

Strictly Confidential

# DUE DILIGENCE QUESTIONNAIRE

All Data as of June 30<sup>th</sup>, 2011

**Discus**



CAPITAL FUND MANAGEMENT

## IMPORTANT DISCLOSURES

This document is being provided at the request of the recipient for information and discussion purposes only and is qualified in its entirety by any information included in the confidential offering documents issued by Discus Feeder Limited or any private investment fund or other product managed or advised by Capital Fund Management S.A. ("CFM") and any such private investment fund or other product, along with Discus Feeder Limited (collectively, a "Fund"). This document does not convey an offer of any type and is not intended to be, nor should it be construed or used as investment, tax or legal advice or an offer to sell, or a solicitation of an offer to buy, an interest in any investment vehicle.

Any description or information involving investment strategies, process or allocations is provided for illustrations purposes only, may not be fully indicative of any present or future investments and is not intended to reflect anticipated performance.

Targets or objectives, including with respect to returns, volatility or leverage, if any, are used for measurement or comparison purposes only. Such targets or objectives reflect subjective determinations based on a variety of factors, including, among others, investment strategy, prior performance, volatility and leverage measures and expectations and market conditions. There can be no assurance that such targets or objectives will be met or met over any particular time horizon. Performance may fluctuate as can volatility and leverage. Targeted returns are not intended to be actual performance and should not be relied upon as an indication of actual or future performance.

Unless otherwise indicated, performance results are net of applicable fees and expenses and presume reinvestment of income. All of the figures presented in this document are unaudited. No representation is made that CFM's or a Fund's risk management, investment process, trading performance, investment objectives or the control of operational risks, credit risks and other risks involved in any trading strategy will or are likely to be achieved or successful or that any Fund or underlying investment will make any profit or will not sustain losses. Any measure of risk is inherently incomplete and does not account for all risks or even all material risks such as risks due to unforeseen catastrophic events.

Any statements regarding market events, future events or other similar statements constitute only subjective views, are based upon expectations or beliefs, involve inherent risks and uncertainties and should therefore not be relied on. Future evidence and actual results could differ materially from those set forth, contemplated by or underlying these statements. In light of these risks and uncertainties, there can be no assurance that these statements are or will prove to be accurate or complete in any way.

This document has been prepared for circulation only to Professional Investors (under B.V.I. Mutual Funds Laws – as amended), Accredited Investors and/or Qualified Purchasers (under U.S. Securities Laws) in the US, Qualified Investors (as defined in the European Directive 2003/71/EC) in the EU or any other sophisticated investor categories as applicable in concerned countries or to other persons to whom this document may lawfully be provided to obtain preliminary information about the activities of CFM. This document is a confidential communication to, and solely for the use of, such persons. It is the responsibility of every person receiving a copy of this document to satisfy himself as to the full observance of the laws of any relevant country. This document is issued by CFM for the benefit of the category of person described in this paragraph. It is not addressed to any other persons and may not be used by them for any purpose whatsoever.

PLEASE NOTE THAT AN INVESTMENT IN ALTERNATIVE INVESTMENTS INCLUDING MANAGED FUTURES AND PRIVATELY OFFERED INVESTMENT VEHICLES CAN INVOLVE SIGNIFICANT RISKS AND SHOULD BE REGARDED AS HIGHLY SPECULATIVE IN NATURE. THE VALUE OF AN INVESTMENT MAY GO DOWN AS WELL AS UP. WHILE MANAGED FUTURES MAY INVOLVE POTENTIAL BENEFITS, FUTURES TRADING INVOLVES SIGNIFICANT RISK OF LOSS. THERE IS NO GUARANTEE OF TRADING PERFORMANCE AND PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

Targets or objectives, including with respect to returns, volatility or leverage, if any, are used for measurement or comparison purposes and only as a guideline to evaluate a particular investment program's investment strategies and accompanying information. These targets or similar objectives reflect subjective determinations based on a variety of factors, including, among others, investment strategy, prior performance of similar products (if any), volatility and leverage measures and expectations, risk tolerance and market conditions, all of which can change, including over short periods. There can be no assurance that these targets or objectives will be met, or met over any particular time horizon. Performance may fluctuate, especially over short periods, as can volatility and leverage. Targets and similar objectives should be evaluated over the time period indicated and not over shorter periods. Targeted returns are not intended to be actual performance and should not be relied upon as an indication of actual or future performance.

## DEFINITIONS

Please note that in this document, we refer to:

- Discus Feeder Limited as the "Fund";
- Discus Holdings Limited as the "Master Fund";
- When the context so requires, Discus Feeder Limited and the Master Fund are also referred to collectively as the "Fund";
- Capital Fund Management S.A. as "CFM", the "Company" or the "Firm"; and
- HSBC Securities Services (Ireland) Limited as the "Administrator".

## CONTENTS

|           |  |           |
|-----------|--|-----------|
| <b>1</b>  | <b>INVESTMENT MANAGER INFORMATION .....</b>            | <b>6</b>  |
| 1.1       | Contact information .....                              | 6         |
| 1.2       | Company .....  | 6         |
| 1.3       | Ownership .....  | 9         |
| 1.4       | Organisation .....                                     | 9         |
| <b>2</b>  | <b>FUND INFORMATION .....</b>                          | <b>14</b> |
| 2.1       | Fund Details .....                                     | 14        |
| 2.2       | Fees .....   | 14        |
| 2.3       | Investment/ redemption and lock-up terms .....         | 15        |
| 2.4       | Fund Directors .....                                   | 16        |
| 2.5       | Fund Administrator .....                               | 17        |
| 2.6       | Fund Pricing .....                                     | 17        |
| 2.7       | Prime Broker .....                                     | 18        |
| 2.8       | Custodian .....  | 19        |
| 2.9       | Auditor .....  | 19        |
| 2.10      | Legal Advisers .....                                   | 20        |
| <b>3</b>  | <b>DATA OVERVIEW .....</b>                             | <b>21</b> |
| 3.1       | Fund Assets and Capacity Management .....              | 21        |
| 3.2       | Fund Performance and Manager Track Record .....        | 23        |
| 3.3       | Drawdowns .....  | 25        |
| 3.4       | Management Team's Co-Investment .....                  | 26        |
| 3.5       | Investor Base .....                                    | 26        |
| 3.6       | Other/ Preferential Terms .....                        | 27        |
| <b>4</b>  | <b>INVESTMENT STRATEGY .....</b>                       | <b>28</b> |
| 4.1       | Investment Strategy Overview .....                     | 28        |
| 4.2       | Portfolio Construction .....                           | 30        |
| <b>5</b>  | <b>PORTFOLIO AND ACCOUNTS .....</b>                    | <b>35</b> |
| <b>6</b>  | <b>RISK MANAGEMENT .....</b>                           | <b>36</b> |
| <b>7</b>  | <b>OPERATIONAL RISK .....</b>                          | <b>41</b> |
| <b>8</b>  | <b>OPERATIONAL RISK FOR OUTSOURCED FUNCTIONS .....</b> | <b>44</b> |
| <b>9</b>  | <b>INVESTMENT RESEARCH .....</b>                       | <b>45</b> |
| <b>10</b> | <b>EXECUTION AND TRADING .....</b>                     | <b>46</b> |
| <b>11</b> | <b>ADMINISTRATION, OPERATIONS .....</b>                | <b>48</b> |
| <b>12</b> | <b>COMPLIANCE .....</b>                                | <b>49</b> |

|           |  |           |
|-----------|--|-----------|
| <b>13</b> | <b>LEGAL.....</b>  | <b>50</b> |
| <b>14</b> | <b>ANTI-MONEY LAUNDERING POLICY .....</b>                            | <b>51</b> |
| <b>15</b> | <b>INSURANCE.....</b>  | <b>52</b> |
| <b>16</b> | <b>BUSINESS CONTINUITY .....</b>                                     | <b>53</b> |
| <b>17</b> | <b>INVESTOR SERVICE/ REPORTING.....</b>                              | <b>55</b> |
|           | <b>APPENDIX 1: SAMPLE REPORTS.....</b>                               | <b>57</b> |
|           | Sample Risk Report.....  | 57        |
|           | Sample Track Record .....  | 58        |
|           | <b>APPENDIX 2: CFM ORGANIZATIONAL CHART .....</b>                    | <b>59</b> |
|           | <b>APPENDIX 3: HISTORICAL PERFORMANCE FOR THE LAST 10 YEARS.....</b> | <b>60</b> |

## 1 INVESTMENT MANAGER INFORMATION

### 1.1 Contact information

|       |                              |   |
|-------|------------------------------|---|
| 1.1.1 | Company name:                | Capital Fund Management S.A. ("CFM")  |
| 1.1.2 | Address:                     | 6-8 Boulevard Haussmann, 75009 Paris, France  |
| 1.1.3 | Telephone:                   | +33 1 49 49 59 49   |
| 1.1.4 | Fax:                         | +33 1 47 70 17 40   |
| 1.1.5 | E-mail:                      | cfm@cfm.fr  |
| 1.1.6 | Web site:                    | www.cfm.fr  |
| 1.1.7 | Investor relations contacts: | <ul style="list-style-type: none"> <li>Erin Shepard in Paris: +33 1 49 49 59 02</li> <li>Danielle Djenane in New York: +1 646 957 8018</li> <li>Maiko Hiramoto in Tokyo: +81 3 5219 6180</li> </ul> |

