The information given herein is correct as of: March 2011 and has been completed by Mike Rasmussen, Chief Operating Officer

AIMA'S ILLUSTRATIVE QUESTIONNAIRE FOR DUE DILIGENCE OF

MANAGED FUTURES FUND MANAGERS/COMMODITY TRADING ADVISORS (CTAs)

COMPLETED DUE DILIGENCE QUESTIONNAIRE

Covering: Full Company Information for the fxST Strategy

- Capricorn fxST – Managed Account
- Capricorn fxST (MAP) – Managed Account Platform
- Capricorn fxST (VOL+) – Managed Account Platform

Updated: March 2011

Capricorn
Talstrasse 20
Postfach 2257
CH-8022 Zurich
Switzerland

Tel: +41-44 340 0080
Fax: +41-44 355 3208
Website: www.capricornfx.com

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AIMA's Illustrative Questionnaire for Due Diligence of MANAGED FUTURES FUND MANAGERS/COMMODITY TRADING ADVISORS (CTAs)

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1 INVESTMENT MANAGER INFORMATION

1.1 CONTACT INFORMATION

1.1.1	Company name:	Capricorn Asset Management (Schweiz) AG
1.1.2	Address:	Talstrasse 20, Postfach 2257, CH-8022 Zurich
1.1.3	Telephone:	+41 44 340 0080
1.1.4	Fax:	+41 44 355 3208
1.1.5	E-mail:	info@capricornfx.com
1.1.6	Internet/website:	www.capricornfx.com
1.1.7	Company name:	Capricorn Currency Management (Cayman) Ltd.
1.1.8	Address:	c/o SH Corporate Services Ltd., PO Box 61, 4th Floor Harbour Centre, KY1-1102, CI
1.1.9	Type of Company:	Limited

1.2 COMPANY

1.2.1	Please give a brief history of the company:	Capricorn was established in 1999 to provide investment services for HMW clients, and later the client group was expanded to include Institutional clients. To enable this growth, Capricorn Asset Management (Schweiz) AG was formed in 2001 and Capricorn Currency Management (Cayman) Ltd was established in 2008. Currently, CAM AG holds manage account agreements with institutional clients, while CCM LTD holds client agreements with HNW clients and acts as the investment manager for the fund.
1.2.2	Type of company/entity e.g. organisation:	Capricorn Asset Management (Schweiz) AG Limited Liability Corporation Capricorn Currency Management (Cayman) LTD Limited Liability Corporation
1.2.3	Name of Entity: Date of incorporation: Place of incorporation: Registered number: Name of Entity: Date of incorporation: Place of incorporation: Registered number:	Capricorn Asset Management (Schweiz) AG 02-July-2001 Zurich, Switzerland CH-020.3.024.778-6 Capricorn Currency Management (Cayman) LTD 01-January-2009 Cayman Islands
1.2.4	Domicile:	Switzerland
1.2.5	Branch offices or other locations, if any:	Frederiksgade 11 DK-1265 Copenhagen
1.2.6	What functions are performed at these branches and locations?	Trading, marketing and sales
1.2.7	Has the company ever been registered as any of the following? Commodity Pool Operator? Commodity Trading Advisor?	

	Futures Commission Merchant? Introducing Broker? Registered Investment Advisor? Other?	Capricorn Asset Management (Schweiz) AG: Polyreg Allg. Selbstregulierungs-Verein Capricorn Currency Management (Cayman) LTD: Cayman Islands Monetary Authority
1.2.8	Has the company or any of its officers ever been associated or connected with any: Bank? CPO? Other CTA? FCM? Hedge Fund? IB? RIA? Broker/Dealer? Other? If yes, please explain:	Mikkel Thorup has a Bank association Mike Rasmussen has an Investment management association Klaus Oesterballe has a Bank association Martin Zoller has a Bank association Bjarne Jensen has a Bank association
1.2.9	List all regulatory authorities with whom the company is registered? Name(s) of regulatory bodies: Date of registration: Are all employees registered? Attach copies of registration and regulatory audit reviews:	Capricorn Asset Management (Schweiz) AG is regulated by: Polyreg Allg. Selbstregulierungs-Verein Since July 2001 Capricorn Currency Management (Cayman) LTD is regulated by: Cayman Islands Monetary Authority Since January 2009
1.2.10	Please provide the applicable date(s) of the most recent regulatory review conducted by each regulatory agency with whom you are registered. Are there any issues unresolved?	September 2010 No unresolved issues
1.2.11	Do you have a current CFTC Reg. 4.21 Disclosure Document or a Reg. 4.7 Disclosure Document?	No
1.2.12	How soon is the next update due to the Company's Disclosure Document?	Due Diligence Questionnaire is updated quarterly
1.2.13	Do you publish any newsletters or other publications?	Yes, copies are available upon request.
1.2.14	Provide two samples of reports typically sent to clients.	Month-end newsletters are attached.
1.2.15	Which investor groups do you primarily target?	Fund of Funds, Banks and Institution.

1.2.16	Provide three client references.	Client list is confidential, however references can be provided upon request.
1.2.17	List any affiliations, directorships and memberships of the company and/or its principals:	AIMA (The Alternative Investment Management Association) Market Technicians Association International Federation of Technical Analysts Mikkel Thorup is a Partner with Absolute Invest (Regulated by the Danish Financial Supervisory authority)
1.2.18	Specify nature of services provided by the company (discretionary investment management or advisory):	Discretionary investment services Systematic investment services Investment advisory services
1.2.19	Please list the total assets under management by the company:	Company active strategy AUM is US$92 M Company advisory AUM is US$190 M
1.2.20	What is the company's approximate net worth?	Capricorn is not subject to any minimum net worth requirements, however this information will be supplied to clients.
1.2.21	Describe any formal or informal affiliations with other investment companies:	Capricorn has formal agreements with three investment platforms and one third party marketer.
1.2.22	List any investment vehicles for which the company serves as general partner, etc., by their type, and the amount of assets in each:	Capricorn does not act as a general partner, but does act as the Investment Manager for: Capricorn FXG10, SPC (ISIN: KYG5204Q4219) Capricorn FXG10 USD, SPC (ISIN: KYG5204Q2312) Capricorn FXG10 EUR, SPC (ISIN: KYG5204Q2981)
1.3	**OWNERSHIP**	
1.3.1	Describe the company's ownership structure, name of its owners, their percentage ownership, and their role:	Mikkel Thorup, Founding Partner and CIO owns 65% Mike Rasmussen, Partner and COO owns 35%
1.4	**ORGANISATION**	
1.4.1	How many employees do you currently have in, Trading: R&D: Marketing: Administration: Programming: Compliance, reporting:	 2 1 3 1 0 1
1.4.2	Provide a brief background of the registered principals and senior managers (education, career background, etc.). Have any principals or senior managers left since inception? If yes, please provide applicable dates and explain:	Mr. Mikkel Thorup is an investment professional with over 18 years experience in the financial markets. Beginning his career as an investment manager in 1991 at Dubesco Holding a Danish institution, four years later Mr. Thorup advanced to established investment firms such as Smith Barney and Credit Suisse in Switzerland. Along the way Mr. Thorup at HJZ in Denmark from 1992 to 1995 before ending up at the Smith Barney 'Prop Desk' in 1996. Two years after Mr. Thorup formed the Capricorn Group, and later Capricorn Asset Management AG, Zurich in 2001. He is presently active with both firms as partner and CIO. Mr. Thorup is responsible for the overall trading philosophy of the Capricorn products, implementation of future investment products and is primary trader for the Capricorn managed programs.

