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# Eagle Equity Strategies LLC

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**This Brochure provides information about the qualifications and business practices of Eagle Equity Strategies LLC (“EES”). If you have any questions about the contents of this Brochure, please contact us at (609) 688-2060. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**EES is an investment adviser registered with the SEC. Registration with the SEC does not imply any level of skill or training.**

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

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## ITEM 2 – MATERIAL CHANGES

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EES's registration as a registered investment adviser became effective on February 21, 2015. This is the first amendment to its Form ADV since its registration became effective. This Item 2 only discusses material changes to this Brochure that occurred since the EES investment adviser registration became effective. All undefined terms have the meanings ascribed to those terms in the Brochure.

Item 4 – EES updated its Regulatory Assets Under Management.

Item 5 – EES provided disclosure regarding allocation of expenses borne by its clients

Item 8 – EES revised its disclosure regarding the material risks of the types of financial instruments about which EES provides advice.

Item 10 – EES disclosed that it is registered with the Commodity Futures Trading Commission as a commodity trading advisor and is a member of the National Futures Association.

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## ITEM 4 – ADVISORY BUSINESS

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EES is a Delaware limited liability company formed in January 2011. EES's majority owner is Eagle Trading Systems Inc. ("Eagle"), an investment adviser organized as a Delaware corporation. All of the shares of Eagle are owned by Eagle's Chief Executive Officer, Chairman and President, Menachem Sternberg, and Liora Sternberg. EES's minority owner is Gil Sternberg.

EES provides discretionary investment management services regarding securities and other financial instruments (as more fully defined below, "Tradeable Instruments") to U.S. and non-U.S. clients ("Clients"), including, as of the date of this Form ADV Part 2A, to a managed account (a "Managed Account"), and as sub-advisor to a private investment fund (a "Fund") managed by Eagle. The Managed Account is a proprietary account of Eagle. With respect to the Fund managed by Eagle, EES has discretionary investment authority over the Fund's portfolio on a day-to-day basis under Eagle's overall supervision. It is anticipated that in the future EES will advise or sub-advise additional Client accounts including additional Funds and accounts managed by Eagle.

In providing services to its Clients, EES utilizes proprietary trading systems and licensed third-party systems to provide advice regarding Tradeable Instruments, which include:

- listed equity securities publicly traded on U.S. or global securities exchanges and derivatives thereon, including, for example, common and preferred stocks, depositary receipts, securities options, exchange traded funds ("ETFs"), and other equity derivatives (collectively, "Equity Securities");
- positions in the global futures and forward markets in foreign currencies, government debt instruments, energy, equity indices, and traditional commodities (e.g., agriculturals, softs, and metals), and will also include swap contracts and currencies, as well as listed and over-the-counter options and other derivative instruments (including credit derivatives) on all of the above instruments, and rights to acquire the same of public and private issuers throughout the world (collectively, "Futures and Derivatives"); and
- on a more limited basis and only to certain Clients for which EES or Eagle acts as either an investment advisor, general partner or managing member, cash, deposit accounts, short-term debt instruments, money market funds and/or cash equivalents (which include U.S. treasuries and other U.S. government securities, bank deposits, certificates of deposits, bankers acceptances and similar bank instruments).

Information about the current Fund Client, including information about investment strategies, fees, risks and other material information, is contained in the Fund's offering documents (collectively, "Memorandum").

EES offers various investment strategies. Potential Clients and investors have the option to choose any of the strategies offered by EES. Managed Account Clients that choose a particular strategy offered by EES impose specific investment restrictions in their investment management agreement with EES. Clients that are Funds are governed by the investment restrictions contained in their respective Memoranda.

Aa of March 1, 2016, EES managed approximately \$34,898,000 in regulatory assets under management all managed on a discretionary basis.

Eagle also has a majority-owned subsidiary, Eagle Trading Systems (R&D) Ltd. (“Eagle R&D”), a company organized and operated under the laws of the State of Israel. Eagle R&D specializes in research and systems development and provides such services to EES pursuant to a participating affiliate agreement (“Participating Affiliate Agreement”). See Items 10 and 11 below for additional information on the Participating Affiliate Agreement with Eagle R&D.

