

Stein Investment Management LLC

Due Diligence Questionnaire

Commodity Trading Advisor

Manager: Stein Investment Management LLC
Address: 2180 Kent Court, New Jersey, 07430, U.S.A.
Contact: Boris Stein, President
Strategy: Managed Futures
Report filed: May 18, 2010

QUESTIONNAIRE

GENERAL QUESTIONS

1. Manager(s) Background

After finishing high school with Gold medal, Mr. Stein graduated from Minsk University in the former Soviet Union with dual Masters Degree in Physics and Computer Science. Mr. Stein was involved in scientific research, mathematical modelling and computer simulations of sophisticated processes, where he applied advanced statistical methods and the latest mathematical breakthroughs. After working as a Chief Information Officer for a major commercial company for many years, Mr. Stein focused his interests on the emerging commodity market and became one of the first foreign currency traders in newly independent State of Belarus.

Upon arrival to USA, Mr. Stein established himself as a successful businessmen and computer engineer through the ownership of two profitable companies and lucrative contracts in information systems industry. He used his solid mathematical background, strong analytical skills, extensive knowledge of markets and scientific methods of research to pioneer new technical trading ideas and systems as well as innovative approaches to asset management. Being well educated in the world of technical trading (Welles Wilder, Gerald Appel, Bruce Babcock, Larry Williams, Tom DeMark, Steve Nison), he widely used his computer programming skills for back testing various trading ideas to identify, verify and synthesize all the advantages of many popular systems and leverage them by introducing his proprietary weighting signals produced by multiple proprietary trading systems of original design.

Mr. Stein left his successful computer consulting business in 2002 to form his trading firm, Stein Investment Management LLC, which is currently registered as a CTA. As the managing member, president, and sole principal of SIM, Mr. Stein brought to the company his extensive experience of over 15 years in market research, development of advanced market trading methodologies, and active personal trading. Mr. Stein has published articles and was featured in numerous industry publications including: Futures, Traders World, FINalternatives, FutureSource, Technical Analyst, Futures & Options Trader, Active Trader. As president, director, and sole principal of SIM, Mr. Stein is responsible for all trading decisions as well as the day-to-day operations of SIM.

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Mr. Stein won second prize in the 2006 World Cup Championship of Futures Trading®, sponsored by Robbins Trading Company. Currently, Mr. Stein is a member of the World Cup Advisors team.

2. Give us a brief history of your company and its major steps

Stein Investment Management LLC (SIM) was formed in the state of New Jersey in April 2006. It was registered as a Commodity Trading Advisor with the Commodities Futures Trading Commission (CFTC) and the National Futures Association (NFA) in May 2006. Mr. Stein is the managing member and the president of SIM.

Stein Investment Management's Trading Edge program was in the list of the Top 5 CTA Programs under \$10 Mil in the April 2007 and April 2009 issues of the Futures magazine.

Stein Investment Management's Trading Edge program received Recognition Award for Excellence by Barclay database as #1 CTA Program in Stock Index Sector in January 2010.

Stein Investment Management was featured in the industry magazines Traders World, FINalternatives.com, FutureSource.com, The Technical Analyst, and others.

There have never been any material administrative, civil, or criminal proceedings against Stein Investment Management LLC, or Mr. Stein.

3. Who owns the company?

Mr. Stein is a sole owner of the Stein Investment Management LLC.

4. How many assets in US\$ do you have under management? How was the evolution? What percentage is institutional respectively individual accounts?

As of May 15, 2010, SIM has \$4 Million under management, and about a half of the assets belong to institutional accounts. SIM is a young dynamic company, and its AUM is growing rapidly.

5. Date and Size of your a) oldest, b) largest, c) smallest, d) average continuously active account

- a) oldest: since June 2006, current size \$30,000
- b) largest: since February 2010, current size \$1,200,000
- c) smallest: since June 2006, current size \$30,000
- d) average: since October 2007, average size \$200,000

6. What is your capacity to manage in US\$ terms? Why?

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We are trading exclusively S&P 500 Index Futures contracts (E-minis), one of the most liquid and popular futures in the world, so our capacity is virtually unlimited.