		Mr. Mike Rasmussen is an accomplished professional with over 10 years experience in operations and marketing, and is skilled in business development and implementing procedures to maintain an efficient operational process. A graduate from the University of Greenwich in London, Mike holds a BA (Hons) in Business Studies with a major in Business Economics. Prior to joining Capricorn in 2004 as COO, Mike was the Creative Director for a media company he co-founded. Since the inception of Capricorn Asset Management (Schweiz) AG in 2001, Mike has played a key role in the company's marketing as a consultant. Mike is responsible for all operational aspects of Capricorn including; administration, compliance and back-office functions. His key daily responsibilities include trade processing and reconciliation, and client/broker relations. September 2010, Mr. Bjarne T. Jensen joined Capricorn as a Co-Manager for all trading programs. Bjarne is an investment professional with more than 25 years of analysis and trading experience in the Foreign Exchange markets and with financial instruments like derivatives and options. With this strong base and edge, Bjarne's experience has been utilized in the alpha generation process at Capricorn. Prior to joining Capricorn, Bjarne worked at Euro Ejendomme A/S and Danske Bank, advising on the development of the currency and interest rate environment. He has also led a foreign exchange team and proprietary trading desk at various international financial institutions throughout his career. A self-driven and results-orientated sales professional with a clear focus on high quality and business development, Mr. Klaus Oesterballe has more than 10 years experience in marketing and trading financial products. Graduating in 2002 from the Copenhagen Business School HD program in Finance, an advanced level course in financial analysis, Klaus applied his training at Nordea Bank. Prior to joining Nordea Bank as an institutional sales advisor in 1998 Klaus began his career as a trader with a Danish institution in 1993. Klaus initially joined Capricorn in Zurich as a trader in 2001, before re-location back to Denmark in 2004 and qualify as a real estate broker. In 2009 Klaus rejoined Capricorn as Head of Global Sales. Mr. Martin Zoller is an experienced administrator with an 18 year career history within financial services, including 4 years with Credit Suisse in St. Gallen. Mr. Zoller played a primary role in establishing Capricorn Asset Management (Schweiz) AG in 2001. With an education from Bankkaufmann in Switzerland, Mr. Zoller is an accomplished Managing Director and Securities Expert who has held several leadership seminars for investment professionals.
1.4.3	List the names, length of employment in present position of senior managers in charge of: Trading: R&D: Marketing / Operations: Sales: Compliance, reporting: Administration:	 Mikkel Thorup since 1999, Bjarne Jensen since 2010 Mikkel Thorup since 1999 Mike Rasmussen since 2004 (From 2001-2004 as a consultant) Klaus Oesterballe since 2009 Mike Rasmussen since 2004 Martin Zoller since 2001
1.4.4	What is the greatest and least number of employees you have had in the last 3 years?	For the past 3 years Capricorn has been unchanged and constant at five employees.
1.4.5	List the full contact details and function of any non-employee	Capricorn uses a number of non-employee representatives in raising capital. This list is available upon request.

	representatives being used:	
1.4.6	Is the company a member of AIMA or any other relevant trade association?	Capricorn is a member of AIMA.
1.4.7	List any other professional affiliations/memberships of the company and/or its principals:	Market Technicians Association International Federation of Technical Analysts
1.4.8	List the company's accountant/CPA, auditors and attorneys by company name, contact, address and phone number:	Capricorn Asset Management (Schweiz) AG auditors: TC Treuhand & Consulting AG Zürcherstrasse 107a CH-8102 Oberengstringen Switzerland Capricorn Currency Management (Cayman) LTD auditors: BDO Tortuga P.O. Box 31118 SMB 2nd Floor - Building 3 Governor's Square 23 Lime Tree Bay Avenue Grand Cayman KY1-1205 Cayman Islands
1.4.9	Have the auditors and/or attorneys been changed within the past 3 years, if so, why?	No
1.4.10	Do any of your principals have other significant business involvements?	No
1.4.11	Has an independent auditor ever reviewed the performance record?	Yes
1.4.12	Has the performance record been included in any public fund prospectus in the past five years?	No

2 FUND INFORMATION

2.1 FUND DETAILS

2.1.1	Name: Address: Telephone: Fax: E-mail: Internet: Fund structure: Legal entity: Domicile:	Capricorn fxST Capricorn fxST (MAP) Capricorn fxST (VOL+) Talstrasse 20, Postfach 2257, CH-8022 Zurich, Switzerland +41 44 340 0080 +41 44 355 3208 info@capricornfx.com www.capricornfx.com Managed Account Limited Liability Switzerland

2.1.2	Date of inception:	January 1999 (for the strategy)
2.1.3	Is the fund regulated?	Polyreg Allg. Selbstregulierungs-Verein (for the strategy)
2.1.4	Is the fund listed on any exchange(s)?	No
2.2	**FEES**	
2.2.1	Management fee (include frequency of payment):	Capricorn fxST : 1% per year paid monthly Capricorn fxST (MAP): 2% per year paid monthly Capricorn fxST (VOL+): 2% per year paid monthly
2.2.2	Performance fee (include frequency of payment):	Capricorn fxST : 20% per year paid monthly Capricorn fxST (MAP): 20% per year paid monthly Capricorn fxST (VOL+): 40% per year paid monthly
2.2.3	Administration fee:	n/a
2.2.4	Incentive fee:	
2.2.5	Hurdle rate/high water mark: A “hard” or “soft” hurdle?	No hurdle rate, and performance includes a high water mark
2.2.6	Sales fee:	Negotiable
2.2.7	Redemption fee:	n/a
2.2.8	Any other fees:	n/a
2.2.9	What costs, if any, are recharged to the fund?	None
2.2.10	Are your fees calculated and charged in terms of equalisation structure by: Issuing a different series of shares every time shareholders subscribe? The Equalisation Share method? The Equalisation and Depreciation Deposit method? The Equalisation-Adjustment method?	n/a
2.2.11	Do you ever share fees with a third party?	Yes
2.2.12	Have any investors been granted rebates? If so on what basis are fees waived or modified?	No
2.2.13	Disclose any soft dollar/soft commission agreement(s):	No
2.2.14	Ratio of expenses (other than the company’s management and incentive fee) to NAV:	No

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2.2.15	Do you have a lockup period or any special requirements for withdrawal?	No
2.2.16	Does the company or any of its officers receive, directly or indirectly, any rebate on brokerage commissions?	No
2.2.17	Have you ever been required to restate NAVs, fees or other calculations?	No
2.3	**INVESTMENT/REDEMPTION AND LOCK UP TERMS**	
2.3.1	Minimum initial investment:	Capricorn fxST : USD 1,000,000 Capricorn fxST (MAP): USD 1,000,000 Capricorn fxST (VOL+): USD 100,000
2.3.2	Min. subsequent investment:	Capricorn fxST : USD 500,000 Capricorn fxST (MAP): USD 500,000 Capricorn fxST (VOL+): USD 50,000
2.3.3	Subscription frequency (when):	2 days
2.3.4	Redemption frequency (when):	2 days
2.3.5	Redemption notice period:	Immediate
2.3.6	Redemption time period:	Following month
2.3.7	Does the fund have any lock-up period or liquidity constraints?	None
2.3.8	Does the fund allow for transfer of shares or limited partnership interests between nominees?	No
2.4	**FUND DIRECTORS**	
2.4.1	Please list the number of directors, their names, the degree of relationship with company manager and the duration of the company's professional relationship:	n/a
2.5	**FUND ADMINISTRATOR**	
2.5.1	Name: Address: Telephone: Fax: E-mail:	n/a
2.5.2	Duration of the company's professional relationship with the administrator?	n/a
2.6	**FUND PRICING**	