Eagle has another majority-owned indirect subsidiary, Eagle Labs (Israel) Ltd. (“Eagle Labs”), a limited liability company organized under the laws of Israel. Eagle Labs’ minority owner is Gil Sternberg. Eagle Labs focuses on proprietary alternative futures trading. EES does not believe that the commodities trading of Eagle Labs poses any conflict of interest to the Futures and Derivatives trading EES engages in for its Clients because of the minimal overlap of the types of instruments traded by Eagle Labs and EES. Eagle Labs also conducts due diligence on third-party software that employ systematic trading systems for securities and futures trading. Eagle Labs, either directly or indirectly through its wholly-owned subsidiaries, enters into licensing agreements for use of third-party software systems that it believes can be used to implement investment strategies. Under the licensing agreements, Eagle Labs shares certain of the third-party software with its affiliates, including EES. Eagle Labs’s due diligence on third-party software to be possibly used for EES Clients is conducted pursuant to a Participating Affiliate Agreement with EES. For risks involved in using third-party software see Item 8 below, for conflicts of interests related to the use of the third-party software see Items 10, 11 and 14 below and for additional information on the Participating Affiliate Arrangement with Eagle Labs see Items 10 and 11 below.

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## **ITEM 5 – FEES AND COMPENSATION**

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While EES does not have a standardized fee schedule with respect to its Clients, EES charges management fees based on the net asset value under management and performance-based compensation based on net realized and unrealized trading gains. Management fees generally are 2% per annum of the net asset value under management per annum, generally charged monthly in arrears, and performance-based compensation is generally 20% per annum of net realized and unrealized trading gains subject to a high water mark and generally charged quarterly in arrears, though these amounts differ between Clients. Performance-based compensation will be in conformity with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Under certain circumstances, fees are negotiable. The factors that determine whether or not fees will be negotiable include, among other factors, the

relationship between EES and the Client, amount of assets under management, and type of advisory services. Differences in fee arrangements create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities (see also Items 6 and 11).

Fees are billed separately and are not deducted by EES from Client assets. The specific manner in which fees are charged by EES is set forth in a Client's written agreement with EES or its governing Memorandum. Generally, the management fee is computed before taking account of any redemptions at the end of the month and is pro-rated for any additional capital contributions by an investor which occur other than at the beginning of a month.

When EES acts as a sub-advisor to Eagle's Funds and accounts, EES is paid by Eagle, and not by such funds or accounts, out of the fees that Eagle charges to such Funds and accounts. Fees charged by Eagle to such Funds and accounts are generally similar to the fees described in this Item 5. EES separately negotiates its fees with Eagle when it acts as a sub-advisor to Eagle's Funds and accounts. As a sub-advisor, EES will provide varying levels of investment advice to such Funds and accounts based on the amount of assets of such Funds and accounts that are allocated to the strategies advised by EES. As such, the amounts paid by Eagle to EES will vary, but could be a substantial portion of the fees charged by Eagle if EES manages a substantial portion of the assets of a Fund or account.

Client advisory agreements are generally terminable upon 30 days' prior written notice to EES, without penalty. Upon termination of any account, for any partial period, fees charged to Clients in arrears will be prorated. Withdrawals by investors in a Fund are governed by such Fund's respective Memorandum.

Clients also incur certain charges imposed by custodians, brokers and other third parties such as commissions, custodial fees, and other fees and taxes on brokerage accounts and securities transactions where applicable. Such charges, fees and commissions are exclusive of and in addition to EES's fees, and EES does not receive any portion of these commissions, fees, and costs.

Fund Clients bear expenses incurred in connection with the organization of the Funds and the continuing offering of Shares. These expenses include, without limitation, legal fees, accounting fees, printing costs, government filing fees, and out-of-pocket expenses incurred by ETS or EES in connection with offering the Funds' shares. Other fees and expenses relating to the operation of the Funds will also be borne by the Funds. These expenses will include: (i) transaction costs and investment-related expenses incurred in connection with all investment and trading activities, including brokerage, exchange-related, and clearing expenses; (ii) Directors' fees in the amount as stated in the Fund's Memorandum (excluding Directors affiliated with ETS or EES, who have elected to waive their fees), in addition to routine legal, accounting, auditing, tax preparation, custodial and related out-of-pocket expenses for all Directors, and Cayman Islands regulators charges; (iii) expenses associated with the formation of any master Fund to a feeder Fund and the continued offering of Fund shares, other than finders' fees, if any; (iv) all other operational expenses, including, but not limited to, photocopying, facsimile, postage, duplication and telephone expenses; (v)

extraordinary expenses (e.g., litigation costs and indemnification obligations), if any; and (vi) the Fund administrator's fees; and (vii) any fees of other service providers disclosed in each Fund's Memorandum.

Generally, Client expenses are billed directly to the applicable Client, however, if more than one Client incurs a shared expense, EES allocates such shared expense among the applicable Clients (i) in proportion to the net asset value of each applicable Client; (ii) in proportion to the size of the investment made by each client to which the expense relates; or (iii) in such other manner as EES considers fair and reasonable. With respect to Clients managed by Eagle and sub-advised by EES, Eagle instead of EES or together with EES may allocate shared expenses. Under such circumstances, where applicable, such allocations will also take into account other clients of Eagle that are non-EES Clients who shared in the expenses.