7. Do you accept managed accounts? If yes, what is the minimum amount?
Currently, we accept managed accounts. Minimum account size is \$60,000 for the Trading Edge (Index Works) program, \$100,000 for Trading Edge ST program, and \$300,000 for the Trading Edge LT program.

8. Do you have a lock-up in your strategy/fund?
We have no lock-up period.

STRATEGY / APPROACH

9. Define your Fund/program

We implemented the strategy called "Trading Edge". It is a 80% systematic, 20% discretionary program, which invests only in S&P 500 index futures. This program can be as much profitable in rising stock market as in falling market, because it assumes both long and short positions. The program incorporates about two dozens of rigorously designed and tested independent mechanical trading systems, all of which are proprietary. The decision to take a certain position in the market is based on a bias indicated by these independent systems. The trades are taken only if their probable outcomes meet the strict criteria of the proprietary risk control system.

Currently, the Trading Edge, Trading Edge ST, and Trading Edge LT differ from each other by the trade size / risk per trade calculations algorithm, and by minimum account size. Trading Edge is the most leveraged program, Trading Edge LT is the least leveraged program, and Trading Edge ST is in the middle between them. Also, both Trading Edge ST and Trading Edge LT accept notional funding, and Trading Edge does not (because of high leverage).

Due to its complex and unique design, the returns of these three programs are uncorrelated with both market indices and with other alternative investments, making them an ideal product for adding real diversification to investor's portfolios.

10. What is your **edge** (competitive advantage/inefficiency)?

Our edge is many years of market research and rigorous testing, coupled with simultaneous live, real-time trading. We are the traders-contrarians, as we believe that in the short term, markets are emotionally driven. Our edge is in

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our ability to detect the market opportunities with very high probability and subsequently profit from it.

11. **Why do you make money (economic rationale)?**

We strive to always be "in sync" with the market. We closely monitor it, identify the opportunities, collect and process multiple real-time streams of market data, make a lot of rigorous quantitative research, and enter the trades with only the best reward to risk values.

12. Describe your approach (**how** you do it) and explain your decision making process (analysis process until you execute a trade):

- We analyze the current market trends, conditions, sentiments and behaviour
- We analyze the technical signals generated by our proprietary mechanical systems
- We analyze the trade risk and reward according to our risk management system
- If all of the above meets our criteria, we enter the trade.

13. What are the general characteristics of your trading method?

Systematic mechanical
Discretionary
Chart patterns
Fundamental
Multiple systems
Neural Networks
Computerised
Manual

Contrarian
Counter trend
Trend following
Seasonal cycles

Short term (less than one week)
Medium term (1 to 3 weeks)
Long term (3 weeks+)

Outright trading
Spreads
Arbitrage

Options
Interbank

Others - please specify:

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14. The following list comprises the types of data generally used in most trading models. Indicate by checking the appropriate boxes which types best represent those utilized in your trading system (please mark):

Daily Prices (Open, High, Low, or Close)
Volume
Intra-Day price data (price movements within the day)
Open Interest
Psychology - Market sentiment - Bullish Consensus
Fundamental Data - Supply and Demand decisions, Micro/Macro Economic statistics

Others - please specify:

15. Listed below are a number of techniques used in Systems Development. Of those listed, check the characteristics which best describe the techniques used in your program

Moving averages of prices, or multiple averages (including exponential, weighted average - single or multiple)
Chart patterns (head and shoulders, triangles, flags etc.) on bar charts
Momentum
Oscillators
Point and figure charts
Probability models
Penetration identification
Overbought / oversold
Cyclic analysis
Seasonal analysis
Fundamental or economic analysis
Arbitrage
Spreads
Trendfollowing
Counter-trend
Reversal
Artificial intelligence
Others - please specify:

16. Does the system(s) rely on proprietary indicators or do you use non-proprietary indicators like Gann, Stochastics, Moving Averages, RSI, Elliott Wave?