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2.6.1	Who is responsible for obtaining valuations?	The pricing policy to determined by the managed account holder
2.6.2	What source is used to value complex assets?	The strategy does not utilize complex assets.
2.6.3	Where assets are valued in house, provide a summary of the controls to ensure accuracy.	This is made possible by using statements from the Prime Brokers.
2.7	**FCM/PRIME BROKER**	
2.7.1	Name: Address: Telephone: Fax: E-mail:	Deutsche Bank AG Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom +44 (20) 754 73789 fx.pb@db.com
2.7.2	Duration of your professional relationship:	Since March 2005
2.7.3	Are the assets held in the name of the fund?	Yes, it is held in the name of the client.
2.7.4	Are all or any of the assets segregated?	Yes
2.7.5	Do you use multiple FCM/prime brokers? Please give details:	SE Banken Scandinavian House, 2-6 Cannon Street, London, EC4M 6XX, UK
2.7.6	How is cash at the FCM/prime broker held?	Via a Managed Account
2.7.7	Does the FCM/prime broker have insurance?	Yes
2.7.8	Can the assets of the fund be pledged or in any other manner used to support another entity's liabilities?	No
2.7.9	Does the company or any affiliate ever take "custody" of client assets?	No
2.8	**CUSTODIAN**	
2.8.1	Address: Telephone: Fax: E-mail:	Clients select their own custodian via the managed account setup.
2.8.2	Duration of the company's professional relationship with the custodian:	n/a
2.9	**AUDITOR**	

2.9.1	Address: Telephone: Fax: E-mail:	n/a
2.9.2	Duration of the company's professional relationship with the auditor:	n/a

2.10 LEGAL ADVISER(S)

2.10.1	Name: Address: Telephone: Fax: E-mail:	Drohan & Drohan LLP 150 East 58th Street, New York, NY 10155 +1 212-644-7444 +1 212-317-2946 managing_partner@drony.com
2.10.2	Duration of the company's professional relationship with the legal advisers:	Since January 2005

3 DATA OVERVIEW

3.1 FUND ASSETS & CAPACITY MANAGEMENT

3.1.1	List assets under management (as % of total assets) for Public funds: Private pools: Individual accounts: Institutional accounts: Proprietary accounts: Total AUM:	 40% 50% 10% 100%	
3.1.2	If 13-column tables are not attached, attach a schedule showing month-end assets under management for each programme since inception.		
3.1.3	What was the peak of assets under management? US$: Date:	STRATEGY ASSETS: USD 72.0 M March 2011	ADVISORY ASSETS: USD 100.0 M February 2008
3.1.4	Have you ever voluntarily returned assets to investors?	Yes July 2002. The client's investment profile and consequently needs changed.	
3.1.5	How many separately managed accounts are currently open? $0 to $250,000: $250,001 to $1,000,000: $1,000,001 to $5,000,000: $5,000,001 to $10,000,000: $10,000,001 to $20,000,000: $20,000,001 +: Total:	 0 0 60% 25% 15% 0 100%	

3.1.6	What percentage of the assets under management consists of "notional equity"?	60%
3.1.7	Of the oldest continuously traded account what is the; Current equity value: Starting date: Compound annual return: Annualised standard deviation:	 EUR 3,000,000 May 2005 29.87 % 4.51%
3.1.8	What are the assets under management for each programme as of December 31 for each of the last five years?	Asset and Performance summary available at the end of this document.
3.1.9	What is the projected growth in assets under management over the next twelve months?	40% increase in AUM growth.
3.1.10	Have you made any future capacity commitments in terms of the right to place additional assets under management?	No
3.2	**FUND PERFORMANCE & MANAGER TRACK RECORD**	
3.2.1	Attach 13-column composite performance tables for all accounts traded pursuant to the company's programmes.	
3.2.2	Is the performance record actual or hypothetical?	Actual.
3.2.3	Is the performance record in any respect derived?	No
3.2.4	Is proprietary capital included in the performance record?	No
3.2.5	Are there any material differences among the accounts included in the composite tables? If yes, please explain.	No
3.2.6	Are "exempt accounts" included or excluded from the performance record?	n/a
3.2.7	Does the performance record reflect the full brokerage charged to the client?	Yes
3.2.8	List all markets now traded which are not included in the past five years' performance.	None
3.2.9	List all markets not currently traded which are included in	None

	the past 5 years' performance.	
3.2.10	Does the performance record include interest income? If yes, explain basis of inclusion.	No
3.2.11	Have any agreements or understandings been reached with the CFTC/NFA regarding any aspects of the performance record?	No
3.2.12	Are there any pro forma adjustments included in the performance record? If so, how are these calculated?	No
3.2.13	What is the average number of round-turns traded per $1million per year in each programme?	200 – 300 million spot (fxST) 400 – 600 million spot (MAP) 1.6 – 2.4 billion spot (Vol+)
3.2.14	Approximately how many trades are made in each market, each year, in each programme?	50 - 75
3.2.15	Does trading frequency tend to increase/decrease during profitable/unprofitable periods?	Neither
3.2.16	What is the average annual commission as a percentage of assets included in the performance record?	n/a
3.2.17	What is the average management and performance fee structure included in the performance record?	Results exclude management and performance fees.
3.2.18	Do fees and/or commissions vary significantly from year to year? If so, by how much?	No
3.2.19	What is the average percentage of winning and losing trades in each programme?	Approximately 70% of trades are winning trades and 30% are losing trades.
3.2.20	What is the average gain per winning trade and average loss per losing trade? $ per contract: As a % of equity:	Capricorn fxST: Ave. Gain = 0.39%, Ave. Loss = -0.43% Capricorn fxST (MAP): Ave. Gain = 0.25%, Ave. Loss = -0.27% Capricorn fxST (VOL+): Ave. Gain = 2.10%, Ave. Loss = -3.03%
3.2.21	What is the average holding period for: All trades? Winning trades? Losing trades?	 1-2 days Same Same

3.2.22	What is the maximum amount of equity that you estimate can be traded in each programme?	USD 800 M
3.2.23	What is the annualised standard deviation, Sharpe Ratio, compound ARR, AUM, and year?	Asset and Performance summary available at the end of this document.
3.2.24	Have you ever permitted a client to intervene to adjust leverage or structure?	No
3.2.25	Has there been any material leverage or other adjustments in the past five years?	No
3.3	**DRAWDOWNS**	
3.3.1	List the three largest drawdowns as a percentage of equity for each programme.	Capricorn fxST: -13.75%, -5.83%, -3.28% Capricorn fxST (MAP): -11.29%, -2.20%, -1.29% Capricorn fxST (VOL+): -8.36% The largest drawdown of the Capricorn fxST and Capricorn fxST (MAP) strategies occurred during 2006 and 2007. The factors that contributed towards the drawdown were that during this period, the currency markets experienced extremely low levels of volatility and two investment managers were trading identical strategies. This attributed to the low performance. The largest drawdown of the Capricorn fxST (VOL+) strategy is attributed to the fact that the strategy uses a leverage of 4:1 to generate returns.
3.3.2	List the three longest drawdowns?	Capricorn fxST: 48 months, 12 months, 5 months Capricorn fxST (MAP): 36 months, 4 months, 3 months Capricorn fxST (VOL+): 4 months Please refer to the explanation above.
3.3.3	What were the largest withdrawals since inception? Date: % of equity: Reasons:	 January 2007 20% The strategy was no longer aligned to the needs of the investor.
4	**INVESTMENT STRATEGY**	
4.1	How would you characterise your basic trading approach?	Capricorn fxST aims to profit from short term moves in the currency markets. To achieve this, the firm employs a technical and discretionary trading approach to currency investment management; an approach that seeks short term intra-week investment opportunities. Capricorn fxST seeks to achieve superior returns by engaging in " trading the most liquid currencies" which involves taking a directional position in a particular currency while simultaneously taking the opposite position in another currency, in an attempt to take advantage of relative valuation differences between the two. The program realizes short-term appreciation by trading in G-10 currencies, which as an asset class, is uncorrelated to other investment strategies and securities, and one of the most liquid assets available to investors. To achieve return goals, the investment team utilizes a trading approach which combines Technical analysis and Discretionary judgment. Technical analysis is utilized