Item 12 further describes the factors that EES considers in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their compensation (e.g., commissions).

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#### **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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As set forth in Item 5 above, EES's performance-based compensation is generally 20% per annum of net realized and unrealized trading gains subject to a high water mark and generally charged quarterly in arrears. Performance-based compensation will be in conformity with Rule 205-3 under the Advisers Act. Please see Item 5 for more information. However, certain of EES's Clients pay higher or lower fees.

Performance-based compensation is based upon unrealized, as well as realized, gains, and such unrealized gains may never be recognized by the Client. Thus, performance-based compensation creates an incentive for EES to recommend investments which are riskier or more speculative than those which would be recommended under a different fee arrangement.

Performance-based compensation arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. In addition, EES has an incentive to favor accounts for which performance-based compensation is likely to be paid sooner than for accounts for which such compensation is likely to be paid later.

In addition, EES, Eagle or their related persons will invest varying amounts in certain Funds and/or open Managed Accounts advised or sub-advised by EES (collectively "Related Accounts" and together with performance-based compensation accounts "Incentive Accounts"). Like performance-based compensation accounts, EES has an incentive to favor Related Accounts over other Managed Accounts and Funds managed by EES and Related Accounts that have a higher amount of related person assets over other Related Accounts that have a lower amount of related person assets.

Because instruments purchased by EES are generally liquid and readily available, the Firm expects that the above described conflicts of interest will rarely if ever negatively affect any

Client accounts. Please also see Item 11 below for a discussion of EES's allocation procedures.

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#### **ITEM 7 – TYPES OF CLIENTS**

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EES currently sub-advises a Fund and acts as an adviser to a proprietary account of Eagle. It is anticipated that in the future EES will advise additional Funds, institutional clients and other corporate entities and acts as sub-advisor to Eagle in similar capacities .

EES does not have a standard minimum account size.

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

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EES's investment strategy involves trading Tradeable Instruments for Clients. EES has the option to invest in further additional instruments as future strategies are developed.

EES offers various investment strategies that utilize a systematic, model driven trading approach. These trading strategies are developed internally, based on trading systems licensed from third parties and/or employ a combination of self-developed and licensed trading systems. The systematic, model driven investment approach is designed to capture and participate in investment opportunities created by structural changes in the market and or temporary misvaluation of individual securities, market sectors or individual markets. Each system is based on defining the market structures and situations it attempts to capture by the formulation of trading rules that will best achieve its goals. The applicable markets and sectors are then analyzed with the use of substantial data to confirm that the rules can be consistently applied in the actual trading. Once the programs are used in actual trading, they are observed and monitored daily, and the trading rules are re-evaluated, to seek to identify any need for refinements or modifications. The trading rules incorporate pattern recognition techniques and self-learning mechanisms to screen for opportunities. Systemization of strict trading rules is used to incorporate money management principles and volatility adjustment features. Decisions to initiate or liquidate positions are dependent upon computer-generated signals, which are based on mathematical analysis of market prices and the incorporation of predetermined risk parameters. EES verifies certain signals of trading systems in real time before they are utilized to review consistency with the strategy, risk parameters and permitted tradable instruments. Post-trade analysis of the strategy and thorough performance attributions are also performed by EES.

Investing in Equity Securities and in Futures and Derivatives involves risk of loss that Clients should be prepared to bear. A brief explanation of the material risks associated with EES's securities investment strategy and methods of analysis follows. Additional risk factors are set forth in the Memorandum of the applicable Fund.

The value of Equity Securities fluctuates in response to specific situations for each company, industry market conditions and general economic environment. Certain Clients will likely



acquire long and short positions in listed and unlisted common equities, preferred equities and convertible securities of issuers domiciled around the globe, including in both developed and emerging countries. Since non-U.S. securities often are purchased with and payable in currencies of foreign countries, the value of these assets as measured in U.S. dollars will be affected favorably or unfavorably by changes in exchange rates and exchange control regulations. Non-U.S. securities markets likely are not as developed, liquid, or efficient as those in the United States, and securities of non-U.S. issuers may be less liquid and their prices more volatile than securities of comparable U.S. issuers. Non-U.S. markets and non-U.S. issuers of securities generally are subject to less stringent or different regulations than are U.S. markets and issuers. There generally is less publicly available information regarding non-U.S. issuers of securities than typically is available about U.S. issuers. Custodial and brokerage expenses for transactions in non-U.S. securities may be higher than for transactions in U.S. securities. In addition, with respect to some countries, there is the possibility of expropriation, confiscatory taxation, and/or political, social and financial instability.