Most of the indicators we use in our strategies are proprietary, but we use also RSI, stochastic, %R, and others.

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17. Does your success depend on a few key people or could the company proceed if certain people would not be with your organisation anymore?

Currently our success depends on a few key people, however, we plan to expand our staff and transfer the knowledge of our strategies to the new team members.

18. Within the general framework of your system, is there room for judgemental decision making? If so, comment briefly?

Yes. Even though our approach is 80% mechanical, the remaining 20% is left to our discretion and judgement. In the case of extremely important economical or political events, we could and would override the computer-generated signals.

19. Why are you able to make money also in the future?

The never stopping market research and review is our main priority. The financial markets do and will change, and we will quickly adjust and adapt our techniques, models and processes to this ever-changing environment.

20. Since when do you run your strategy? Any interruptions? If yes why?

We run the same strategy from the very beginning of our trading advisory business. Regardless several market "tornados", there were no interruptions in trading.

21. Where did you learn what you do today? Did you have any mentors?

We use all the available resources. We put emphasis on education, teamwork and improving communication. We constantly attend specialized seminars, conferences and workgroups with the best traders and educators in the industry, to keep track of new ideas, discoveries and trends. The most influence on our trading had multiple seminars organized by Larry Williams, Gerald Apple, Steve Nison, and works by Welles Wilder, Bruce Babcock, and Ryan Jones.

22. Which sectors do you trade?

- Fixed Income
- Equity
- Currency

Commodity

1. Which markets do you trade? Which one do you avoid intentionally and why?

We trade exclusively S&P 500 Index Futures (currently E-minis).

2. What instruments do you use?

- Underlying
- Options

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Futures

- Swaps
- OTC
- Funds
-
-

1. Are all instruments you trade for your portfolio publicly listed and quoted? If not, name them:

All publicly listed and quoted.

2. What are the inputs for your decision making?

Market Price

- News
- Information
-
-
-

1. What role do computers play in your approach?

- Choosing markets

Entry points

Exit points

Timing

Asset Allocation

Risk Management

Market information

-
-

1. Do you use always the same parameter(s) to analyse a trade / market?

Yes.

2. Who created the approach/system? Who owns it?

The approach and the systems are designed by Mr. Stein. All systems are the property of the Stein Investment Management LLC.

3. Which market environment factors are favourable/unfavourable for you strategy?

Our strategies are designed and proven to work in any market conditions.

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4. Do you trade equity or fixed portfolio size?

The trade size correlates with the equity in the account.

5. How do you enter a new account into the market (please mark)?

Wait for equity dip

New Signals only

Enter all current positions

Others: _____

6. How many systems or strategies do you use in your program?

We use about 25 uncorrelated systems.

7. Which of the following rules do you use in trading your system?

Trade net positions only (for example, you are either long, short, or neutral on a given commodity but never in a spreading position)

Trade net positions and spreads

Intra-market spreads

Inter-market spreads

Reversal trading (you are always long or short in a given commodity)

Price objectives (when a position is taken, you have in mind a specific price target at which profits will be taken)

Let profits run until your approach says that the trend is over

8. Do you ever add on to an existing position?

Yes, but rarely.

9. Do you exit on the same system you used to generate your initial entry? If not, how does your exiting strategy differ?

We always go with the most recent generated trading signals.

10. What types of orders do you use?

Open

Limits

Stops

Market

Stop Close Only

11. How many years have you back tested each system? What type of testing?

The backtesting periods vary for different systems. For some of our systems, we go back in time up to 20 years. We analyse and evaluate the results generated during different market conditions.

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12. When was the last time the system(s) and program(s) were reviewed or materially changed. What caused this to happen and what have been the results since the changes were fully implemented?

We made adjustments to the risk parameters of all 3 systems at the end of October 2009, when time proved that the increase in market volatility and market turbulence demanded for much stricter risk control. Since then the performance of the systems improved substantially.