		to provide an impression of the market pattern, level, volatility, strength, etc and potential investment cases. The Discretionary judgment is utilized for interpreting technical signals, understanding the market psychology and behaviour, controlling trade and investment risk and optimizing the timing element of the strategy implementation. As a supplement to the trading process, fundamentals such as key statistics are observed to identify inefficiencies in relation to new political, economic and other macro information. Upon the conclusion of these steps, the manager forms an opinion about the market, prevalent risks and determines which trading strategy (Trend trades, Range or Contrarian trades, Breakout Trades and Tactical trades) to implement. Portfolio diversification and risk management is achieved by trading a basket of currency pairs and instrument allocations. The program can invest in spot FX, forwards, and options (with trading possibilities in both the OTC and Futures marketplace) and operates with a maximum leverage of 1:0.5.
4.2	How would you characterise your decision-making inputs:	Our investment strategy is categorized as being short term, technical and discretionary, and Capricorn's niche as a currency manager is our disciplined trading approach and years of currency trading experience. The investment process is designed to channel the best trading ideas in the model portfolio which is then mirrored into client accounts. Utilizing technical analysis and discretionary judgment, the investment team searches for investment opportunities, wherever they occur in the G-10 currency markets and seeks to deliver superior returns. Our robust internal controls ensure that the defined parameters for risk that the investment team are willing to absorb, is actively managed under the duration of the trade. The investment process follows a 5 stage procedure beginning with idea generation, incorporating discretionary views, strategy building, valuation and implementation and monitoring and closing. The investment universe includes the G-10 currencies traded against either the Dollar or Euro. The instruments traded include spot FX, forwards, and options, with trading possibilities in both the OTC and Futures marketplace.
4.3	How would you characterise your trading methodology (%)? Trend Following: Regression analysis: Moving average: Breakout systems: Market neutral: Other (please explain):	 30% 0% 30% 15% 10% 15% (momentum/price movement)
4.4	Describe your broad trading philosophy, strategy and core principles in as much detail as possible:	The program seeks risk-adjusted returns (pure ALPHA), that is uncorrelated to other investment strategies by trading the most liquid assets available to investors, the currency majors. Our trading philosophy and core principles behind the strategy are explained though our 5 stage investment process. <u>1. Idea generation through effective use of Technical analysis:</u> Idea generation starts with understanding the state of the currency market. By means of technical analysis, the team analyzes the daily and overnight movements of the major currency crosses and the Dollar Index. An evaluation is also made on the developments of Global equity markets to form an impression of pattern, level, volatility, strength and potential investment cases. During this stage of the process, the team will also analyze the potential impact of fundamental macro and political factors on the markets. At this phase, the investment team has developed view of the type of market condition (Bull, Bear, Congested, or Range) with an indicative volatility

		factor. A forecast is formed on the probability of a continuation or change in market type in the short term. 2. Discretionary approach - sound judgment and risk control: We believe its key to understand how markets are functioning before executing trades based on technical analysis and signals. Thus, the discretionary assessment of technical signals is an important part of our trading process; it is where we have an edge and bring value. At this stage of the process, the traders are ready to proceed with a Discretionary assessment finding from the idea generation process and to evaluate Macro and External view input. The Technical Picture: The Discretionary approach is utilized for interpreting the technical signals, understanding the market psychology and behavior, and determining how to control unwanted risk and the timing element of the strategy implementation. The Macro Picture: Fundamentals, such as key statistics and news releases, are further observed to identify pricing inefficiencies and market timing in relation to new economic information. External Views: Information from brokers about significant levels and flows can be utilized in assessing and validating our views on market volatility and overbought/oversold indicators. From this analysis and discretionary assessment, the day's trading bias is evaluated and determined. Possible entry and exit levels of the different currency pairs are individually analyzed and determined. 3. Strategy building and Style selection: The manager has formed an opinion about the market, prevalent risks and developed a conviction; now they can determine which trading style (Trend trades, Range or Contrarian trades, Breakout Trades and Tactical trades) to implement to capturing alpha in the determined market conditions. The trading styles represents the composite of those G-10 country currencies, instruments that should be implemented, and which will deliver superior return if the traders' thesis (analysis, interpretation and convictions) are in lined with the market movement. The currency pairs and instrument allocation sizes are determined by the parameters within the trading style, however, allocation sizes cannot exceed prescribe position limits. Trend Trades: This directional trading style targets 0.75% return on equity by capturing the market trend using spot positions. Traded with a weekly time horizon, trend trades are analyzed using daily and hourly data, with a wide stop loss to allow for greater exposure to event risk scenarios. Risk is controlled with a pre-determined and technically placed stop loss, limiting the position to a maximum loss of 1% on equity. This 'hard' stop loss is systematically placed with a broker once a trade has been initiated. Range Trades: This directional trading style targets 0.375% return on equity by capturing intra-week ranges using spot positions. Trades are typically held 1 to 2 days, and analyzed using daily to hourly data, with a stop loss that is technical placed outside the range. Event risk parameters prohibit trading over FOMC, ECB, BOE, SNB meetings, and Non-Farm Payroll and Beige Book releases. Risk is controlled with a pre-determined and technically placed stop loss, limiting the position to a maximum loss of 0.5% on equity. This 'hard' stop loss is systematically placed with a broker once a trade has been initiated.

Breakout Trades: This directional trading style targets 0.15% return on equity by capturing the early stage move in a trend. Trades are typically held intra-day to overnight, however the time horizon can be lengthened if the trade style is changed to a trend trade. This situation only occurs when the trader believes the market is shifting towards a trending environment, and further upside potential can be targeted. Analyzed using hourly data, breakout trades use a narrow stop loss outside defined support or resistance levels. These trades have a low tolerance to event risk, with a maximum stop loss risk of 0.20% on equity placed against each trade. This 'hard' stop loss is systematically placed with a broker once a trade has been initiated. If the trade is converted to a Trend trade, the stop loss is typically trailed.

Tactical Trades (option strategy): This directional trading style targets in excess of 0.50% return on equity by profiting from market trends and shifts. Trade opportunities are analyzed using technical patterns and charting, as well as macroeconomic events that have an impact on currency fluctuations. The trading horizon is typically held over a week. An option can be bought either in-the-money or out-of-the-money depending upon the analytical conviction of the trend, or the event risk factor influences. To control risk, the strategy is limited to only buying options and paying premium. To remain within the program's leverage limit, a maximum premium of 2% is paid per option, equating to 0.25% on total equity.

4. Valuation, risk and implementation:
The team seeks to implement trading styles that will capture alpha during all trading sessions. This process is implemented over three steps; Trade valuation, Risk control and Trade implementation.

Trade Valuation: Prior to the implementation of a trading style, the traders determine the profit target and loss limit levels to prevent emotion and sentiment from impeding an economic decision. These "trade entry", "take profit" and "stop loss" levels are technically determined.

Risk Management & Controls: Risk management is embedded into every step of our investment process to ensure the risk and return profile of the trading strategy and that the portfolio is optimally balanced. Thus, the team will only consider trading ideas with a risk to reward profile of 2:3, so the potential upside of any trade idea must be one and a half times larger than the inherent maximum risk. Pre-determined stop loss levels, which are established through technical analysis, are systematically placed against each open spot position. In adverse market conditions, the team can buy "long-only options (to offset the relevant currency risk)" and reduce the undesired risk associated with trading. By using a bought option to control the downside risk and reduce the portfolio's daily volatility, the investment manager can eliminate part of the unrealized negative risk exposure. For example, when the market is under extreme duress (such as; Tech crash, Subprime crisis and Lehman collapse), a highly volatile market can reduce the liquidity of G-10 currencies.

Trade Implementation: With the completion of these steps, the trades are ready for execution, when a trade opportunity occurs. The decision to execute a trade is at the discretion of the investment manager, and trade ideas will only be executed if the risk/reward profile is still present. However, despite the trade-entry level being reached, a trade opportunity can be rejected by the investment manager. Trades are only initiated during the European and US trading sessions, when the markets are most liquid. Brokers can be instructed to execute stop loss, take profit and OCO orders during the Asian trading session.