Certain Clients sometimes engage in options transactions, either in conjunction with or in lieu of investing in underlying securities. There are risks inherent in the sale and purchase of stock options and stock index options, which are different than the risks in trading the underlying instruments or products. For example, if a Client buys an option (either to sell or buy an underlying instrument or product), it will be required to pay a “premium” representing the market value of the option. The value of an option may decline because of a decline in the value of the underlying asset relative to the strike price, the passage of time, changes in the market’s perception as to the future price behavior of the underlying asset or any combination thereof. Unless the price of the underlying instrument or product changes and it becomes profitable to exercise or offset the option before it expires, such Client likely will lose the entire amount of the premium. Conversely, if a Client sells an option (either to sell or buy an underlying instrument or product), it will be credited with the premium but will have to deposit margin with such Client’s brokers due to its contingent liability to deliver or accept the underlying instrument or product in the event the option is exercised. Sellers of options are subject to unlimited risk of loss, as the seller will be obligated to deliver or take delivery of an asset at a predetermined price which may, upon exercise of the option, be significantly different from the then-market value. The ability to trade in or exercise options may be restricted in the event that trading in the underlying instrument or product becomes restricted.

Futures and Derivatives are speculative, highly leveraged and involve a high degree of risk. The low margin deposits normally required in the trading of Futures and Derivatives permit an extremely high degree of leverage. Volatility increases risk (see above), particularly when trading with leverage. Trading on a leveraged basis, as certain Clients will, even in stable markets involves risk; doing so in volatile markets necessarily involves a substantial risk of sudden, significant losses. Due to such leverage, even a small movement in price could cause large losses for such Clients. Market volatility and leverage mean that Clients could incur substantial losses, potentially impairing its equity base and ability to achieve its long-term profit objectives even if favorable market conditions subsequently develop.

EES relies in large measure on systematic trading systems and models that are based on a mathematical analysis of certain technical or fundamental data regarding past market price

performance. Technical trading systems rely on information intrinsic to the market itself, such as prices, price patterns, volume, volatility, etc., to determine trades. These kinds of trading strategies ordinarily do not consider fundamental factors, except to the extent that they are reflected in technical input data analyzed by the system. Thus, these trading programs are often unable to respond to fundamental causative events until after their impact has ceased to influence the market, and futures positions dictated by such methods likely will be incorrect in light of the fundamental factors then affecting the market. These trading systems can incur major losses when factors exogenous to the markets themselves — political events, natural catastrophes, acts of war or terrorism, etc. — dominate the markets. A further limitation inherent in technical strategies is the need for price changes which are sufficient to dictate an entry or exit decision. If there is no substantial price movement, or if a price movement is erratic or ill defined, a technical system will likely not be able to identify opportunities on which it can act.

Certain of EES's systematic trading systems and models incorporate licensed third-party software and algorithms or rely entirely on licensed third-party software and algorithms licensed by Eagle Labs. The third-party licensors may provide support for such software and algorithms. The licensors of the software or algorithms may not modify the software or the algorithms without the prior approval and knowledge of Eagle Labs. Notwithstanding the foregoing license agreement protection, if the licensors make material modifications to their software or algorithms without the prior approval and knowledge of Eagle Labs, and Eagle Labs and its affiliates including EES do not detect the changes prior to the execution of portfolio transactions for Clients, such Clients could be materially and adversely affected. In addition, changes to and/or failures or errors in the third-party software or algorithms might not be detected by the licensor, by Eagle Labs or by EES prior to the execution of portfolio transactions for Clients, and such Clients could be materially and adversely affected. Any failures or errors may not be remedied by the third-party licensors and neither Eagle Labs nor EES likely will have any ability to remedy such failures or errors. In the event the software or algorithms fails, experiences errors or support is discontinued by the third-party licensors, Eagle Labs and EES will likely not be able to find replacement software and algorithms to continue its the investment strategies that rely on such software and algorithms. Similarly, if the license agreement with the licensor are terminated or cannot be renewed on the same terms, investment strategies that rely on such license agreements will likely be adversely affected.

The EES systematic strategies rely heavily on information technology and data management systems, which systems can fail or be subject to natural or man-made interruption or destruction caused by such events as earthquakes, floods, fires, extreme weather, power loss, telecommunications failures and similar events, or break-ins, sabotage, intentional acts of destruction or vandalism or similar misconduct. In order to mitigate those risks EES has in place a backup and disaster recovery procedure that outlines steps the Investment EES will take to prevent or mitigate damage if such an event occurs. However such procedures could fail or be insufficient, and any failure, interruption or destruction of the information technology systems or data could materially and adversely impact Clients. In addition, each strategy involves the storage and transmission of Client proprietary and sensitive information, and breaches of security could expose Clients to risk of loss of information, litigation and

liability. Although there are information security and incident response procedures in place, breaches are still possible, and the existing procedures may not be sufficient to avoid, mitigate, or remedy a breach. The security measures may be breached as a result of third party acts, computer error or malicious code, employee error, malfeasance or otherwise, and since the methods and technologies used to obtain unauthorized access to systems change frequently and often are not recognized until used against a potential target, EES may not be able to anticipate the methods and technologies used or to implement adequate protections.