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13. Do you use the same parameters for every commodity? If not, why and how are you doing it?
We focus and specialize in a single commodity – S&P 500 Index Futures.
14. Do large accounts outperform small accounts or vice versa? If yes why?
Large accounts provide for better growth due to more adequate trade size management.
15. Which markets do you believe your methods of trading perform best in?
- Bull Trends
 - Bear Trends
 - Congestion zones
 - The same in all 3 markets
 - Bull and Bear, but not congestion zones
16. What do you estimate your average holding period is (specify days, weeks, months)?
Our average holding period is several hours.
17. What is the trading frequency (stated as the number of round turns per million per year) and commissions as the percent of equity (state commission rate the percentages based upon)?
Trading Edge (Index Works): 20,000 RT per million per year, 10% of equity
Trading Edge ST: 10,000 RT per million per year, 5% of equity
Trading Edge LT: 5,000 RT per million per year, 2.5% of equity
All percentages are based on commission rate \$5 RT All-In.
18. How does your trading system adapt to changes in volatility?
Our trading system incorporates a sophisticated algorithm to track the market volatility and is capable to auto-adjust and self-tune to it.
19. Do you intend to implement any major changes during the next six (6) months. Your answer to this question should include changes in systems, trading programs, markets traded, instruments traded and amount of assets under management?
Currently, there are no major changes planned, except for the growth of the AUM.
20. What other factors influence your ability to make money?
We strive to perform consistently throughout any market cycle, trend, volatility level, amid any macroeconomic or political instability.

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RELATIONSHIPS

21. Where do you get the information you need for your approach/strategy?
We subscribe to the different industry wide informational streams and reports (quotes, sentiments, news and etc.) to provide inputs for our proprietary analytical engines and signal generating systems. We use such services as Reuters, TradeStation, and others. We also derive some necessary information from our internally developed sources.
22. What is the role of brokers or similar institutions in your approach? List the sources:
Our approach and processes are not dependent on them.
23. Who is your prime broker(s)? Could an investor clear through another of his choice?
We allow investors to use a broker of their choice, upon our approval. The main requirements are the ability to use our trading platform (currently CQG Trader), and reasonable commissions. Among the brokerages we currently work with are MF Global Inc.*, and Open E Cry LLC.
24. How does your approach differ from the other managers in the same area?
Our approach is unique because of the following reasons:
1. All of the systems we employ are uniquely designed, proprietary and proven to generate returns much greater than the industry average.
 2. Highly specialized profile of S&P futures trading.
 3. Extensive and exhaustive back testing, parallel execution of our strategies before they become live trading programs.
 4. Large percentage of the business tasks performed by sophisticated computer based systems and programs.
 5. Unlimited one-on-one interaction with our clients to clearly identify his/her financial goals and risk tolerance, adjust our trading activities to the client's financial situation.
 6. Transparent business practices including on-time financial reporting, monthly statements, clear disclosures, honesty and integrity in advising our customers.
25. Who are the three main competitors in your sector/area?
We are confident that we have found our own niche and excelled in achieving a leadership position among our competitors.
26. Do you have any soft dollar agreements? If yes what services does it include?
No
27. What are the information systems you are using?

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We have engaged a vast array of powerful industry wide computer based analytical tools and systems, historical and live, real time data.

28. What percentage of importance would you allocate to the following factors within trading methodology (out of a hundred percent)?

Technical tools	_75 %
Fundamental tools	_5 %
Discretion based on experience	_20 %

29. Do any of the firms principals have other business involvements, and if so, how much of the professional time is devoted to them?
 The firm principal has his entire time and effort dedicated and focused on the firm's primary business and operations. He has no other business involvements.