### 1.2 Company

|       |   |   |
|-------|---|---|
| 1.2.1 | Please give a brief history of the company:   | <p>CFM, founded in 1991, focuses on developing trading strategies based on a global and quantitative approach to financial markets. CFM's methodology relies on the in-depth statistical analysis of terabytes of financial data for asset allocation, trading decisions and order execution.</p> <p>Research in the statistical properties of financial instruments and the development of systematic trading strategies are carried out at CFM by a team of Ph.D.'s, most of them former physicists from prestigious institutions, and a team of IT and data specialists. This research work, combined with 20+ years of market experience and cutting-edge technology, allows CFM to create original, state-of-the-art trading strategies and to adapt these further as markets continuously evolve. CFM's trading strategies can be characterized as highly systematic and disciplined, girded by a tested risk control system.</p> <p>CFM manages today a large set of quantitative strategies, trading listed instruments such as futures, equities, bonds, options, as well as FX.</p> |
| 1.2.2 | Type of company/ entity:                      | S.A. (French equivalent to limited company).  |
| 1.2.3 | Place of incorporation and registered number: | Capital Fund Management S.A. is registered with the Paris Chamber of Commerce with the identifier: RCS Paris B395 083 504.  |
| 1.2.4 | Domicile:                                     | France.   |

|       |   |  |
|-------|---|--|
| 1.2.5 | Branch offices or other locations, if any:  | <ul style="list-style-type: none"> <li>CFM International Inc. ("CFMI Inc"): a wholly owned U.S. subsidiary of CFM with offices at The Chrysler Building, 405 Lexington Avenue, 41st floor, New York, NY 10174, United States;</li> <li>CFM North America, Inc ("CFM N.A."): a wholly owned U.S. subsidiary of CFM with no operations; CFM N.A. is an exempt CPO of certain funds; and</li> <li>CFM Asia K.K. ("CFM KK"): a wholly owned Japan-based subsidiary of CFM with offices at Marunouchi Building, 2-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-6309, Japan.</li> </ul>   |
| 1.2.6 | What functions are performed at these branches and locations?   | Investor Relations, IT and counterparty relations.   |
| 1.2.7 | Has the company ever been registered as any of the following? <ul style="list-style-type: none"> <li>Commodity Pool Operator (CPO)?</li> <li>Commodity Trading Advisor (CTA)?</li> <li>Futures Commission Merchant (FCM)?</li> <li>Introducing Broker (IB)?</li> <li>Registered Investment Advisor (RIA)?</li> <li>Other (please specify)?</li> </ul> | <p>CFM is registered with:</p> <ul style="list-style-type: none"> <li>the Commodity Futures Trading Commission ("CFTC") as a 4.7 exempt Commodity Trading Advisor ("CTA") since May 5, 1992 (registration number 240154). CFM is also a member of the National Futures Association ("NFA");</li> <li>the Autorité des Marchés Financiers, or "AMF" (registration number GP 01-013) as a type II portfolio manager since July 6, 1993; and</li> <li>the Securities and Exchange Commission ("SEC") as an investment adviser since April 7, 2003 (registration number 801-61960).</li> </ul> <p>CFM and CFM N.A. both act as exempt commodity pool operators.</p> <p>CFM KK is registered with the Japanese FSA as a Type II Financial Instruments firm (Registration number "KLFB 1204"): <a href="http://www.fsa.go.jp/menkyo/menkyoj/kinyushohin.pdf">http://www.fsa.go.jp/menkyo/menkyoj/kinyushohin.pdf</a> (please see page 58).</p> |
| 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, pther investment management activity (please specify)?<br><br>If yes, please explain:  | No, with the exception of a few employees who have worked at other investment management companies or banks prior to joining CFM.  |
| 1.2.9 | List all regulatory authorities with which the company is registered? <ul style="list-style-type: none"> <li>Name(s) of regulatory bodies and date of registration:</li> <li>Are all employees registered with the same authority?</li> <li>Attach copies of</li> </ul>   | <ul style="list-style-type: none"> <li>Please see 1.2.7 for more information.</li> <li>CFM applies uniform compliance standards over all CFM entities.</li> <li>Please see the below links for registrations:</li> </ul> <p>AMF:<br/><a href="http://www.amf-france.org/bio/info_SG.aspx?NumSG=752">http://www.amf-france.org/bio/info_SG.aspx?NumSG=752</a></p> <p>SEC:<br/><a href="http://www.adviserinfo.sec.gov/%28S%28bs0gy3qdl5qql551atsw">http://www.adviserinfo.sec.gov/%28S%28bs0gy3qdl5qql551atsw</a></p>   |

|        |  |  |
|--------|--|--|
|        | <p>registration evidence.</p> <ul style="list-style-type: none"> <li>▪ Attach copy of most recent regulatory audit review.</li> </ul>  | <p>w55%29%29/IAPD/Content/Search/iapd_Search.aspx</p> <p>IARD: 125780</p> <p>NFA:<br/> <a href="http://www.nfa.futures.org/basicnet/Details.aspx?entityid=3ZUkmxVqvAI%3d&amp;m=Y">http://www.nfa.futures.org/basicnet/Details.aspx?entityid=3ZUkmxVqvAI%3d&amp;m=Y</a></p> <ul style="list-style-type: none"> <li>▪ N/A</li> </ul> |
| 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 currently unresolved? If yes, please provide a detailed explanation: | The latest visit by the AMF took place between August 2007 and August 2008. The main observations of the AMF related to the establishment of an independent risk function (this has been completed) and the formalization of certain decisions (this has also been completed).   |
| 1.2.11 | Do you have a current CFTC Reg. 4.21 Disclosure Document or a Reg. 4.7 Disclosure Document? If yes, please provide a copy.   | CFM is 4.7 exempt and thus relieved from certain part 4 disclosures. Any CFTC disclosure document is only kept up to date for internal purposes.   |
| 1.2.12 | How soon is the next update due to the Company's Disclosure Document? Are any material disclosure changes anticipated?   | N/A. Please see 1.2.11.  |
| 1.2.13 | Do you publish any research, newsletters or other publications?  | Please see our website at <a href="http://www.cfm.fr">www.cfm.fr</a> .   |
| 1.2.14 | Provide two samples of reports typically sent to clients.  | Please see Appendix 1 for a sample track record and risk report.   |
| 1.2.15 | Which investor groups do you primarily target?   | Institutional investors with long-term investment objectives.  |
| 1.2.16 | Provide three client references by company name, contact, address and phone number.  | References are available on request.   |
| 1.2.17 | List any affiliations, directorships and memberships of the company and/or its principals:   | <p>None. CFM is a member of several derivatives exchanges.</p> <p>Jean-Philippe Bouchaud, Marc Potters and Jacques Saulière are Directors of the CFM Foundation. Jacques Saulière is also a Director of certain funds managed by CFM.</p>  |
| 1.2.18 | Specify nature of services provided by the company (discretionary investment management or advisory):  | CFM is an independent alternative investment advisor, which develops systematic trading strategies on securities, FX and derivatives, based on a global quantitative approach to financial markets. CFM acts as investment advisor to several private funds and managed accounts.  |



|        |  |   |
|--------|--|---|
| 1.2.19 | Please list the total assets under management by the company across its different categories of client including the fund: | <p>As of June 30<sup>th</sup>, 2011, CFM manages USD 3.7 billion firm-wide:</p> <ul style="list-style-type: none"> <li>▪ Fund of Funds: 41%;</li> <li>▪ Pension Funds &amp; Endowments: 29%;</li> <li>▪ Private Banks: 9%;</li> <li>▪ Family Offices and HNWLs: 8%;</li> <li>▪ Managed Accounts: 7%;</li> <li>▪ CFM Affiliates and Employees: 3%;</li> <li>▪ Insurance Companies: 2%; and</li> <li>▪ Sovereign Wealth Funds: 1%.</li> </ul> |
| 1.2.20 | What is the company's approximate net worth? Is it subject to any minimum net worth requirements or covenants?             | We do not disclose this figure. CFM is a profitable company, which is subject to a minimum regulatory capital corresponding to 25% of the previous year's audited expenses.   |
| 1.2.21 | Describe any formal or informal affiliations with other investment companies:  | None.   |

### 1.3 Ownership

|       |  |  |
|-------|--|--|
| 1.3.1 | Describe the company's ownership structure, name of its owners and their percentage ownership: | <p>CFM is an independent alternative investment company. The equity of CFM is held as follows (these ratios will evolve over time due to a stock option program for senior employees):</p> <ul style="list-style-type: none"> <li>▪ CFM's Management Board and other senior employees: 66% (out of which the Management Board owns more than 50%); and</li> <li>▪ Estate of Jean-Pierre Aguilar: 34%.</li> </ul> <p>Under various scenarios, the stock holdings of the Management Board members and senior employees may subsequently grow to 75% and above.</p> |
|-------|--|--|

### 1.4 Organisation

|       |   |  |
|-------|---|--|
| 1.4.1 | How many employees do you currently have in each business area? | <p>As of the date of this document, CFM has a staff of 108.</p> <ul style="list-style-type: none"> <li>▪ Management Board: 4 members: <ul style="list-style-type: none"> <li>○ Jean-Philippe Bouchaud – Chairman;</li> <li>○ Philippe Jordan - President of CFMI Inc.;</li> <li>○ Marc Potters - Co-CEO; and</li> <li>○ Jacques Saulière - Co-CEO.</li> </ul> </li> <li>▪ Research: 30 researchers: <ul style="list-style-type: none"> <li>○ Marc Potters manages, on a day-to-day basis, together with Jean-Philippe Bouchaud, the following</li> </ul> </li> </ul> |
|-------|---|--|