There can be no assurances that a Client will achieve its investment objective, that the strategy pursued and methods utilized by EES will be successful under all or any market conditions or that any program will provide an acceptable return to Clients or will not incur substantial losses.

The foregoing is a basic description of the material risks associated with EES's securities investment strategy and methods of analysis and does not purport to be a complete explanation of the risks involved in trading securities or with respect to any trading system managed by EES. Additional risk factors are set forth in each applicable Fund's Memorandum or by contacting EES directly.

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#### **ITEM 9 – DISCIPLINARY INFORMATION**

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EES does not have any disciplinary or legal events to report. Eagle also does not have any disciplinary or legal events to report, other than as disclosed in Part 1 of Eagle's Form ADV. As disclosed in Part 1 of Eagle's Form ADV, Eagle voluntarily submitted itself to the jurisdiction of the New York Mercantile Exchange ("NYMEX"). Without admitting or denying the violation, Eagle agreed to a \$25,000 fine in a settlement with the NYMEX which found that Eagle inadvertently maintained an open natural gas futures position of 1,333 short contracts, which was 333 contracts over the 1,000 contract spot month position limit in effect for the trade date of August 25, 2011, which was Eagle's first (and, as of the date hereof, only) violation of a position limit.

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#### **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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EES's Futures and Derivatives trading is done in compliance with the Commodity Exchange Act, as amended, and the rules of the Commodity Futures Trading Commission ("CFTC"). EES is registered with the CFTC as a commodity trading advisor and is a member of the National Futures Association ("NFA").

Eagle is a commodity pool operator, commodity trading advisor and forex firm registered with the CFTC and is a member of the NFA.

Eagle serves as Managing Member of an onshore feeder Fund to the current EES Fund Client and acts as investment adviser to such Fund. Eagle has delegated discretionary investment

advisory authority to EES to manage such Fund's portfolio on a day-to-day basis under Eagle's overall supervision. See also Item 4. Certain control persons of EES and Eagle also serve as uncompensated directors on the boards of directors of such Fund and the offshore feeder Fund of such Fund Client. Although such directors have a conflict of interest in making decisions on behalf of the Fund Client and its Offshore Feeder that affect EES in its capacity as sub-advisor to the Fund, such conflicts are mitigated by the fact that the majority of the directors of those boards are independent.

Eagle and EES also share office space, systems, and, to a large extent, employees. For the time being, Eagle pays all employees and EES reimburses Eagle for the portion attributable to each employee's work for EES.

In reliance on a series of SEC no-action letters, EES has entered into Participating Affiliate Agreements with Eagle R&D and Eagle Labs. The Participating Affiliate Agreements enable EES to utilize the resources and capabilities, including certain personnel, of Eagle R&D and Eagle Labs to assist in developing the EES trading systems and to provide operational support with respect to the EES trading systems and other technology systems. Eagle R&D provides certain back office and research support services to EES. Among other things, Eagle Labs conducts due diligence on third-party software that employs systematic trading systems for securities and futures trading for the benefit of EES clients.

Eagle R&D and Eagle Labs are not registered, and are not required to be registered, with the SEC as investment advisers. However, the Participating Affiliate Agreements have the practical effect of requiring Eagle R&D and Eagle Labs to comply with the Advisers Act when developing and monitoring trading systems and conducting due diligence on third-party trading systems that will be used to benefit EES U.S. clients. It also causes the personnel of Eagle R&D and Eagle Labs involved in such due diligence, development and monitoring to be deemed associated persons of EES and subject to U.S. compliance obligations similar to those that apply to EES personnel, including the obligations found in the EES code of ethics adopted pursuant to Rule 204A-1 under the Advisers Act. See Item 11.

Eagle Labs licenses certain third-party software that employs systematic trading systems. Under certain of the licensing agreements, Eagle Labs shares such third-party software with its affiliates including EES. Certain of EES's strategies and models rely wholly on such third-party software and systems and others incorporate third-party software. Eagle Labs owns a minority, non-controlling interest in one of the third-party software providers ("Related Software Company") used by EES. Thus, EES has an incentive in selecting the software developed by the Related Software Company over software developed by unrelated companies because of the financial interests EES's related persons have in the Related Software Company and has an incentive to renew the license with such Related Software Company notwithstanding any issues related to the performance of such software. Nonetheless, EES believes based on its due diligence that the Related Software Company's software provides a unique trading strategy and, to date, EES is unaware of comparable software in the marketplace to use for the investment strategy that employs the software of the Related Software Company.