30. Do you have any affiliations with Brokers or FCMs? If yes, please explain.
 No.

31. At what brokerage firms are you currently approved?
 MF Global, Lind-Waldock, Altegris, Open E Cry, Attain Capital.

32. Do you utilize exchange for physicals (EFP) within your trading? If yes for which exchanges?
 No.

33. Please specify for each of your program the instruments traded?

	Exch.	Markets traded (please mark)	max. position size for US-\$ 1 mio (please list) Futures	max. position size for US-\$ 1 mio (please list) Options
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Financials

Interest Rates				
T-Bills	IMM			
Euro-\$	IMM			
10-Yr. Notes	CBT			
5-Yr. Notes	CBT			
2-Yr. Notes	CBT			
T-Bond	CBT			
Short Sterling	LIFFE			
Long Gilt	LIFFE			
Euro DM	LIFFE			
Long German B.	LIFFE			
Pibor	MATIF			
Notional Bond	MATIF			

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Bank Bill	SFE			
Aus 3-Yr. Bond	SFE			
Aus 10-Yr. Bond	SFE			
Eurolira	LIFFE			
10-Yr. Ital. Bond	LIFFE			
Euroyen	SIMEX			
Long Jap Bond	LIFFE			
Euro SF	LIFFE			
Other:				

Stocks				
S&P500	CME			
MMI	CBT			
NYSE	NYFE			
FTSE	LIFFE			
DAX	DTB			
CAC-40	MATIF			
Nikkei	SIMEX			
E-mini S&P 500	CME	X	150	

Currencies				
BP	IMM			
DM	IMM			
SF	IMM			
JY	IMM			
CD	IMM			
AD	IMM			
Other: Euro				
	Exch.	Markets traded (please mark)	max. position size for US-\$ 1 mio (please list) Futures	max. position size for US-\$ 1 mio (please list) Options

Precious Metals				
Gold	IMM			
Silver	IMM			
Platinum	IMM			

Non-Financials

Metals				
Copper	CMX			
LME Metals	LME			

Energy				
Crude Oil	NYM			
Heating Oil	NYM			
Unleaded Gasoline	NYM			

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Brent	IPE			
Gas Oil	IPE			

Grains/Oil Seed				
Corn	CBT			
Oats	CBT			
Soybeans	CBT			
Soybean Meal	CBT			
Soybean Oil	CBT			
Wheat	CBT			

Livestock/Meat				
Feeder Cattle	CME			
Live Cattle	CME			
Hogs	CME			
Pork Bellies	CME			

Food/Fibre				
Cocoa	CSCE			
Coffee	CSCE			
Sugar	CSCE			
Cotton	CTN			

Other: Natural Gas	NYM			
Other:				
Other:				

RISK MANAGEMENT

1. Who manages the risk for your firm?
Mr. Boris Stein, the owner and the principal of the company.

2. How do you measure and manage risk?
We always measure risk in the context of performance. We use Compromise Stochastic Dominance method to measure risk, because we believe it solves major shortcomings of the Mean-Variance approach.
We manage risk by using sophisticated computer based risk management system for adjusting the trade size depending on the equity in the accounts, most recent performance results of the employed mechanical systems, and market volatility. We have to note that our risk is also reduced because of the diversification between uncorrelated mechanical systems that comprise our trading approach. We also use stop-loss orders and time stops.

3. What are the external events that could cause a major loss for your program?

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In the context of a major loss, we are well positioned to prevent vulnerability to any external events.

4. Is there an event inherent to your approach that could cause a major loss?
We don't believe so.
5. What is the maximum single position in your portfolio?
We trade only S&P 500 index futures. According to our current size as of the date of this report, we take a maximum position of 110 e-mini contracts.
6. How much do you risk per trade in % of equity?
We enter only trades with very high probability of winning, so we risk about 3.3% of equity for the Trading Edge (Index Works) program, 1.7% for Trading Edge ST, and 0.8% for the Trading Edge LT program.
7. Do you place stops?
We widely employ stop orders.
8. Do you stay out of the market completely? If yes, why and when?
Yes, sometimes we stay out of the market completely. It's when our confidence level is not supported by the output results of our systems entry point signals generation activity.
9. What is the required margin to equity ratio?
Required margin to equity ratio goes up to 50% for the Trading Edge (Index Works) program, 25% for Trading Edge ST, and 12% for the Trading Edge LT program.
10. Do you employ leverage? If yes, why, how much and how often over time?
We trade futures, so leverage is built-in.
11. What is the typical breakdown of your portfolio?
S&P 500 futures (e-minis) – 100% of our portfolio.
12. Are you hedged by any means? If yes, what is your hedge ratio and how do you hedge?
We do not use hedging right now, but plan add options for the purpose of hedging. We currently do intensive research in this direction.
13. What is your average cash position? Max/min?
Our strategies are short-term, so mostly all account equity is held in cash on overnight basis.