		Limits and constraints: To ensure that the portfolio's trading and exposure limits are not exceeded, the team has defined strategy constraints for this investment program. Trade limit: In the implementation of a trading strategy, multiple instruments can be traded at any one time and held for several days. Generally, positions can be held up to 4 days, and the portfolio can average 10 to 20 round turns per month. Leverage limit: When fully exposed, the portfolio uses a maximum leverage of 1:0.5 with a margin-to-equity ratio of 0.15%. Position limits: 0% - 60% of equity can be allocated to the G-3 currency pairs (spot trades). Only one position can be traded at any one time, irrespective of the trading style chosen. To diversify trading opportunities and the portfolio, up to 20% equity can be allocated to the G-10 currency pairs. Multiple positions can be held provided the trade size does not exceed the allocation limit of 20% of equity. The remaining 20% of equity could be allocated to long-only option strategies. 5. Monitoring and closing a trade: We constantly observe the currency, market and macro risks and closely monitor that the position's exposures don't exceed limits. Trades are automatically exited, when the take profit or stop-loss price limit is reached. However, a trading strategy can be cancelled or closed before reaching either of these points, if the dynamics of the environment changes (listed below). Changed Technical Environment: In a situation when the technical picture has altered and shifted towards a lower risk/reward ratio, the trade is normally rejected. This typically occurs in high volatile market conditions when chart patterns can suddenly change pre-determined support and resistance levels. This can have a significant effect on the entry, exit or stop-loss levels and overall trade opportunity. Changed Fundamental Environment: The impending release of fundamental data can have a large impact on the currency markets. Shifting market sentiment in both the equity and currency markets can result in the short term technical environment being temporarily or permanently displaced. Therefore if a technical targeted entry level is reached due to fundamental reasons, the trade can be rejected. Changed Discretionary View: At any time the investment manager can adjust, reverse or cancel his trade views. Through experience and expertise, discretionary trades can be rejected solely based on the investment managers' intuition and/or perception of the market at any time. When the investment manager closes a trade on a spot position, the stop loss that is held by the broker to control the downside risk is cancelled immediately. As for the option strategy, the investment manager can choose to sell the option to recover a portion of the premium before the option value depreciates through time decay.
4.5	Which components of the company's system, if any, do you regard as proprietary?	The discretionary trading strategy does not utilize automated systems to produce signals or generation ideas. Therefore we do not regard any of our technological tools as being proprietary. Our unique edge is generated from our discretionary views.
4.6	Are there any "relative value" or "arbitrage" aspects to the programme?	No
4.7	Are calendar spreads or inter-market spreads used?	Inter-market spreads

The information given herein is correct as of: March 2011 and has been completed by Mike Rasmussen, Chief Operating Officer

4.8	Is "game theory" incorporated into your trading strategies?	No
4.9	If you operate different programmes, are they managed by "independent account control" or are positions aggregated?	Positions are aggregated.
4.10	Do all the programmes use the same trading methodology?	Yes
4.11	Did one or more of the current principals develop the firm's trading methodology?	Yes, Mikkel Thorup
4.12	Could the unavailability of any of the company's principals influence the trading methodology?	Yes, however the investment process is integrated with risk management controls that limits loss to our clients at all times.
4.13	Does the company own the trading methodology currently being used? If not, who does?	Yes
4.14	Are there any patents, trademarks, held by the company or principals?	No
4.15	Describe the development of your trading methodology. Please provide the applicable date(s) and explain the nature of all material modifications made to the methodology over the period of the performance record, the reason for such modifications, and the affect of such modifications with respect to the performance record:	As a proprietary trader for Smith Barney in 1998 Mikkel Thorup developed the trading methodology for the short term, discretionary program. Mr. Thorup believed that pure alpha could be sourced in the currency markets and focused on the major crosses, where he had the most experience and knowledge. To manage the programs' risk market exposure was kept to a minimum, however leverage was used to increase expected returns. Due to the short term nature of the strategy the decision-making process was built on technical analysis. The strategy proved to be very successful through to 2005. The risk/reward ratio of the program remained consistent from 1999 to 2005, however leverage was reduced thereby producing lower returns. Since the middle of 2005 the methodology was adapted to adjust to the lower market volatility experience where the strategy is challenged. The adjusted methodology allows trades to be held over a longer time period to capture the intra-week movements.
4.16	What do you believe gives you a competitive advantage or an "edge"?	Our competitive advantage comes from being disciplined and specialized. The discretionary views developed by Mr. Thorup from over 15 years as a technical analyst is key to the strategy's edge. Other factors that contribute to the strategy's competitive advantage are within the investment process and methodology. Firstly, by focusing on the G-10 currencies, and prime brokering with leading institutions the strategy is always provided with deep liquidity. Secondly, the strategy composes of three unique trading styles to seek alpha opportunities. Finally, the risk controls limit downside losses using predetermined stop losses and low leverage (1:0.5).
4.17	What makes your trading methodology different from other CTAs?	Our trading methodology uses trading styles to capture alpha under various market conditions. By combining this with our discretionary views, our short term currency programs display return patterns that are uncorrelated to the market and other CTAs.
4.18	What other advisors would you compare your company to as most similar? In what respects?	We can be compared to other currency CTA's, however our methodology and infrastructure differentiates us.

4.19	What are the strengths and weaknesses of your company's trading methodology?	Our strengths include a low margin to equity ratio due to the low leverage and short term time horizon.
4.20	How do you determine the programmes' commitment to different market sectors?	We only trade the currency markets (G-10).
4.21	How frequently do you alter the programmes' commitment to different market sectors?	We only trade the currency markets (G-10).
4.22	Have you altered, or do you alter, the programme during drawdowns?	If we are in a period of a long draw-down (at least 1 year), the program can be altered if we believe the market environment has changed and has a negative impact on our trading strategy. Because the trading style performed poorly in low volatility market, we introduced 3 trading styles to be used in the strategy in the middle of 2007. This highlights the fact that our strategy alterations are driven by the view of the investment team and not by reactions to market events.
4.23	During drawdowns, do you tend to increase or decrease the scope of discretionary decision-making?	No
4.24	If your trading methodology is computerised and systematic: Is the trading system ever overridden? Does the trading system ever add to or reduce profitable or losing positions? Are multiple trading systems used? Do you apply the same system to all markets or are there different systems for each? What technical or fundamental information is considered important for a trade entry? Are entry and exit signals generated by the same trading system? Does the trading methodology differ from market to market? Is the trading system always long or short, or is there also a neutral zone? How frequently are changes made to the trading system? Is your research focused on	n/a

	developing new trading systems or on further refining the existing systems?	
4.25	Describe the three worst trading experiences the company has had (please provide applicable dates), and explain how they influenced the evolution of your company's trading methodology:	Due to our short term strategy with strict risk management rules, no single trade experience can have a detrimental effect on our program. A prolonged draw-down can influence the evolution of the programs trading methodology. Our risk management control limits the maximum loss of a Trend trade to 1% of equity. Therefore, being stopped out on a Trend trade is the cause of a bad trading experience. This occurs when our views are not aligned with the market.
4.26	Is the "cost of carry" a factor in the current methodology?	No
4.27	Which of the following activities are influenced by subjective judgement? Portfolio structure: Trade entry: Trade exit: Stops: Position size: Overall leverage: Selection of contract maturity: Timing of position roll: Addition to or reduction of winning or losing positions: Decision to halt trading:	 Yes Yes Yes No No No n/a n/a Yes Yes
4.28	If fundamental information is used, what are its sources?	Broker networks and Bloomberg.
4.29	Do you permit fundamental factors to influence risk management?	Yes, over FOMC, ECB, BOE and SNB meetings, and Non-farm payroll releases the strategy is neutral. We define these events as being fundamental factors.
4.30	How would you approach sudden and unexpected illiquidity in any of the markets?	Scale out or close a position.
4.31	Are any filters used when selecting trades?	No.
4.32	Have you made any leverage adjustments in the past?	Yes. Leverage was reduced in 2001 to attract institutional clients, and in 2007 in the aftermath of the Subprime crisis when volatility was at extreme level.
4.33	Has the trading method been adjusted, or have the markets traded changed due to increased assets under management?	Yes, we reduced leverage.
4.34	Have you made any specific modifications intended to reduce volatility?	No.
4.35	Will you modify a trading	No.