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## ITEM 11 – CODE OF ETHICS

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EES has adopted a Code of Ethics (the “Code”) which sets forth the ethical and fiduciary principles and related compliance requirements under which EES operates and the procedures for implementing those principles. The Code includes provisions which govern fiduciary duty, client opportunities, insider trading, personal trading, gifts and entertainment, outside business activities and confidentiality.

The Code contains policies and procedures that, among other things:

- prohibit Employees from taking personal advantage of opportunities belonging to Clients,
- prohibit trading on the basis of material nonpublic information,
- place limitations on personal trading by Employees and impose preclearance (in certain cases) and reporting obligations with respect to trading,
- require initial and annual reports of securities holdings and quarterly transaction reports by Employees,
- prohibit directors, officers and Employees from violating federal securities laws,
- place limitations on employee receipt and giving of gifts and entertainment,
- place restrictions on employees regarding disclosing confidential information of the firm;
- place limitations on outside business activities of employees;
- prohibit directors, officers and Employees from violating federal securities laws, and
- require directors, officers and Employees to report promptly any violations of the Code to the Chief Compliance Officer.

The Code is available for inspection in EES’s office by Clients, potential Clients, Fund investors and potential investors from EES upon request.

With respect to personal trading by its principals, employees and related accounts (collectively, “Employees”), other than as discussed below, prior approval of the Chief Compliance Officer and the Chief Executive Officer is required for Employees to buy, sell or otherwise trade for any account in which such Employee has a beneficial interest in any equity securities and any futures or derivatives. Such consent is generally not expected to be granted unless the Chief Compliance Officer and the Chief Executive Officer determine that there are special circumstances and that such transactions will not take opportunities from Clients.

Notwithstanding the foregoing, (i) transactions in certain “exempt securities” (as defined in the Code, which includes securities such as government-issued securities, money market fund and certain other open-ended mutual funds) do not require pre-approval and (ii) transactions in ETFs and private placements require the pre-approval only of the Chief Compliance Officer, who generally expects to approve such transactions unless such transactions will conflict with EES’s management of Client accounts.

The Eagle R&D and Eagle Labs personnel that are deemed associated persons of EES (See Item 10 above) will be subject to the same personal trading restrictions and reporting requirement as EES employees. On at least a quarterly basis, Eagle R&D and Eagle Labs will report to EES its applicable employees’ compliance with personal trading requirements pursuant to the Participating Affiliate Agreements.

Generally, EES trades for accounts managed according to the same strategy at the same time including Incentive Accounts and other Client accounts. For all accounts managed according to the same investment strategy, EES will generally (subject to the exceptions described below) invest or divest uniform percentages of each account’s total assets in or from identical securities (“target percentages”). Target percentages are generally decided prior to placing an order. The EES trading systems consider some or all of the following factors in making decisions as to the amount of a security to purchase or sell for accounts held in a particular investment strategy: the strategy’s investment objective, policies, restrictions, risk tolerance, portfolio risk, nature and size of accounts held in the strategy suitability, liquidity and size limitations, availability of cash or buying power, and whether the strategy’s accounts are eligible to participate in a trade pursuant to compliance regulations. Sometimes specific accounts in the strategy will not be allocated the security or a lower amount of the security than the target percentage for the strategy because of the accounts’ particular investment objective, policies, restrictions, risk tolerance, time horizon, portfolio risk, suitability, liquidity and size limitations, availability of cash or buying power, and whether they are eligible to participate in a trade pursuant to compliance regulations. EES sometimes adjusts a trade allocation prior to settlement based on various factors including investment restrictions, legal requirements or special circumstances. Any adjustments to allocations prior to settlement must be approved by the chief compliance officer.

If partial sales or purchases are made of Equity Securities, the allocation of the Equity Securities to the accounts shall be on the same ratio as the amounts intended to be bought or sold based on the target percentages. Exceptions to this policy do occur. For example, if one or more accounts would be unable to meet an investment objective, or if a pro rata allocation results in a de minimis allocation to certain accounts, EES will likely deviate from the preallocation formula.

In some cases, the EES allocation procedures cause a Client to receive a different price or amount of assets than it would have otherwise received. For example, if EES did not manage multiple Client accounts, each Client individually would be able to receive or sell a greater percentage of limited opportunity securities. Consequently, when multiple Clients participate in limited opportunity trades, each participating account reduces the opportunity available to other participating accounts. This conflict of interest is heightened when EES aggregates

Incentive Account orders together with other Client orders. Under such circumstances, if the Incentive Accounts were not to participate in such limited opportunities, the other Client accounts would be able to receive or sell a greater percentage of the security. Consequently, when Incentive Accounts participate in limited equity securities opportunities, they reduce the opportunity available to Client accounts. However, as noted in Item 6 above, because of the generally liquid nature and availability of securities traded by EES, there is little material risk of a partial fill of a securities transaction or of trading for Incentive Accounts disadvantaging other Client accounts.