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14. What is your diversification policy?
We diversify between our 25+ proprietary mechanical systems, most of which are uncorrelated.
[REDACTED]
15. What is your average holding period on your positions?
Several hours
[REDACTED]
16. Do you have a risk objective?
We risk about 3.3% of equity on a trade for the Trading Edge (Index Works) program, 1.7% for Trading Edge ST, and 0.8% for the Trading Edge LT program.
[REDACTED]
17. Largest 4 declines in history, date and reasons for it?
February 27, 2007 – “mini-crash” on the stock market. We happened to be long at that time. End of September 2008 – beginning of October 2008 – due to unprecedented financial turmoil.
[REDACTED]
18. How have your losses occurred? (be precise as possible)
Losses are mostly caused by unusually big market moves, and when the clients are under-margined.
[REDACTED]
19. What have you changed since those losses occurred?
We decreased trading size, made all trades to be short-term, stopped adding to losing positions, tightened stop-losses and profit targets, and no longer carry a position over the weekend.
[REDACTED]
20. What do you estimate is your maximum potential decline?
Our theoretical maximum monthly decline is 20% for the Trading Edge (Index Works) program, 10% for the Trading Edge ST, and 5% for the Trading Edge LT program.
[REDACTED]
21. What are you doing in such a case?
We closely monitor subsequent results while continuing trading, and would be ready to make material adjustments to our systems, if needed.
[REDACTED]
22. When would you stop trading and return the money to the investors? What had to happen?
If we would have a string of losing months, and the losses were attributed to the poor performance of our systems, we would stop trading until we adjust and re-evaluate our trading program, subject them to an exhaustive and rigorous testing, to develop proven track record and high level of confidence.
[REDACTED]
23. Would power, phone or computer breakdown affect your trading? What are your contingency plans for such an event?

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We use long-period uninterruptible power supplies for all our computers and equipment. We always have cell phones to backup our land phone lines. We have arrangement with our primary broker for contingency plans in case of Internet, network, hardware or software failures. As an additional layer of safety, we use daily system wide backups and sophisticated data redundancy mechanisms.

24. On a scale of 1 to 5 (1 being the low risk peer investment and 5 being a risky manager/investment in your area) where do you place yourself?

Trading Edge (Index Works): 5

Trading Edge ST: 3

Trading Edge LT: 2

LIQUIDITY

25. Has there been a liquidity problem with the vehicles you use in the past? What could create one in the future?

We never had a liquidity problem, and do not expect it in future.

26. How long would it take you to liquidate the entire portfolio?

We can liquidate almost instantly when the market (Globex) is open.

PERFORMANCE

27. What is your performance objective with what level of risk?

We target monthly returns of 10% with the maximum risk of 20% for the Trading Edge (Index Works), 5% monthly returns and 10% risk for Trading Edge ST, and 2.5% monthly returns with the 5% risk for the Trading Edge LT.

28. What percentage of your performance comes from an index (beta) and what from your own value added (alpha)?

Our performance comes only from alpha.

29. What excessive monthly return (positive or negative) would surprise you?

We would be surprised to see monthly profits in excess of 15%, or monthly losses in excess of 25% for the Trading Edge (Index Works). For the Trading Edge ST, it is above 8% for profits, and above 12% for losses.

For the Trading Edge LT, it is above 4% for profits, and above 6% for losses.

