority to vote proxies in its sole discretion and will vote in a manner that will serve the applicable Fund's best interests and investment objectives. Generally, it is expected that the Funds or investors in the Funds will not have the ability to direct or vote proxies.

Occasions may arise in which the Firm is required to vote a proxy while having a conflict of interest with a Fund. To protect the Funds against a breach of the Firm's duties to them, on any occasion when a proxy presents, or appears to present, a conflict of interest, the Firm will ensure that the issue is taken into consideration, and will seek to ensure that its actions are in the best interest of the Funds.

Clients may obtain a record of how proxies were voted or a copy of the Firm's proxy voting policies upon request.

- B. Not applicable.

## **Item 18 – Financial Information**

- A. The Firm does not require or solicit prepayment of more than \$1,200 in fees per Fund, six months or more in advance, and therefore has not included a balance sheet.
- B. The Firm does not believe that there are any financial conditions that are reasonably likely to impair its ability to meet contractual commitments to its Funds in the future.
- C. The Firm has never been the subject of a bankruptcy petition.

## **Item 19 – Requirements for State-Registered Advisers**

Not applicable.