|       |  |  |
|-------|--|--|
|       |  | <p>Research teams:</p> <ul style="list-style-type: none"> <li>▪ Directional Trading / Discus: 7;</li> <li>▪ Equity Statistical Arbitrage: 7;</li> <li>▪ Equity Volatility Arbitrage and Directional Volatility: 7; and</li> <li>▪ Execution: 6.</li> </ul> <ul style="list-style-type: none"> <li>○ Jean-Philippe Bouchaud manages a team of 3 senior researchers, whose responsibility is to work transversely on theoretical projects, to propose new axes of development, as well as to interact and collaborate with the other researchers.</li> </ul> <ul style="list-style-type: none"> <li>▪ Jacques Saulière manages CFM's operational teams, which have a total headcount of 70: <ul style="list-style-type: none"> <li>○ IT: 50 engineers: <ul style="list-style-type: none"> <li>▪ IT-Front Office: 18;</li> <li>▪ IT-Data: 17;</li> <li>▪ IT-Operations: 7; and</li> <li>▪ IT-Infrastructure: 8;</li> </ul> </li> <li>○ Operations: 10;</li> <li>○ Administration and HR: 7; and</li> <li>○ Legal and Compliance: 3.</li> </ul> </li> <li>▪ Philippe Jordan manages the Investor Relations team: 4 persons.</li> </ul> <p>Please see Appendix 2 for CFM's organizational chart.</p> <p>In terms of performing due diligence prior to hiring a new staff member, the Company has a policy of checking references, diplomas, and criminal records. The standard of the due diligence tends to be stricter for more senior positions.</p> |
| 1.4.2 | Provide a brief background of the principals (education, career background, etc.): | <p>Jean-Philippe Bouchaud, Philippe Jordan, Marc Potters and Jacques Saulière are members of CFM's Management Board and are responsible for all strategic decisions.</p> <ul style="list-style-type: none"> <li>▪ Jean-Philippe Bouchaud - Chairman</li> </ul> <p>Dr. Bouchaud was appointed Chairman and Chief Scientist of CFM in October 2001. At CFM, Dr. Bouchaud supervises, together with Dr. Potters, the research team of CFM, and contributes by maintaining strong links between CFM's research and the academic world.</p> <p>After studying at the French Lycée in London, Dr. Bouchaud graduated from the École Normale Supérieure in Paris, France, where he obtained his Ph.D. in theoretical physics. He was then appointed as a researcher by the Centre National de la Recherche Scientifique ("CNRS") until 1992. After a year at the Cavendish Laboratory in Cambridge (UK), he joined the Service de Physique de l'État Condensé at the Commissariat à l'Energie Atomique ("CEA") in Saclay (France). Dr. Bouchaud became interested in theoretical and empirical finance in 1991. His research in</p>   |

quantitative finance led him to founding the research company Science & Finance SA ("S&F") in 1994 together with Mr. Jean-Pierre Aguilar. S&F merged with CFM in July 2000.

Dr. Bouchaud is today a well-known authority within the field of Econophysics. His work, summarized in the book Theory of Financial Risks and Derivative Pricing (Cambridge University Press), includes new statistical models of returns and correlations, extreme risk control and option pricing beyond Black-Scholes. Dr. Bouchaud was awarded the IBM Young Scientist prize and the CNRS Silver Medal. He is also the Editor in Chief of Quantitative Finance.

- Philippe Jordan - President of CFM International Inc.

Mr. Jordan heads CFM's Investor Relations group and its New York office; he joined CFM in 2005. He is also responsible for External Risk Management including credit, legal and systemic risk. He also serves on the board of Directors of CFM S.A. France.

Prior to joining CFM, Mr. Jordan was a Founding Member of Indeman Capital Management, LLC ("IDM"), a start-up focused on hedge-fund incubation. Mr. Jordan joined IDM from Credit Suisse First Boston ("CSFB"), where he was a Director and the Global Head of Capital Introduction in the Prime Banking Group. He also worked in CSFB's Hedge Fund Development Group, where he was the head of hedge fund origination and distribution for the Americas. Prior to this, Mr. Jordan was a Senior Vice President in Hedge Fund Coverage and later the Co-Head of Alternative Investments at Daiwa Securities, America and a Senior Vice President in International Sales at Oppenheimer & Co. Mr. Jordan began his career as an account executive at Refco Group Limited in London. He served on the board of Directors of FINEX from 1993 to 1999.

- Marc Potters - Co-CEO

Dr. Potters joined CFM in October 1995 as a researcher in quantitative finance.

Today he heads the research team at CFM comprising mainly Ph.D.s. He directs fundamental and applied research and supervises the implementation of automated trading strategies and risk control models. With his team, he has published numerous articles in the new field of statistical finance while continuing to develop concrete applications of financial forecasting, option pricing and risk control.

Dr. Potters obtained his Ph.D. in physics from Princeton University (United States). Prior to joining CFM, he was a postdoctoral fellow at the University of Rome La Sapienza (Italy). Dr. Potters is the author, with Dr. Bouchaud, of the book Theory of Financial Risk and Derivative Pricing (Cambridge University Press).

- Jacques Saulière - Co-CEO

Mr. Saulière joined CFM in October 2001 and was appointed COO of CFM in February 2006. In addition to managing administrative, legal and compliance, Mr. Saulière is responsible for information technology at CFM.

Prior to joining CFM, Mr. Saulière worked from February 1993 as Head of Sales at Ubitrade SA. He has in-depth knowledge of the development of state of the art software solutions for risk

|       |   |   |
|-------|---|---|
|       |   | <p>management within the financial industry. From 1988 to 1992, he worked as a research consultant for major aerospace groups of the Defense sector in France. He graduated from the École Centrale of Paris (France) in 1985. He also holds a M.Sc. in Electrical Engineering from the University of Southern California (United States) and a MBA from INSEAD at Fontainebleau (France).</p>  |
| 1.4.3 | List the names of senior managers in charge of each business area:  | <p>Strategy Heads:</p> <ul style="list-style-type: none"> <li>Philip Seager, Ph.D., Head of Directional Strategies;</li> <li>Laurent Laloux, Ph.D., Head of Equity Statistical Arbitrage;</li> <li>Stefano Ciliberti, Ph.D., Head of Volatility Strategies; and</li> <li>Julien Kockelkoren, Ph.D., Head of Execution.</li> </ul> <p>Heads of IT:</p> <ul style="list-style-type: none"> <li>Yann Hirou, Head of IT-Infrastructure;</li> <li>François Marty, Head of IT-Front Office;</li> <li>Jean Passerat, Head of IT -Operations; and</li> <li>Alexis Troubnikoff, Ph.D., Head of IT-Data.</li> </ul> <p>Head of Support Functions:</p> <ul style="list-style-type: none"> <li>Souhaïel Chaouachi, Head of Operations;</li> <li>Cristelle Planus, Head of Administration and HR; and</li> <li>Martin Tornqvist, Ph.D., Head of Legal and Compliance.</li> </ul> |
| 1.4.4 | What is the greatest and least number of employees you have had in the last 3 years? Explain any significant employee turnover: | <p>In January 2007, CFM had a headcount of approximately 60, which has grown to 108 currently. Turnover has been less than 10% per year for the past five years.</p> <p>Retention of key personnel. There are 4 distinct layers of compensation:</p> <ul style="list-style-type: none"> <li>Salaries;</li> <li>Bonuses based on CFM's EBIT;</li> <li>Bonuses based on individual contributions to CFM and also based on EBIT; and</li> <li>Stock options.</li> </ul> <p>Employees can also invest in Stratus (through Stratus Feeder Limited) via a share class dedicated to staff.</p>   |
| 1.4.5 | Is the company a member of AIMA or any other relevant trade association?  | <p>CFM is a member of the Association Française de la Gestion Financière ("AFG"), the Alternative Investment Management Association ("AIMA") and has recently applied for membership of the Hedge Fund Standards Board ("HFSB").</p>  |
| 1.4.6 | List any other professional affiliations and memberships of the company and/or its principals:                                  | <p>None.</p>  |

|        |  |   |
|--------|--|---|
| 1.4.7  | List the company's accountant/ CPA, auditors and attorneys by company name, contact, address and phone number:   | <p>Auditor: PricewaterhouseCoopers</p> <p>63, rue Villiers</p> <p>92200 Neuilly sur Seine</p> <p>PricewaterhouseCoopers acquired the company's previous auditor Patrick Sellam in 2010. The team at Patrick Sellam will continue as the audit team of CFM at PricewaterhouseCoopers.</p> <p>Patrick Sellam</p> <p>49-53, Champs Elysées, 75008 Paris, France</p> <p>+33 1 45 62 00 82</p> <p>opcvm@cabinetsellam.com</p> <p>Second Auditor:</p> <p>Fidus</p> <p>12 rue de Ponthieu</p> <p>75008 Paris</p> |
| 1.4.8  | Have the auditors and/ or attorneys been changed within the past 3 years (please provide applicable dates) and, if so, why?  | No.   |
| 1.4.9  | Do any of your principals have other significant business involvements? If yes, please describe them and indicate how much professional time is dedicated to each: | No. The exception is Jean-Philippe Bouchaud, who continues as a professor at Ecole Polytechnique (Paris).   |
| 1.4.10 | Has an independent auditor ever reviewed the performance record? If yes, please enclose a copy of the most recent audit report.                                    | Yes: Arthur Bell audits the Discus program on an annual basis. The audit report is available upon request.  |
| 1.4.11 | Has the performance record been included in any public fund prospectus in the past five years? Was there a "comfort letter" given in respect of the record?        | No.   |

## 2 FUND INFORMATION

### 2.1 Fund Details

|       |   |  |
|-------|---|--|
| 2.1.1 | Details of the fund:  | <p>Discus Feeder Limited:</p> <ul style="list-style-type: none"> <li>Offshore feeder: BVI Professional Fund;</li> <li>Incorporated: British Virgin Islands;</li> <li>Trading Advisor: Capital Fund Management S.A.;</li> <li>Discus Feeder Limited is an open-ended investment company incorporated in the British Virgin Islands as a BVI Business Company with limited liability; the Fund conducts its trading activities through Discus Holdings Limited; the Fund may issue ordinary voting shares (Class A) and non-voting shares (Classes B, C, D and E); and</li> <li>These share classes will be open for investment from September 1<sup>st</sup> 2011.</li> </ul> |
| 2.1.2 | Date of inception:  | The Discus Program was launched in 1991. Discus Feeder Limited was created in December 2007.   |
| 2.1.3 | Is the fund regulated? If so, please provide details and explain any requirements for regulation: | The BVI Financial Services Commission recognizes Discus Feeder Limited as a professional mutual fund. Indirectly the Fund is required to comply with certain SEC, CFTC and AMF regulations due to the regulatory status of CFM.  |
| 2.1.4 | Is the fund listed on any exchange(s)?  | No.  |