30. When was the last time you were audited by a Regulatory Body?

Currently we are not required to be audited, because of our 4.7 Exemption.

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FEES & NAV

31. What is your fee structure?

We charge 2% of the NAV per year as a management fee (1/12 charged monthly), and 20% of new profits as an incentive fee.

32. What is the maximum Commission per round-turn that you will accept an account?

\$8 per e-mini contract all-in for Trading Edge, \$10 for Trading Edge ST, and \$12 for Trading Edge LT.

33. When are the fees debited to the fund?

The fees are payable and charged monthly.

34. Do you have a hurdle rate or benchmark? If yes what is it?

We don't use a hurdle rate or benchmark.

35. Do you have a high water mark?

Yes, for all our programs.

36. Who are the following parties for your products:

- Custodian:
- Prime Broker:
- Other Brokers:
- Auditor: N/A
- Legal Advisor on-shore:
- Legal Advisor off-shore:

ORGANIZATION

37. Describe your corporate culture?

We put emphasis on organizational and financial discipline, streamlined operations, efficient communication, well-defined business goals and processes. We believe in honesty, integrity and mutual trust in dealing with our clients.

38. How are you structured (research, trading and back office)? Number of people?

39. List all names of key employees and their responsibility:

40. Does the firm (or principals thereof) hold the following regulatory registrations:

a) CTA Yes No Name: Stein Investment Management LLC

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5. Do you invest the fund money with other 3rd party managers? If yes explain
No.
6. If you had to allocate some of your personal funds, to whom would you entrust them?
We would undoubtedly entrust them to our own fund.
7. Do other multi-manager funds have money with you?
Yes.

* MF Global Inc (the "Clearing Broker") is the clearing broker for the accounts managed by the Trading Advisor (the "Accounts"). The Clearing Broker is registered under the Commodity Exchange Act, as amended, as a futures commission merchant and a commodity pool operator, and is a member of the National Futures Association in such capacities. The Clearing Broker, which is part of the Man Group of companies, is a member of all major U.S. futures exchanges. The Clearing Broker's main office is located at 717 Fifth Avenue, 9th Floor, New York, New York 10022-8101. The Clearing Broker's telephone number at such location is (212) 589-6200.

At any given time, the Clearing Broker is involved in numerous legal actions and administrative proceedings, which in the aggregate, are not, as of the date of this Disclosure Document, expected to have a material effect upon its condition, financial or otherwise, or to the services it will render to the Accounts. There have been no material, administrative, civil or criminal proceedings pending, on appeal or concluded against the Clearing Broker or its principals within the five years preceding the date of this Disclosure Document, except that the Clearing Broker has been sued by the Receiver for Philadelphia Alternate Asset Fund ("PAAF") and associated entities for common law negligence, common law fraud, violations of the Commodity Exchange Act and RICO violations (the "Litigation"). The Receiver's claims for damages are not quantified in the Complaint, but are believed to be substantial. The Clearing Broker has informed the Trading Advisor that in acting as clearing broker for PAAF it was not responsible for its losses and, among other things, has brought in a number of third party defendants. Accordingly, the Clearing Broker will deny the material allegations of the Complaint and will otherwise vigorously defend the Litigation. Further, the outcome of the Litigation should not materially affect the Clearing Broker or its ability to perform as clearing broker for the accounts managed by the Trading Advisor. The Commodity Futures Trading Commission ("CFTC") is also investigating the events involving PAAF's losses and the Clearing Broker's relationship to PAAF. To date, the CFTC has not brought any action against the Clearing Broker.

The Clearing Broker acts only as clearing broker for the Accounts and as such is paid commissions for executing and clearing trades on behalf of the Accounts. The Clearing Broker has not passed upon the adequacy or accuracy of this Disclosure Document. The Clearing Broker neither will act in any supervisory capacity with respect to the Trading Advisor nor participate in the management of the Trading Advisor. Therefore, prospective clients should not rely on the Clearing Broker in deciding whether or not to participate in the Trading Program of the Trading Advisor.