Each account participating in a block trade bears its pro rata share of the commission costs for the block trade based on the amount of securities purchased or sold for such account. All portions of a block trade executed through the same broker-dealer will be allocated at the average price obtained by the broker-dealer on that day.

For Futures and Derivatives, split fills within a block trade will be allocated between accounts based on the low to high rule (i.e., all accounts will be numbered from a low to high number and the lower number the account the lower the price it will receive on both the buy and the sell orders).

While EES's goal is to be fundamentally fair on an overall basis with respect to all Clients, there can be no assurance that on a trade-by-trade basis that any particular Client will not be treated more favorably than another.

The Related Software Company from whom EES licenses certain trading software also uses the software to trade for its principal's accounts and to manage accounts of others ("Third-Party Investors"). EES has no control over these activities and will compete with such Third-Party Investors for investment opportunities. However, because EES also incorporates certain additional investment optionality into the software that is not incorporated into the software used by the Third-Party Investors and because the instruments purchased through such programs are generally liquid and readily available, EES does not expect that the trading by the Third-Party Investors based on the Related Software Company software will negatively affect any Client accounts.

EES anticipates sometimes recommending to its Clients and clients of Eagle investments in Funds managed by EES. EES has an incentive to recommend making investments in such Funds over opening managed accounts managed according to the same or a different strategy because of the higher fees EES generally receives from Funds. However, EES's policy is to allow Clients and potential Clients to open a managed account if they provide certain minimum investment amounts that justify the higher costs associated with administering managed accounts. See also Item 4.

EES does not engage in principal transactions with Client accounts and if it did so, it will secure applicable Client consent. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, buys from or sells any security to any advisory client. A principal transaction will also be deemed to have occurred if a security

is crossed between a Fund holding 25% or more EES affiliated money Fund and another Client account.

EES or Eagle, without the consent of, or notification to, other Fund investors, has granted certain Fund investors special rights, including, without limitation, enhanced information rights and other terms. In addition, EES or Eagle may in the future, without notice to or consent of Fund investors, grant certain Fund investors similar special rights. It is possible that, under certain circumstances, providing access to enhanced information to such Fund investors will disadvantage other Fund investors not receiving such information. Except to the extent disclosed in a Fund's Memorandum, EES and ETS will not offer any Fund investor special liquidity rights or rights to be charged reduced or no management fee or performance-based compensation. Managed account Clients negotiate their own account agreements, and, as such, different managed account Clients sometimes have differing fees and liquidity rights.

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## **ITEM 12 – BROKERAGE PRACTICES**

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EES has the authority to determine, without obtaining Client consent, (1) securities to be bought and sold, (2) amount of securities to be bought and sold, (3) the broker or dealer to be used, and (4) commission rates paid. Limitations on EES's authority are guided by, among other things, (i) its responsibility to act as a fiduciary when handling Clients' accounts, (ii) the investment strategies and objectives of its Clients, and (iii) with respect to a Fund, the Fund's Memorandum.

EES recommends and effects transactions through various brokerage firms (collectively, "Brokers"), which are generally considered reputable and financially secure to execute its trades, and which EES believes can offer best execution, on an overall or transaction basis. In selecting Brokers to execute transactions a number of factors are considered including, among others, financial strength, quality and depth of services, price, reliability, execution, commission rate and responsiveness to EES. The commissions and/or fees charged by Brokers are exclusive of, and in addition to, EES's fees.

In selecting Brokers to execute transactions, EES need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost to be charged by the Brokers it selects. Due to the nature of its advisory activities, trading system and investment strategies, EES does not utilize research products or services from Brokers and does not intend to enter into any soft dollar arrangements with, or receive any soft dollar benefits from, Brokers. EES does not consider Client referrals when selecting or recommending Brokers, and does not engage in directed brokerage arrangements.

EES's trading system generates daily reports that are reviewed by certain EES personnel to determine that every trading signal was properly executed and the prices obtained on transactions appear appropriate. The system also generates monthly and quarterly transaction and/or holdings reports that are reviewed by the accounting department and the Chief Compliance Officer, respectively. EES's executive committee serves as the firm's best execution committee. The executive committee meets at least semi-annually and discusses, as



necessary, efficiency of execution and commissions, prices received on securities and other expenses of EES's Brokers. Any changes to EES's brokers must be made by the best execution committee.

For a discussion about employee and EES proprietary trading, Client opportunities, and aggregated trades, please see Item 11.