### 2.2 Fees

|       |  |  |
|-------|--|--|
| 2.2.1 | Management Fee: annual percentage and frequency of payment.                                  | <p>Discus Feeder Limited:</p> <ul style="list-style-type: none"> <li>Class B and Class D: 2% per annum of the NAV; and</li> <li>Class C and Class E: 4% per annum of the NAV.</li> </ul> |
| 2.2.2 | Incentive Fee:   | Discus Feeder Limited: 25% (please see the Offering Memorandum for detailed calculation), paid quarterly.  |
| 2.2.3 | Which equalization methodology does the fund use?  | No equalization applied. Carry forward loss/ profit mechanism applied on a per share class basis.  |
| 2.2.4 | Hurdle rate/ high water mark: if a hurdle rate is included, is it a "hard" or "soft" hurdle? | Carry forward loss per share class. No hurdle rate is applied.   |
| 2.2.5 | Sales fee:   | None.  |
| 2.2.6 | Redemption fee:  | None.  |

|        |  |   |
|--------|--|---|
| 2.2.7  | Administration fee:  | The fees of the service providers of the Fund including administration, audit and Directors' fees have historically corresponded to less than 20 bps of the leveraged AUM (on a look-through basis) at the level of the Fund.   |
| 2.2.8  | Any other fees:  | Auditors and lawyers' fees, out of pocket fees of CFM. Please see the OM's of the respective fund for a more detailed description of relevant fees.   |
| 2.2.9  | What costs, if any, are recharged to the fund?   | None.   |
| 2.2.10 | Do you ever share fees with a third party?   | No.   |
| 2.2.11 | Has any investor been granted rebates? If so, on what basis are fees waived or modified?   | No.   |
| 2.2.12 | Disclose any soft dollar/ soft commission agreement(s):  | CFM has a policy not to accept any soft commissions that are outside the U.S. SEC 28(e) safe-harbor, except when such arrangements are designed to enhance the quality of the service to clients and do not impair the Firm's ability to act in the best interest of its clients. |
| 2.2.13 | Ratio of expenses (other than the company's management and incentive fee) to NAV:  | Please see 2.2.7.   |
| 2.2.14 | Do you have a lock-up period or any special requirements for withdrawal?   | No.   |
| 2.2.15 | Does the company or any of its officers or employees receive, directly or indirectly, any rebate on brokerage commissions? If yes, please explain on what basis, and from which brokerage firms: | No.   |
| 2.2.16 | Have you ever been required to restate NAV, fees or other calculations? If yes, please explain:  | No.   |

### 2.3 Investment/ redemption and lock-up terms

|       |                                |  |
|-------|--------------------------------|--|
| 2.3.1 | Minimum initial investment:    | Discus Feeder Limited: USD 1,000,000 or its equivalent in EUR. |
| 2.3.2 | Minimum subsequent investment: | Discus Feeder Limited: USD 1,000,000 or its equivalent in EUR  |

|       |   |   |
|-------|---|---|
| 2.3.3 | Subscription frequency (when):  | <ul style="list-style-type: none"> <li>Frequency: monthly;</li> <li>Notice period: fully completed subscription agreement and application form must be received at least 2 business days before the intended dealing day. All payments must be received no later than close of business in Dublin, on the business day immediately preceding the intended dealing day.</li> </ul> |
| 2.3.4 | Redemption frequency (when):  | <ul style="list-style-type: none"> <li>Frequency: monthly;</li> <li>Notice period: redemption requests must be received on or before the 15th day of the month preceding the redemption date.</li> </ul>  |
| 2.3.5 | Redemption cash proceeds time period:   | Except in extraordinary circumstances, payment of redemption proceeds will be made within 15 business days after the relevant dealing day.  |
| 2.3.6 | Does the fund have any lock-up period or any other liquidity constraints?   | No.   |
| 2.3.7 | Does the fund allow for transfer of shares or limited partnership interests between nominees?   | Yes, upon approval of the Directors or the Managing Member, as may apply.   |
| 2.3.8 | Has the manager undertaken any analysis of costs attached to liquidating the fund over certain time frames; for example, 1 day, 3 days, 5 days, 1 month etc? If so, please enclose. | In the event CFM is forced to liquidate the portfolio, it has a procedure in place with the respective brokers to close all positions in an efficient manner. Under most circumstances, CFM estimates that the portfolio may be liquidated in one trading session.  |

## 2.4 Fund Directors

|       |   |   |
|-------|---|---|
| 2.4.1 | Please list the number of directors, their names, the degree of relationship with company manager and service providers and the duration of the company's professional relationship with each director: | <p>Directors of Discus Feeder Limited:</p> <ul style="list-style-type: none"> <li>Jacques Saulière;</li> <li>Humphry Leue*; and</li> <li>Allan D. Marshall*.</li> </ul> <p>Directors of the Master Fund:</p> <ul style="list-style-type: none"> <li>Jacques Saulière;</li> <li>Humphry Leue*; and</li> <li>Allan D. Marshall*.</li> </ul> <p>* Independent non-executive Directors.</p> |
|-------|---|---|



## 2.5 Fund Administrator

|       |  |   |
|-------|--|---|
| 2.5.1 | <ul style="list-style-type: none"> <li>Name:</li> <li>Address:</li> <li>Name of contact:</li> <li>Telephone:</li> <li>E-mail:</li> </ul> | <ul style="list-style-type: none"> <li>HSBC Securities Services (Ireland) Limited</li> <li>1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland</li> <li>Alice O'Dowd</li> <li>+353 1 635 6217</li> <li>aliceodowd@hsbc.com</li> </ul>  |
| 2.5.2 | Duration of the company's professional relationship with the administrator?  | HSBC Securities Services (Ireland) Limited has been acting as administrator of Discus Feeder Limited since the launch of the fund. The funds advised by CFM have been administrated by the Administrator since 2004. Prior to this, the funds advised by CFM were administrated by Bank of Bermuda, which was acquired by HSBC. |

## 2.6 Fund Pricing

|       |  |   |
|-------|--|---|
| 2.6.1 | Who is responsible for obtaining valuations and how are any difficult-to-price assets or instruments priced? | <p>The Administrator uses Geneva (from Advent) to carry out the fund accounting as well as establishing the NAVs. The primary source for prices is Reuters. As a result of a daily reconciliation process with all counterparties, the Administrator has an independent record of all trades, positions, cash balances and pending events.</p> <p>The Administrator, who uses its own price sources, values the positions independently. Discus' portfolio only includes futures and spot FX, which generally are easy to value. Prices and market values are reconciled at end of month between CFM, the Administrator and the prime brokers. The pricing provided by the Administrator is the official pricing. CFM only verifies that this pricing reconciles with its own price sources.</p> <p>The NAV is released to investors once the calculations of the Administrator and CFM have been reconciled within tolerances.</p> |
| 2.6.2 | What source is used to value complex assets, including derivatives?  | CFM does not trade any complex financial instruments.   |
| 2.6.3 | Where assets are valued in house? Please provide a summary of the controls in place to ensure accuracy.      | <p>All assets are valued by the Administrator.</p> <p>CFM deploys its independent valuation procedure (based on external price sources) and validates the pricing of positions, the GAV and NAV prior to the Administrator releasing the official NAV.</p> <p>In addition, CFM performs a daily reconciliation with all counterparties in parallel with the Administrator and communicates trade breaks to the Administrator.</p> <p>On a monthly basis, CFM also reconciles cash, positions, dividends, cash balances with the counterparties and the Administrator.</p>   |

## 2.7 Prime Broker

|       |   |   |
|-------|---|---|
| 2.7.1 | <p>Prime Brokers</p> <ul style="list-style-type: none"> <li>Name:</li> <li>Address:</li> <li>Name of contact:</li> <li>Telephone:</li> <li>E-mail:</li> </ul><br><ul style="list-style-type: none"> <li>Name:</li> <li>Address:</li> <li>Name of contact:</li> <li>Telephone:</li> <li>E-mail:</li> </ul><br><ul style="list-style-type: none"> <li>Name:</li> <li>Address:</li> <li>Name of contact:</li> <li>Telephone:</li> <li>E-mail:</li> </ul><br><ul style="list-style-type: none"> <li>Name:</li> <li>Address:</li> <li>Name of contact:</li> <li>Telephone:</li> <li>E-mail:</li> </ul> | <ul style="list-style-type: none"> <li>Barclays Capital, Inc</li> <li>200 Park Avenue, New York, New York 10166, USA</li> <li>Bill Geake</li> <li>+44 207 773 9296</li> <li>PSduedillLondon@barclayscapital.com</li> </ul><br><ul style="list-style-type: none"> <li>Barclays Capital Securities Ltd</li> <li>1 Churchill Place, London E14 5HP, UK</li> <li>Bill Geake</li> <li>+44 207 773 9296</li> <li>PSduedillLondon@barclayscapital.com</li> </ul><br><ul style="list-style-type: none"> <li>Deutsche Bank Securities, Inc</li> <li>60 Wall Street, New York, NY 10005, USA</li> <li>Julia Kostic</li> <li>+44 207 545 6662</li> <li>julia.kostic@db.com</li> </ul><br><ul style="list-style-type: none"> <li>Deutsche Bank AG</li> <li>Winchester House, 1 Great Winchester Street, London EC2N 2DB, UK</li> <li>Julia Kostic</li> <li>+44 207 545 6662</li> <li>julia.kostic@db.com</li> </ul> |
| 2.7.2 | Duration of your professional relationship:   | <ul style="list-style-type: none"> <li>Barclays: since early 2007; and</li> <li>Deutsche Bank: since mid-2008.</li> </ul>   |
| 2.7.3 | Are the assets held in the name of the fund? If not, please explain:  | <p>The assets of the Fund are held with bankers in accounts in the name of the Fund. The shares of the Master Fund are held in the name of the Fund.</p> <p>The assets of the Master Fund are held in accounts with counterparties in the name of the Master Fund. The counterparties of the Master Fund include bankers, prime brokers, brokers, futures clearers and ISDA counterparties. Counterparties may have the right to reuse assets deposited by the Master Fund.</p>   |