	methodology or portfolio at particular clients' request?	
4.36	Which techniques are used in your trading methodology? Moving averages of prices: Chart patterns: Momentum oscillators: Point and figure: Support and resistance: Volume or open interest: Spread relationships: Statistical probabilities: Penetration identification: Overbought/oversold signals: Cyclical analysis: Seasonal analysis: Fundamental analysis: Bottom up analysis: Top down analysis:	 Yes Yes Yes No Yes No No No No Yes Yes No Yes No No
4.37	If the trading methodology involves a neural network, what are its main inputs?	n/a
4.38	Are any of the methods below used to close out profitable positions? Trend reversal: Trailing stops: Overbought/oversold signals: Volatility: Price patterns: Volume/open interest: Spread relationships: Change in fundamentals:	 Yes Yes Yes Yes No No No Yes
4.39	Does the trading system have a long or short bias?	None
4.40	What are the programmes' rates of return, volatility and Sharpe Ratio objectives?	Asset and Performance summary available at the end of this document.
4.41	What are the programmes' S&P non-correlation objectives and actual results?	The correlation between the programs and the S&P500 is less than 0.10.
4.42	Does the trading methodology work better in some markets than in others?	Yes, the methodology works best in a market with medium to high volatility.
4.43	Are certain markets excluded from the portfolios?	Trades are not placed in low volatility markets, unless it is a trend position that is held for a few days.
4.44	Are there liquidity, regulatory or other requirements for the	To maximise returns the programs trade the high liquid currency markets (G-10) which has the most liquidity.

	inclusion of markets in your portfolios?	
4.45	In which kind of markets does the trading methodology perform best and worst? Bull markets: Bear markets: Congested markets: The same in all markets: High volatility markets: Low volatility markets:	 Best Best Worst Best Best Worst
4.46	Are agricultural/soft commodities a significant component in any of your portfolios?	No
4.47	Does your methodology permit or require making or taking delivery of physical commodities?	No
4.48	Do you trade "cash" securities (stocks and bonds)? Why would or would not the company's programme be effective in doing so?	No, because we exclusively trade currencies.
4.49	Will increasingly competitive markets affect the performance of your programmes? Will they affect managed futures in general?	No
4.50	Do you offer "overlay" as well as "standard" programmes?	The strategy can be tailored to an 'overlay' program. This can be done by reducing leverage and limiting the trading styles to only include 'Trend' and 'Tactical' trades.
5	**PORTFOLIO & ACCOUNTS**	
5.1	Which of the following instruments are traded and in what percentages? Exchange-traded futures: Exchange-traded options: EFPs: OTC forwards: OTC options: Swaps: Cash debt instruments: Cash equities:	 No No No Yes Yes Yes No No
5.2	Attach a complete list of all markets traded in each of the above categories. With respect to all OTC, swap and cash	We only trade the currency markets (G-10).

	markets, please list the counterparts:	
5.3	If options are traded, please explain which types: Covered only, naked, as part of a hedging strategy, etc. How they are used? How they are revalued?	Yes. Long only
5.4	If options are traded, what option-related volatility measures are incorporated into the programme?	n/a
5.5	Do the markets traded vary according to the account size? If yes, please explain:	No
5.6	How are the markets included in each portfolio selected?	We only trade the currency markets (G3).
5.7	Can a portfolio be customised according to specific customer requirements?	A client can only customise their portfolio by the amount of leverage used. Components of the portfolio cannot be customised.
5.8	Do customised accounts appear in your composite performance record?	No
5.9	What is the minimum account size? What is the minimum optimal account size for each programme?	Minimum account for a Managed Account is US$1M Optimal account for a Managed Account is US$3M
5.10	What is the dollar value and percentage of equity of the largest account and the smallest account currently open?	Largest account size is US$20M or 35% of strategy AUM Smallest account is US$2M or 5% of strategy AUM
5.11	Do you manage an account for any government pension plans or entities?	No
5.12	Do you permit "feeder funds" into the investment products?	No
5.13	For each programme, what would a minimum sized account look like?	We only trade the currency markets (G-10). The trading line would be determined by cash deposited and the clients risk/reward parameters.
5.14	Which criteria are considered in portfolio selection (risk, performance, liquidity, etc.)?	We only trade the currency markets (G-10). The pairs traded are selected by liquidity and performance criteria's.
5.15	Describe any past problems with position limits. Which markets or exchanges were	The strategy has not suffered problems with position limits, as liquidity via the prime brokerages have been more than ample for the assets invested. Under the current methodology and process, the strategy will be able to trade assets up to $500m

	involved?	without being restricted by position limits. When AUM exceeds $500m the strategy methodology will be modified to include additional prime brokers or liquidity providers.
6	**RISK MANAGEMENT**	
6.1	Describe your overall risk management principles and approach:	The risk management is determined by market volatility and technical support and resistance levels. A stop-loss (placed technically but calculated to absorb a maximum risk on equity) is predetermined for each trade, depending upon the trade style. For 'Trend' trades the stop-loss is placed with a broker, and analyzed technically using daily data. For 'Tactical' trades the stop-loss is also placed with the broker, however intra-day analysis is used to determine the levels. For 'Break-out' trades the stop-loss is predetermined technically, however since the levels are fairly close to entry the stop-loss is executed by the traders. Another factor of our overall risk management approach is to either reduce or limit our 'Event Risk' exposure. 'Trend' trades have full event risk exposure, while 'Break-out' trades have no event risk. 'Tactical' trades have can have full or partial event risk exposure over FOMC, ECB, BOE and SNB meetings, and Non-farm payroll releases.
6.2	How do you calculate risk?	Risk is calculated by determining the maximum acceptable loss for each trade placed. The level of risk is determined by the trade style, whereby 'Trend' trades assume the most risk in a single trade, however, they also produce the greatest reward. Therefore the degree of risk differs between trade styles but the risk/reward ratio is fairly consistent. Risk is primarily controlled by the use of stop-losses that are placed technically and within our risk/reward parameters.
6.3	Is the risk calculated for each trade? If yes, please explain:	Yes. Risk is calculated against each trade depending upon the overall maximum monthly risk parameter.
6.4	Do all the programmes use the same risk management methodology?	Yes
6.5	Is "value at risk" used in your programme?	No
6.6	What determines the amount of leverage used?	Leverage is determined by the trade style. Trades that are held over a longer time period for example intra-day to intra-week, also have greater risk assumed in the position and therefore are traded at a lower leverage. The 'Break-out' trades which are held for 1-3 hours also have less risk but are traded with more leverage.
6.7	How much leverage (% of margin to equity) is used? Highest, Lowest and Average.	Capricorn fxST : 100%, 50%, 75% Capricorn fxST (MAP): 200%, 100%, 150% Capricorn fxST (VOL+): 600%, 300%, 400%
6.8	What is the percentage of risk invested in any single market?	We only trade the currency markets (G10), however we have maximum risk levels that we assign to individual currency pairs and trades.
6.9	Are "higher leverage" and "lower leverage" versions of the same programme offered?	Yes. Capricorn fxST currently trades at 0.5 times leverage, with the fxST (MAP) trading at 1.0 times leverage, and the fxST (VOL+) trading at 4.0 times leverage.
6.10	Do you impose limits on the amount of margin committed to different markets, sectors, or portfolios?	Yes