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### **ITEM 13 – REVIEW OF ACCOUNTS**

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Client accounts, including portfolio positions, are regularly reviewed by EES's Chief Executive Officer, Farzine Hachemian, and EES's Chief Investment Officer, Gil Sternberg, or their designees to determine that trading signals were properly executed, the prices obtained were appropriate and that trades were executed in accordance with EES' allocation policies. At least periodically, EES's Chief Compliance Officer, Michael Emanuel will review Client accounts, including portfolio positions, for any anomalies in such accounts and EES's Chief Financial Officer, Eileen Kovacs, will review allocations to Client accounts for conformity with EES' policies. Fund investors are provided with written periodic unaudited reports, on a monthly basis including information regarding such Fund's performance and current balance of the investor's investment in such Fund and also receive annual audited fiscal year-end financial information. Managed account Clients are provided a monthly performance reported related to the EES program in which they are invested.

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### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

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EES does not receive an economic benefit for providing advice to its Clients from anyone other than its Clients. Although EES or Eagle do compensate third parties for referring investors to a Fund, EES generally does not compensate third parties for referring managed account Clients. However, if a third party refers an investor to a Fund and the investor chooses instead to become a managed account Client, EES has the option to compensate such third party for such referrals. Any Client referral arrangement with a third-party into which EES enters will comply, as necessary, with Rule 206(4)-3 under the Investment Advisers Act of 1940.

Referral fees generally are a percentage of the annual management fees and/or performance-based compensation earned by EES or such other amount as agreed to between EES and the referring third party. Referred investors in a Fund and managed account Clients do not pay any additional fees due to any referral fees paid by EES to referring third parties.

Subject to applicable regulations, it is expected that the Related Software Company will refer investors to the Fund that uses its software. Neither EES nor Eagle Labs directly pay the Related Software Company for such referrals. However, under the licensing agreement between the Related Software Company and Eagle Labs, the Related Software Company's fees are based on a percentage of the management fees and performance-based compensation earned by EES. Thus, the Related Software Company has an incentive to recommend such

Funds to potential investors because its licensing fees rise as the amount of assets in such Fund increases. Investors referred to such Fund by the Related Software Company do not pay any additional fees due to the increased licensing fees received by the Related Software Company for their investment in such Fund.

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### **ITEM 15 – CUSTODY**

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EES does not have actual custody of any Client assets. EES or Eagle are deemed to have custody of Client assets for the Fund Clients for which it serves as general partner, managing member or similar capacity. In accordance with Rule 206(4)-2, audited financial statements are furnished annually to all investors in the Funds. Such investors are also provided with periodic unaudited reports, on a monthly basis including information regarding such Fund's performance and current balance of the investor's investment in such Fund. Clients and Fund investors are urged to carefully review all statements and contact EES if you have any questions.

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### **ITEM 16 – INVESTMENT DISCRETION**

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EES has the authority to determine, without obtaining Client consent, (1) securities to be bought and sold and (2) the amount of securities to be bought and sold. Limitations on EES's authority are guided by, among other things, (i) its responsibility to act as a fiduciary when handling Clients' accounts, (ii) the investment strategies and objectives of its Clients, and (iii) with respect to a Fund, the Fund's Memorandum. EES abides by the investment guidelines and restrictions set forth in each Client's investment advisory agreement or Memorandum, as applicable.

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### **ITEM 17 – VOTING CLIENT SECURITIES**

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The Firm exercises proxy voting authority on behalf of Clients. Generally, the Firm does not vote proxies (which sometimes counts as a "yes" vote in certain circumstances) because it believes that most proxies will either not have a material financial impact on the company (e.g., proxies regarding voting rights, board elections, or generally other uncontested matters) or because of the limited time that Clients hold the company's securities such a proxy vote would not materially affect the Clients' economic interest in such security. However, the Firm will vote a proxy in response to a specific Client instruction (although the Firm bears no responsibility to inform a Client of its receipt of any proxy) or if the Firm believes that such a vote will materially affect a Client's economic interest in such security. In this case, the Firm will vote its proxies in the best interests of its Clients.

The Chief Compliance Officer reviews potential conflicts of interests related to proxy votes. Where the Chief Compliance Officer determines there is a potential for a material conflict of interest regarding a proxy, the Chief Compliance Officer will consult with the executive

committee and a determination will be made as to how to resolve such conflicts in the respective Clients' best interests.

Clients are able to obtain a copy of the Firm's complete proxy voting policies and procedures and information about how the Firm voted any proxies on behalf of their respective accounts by using the contact information on the cover page.

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#### **ITEM 18 – FINANCIAL INFORMATION**

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EES's financial condition supports its ability to meet contractual commitments to Clients, and EES has not been the subject of a bankruptcy proceeding.