|       |  |   |
|-------|--|---|
| 2.7.4 | Are all or any of the assets segregated from the FCM/ prime broker's assets?                               | Certain assets of the Master Fund held at US-based futures clearers may be segregated away from the clearers in accordance with CFTC regulations.                                     |
| 2.7.5 | Do you use multiple FCM/ prime brokers? If so, please give details:  | CFM has a policy of applying, when practically possible, at least two counterparties per asset class traded at the level of the Master Fund.  |
| 2.7.6 | How is cash at the FCM/ prime broker held?   | As banker/ general creditor except for cash held by the Master Fund at certain U.S. FCM's that hold futures collateral segregated in accordance with CFTC regulations.                |
| 2.7.7 | Does the FCM/ prime broker have insurance? If so, please detail scope:                                     | Any such insurance should not be relied on.   |
| 2.7.8 | Can the assets of the fund be pledged or in any other manner used to support another entity's liabilities? | No. Each legal entity operating Discus only allows counterparties (not other funds or entities) to use their assets outright or as security.  |
| 2.7.9 | Does the company or any affiliate ever take "custody" of client assets?                                    | Certain unencumbered assets of the Master Fund may be held in custody at counterparties. As a policy, CFM or any affiliated entity do not hold physical custody of any client assets. |

## 2.8 Custodian

|       |  |     |
|-------|--|-----|
| 2.8.1 | <ul style="list-style-type: none"> <li>▪ Name:</li> <li>▪ Address:</li> <li>▪ Name of contact:</li> <li>▪ Telephone:</li> <li>▪ E-mail:</li> </ul> | N/A |
| 2.8.2 | Duration of your professional relationship with the custodian:   | N/A |

## 2.9 Auditor

|       |  |   |
|-------|--|---|
| 2.9.1 | <ul style="list-style-type: none"> <li>▪ Name:</li> <li>▪ Address:</li> <li>▪ Name of contact:</li> <li>▪ Telephone:</li> <li>▪ E-mail:</li> </ul> | <ul style="list-style-type: none"> <li>▪ KPMG</li> <li>▪ 1 Harbourmaster Place, IFSC, Dublin 1, Ireland</li> <li>▪ Colm Clifford</li> <li>▪ +353 1 410 1663</li> <li>▪ colm.clifford@kpmg.ie</li> </ul>   |
| 2.9.2 | Duration of the company's professional relationship with the auditor:  | KPMG (Ireland) has been acting as the auditor of Discus Feeder Limited since its launch in December 2007. KPMG has been auditing the funds managed by CFM, including Discus Holdings Limited, since 2004. |

## 2.10 Legal Advisers

|        |  |  |
|--------|--|--|
| 2.10.1 | <ul style="list-style-type: none"> <li>▪ Name:</li> <li>▪ Address:</li> <li>▪ Name of contact:</li> <li>▪ Telephone:</li> <li>▪ E-mail:</li> </ul> | <ul style="list-style-type: none"> <li>▪ Harney Westwood &amp; Riegels, BVI law</li> <li>▪ Craigmuir Chambers, PO Box 71, Road Town, Tortola, BVI</li> <li>▪ Tim Clipstone</li> <li>▪ +1 345 949 8599</li> <li>▪ tim.clipstone@harneys.com</li> </ul><br><ul style="list-style-type: none"> <li>▪ Name:</li> <li>▪ Address:</li> <li>▪ Name of contact:</li> <li>▪ Telephone:</li> <li>▪ E-mail:</li> </ul> <ul style="list-style-type: none"> <li>▪ Katten Muchin Rosenman LLP, US law and tax</li> <li>▪ 575 Madison Avenue, 10022 New York New York</li> <li>▪ Marilyn Selby Okoshi</li> <li>▪ +1 212 940 8512</li> <li>▪ marilyn.okoshi@kattenlaw.com</li> </ul> |
| 2.10.2 | Duration of the company's professional relationship with the legal advisers:   | <p>Harney Westwood &amp; Riegels (BVI law) as well as Katten Muchin Rosenman LLP (US Law and tax) were appointed by the Fund at inception. CFM also consults with Simmons &amp; Simmons on UK and EU issues.</p> <ul style="list-style-type: none"> <li>▪ Harney Westwood &amp; Riegels have been acting as BVI Council to funds managed by CFM since 2001;</li> <li>▪ Katten Muchin Rosenman LLP have acted for funds managed by CFM since 2007; and</li> <li>▪ Simmons &amp; Simmons have been working with CFM since 2008.</li> </ul>   |

### 3 DATA OVERVIEW

#### 3.1 Fund Assets and Capacity Management

| 3.1.1    | List the size of the fund's net assets and the size of assets by investment vehicle: | <p>As of June 30<sup>th</sup>, 2011, the AUM of the Discus Program, as stated in notional equity, is at USD 2 billion (including the Stratus managed account):</p> <ul style="list-style-type: none"> <li>▪ Discus Feeder Limited: USD 340 million; and</li> <li>▪ Discus Managed Accounts: USD 415 million; and</li> <li>▪ Stratus Managed Account: USD 1.2 billion.</li> </ul>   |      |         |            |      |   |   |      |    |    |      |    |    |      |    |    |      |     |     |      |    |    |      |     |     |      |     |     |      |     |     |      |       |       |      |       |       |      |       |       |      |       |       |      |       |     |          |       |     |
|----------|--|--|------|---------|------------|------|---|---|------|----|----|------|----|----|------|----|----|------|-----|-----|------|----|----|------|-----|-----|------|-----|-----|------|-----|-----|------|-------|-------|------|-------|-------|------|-------|-------|------|-------|-------|------|-------|-----|----------|-------|-----|
| 3.1.2    | List the historical yearly assets under management:                                  | <p>CFM reports AUM (in USD) on a notional basis to reflect Discus' standard leverage feeder share classes and double leverage feeder share classes. The Discus AUM below excludes the Stratus managed account.</p> <table> <tr> <th>Date</th><th>CFM AUM</th><th>Discus AUM</th></tr> <tr><td>1997</td><td>7</td><td>7</td></tr> <tr><td>1998</td><td>31</td><td>31</td></tr> <tr><td>1999</td><td>50</td><td>50</td></tr> <tr><td>2000</td><td>47</td><td>47</td></tr> <tr><td>2001</td><td>145</td><td>126</td></tr> <tr><td>2002</td><td>92</td><td>59</td></tr> <tr><td>2003</td><td>697</td><td>321</td></tr> <tr><td>2004</td><td>524</td><td>353</td></tr> <tr><td>2005</td><td>961</td><td>529</td></tr> <tr><td>2006</td><td>2,991</td><td>1,720</td></tr> <tr><td>2007</td><td>3,135</td><td>1,742</td></tr> <tr><td>2008</td><td>2,405</td><td>1,476</td></tr> <tr><td>2009</td><td>2,908</td><td>1,086</td></tr> <tr><td>2010</td><td>2,930</td><td>831</td></tr> <tr><td>2011 YTD</td><td>3,725</td><td>755</td></tr> </table> <p>Note: Before December 2009, the Stratus Program used to be invested in Discus Holdings Limited. In order to convert into a master/ feeder structure, Stratus redeemed from Discus Holdings Limited in December 2009. Since then, Discus Holdings has continued trading as a master fund only for Discus Feeder Limited and Discus Fund Limited.</p> | Date | CFM AUM | Discus AUM | 1997 | 7 | 7 | 1998 | 31 | 31 | 1999 | 50 | 50 | 2000 | 47 | 47 | 2001 | 145 | 126 | 2002 | 92 | 59 | 2003 | 697 | 321 | 2004 | 524 | 353 | 2005 | 961 | 529 | 2006 | 2,991 | 1,720 | 2007 | 3,135 | 1,742 | 2008 | 2,405 | 1,476 | 2009 | 2,908 | 1,086 | 2010 | 2,930 | 831 | 2011 YTD | 3,725 | 755 |
| Date     | CFM AUM  | Discus AUM   |      |         |            |      |   |   |      |    |    |      |    |    |      |    |    |      |     |     |      |    |    |      |     |     |      |     |     |      |     |     |      |       |       |      |       |       |      |       |       |      |       |       |      |       |     |          |       |     |
| 1997     | 7  | 7  |      |         |            |      |   |   |      |    |    |      |    |    |      |    |    |      |     |     |      |    |    |      |     |     |      |     |     |      |     |     |      |       |       |      |       |       |      |       |       |      |       |       |      |       |     |          |       |     |
| 1998     | 31   | 31   |      |         |            |      |   |   |      |    |    |      |    |    |      |    |    |      |     |     |      |    |    |      |     |     |      |     |     |      |     |     |      |       |       |      |       |       |      |       |       |      |       |       |      |       |     |          |       |     |
| 1999     | 50   | 50   |      |         |            |      |   |   |      |    |    |      |    |    |      |    |    |      |     |     |      |    |    |      |     |     |      |     |     |      |     |     |      |       |       |      |       |       |      |       |       |      |       |       |      |       |     |          |       |     |
| 2000     | 47   | 47   |      |         |            |      |   |   |      |    |    |      |    |    |      |    |    |      |     |     |      |    |    |      |     |     |      |     |     |      |     |     |      |       |       |      |       |       |      |       |       |      |       |       |      |       |     |          |       |     |
| 2001     | 145  | 126  |      |         |            |      |   |   |      |    |    |      |    |    |      |    |    |      |     |     |      |    |    |      |     |     |      |     |     |      |     |     |      |       |       |      |       |       |      |       |       |      |       |       |      |       |     |          |       |     |
| 2002     | 92   | 59   |      |         |            |      |   |   |      |    |    |      |    |    |      |    |    |      |     |     |      |    |    |      |     |     |      |     |     |      |     |     |      |       |       |      |       |       |      |       |       |      |       |       |      |       |     |          |       |     |
| 2003     | 697  | 321  |      |         |            |      |   |   |      |    |    |      |    |    |      |    |    |      |     |     |      |    |    |      |     |     |      |     |     |      |     |     |      |       |       |      |       |       |      |       |       |      |       |       |      |       |     |          |       |     |
| 2004     | 524  | 353  |      |         |            |      |   |   |      |    |    |      |    |    |      |    |    |      |     |     |      |    |    |      |     |     |      |     |     |      |     |     |      |       |       |      |       |       |      |       |       |      |       |       |      |       |     |          |       |     |
| 2005     | 961  | 529  |      |         |            |      |   |   |      |    |    |      |    |    |      |    |    |      |     |     |      |    |    |      |     |     |      |     |     |      |     |     |      |       |       |      |       |       |      |       |       |      |       |       |      |       |     |          |       |     |
| 2006     | 2,991  | 1,720  |      |         |            |      |   |   |      |    |    |      |    |    |      |    |    |      |     |     |      |    |    |      |     |     |      |     |     |      |     |     |      |       |       |      |       |       |      |       |       |      |       |       |      |       |     |          |       |     |
| 2007     | 3,135  | 1,742  |      |         |            |      |   |   |      |    |    |      |    |    |      |    |    |      |     |     |      |    |    |      |     |     |      |     |     |      |     |     |      |       |       |      |       |       |      |       |       |      |       |       |      |       |     |          |       |     |
| 2008     | 2,405  | 1,476  |      |         |            |      |   |   |      |    |    |      |    |    |      |    |    |      |     |     |      |    |    |      |     |     |      |     |     |      |     |     |      |       |       |      |       |       |      |       |       |      |       |       |      |       |     |          |       |     |
| 2009     | 2,908  | 1,086  |      |         |            |      |   |   |      |    |    |      |    |    |      |    |    |      |     |     |      |    |    |      |     |     |      |     |     |      |     |     |      |       |       |      |       |       |      |       |       |      |       |       |      |       |     |          |       |     |
| 2010     | 2,930  | 831  |      |         |            |      |   |   |      |    |    |      |    |    |      |    |    |      |     |     |      |    |    |      |     |     |      |     |     |      |     |     |      |       |       |      |       |       |      |       |       |      |       |       |      |       |     |          |       |     |
| 2011 YTD | 3,725  | 755  |      |         |            |      |   |   |      |    |    |      |    |    |      |    |    |      |     |     |      |    |    |      |     |     |      |     |     |      |     |     |      |       |       |      |       |       |      |       |       |      |       |       |      |       |     |          |       |     |
| 3.1.3    | What percentage of assets is represented by the largest investor?                    | The largest investor in Discus (all vehicles combined and excluding the Stratus managed account) represents 17.1% of Discus' AUM.  |      |         |            |      |   |   |      |    |    |      |    |    |      |    |    |      |     |     |      |    |    |      |     |     |      |     |     |      |     |     |      |       |       |      |       |       |      |       |       |      |       |       |      |       |     |          |       |     |
| 3.1.4    | What is the percentage of "benefit plan investors?"                                  | <p>As of June 30<sup>th</sup>, 2011, none for other share classes, except:</p> <ul style="list-style-type: none"> <li>▪ Discus Feeder Ltd Class B - USD 1X: 1.9%.</li> </ul>   |      |         |            |      |   |   |      |    |    |      |    |    |      |    |    |      |     |     |      |    |    |      |     |     |      |     |     |      |     |     |      |       |       |      |       |       |      |       |       |      |       |       |      |       |     |          |       |     |