6.11	How do you react if the volume and/or open interest of a market in which a position is held are suddenly reduced significantly?	N/A (We only trade the most liquid markets)
6.12	Does adding or reducing a position in one market ever influence the size of positions held in other markets?	No
6.13	Do you calculate and analyse the historical or contemporary correlation between markets? If yes, how does such analysis influence portfolio design?	We take historical correlations into account as a factor in portfolio design, but we are aware that these correlations may not continue in the future.
6.14	Do you establish position limits for correlated market groups? If yes, please explain:	No
6.15	Are there a minimum number of markets in which you always hold positions in order to achieve a minimal portfolio diversification effect?	No
6.16	If stops are used, how are? Calculated: Adjusted: What types of stops are used? Price stops: Time stops: Volatility stops: Money management stops: Other (please specify): If a stop is reached, is the entire position closed out at one time, or is the position reduced gradually?	Stops are analyzed technically as either 'Trailing-stops' or 'Stop-losses' 'Trailing-stops' can be adjusted but 'Stop-losses' are never adjusted Yes Yes No No Closed out at once.
6.17	How are positions adjusted when there is a significant increase or decrease in equity due to trading profits or losses?	Positions are scaled up or down at once.
6.18	Are there any circumstances under which all positions in the portfolio will be closed?	Yes, due to the short term holding patterns of the strategy and the neutral positioning over fundament events.
6.19	At what percent drawdown would you either stop trading or recommend that an account be closed?	It depends upon the client's risk profile, and on a per trade basis. Even though stop losses are implemented in our investment process, our client agreement states that we will contact the client once equity has fallen to a certain level.
6.20	Does the methodology react to	This is at the discretion of the investment team, whereby trading styles are selected by

	volatility changes in the markets?	the perceived levels of market volatility.
6.21	Do you trade on exchanges that are open outside local office hours? If yes: How is the time difference managed? Are there routines in place to minimise the risk of adverse price movements, or price gaps which are due to price movements that occur outside local office hours?	The currency market trades 24/6, however new trades are only executed during European and US trading hours. Orders can be placed with brokers outside of these hours to close a position.
6.22	What is the estimated maximum risk on a total portfolio? Please describe the method by which such risk is measured.	Capricorn fxST : Maximum per trade risk = -1.0% Capricorn fxST (MAP): Maximum per trade risk: -2.0% Capricorn fxST (VOL+): Maximum per trade risk: -8.0% The strategy measures risk in terms of volatility and loss to equity. If the portfolio is fully exposed, a single position in a G-3 currency will hold 60% of the exposure. The balance of portfolio will hold G-10 currency positions in spot and options. Combined the maximum risk to the portfolio will be approximately 1.0%.
6.23	What is your cash management method? Does this create an additional source of risk?	The majority of our accounts are traded as managed accounts and the cash/deposit is held by each investor.
7	**OPERATIONAL RISK**	
7.1	How does the company define operational risk?	Capricorn defines operation risk as; "the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events".
7.2	Does the company have an operational risk management framework?	By having a dedicated COO and broker relationships with premium institutions, Capricorn reduces potential operational risk issues. Also by attending annual conferences on the topic, Capricorn is able to be informed on how to identify access and monitor operation risk.
7.3	Are the employees responsible for the operational risk framework adequately independent from the business?	Yes
7.4	Does the board of directors approve and regularly review the operational risk framework?	Yes
7.5	Who is responsible for implementing the operational risk framework?	The COO, Mike Rasmussen
7.6	How does the company ensure that employees understand their responsibilities for the operational risk framework?	Through attendance of AIMA or related conferences for industry specific discussions. The company's auditors and lawyers advise on the country specific framework.

7.7	What ongoing assurance does the firm provide to clients over the effectiveness of its operational risk framework?	Capricorn is committed to better handle operational risk though education and training. This is achieved by attending conferences and memberships to associations such as AIMA.
8	**OPERATIONAL RISK FOR OUTSOURCED FUNCTIONS**	
8.1	What due diligence process does the company perform prior to the appointment of an outsourced service provider?	Capricorn chooses only to work with premium institutions that functions are outsourced to. We have implemented a process that includes completing a questionnaire and references from clients to vet our service providers.
8.2	Are service level agreements in place between the company and its outsourced service providers?	Capricorn has agreements signed with each service provider, and it is reviewed annually.
8.3	Does the company perform periodic reviews of the outsourced service providers?	Yes
8.4	What ongoing assurance does the firm perform over the effectiveness of the controls at outsourced service providers?	By keeping abreast of industry developments Capricorn is able to review whether the best and most effective service providers are being utilized.
9	**INVESTMENT RESEARCH**	
9.1	Describe your efforts to improve the trading methodology through on-going research?	We place high priority to the development of new ideas and models, with the goal of significantly improving strategy diversification. Since 2009, we have been investigating the possibility of adding to the investment team and strengthening the investment process. This was implemented in the last quarter of 2010.
9.2	What is your current annual research budget?	We invest approximately US$ 30,000 in research per year.
9.3	How much money have you invested in research since its inception?	Since the inception we have invested over US$ 100,000.
9.4	Has the company or any of its research staff published any research or academic papers? If yes, please provide details:	Capricorn has contributed two research articles to the industry media. The first article was in 2005 and it highlighted the advantages and disadvantages in electronic trading. In 2007 an article was contributed on hedge fund operational risk. Capricorn has also been interviewed and quoted in articles relating to currency investment, by leading news agencies.
9.5	Do you use any external parties or resources for research?	No
10	**EXECUTION & TRADING**	
10.1	How are positions established for new accounts, liquidated for terminating account, or adjusted for existing accounts to reflect material changes in account equity?	New accounts can be entered into new positions immediately without affecting existing accounts, provided the programs trading parameters are not reached. The liquidation or reduction of existing positions may also be done immediately.
10.2	Does your trading staff trade 24 hours per day? If yes, please	The Capricorn trading team is the primary trader who trades primarily during the European and US time zones, when the currency market is most liquid. The secondary

	explain. Do they trade from the office premises or elsewhere?	trader acts as the Risk Officer and can execute trades as well as orders. This is conducted from the office premises. JP Fund Services acts as an external trading and execution desk to monitor 'open' positions.
10.3	How are executed trades allocated to accounts? Please explain in detail, particularly with respect to split fills. Are any positions allocated as of the end of the trading day rather than prior to or at the time of order entry?	Trading via Prime Brokerage allows Capricorn to execute trades at several banks and thereby get access to maximum liquidity. Each trade is done at the same rate and thereafter distributed to each account holding bank using 'industry-standard' systems such as Harmony. All trades will automatically be booked to the clients account at once. The allocation is done via an internal allocation template administered by the chief operating officer.
10.4	What is your policy with respect to trading and system errors?	We document any system error and take immediate action.
10.5	Have there been any major "out-trades"?	No
10.6	Trading Orders: What types of trading orders are used? Are different types of orders used for entry and exit? Are orders entered onto a trading desk or relayed directly to the exchange floor? Are large orders broken up? If yes, please explain how: If you use a prime broker for FX, please describe the structure and any fees charged:	Market orders, Limit orders and OCO orders. No Market orders are automatically relayed from the trading platforms to the automatic trading execution process. Limit orders / Stop loss orders are placed directly to a trading desk by phone. No, but if AUM increases rapidly could result in the fact that orders will be broken up. Yes Executing Brokers: Deutsche Bank and SE Banken ($8 pr. Mln)
10.7	What is your policy with respect to trading by: Staff: Principals: The company itself:	Staff, principals and the firm may trade, as long as it does not interfere with client trades. However staff's trading accounts are not permitted to be held at existing clearing broker relationships. Furthermore, staff must notify the company by policy to receive consent and approval to trade their own accounts.
10.8	Do you have any special relationship or affiliation with any FCM?	No
10.9	If you trade EFPs, describe the manner in which appropriate documentation is maintained:	n/a
10.10	If you trade EFPs, please list all markets in which they are traded.	n/a
10.11	How often do you adjust equity levels?	Equity levels are adjusted each time there is a change in client allocation.

10.12	What percent of your trading is executed via electronic trading platforms/markets?	90%
10.13	Do you employ different execution methodologies for order entry	No

11 ADMINISTRATION, OPERATIONS

11.1	Describe detailed backup procedures in the event that your offices, trading facilities or computer systems became unexpectedly non-operational or inaccessible:	The company's computers are server-based, and can be accessed from locations with an internet connection. Online-content is backed up hourly and stored offsite. Offline-content is backed up daily, onsite and offsite. The trading platforms are internet based and can be accessed from any location with an internet connection. All computers are secured by both internal and external firewalls and password protected access.
11.2	Do you maintain a detailed operations manual?	Yes, and it is continually updated.
11.3	What insurance coverage do you maintain? Please provide a schedule showing coverage:	None
11.4	Are the operations of the company dependent on one person or a limited number of people?	Yes
11.5	Are there a minimum number of personnel needed for the company's operations?	A minimum of 3 people is required for the firm to effectively operate.
11.6	Have there been any significant operational or administrative "bottlenecks" or difficulties in the past five years?	No
11.7	Are new investments currently being accepted in the form of: Separately Managed accounts? Pools and funds? Both of the above?	Yes, all forms
11.8	Is the client free to choose a clearing firm and to negotiate the account terms directly with them?	Yes. We have established relationships with Deutsche Bank and UBS as Prime Brokers. Clients are free to use any bank of their own choice, provided it is approved and has established credit lines with our Prime Brokers.
11.9	Which clearing firms do you currently use?	Deutsche Bank and SEB
11.10	Are there any present plans to relocate your offices?	No

12 COMPLIANCE

12.1	Who is responsible for compliance in the company?	The COO, Mike Rasmussen

12.2	Does a dedicated compliance team exist? Does the company maintain a written manual?	The COO, Mike Rasmussen is the dedicated compliance officer. As part of his responsibilities he has outlined an Operations Manual.
12.3	When was it last updated?	September 2010
12.4	Please describe any current or potential conflict of interest.	None
12.5	What are the company's employees' own account dealing procedures?	This issue was discussed in point 10.7
12.6	Does the company have regular compliance monitoring?	Compliance matters are monitored on each new client/broker relationship, and then upon annual reviews. Client accounts and statements are also monitored daily.
12.7	Has the company or its principals ever been the subject of any action or warnings from a regulatory body?	No
12.8	Has any application to a regulatory body on behalf of the company ever been withdrawn?	No
12.9	Do any of the company's principals have other business involvement?	No
12.10	Has an employee of the company ever been refused authorisation or had it withdrawn?	No
13	**LEGAL**	
13.1	Have there ever been any criminal, civil or administrative proceedings against the company or any of its principals, or any similar such matters?	No
13.2	Do you hire traders from other investment management companies?	No
13.3	Have you had any disputes over non-compete, non-disclosure or similar covenants?	No
13.4	Are any of your employees subject to non-competes, "golden handcuffs", etc.?	No
13.5	Do you have any existing marketing or consulting agreements?	Yes

13.6	Have you appeared in any recent advertisement or newspaper or magazine articles?	Yes, Capricorn was mentioned in a currency news story written and published in Reuters on November 4th 2010. The magazine, Currency Investor, included an article in their October 2010 issue mentioning contributions by Capricorn.
13.7	Does the company or any affiliate ever take "custody" of client assets?	No
13.8	Does the company or any affiliate ever deduct its fees directly from any client accounts?	Yes, fees are deducted from the client account only after the client has understood and signed the 'Fee Payment Authorisation' letter.
13.9	What is your liability/indemnity standard?	Liability stands with Capricorn Asset Management (Schweiz) AG and Capricorn Currency Management (Cayman) LTD.
13.10	Do you make use of "soft dollars"? If so, please give details:	No
14	**TAXATION**	
14.1	For UK managers only: On what basis does the fund maintain that it is managed and controlled, and therefore tax resident, outside the UK?	n/a
14.2	For UK managers only: How has the company satisfied itself that the conditions on the Investment Manager Exemption have been met from the date that trade commenced?	n/a
14.3	For non-UK managers: How has the company satisfied itself that it has not engaged in a US trade or business from the outset of operations?	It is not Capricorn's business objective to become established in the US.
15	**ANTI-MONEY LAUNDERING POLICY**	
15.1	Confirm that the company has established Anti-money Laundering (AML) procedures:	The company partners and directors are required to attend an AML symposium held by the Swiss regulatory body, PolyReg Allgemeiner Selbstregulierungs-Verein. It is the brokers and administrators that Capricorn works with that hold the AML procedures.
15.2	Please confirm which jurisdiction's regulations you comply with:	Switzerland, Cayman Islands and Denmark.
15.3	Please confirm who your AML Officer) is:	Martin Zoller
15.4	Elaborate on the procedure to ensure compliance with AML policies:	The company partners and directors are required to attend an annual AML symposium held by the Swiss regulatory body, PolyReg Allgemeiner Selbstregulierungs-Verein.

16 INSURANCE

16.1	Do you currently hold insurance for the following: 1. Directors' & Officers' Liability? a) For the funds b) For the management companies 2. Professional Indemnity or Errors and Omissions? 3. Crime (Employee fidelity/third party	No

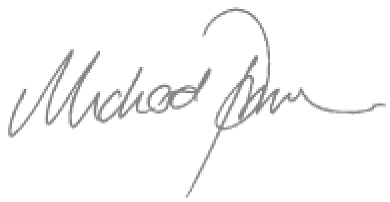
17 BUSINESS CONTINUITY

17.1	Do you have a formal business continuity management plan?	Yes, details are available upon request.
17.2	What contingency plans do you have in terms of failures in: Computer system: Investment decision makers: FCM/prime broker's location: In-house computer technician: Back-up systems:	 We have a secondary office we can work from Positions can be closed out by secondary decision maker We work with 2 Prime Brokers Basic IT issues can be handled in-house. Computer technicians are out-sourced. Our computers are backed up daily, locally and remotely

Please attach copies of the following documents and forms where applicable:

- Management/Advisory Agreement
- Corporate brochure, and other marketing literature
- Disclosure Document
- Newsletters or other publications
- Client Reports
- Client References
- 13-Column Performance Tables
- Compliance Manual

Please state the name and title of the officer at your company who has prepared and reviewed this questionnaire.

Signature:	
Name:	*Mike Rasmussen*
Date:	*March 2011*
Position:	*Chief Operating Officer*

The information given herein is correct as of: March 2011 and has been completed by Mike Rasmussen, Chief Operating Officer

Strategy Summary For Capricorn fxST Strategies[1]

	Firm AUM	Program AUM	Number Accounts	Accounts Won	Accounts Lost	Lost with Positive Return	Lost with Negative Return	Largest Account	Smallest Account	Average Account
1999	$4.0m	$1.15m	10	9	1	1	0	$1.0m	$0.1m	$0.4m
2000	$11.0m	$2.80m	18	12	4	3	1	$5.0m	$0.1m	$0.61m
2001	$20.0m	$7.25m	29	13	2	2	0	$5.0m	$0.1m	$0.69m
2002	$31.0m	$14.4m	37	11	3	1	2	$5.0m	$0.1m	$0.84m
2003	$41.0m	$17.5m	38	4	3	1	2	$5.0m	$0.1m	$1.08m
2004	$38.5m	$27.4m	30	16	24	16	8	$5.0m	$0.1m	$1.28m
2005	$38.9m	$38.9m	24	21	24	4	20	$5.3m	$0.1m	$1.62m
2006	$62.8m	$62.3m	36	27	8	1	4	$17m	$0.1m	$2.35m
2007	$72.4m	$62.2m	8	1	27	0	25	$20m	$4m	$7.0m
2008	$265m	$62.0m	8	0	0	0	0	$20m	$5m	$8.0m
2009	$265m	$52.0m	7	0	1	1	0	$20m	$3m	$7.0m
2010	$265m	$52.0m	8	3	2	2	0	$20m	$0.25m	$6.5m

NOTE: In 2006 and 2007 Capricorn engaged the services of a third party marketer that introduced individually managed accounts. This explains the large number of account won and lost.

[1] All results exclude management fee and performance fee.