|       |   |   |
|-------|---|---|
| 3.1.5 | What was the peak of assets under management?                                 | CFM managed USD 4.0 billion in June 2007 and Discus managed USD 2.1 billion in July 2007.   |
| 3.1.6 | Exposure to the Sentinel bankruptcy and CFM's handling of the case:           | <p>On August 17<sup>th</sup> 2007, Sentinel Management Group ("Sentinel"), one of the cash managers of Discus Master Limited, a master fund managed by CFM following the same investment strategy as Discus Holdings Limited, filed for bankruptcy and was put under the protection of Chapter 11.</p> <p>At that time, Discus Master Limited had USD 407 million managed by Sentinel, and subsequently investors in Discus Fund Limited and Discus Fund LP, were affected through their exposure to Discus Master Limited. This represented roughly a 20% exposure to Sentinel for single leverage shares in Discus Fund Limited.</p> <p>The liquidity of Discus Master Limited (and consequently that of Discus Fund Limited and Discus Fund LP) was restored as of October 1<sup>st</sup> 2007, one and a half months following the bankruptcy event. The illiquid portion of assets of Discus Master Limited was ring fenced in side pockets (onshore and offshore) and redemptions in Discus Fund Limited are since this paid partially in cash and partially in shares of the offshore side pocket.</p> <p>At the time, Discus Master Limited provisioned USD 20 million for legal expenses on the basis that litigation is likely to help investors recover a significant portion of the lost assets. As of today, some USD 3 million of this cash have been expensed and USD 6 million have been paid back to investors. Whenever cash is recovered and made available to Sentinel creditors, it has to-date been passed to the direct shareholders of the side pockets. The new fund structures (Discus Feeder Limited, Stratus Feeder Limited and Stratus Feeder LLC), as well as a new master fund for Discus (Discus Holdings Limited), were launched in late 2007 in order to allow for new investments in Stratus and Discus.</p> <p>The Sentinel situation is still evolving and CFM remains confident that, in due time and through pursuing all possible means, Discus Master will be in a position to recover a substantial portion of the assets affected by Sentinel.</p> <p>At the date of this document, USD 131 million corresponding to 32.3% of the original Sentinel claim has been received as cash distributions from the Trustee of the Sentinel bankruptcy estate and was distributed to the holders of the side-pockets. Further distributions may arise would there be a successful outcome of the numerous litigations pursued by the Trustee.</p> |
| 3.1.7 | How many separately managed accounts are currently open, grouped by size?     | In addition to the private funds (Discus Holdings Limited and its feeder Discus Feeder Limited), CFM advises 7 managed accounts following the Discus program.   |
| 3.1.8 | What percentage of the assets under management consists of "notional equity"? | <ul style="list-style-type: none"> <li>▪ Firm-wide: USD 3.2 billion in equity of a total of USD 3.7 billion in notional equity; and</li> <li>▪ Discus: USD 743 million in equity of a total of USD 755 million in notional equity.</li> </ul>   |

|        |  |   |
|--------|--|---|
| 3.1.9  | What is the maximum capacity of your fund?   | Currently, CFM estimates that the capacity of Discus is at about USD 5 billion (including the Stratus managed account). Potentially, Discus' capacity could be increased with the launch of further trading models and markets, as well as new improved trading technologies. |
| 3.1.10 | What is the projected time frame to reach capacity?  | None.   |
| 3.1.11 | Will new money be accepted after capacity is reached?  | No.   |
| 3.1.12 | How will front/ back-office operations be affected in the event of significant increase in assets under management, and what measures will be taken? | CFM's current operating infrastructure can support approximately USD 5 billion of AUM for Discus (including the Stratus managed account) or USD 7-8 billion firm-wide.  |

### 3.2 Fund Performance and Manager Track Record

|       |  |   |
|-------|--|---|
| 3.2.1 | Historical performance since inception (in table format):  | Please see Appendix 3.  |
| 3.2.2 | Please explain any major factors affecting performance and drawdowns (i.e. a manager change, a change in strategy, etc):                     | Trends, volatility, reversals and liquidity.  |
| 3.2.3 | Is the fund performance audited? If yes, by whom?  | KPMG audits all funds managed by CFM annually; all funds advised by CFM prepare their accounts in accordance with US GAAP.  |
| 3.2.4 | Is the performance record actual or hypothetical?  | <p>This is actual performance based on the performance of the Discus Composite, which includes the funds and managed accounts traded according to the Discus program.</p> <p>The composite is calculated net of fees and includes hypothetical interest income.</p> <p>The composite excludes the performance of Discus Master Limited for the months of August and September 2007, as this fund was affected by the bankruptcy of Sentinel Management Group, Inc.</p> <p>Neither the AUM nor the performance of the Discus composite include the Directional Trading component of the Stratus program, which follows a similar strategy to that of Discus.</p> |
| 3.2.5 | Is the performance record in any respect derived or excerpted?   | No.   |
| 3.2.6 | Is proprietary capital included in the performance record? If yes, please specify whether such capital is non-fee paying and in what amount? | Proprietary capital only invests through a non-fee paying class of Stratus (not Discus) and is only included in the AUM of Stratus, not in the performance.   |

|        |  |   |
|--------|--|---|
| 3.2.7  | Are there any material differences among the accounts included in the composite tables? If yes, please explain.  | No. Both Discus Holdings Limited and the managed accounts trade the widest pool of futures instruments and spot FX  |
| 3.2.8  | Are "exempt accounts" included or excluded from the performance record? If included, please explain.   | <ul style="list-style-type: none"> <li>Before December 2007, all Discus figures are based on the Discus Program composite, which includes the funds and managed accounts traded according to the Discus program. The composite is calculated net of fees and includes hypothetical interest income. The composite excludes the performance of Discus Master Limited for the months of August and September 2007, as this fund was affected by the bankruptcy of Sentinel Management Group, Inc. Neither the AUM nor the composite performance of the Discus Program include the directional trading component of the Stratus program, which follows a similar strategy to that of Discus.</li> <li>Since December 2007, all Discus performance figures are based on the official NAV of Discus Feeder Ltd – Class B USD Standard Leverage.</li> </ul> |
| 3.2.9  | Does the performance record reflect the full brokerage charged to the client or have certain fund sponsors identified a portion of such brokerage as excludable from the company's performance calculations? | Yes.  |
| 3.2.10 | Does the performance record include interest income? If yes, explain basis of inclusion:   | The NAV of Discus Feeder Limited only includes actual interest received by the Fund. The Discus Composite includes pro-forma interest in order to normalize the performance record for interest income between private funds and managed accounts.  |
| 3.2.11 | Are there any <i>pro forma</i> adjustments included in the performance record? If so, how are these calculated?  | Please see 3.2.10.  |
| 3.2.12 | What is the average number of round-turns traded per USD 1 million per year in the program?  | 3,500.  |
| 3.2.13 | Approximately how many trades are made in the program?   | 20,000 futures trades per day.  |
| 3.2.14 | What is the average annual commission as a percentage of assets included in the performance record for each program? Does this vary significantly from year to year?   | Execution costs, brokerage and clearing expenses represent approximately 1% of AUM of Discus Feeder Limited. These costs may be higher for Discus managed accounts as they are negotiated by the owners of such accounts. Brokerage fees are constantly reviewed and exchange memberships where available are used to decrease trading/ clearing/ exchange fees. The cost of trading is factored into the trading algorithms as part of CFM's impact and slippage models.   |



| 3.2.15                         | What is the average management and performance fee structure included in the performance record?   | <ul style="list-style-type: none"> <li>Management fee: 2% per annum of the NAV; and</li> <li>Incentive fee: 25%.</li> </ul>   |              |                  |             |                                |       |       |               |     |     |                            |       |      |                          |                  |  |                 |      |  |
|--------------------------------|--|---|--------------|------------------|-------------|--------------------------------|-------|-------|---------------|-----|-----|----------------------------|-------|------|--------------------------|------------------|--|-----------------|------|--|
| 3.2.16                         | What is the maximum amount of equity that you estimate can be traded in each program?  | Please see 3.1.9.   |              |                  |             |                                |       |       |               |     |     |                            |       |      |                          |                  |  |                 |      |  |
| 3.2.17                         | What is the annualized standard deviation, Sharpe ratio, annualized rate of return, assets under management, and year started for the program? | <table> <tr> <th>Since Jan-96</th><th>Discus Composite</th><th>Benchmark *</th></tr> <tr> <td>Annualized standard deviation:</td><td>12.8%</td><td>11.7%</td></tr> <tr> <td>Sharpe ratio:</td><td>0.8</td><td>0.3</td></tr> <tr> <td>Annualized rate of return:</td><td>13.5%</td><td>7.0%</td></tr> <tr> <td>Assets under management:</td><td>USD 2 billion **</td><td></td></tr> <tr> <td>Inception date:</td><td>1991</td><td></td></tr> </table> <p>* DJCS Managed Futures Index<br/>** Including the Stratus managed account</p> | Since Jan-96 | Discus Composite | Benchmark * | Annualized standard deviation: | 12.8% | 11.7% | Sharpe ratio: | 0.8 | 0.3 | Annualized rate of return: | 13.5% | 7.0% | Assets under management: | USD 2 billion ** |  | Inception date: | 1991 |  |
| Since Jan-96                   | Discus Composite   | Benchmark *   |              |                  |             |                                |       |       |               |     |     |                            |       |      |                          |                  |  |                 |      |  |
| Annualized standard deviation: | 12.8%  | 11.7%   |              |                  |             |                                |       |       |               |     |     |                            |       |      |                          |                  |  |                 |      |  |
| Sharpe ratio:                  | 0.8  | 0.3   |              |                  |             |                                |       |       |               |     |     |                            |       |      |                          |                  |  |                 |      |  |
| Annualized rate of return:     | 13.5%  | 7.0%  |              |                  |             |                                |       |       |               |     |     |                            |       |      |                          |                  |  |                 |      |  |
| Assets under management:       | USD 2 billion **   |   |              |                  |             |                                |       |       |               |     |     |                            |       |      |                          |                  |  |                 |      |  |
| Inception date:                | 1991   |   |              |                  |             |                                |       |       |               |     |     |                            |       |      |                          |                  |  |                 |      |  |

### 3.3 Drawdowns

|       |   |  |
|-------|---|--|
| 3.3.1 | List the three largest drawdowns as a percentage of equity for each program. Please also show the recovery periods. | <p>During periods of drawdown and in extreme unprecedented market conditions, CFM's Management Board may decide to de-leverage at its discretion: CFM has refined its know-how over 20+ years of continuous systematic money management, allowing it to better evaluate whether or not a given strategy is still in line or is suffering from a structural degradation of its alpha potential. Accordingly, CFM may decide at times to partially or eventually fully de-leverage a given strategy.</p> <ul style="list-style-type: none"> <li>The worst peak-to-valley drawdown was -35% from 07/94 to 10/95. This drawdown resulted into the deleveraging of the system whilst the problem was analyzed (which was concentration) and a diversified / equi-risk allocation was put in place. Recovery was over in February 1997.</li> <li>In 2008, the fund had a -8% drawdown from 07/08 to 10/08. This drawdown was mainly due to FX positions and in particular by positions taken by fundamental models. These models have 5 different conditioning filters applied on the signal. In 08/08, these filters failed to identify unfavorable market conditions for the fundamental model. The nature of the risk during the credit crunch required the inclusion of further conditioners and refinement of others.</li> <li>In 2010, Discus had a -14% drawdown. This drawdown started in 06/10. The losses arose out of fundamental currency and index models and also a technical contrarian model. 2010 was a difficult year for fundamental factors due to the high degree of intervention on the markets with the advent of QE2 and general management of the markets by the world's central banks. Fundamental factors have been isolated and back-tested over many years of historical data and such drawdowns, although unpleasant, are not improbable. Technical price-based systems</li> </ul> |
|-------|---|--|

|       |  |  |
|-------|--|--|
|       |  | actually performed well during the period of the drawdown, although one of the technical conditioners brought contrarianism and with losses in particular on interest rate contracts. The drawdown was in line with statistical expectations and our reaction has been to be defensive with the level of leverage and continue to innovate with new lines of research. |
| 3.3.2 | What were the largest withdrawals in the fund since inception? | Discus experienced its largest redemptions in Q4 2009. This was not driven by performance, but due to the restructuring of Stratus into a master/ feeder structure. Please see 3.1.2 for more information.   |

### 3.4 Management Team's Co-Investment

|       |   |  |
|-------|---|--|
| 3.4.1 | What is the total amount invested by the principals/ management in the fund and other investment vehicles managed pari passu with the fund? | None.<br><br>As of the date of this document, CFM's Partners and employees are only invested in Stratus and represent 4.1% of its USD 3 billion AUM. 50+ of CFM's staff are invested in Stratus. Key employees have a substantial part of their wealth invested in Stratus and CFM. Please note that, as of the date of this document, Stratus is allocated for 41% to a Directional Trading strategy, which is very similar to Discus. Therefore, CFM's Partners and employees are indirectly invested in the Discus program. |
| 3.4.2 | How is such co-investment structured and what are the key terms?  | Employees can only invest in Stratus (through Stratus Feeder Limited) via a share class with no management or incentive fees. The capital received in this share class is pooled with that of other investors and managed together.  |
| 3.4.3 | Has the management reduced its personal investment?<br><br>▪ Date:<br>▪ Amount:<br>▪ Reasons:   | For estate planning purposes, the estate of the late Jean-Pierre Aguilar, formerly a Partner of CFM, has reduced its investment in Stratus since Jean-Pierre Aguilar's passing from USD 166 million at the end of July 2009 to USD 46 million as of the date of this document.   |

### 3.5 Investor Base

|       |  |   |
|-------|--|---|
| 3.5.1 | Please provide details of investor type. | <p>By type:</p> <ul style="list-style-type: none"> <li>▪ Stratus Managed Account: 62%;</li> <li>▪ Funds of Funds: 20%;</li> <li>▪ Discus Managed Accounts: 13%;</li> <li>▪ Private Banks: 5%; and</li> <li>▪ Family Offices &amp; HNWIs: ~0%.</li> </ul> <p>By geography:</p> <ul style="list-style-type: none"> <li>▪ Stratus Managed Account: 62%;</li> <li>▪ United States: 22%;</li> <li>▪ France: 8%;</li> </ul> |
|-------|--|---|

- Switzerland: 5%; and
- United Kingdom: 3%.

## 3.6 Other/ Preferential Terms

|       |  |  |
|-------|--|--|
| 3.6.1 | Is the fund's reporting AIMR/ GIPS compliant?  | The Fund is not GIPS certified.  |
| 3.6.2 | Are there any side letter agreements that can negatively impact the fund? If so, please give details.  | No.  |
| 3.6.3 | Are there any special terms given to certain investors in relation to fees or redemption?  | No.  |
| 3.6.4 | Please list the following special terms: <ul style="list-style-type: none"> <li>▪ Best redemption terms</li> <li>▪ Lowest fee granted</li> </ul> | All investors in Discus Feeder Limited have the same commercial terms. |

## 4 INVESTMENT STRATEGY

### 4.1 Investment Strategy Overview

|       |  |   |
|-------|--|---|
| 4.1.1 | Characterize your investment style in terms of strategy, market exposure, portfolio concentration, geographical market focus, liquidity: | <p>Since 1991, CFM has developed various quantitative trading programs on futures, equities and options. The underlying strategies are all statistical, quantitative and systematic in nature.</p> <p>The trading and risk models are developed, tested and validated using CFM's extensive proprietary tools. For all underlying programs, CFM operates on a short-term trading cycle during which systems are fed with up-to-date historical time series; signals are generated, aggregated and transformed into what CFM's models determine is the optimal portfolio given risk constraints.</p> <p>Risk and predictive signals are therefore continuously re-assessed and positions are taken in order to deliver a constant targeted volatility at portfolio levels. Trades are diffused throughout the day and executed using proprietary algorithms that take into account slippage, market impact and order book information to detect effects related to microstructure.</p> <p>A dedicated team monitors processes and limits.</p> <p>All trading activity is conducted electronically, using CFM's proprietary Straight-Through-Processing (STP) platform.</p> <p>Discus invests in the most actively traded futures contracts on international markets. It is designed to provide positive long-term returns decorrelated from traditional asset classes.</p> <p>Discus follows a quantitative managed futures strategy. An ongoing research program aims to gradually improve trading models. These models are designed to respond quickly to market information. They are fed with real-time intra-day data and the trading signals are updated at regular intervals. The trading models operate with horizons ranging from one day to a few weeks.</p> |
| 4.1.2 | List the instrument types you trade:   | <p>Discus' traded instruments include about 150 individual contracts (including back months) over 20 exchanges, for government bonds, short rates, currencies, stock indices and commodities in the US, EU and Asia, as well as spot foreign exchange. The average turnover for this book is 6 days.</p>  |
| 4.1.3 | Describe your strategy (in as much detail as possible):  | <p>Discus is a medium-frequency strategy that takes positions with an average turnover of 6 days and generates a turnover of approximately 3,500 round trips per year per USD 1 million. At the current level of assets under management, this presents approximately a turnover of 30,000 futures contracts per day.</p> <p>Discus takes positions in futures contracts and also trades FX forwards.</p> <p>Two main types of models are used:</p> <ul style="list-style-type: none"> <li>▪ Price-based models, which are usually applied universally across all markets; and</li> <li>▪ Fundamentally based models, usually applied to a subset of markets where certain prices are conditioned with fundamental data.</li> </ul>   |

|       |   |   |
|-------|---|---|
|       |   | Resulting signals can be mean reverting or trend following with trading patterns ranging from one day to a few weeks.   |
| 4.1.4 | What is your investment/trading philosophy?                         | <p>CFM focuses on research, IT infrastructure developments and risk management:</p> <ul style="list-style-type: none"> <li>Financial markets are constantly evolving;</li> <li>However, we believe that markets have a small degree of predictability that can be exploited when applying a variety of statistical techniques in a systematically controlled framework; and</li> <li>By investing heavily in research and technology, CFM seeks to capitalize on such trading opportunities in the financial markets.</li> </ul> <p>CFM focuses on continuously developing, implementing and managing financial trading systems.</p>  |
| 4.1.5 | What makes your strategy unique?                                    | <p>Among systematic CTAs, the large majority belongs strictly to a specific category, i.e. trend follower, break out, contrarian; what marks CFM's specificity is its ability to change its trading style on the same market as a function of market changes. It is also its ability to create new trading systems (like the fundamental inspired models) and to add them to the program.</p> <p>Being a trend follower on a market can be a very good decision for a while, and then, due to whipsawing prices, it becomes wise to be a contrarian trader. The ability of CFM to change its trading style in a systematic manner, and therefore to adapt its trading approach to the rhythm of the market differentiates our program from other CTAs.</p> <p>CFM has hence a real edge in terms of market expertise, portfolio allocation, risk management, execution models and technology.</p> |
| 4.1.6 | What are the strengths/weaknesses of your investment strategy?      | <p>CFM perceives that its key strengths are:</p> <ul style="list-style-type: none"> <li>The Research team: senior researchers have been with the Firm for 10+ years;</li> <li>The IT expertise: CFM has heavily invested in developing and improving its IT infrastructure. Today, CFM has large-scale access to financial data, low latency access to key financial markets and state-of-the-art STP systems for processing high volumes of trades with minimum human intervention; and</li> <li>A 20+-year track record.</li> </ul> <p>Researchers and IT engineers represent more than two-thirds of CFM's staff. The Firm is constantly focusing research efforts on new trading models that may provide further value and diversification to Stratus and Discus in the future.</p>   |
| 4.1.7 | Why do you feel you will generate absolute returns?                 | CFM's models are specifically designed to constrain Beta exposures.   |
| 4.1.8 | In which markets do you believe your strategy performs best/ worst? | <p>CFM's strategy is to build a large collection of models that work in a broad range of market environments. It is usually difficult to predict under what market conditions a particular model will perform.</p> <p>However, the auto-adaptive nature of Discus allows for a good</p>   |

|        |  |   |
|--------|--|---|
|        |  | opportunity set of profitable market situations. This program performs at its best in clear trending or mean reverting markets, and performs at its worst in a completely random, unstructured market framework. Historically, these situations tend to be short lived. |
| 4.1.9  | Have you encountered position limit problems? If yes, please explain:                | No. The Legal and Compliance department of CFM keeps a database of speculative position limits, which are used by Research, IT-Front Office and the Independent Risk Manager for testing the maximum allowed size of derivative positions.                              |
| 4.1.10 | Describe your cash management policy:  | Cash is held with banks (HSBC Bank Plc, BNP Paribas, JP Morgan Chase Bank NA) and clearing brokers. The cash is held on call money or in time deposit accounts.   |
| 4.1.11 | Do you outsource this function? If so, please give name of provider and method used. | No.   |

## 4.2 Portfolio Construction

|       |   |   |
|-------|---|---|
| 4.2.1 | How would you characterize your basic trading approach (in %)?<br><br><ul style="list-style-type: none"> <li>Discretionary (please provide a brief description)?</li> <li>Systematic (please provide a brief description)?</li> <li>Other? Please explain:</li> </ul>                                   | CFM's trading approach is fully systematic. CFM relies on technology for collecting data, calculating trading signals, communicating electronically with counterparties, executing, booking and settling trades, as well as controlling operational risk.<br><br>Please see 4.2.18 for more information.  |
| 4.2.2 | How would you characterize your main decision-making inputs (in %):<br><br><ul style="list-style-type: none"> <li>Fundamental (please provide a brief description)?</li> <li>Technical (please provide a brief description)?</li> <li>Other? Please explain:</li> </ul>                                 | Discus uses two main types of models: <ul style="list-style-type: none"> <li>Approximately 60% are price-based models, which are usually applied universally across all markets; and</li> <li>Approximately 40% are fundamentally based models, usually applied to a subset of markets where certain prices are conditioned with fundamental data. Resulting signals can be mean reverting or trend following with trading patterns ranging from one day to a few weeks.</li> </ul> |
| 4.2.3 | How would you characterize your trading methodology:<br><br><ul style="list-style-type: none"> <li>Trend following, regression analysis, moving average, breakout systems, pattern recognition, oscillators, other (please explain); and</li> <li>Cyclical, countertrend, special situation,</li> </ul> | At CFM, we try to diversify our trading portfolios as much as possible, across trading frequencies, asset classes and strategies.<br><br>Please see 4.1.3 for more details.   |

|        |   |   |
|--------|---|---|
|        | arbitrage, market neutral, other (please explain)?  |   |
| 4.2.4  | Describe your broad trading philosophy, strategy and core principles in as much detail as possible:   | Please see 4.1.4.   |
| 4.2.5  | Which components of the company's system, if any, do you regard as proprietary (no details necessary)?  | All components are proprietary.   |
| 4.2.6  | Are there any "relative value" or "arbitrage" aspects to the program?   | No.   |
| 4.2.7  | Are calendar spreads or inter-market spreads used?  | No.   |
| 4.2.8  | If you operate different programs, are they managed by "independent account control" or are positions aggregated for speculative position limit purposes? | Futures positions are aggregated for compliance with certain CFTC/ exchange regulations.                                    |
| 4.2.9  | Do all the programs use the same trading methodology? If not, please explain:   | CFM manages two trading programs: Discus and Stratus. Stratus invests in the Discus program through a managed account.      |
| 4.2.10 | Could the unavailability of any of the company's principals influence the trading methodology?  | Not in the short-term. This could be the case in long-term, as the principals participate in the model development.         |
| 4.2.11 | Does the company own the trading methodology currently being used? If not, who does?  | Yes.  |
| 4.2.12 | Are there any patents, trademarks, etc. held by the company or any of its principals?   | No.   |
| 4.2.13 | What are the strengths and weaknesses of your company's trading methodology?  | We are dependent on our ability to innovate and create new models to refine and possibly replace those that perform poorly. |
| 4.2.14 | How frequently do you alter the programs' commitment to different market sectors?   | Infrequently.   |
| 4.2.15 | During drawdowns, do you tend to increase or decrease the   | Please see 3.3.1.   |

|        |  |  |
|--------|--|--|
|        | scope of discretionary decision-making and non-systematic responses?   |  |
| 4.2.16 | <p>If your trading methodology is computerized and systematic:</p> <ol style="list-style-type: none"> <li>1. Is the trading system ever overridden? If yes, under what circumstances?</li> <li>2. Do you apply the same system to all markets or are there different systems for each?</li> <li>3. Does the trading methodology differ from market to market? If yes, please describe what the difference is based on?</li> <li>4. Is the trading system always long or short, or is there also a neutral zone?</li> <li>5. How frequently are changes made to the trading system? Please explain the development and implementation process:</li> <li>6. Is your research focused on developing new trading systems or on further refining the existing systems?</li> </ol> | <ol style="list-style-type: none"> <li>1. Please see 4.2.18;</li> <li>2. Please see 4.2.2;</li> <li>3. Please see 4.2.2;</li> <li>4. All system positions are in a continuum, capped by the maximum exposure we would like to take for that system;</li> <li>5. New models are introduced a few times per year; old models are also updated when new research breakthroughs occur a few times a year, with updates in each strategy; and</li> <li>6. The Research team maintains the existing systems and focuses on developing new orthogonal systems and on refining the existing ones.</li> </ol> |
| 4.2.17 | Describe the three worst trading experiences the company has had, and explain how they influenced the evolution of your company's trading methodology:   | <ul style="list-style-type: none"> <li>▪ Sentinel;</li> <li>▪ The "Quant Crunch" in August 2007; and</li> <li>▪ The Lehman Brothers bankruptcy in September 2008.</li> </ul>   |
| 4.2.18 | <p>Which of the following activities are influenced by subjective judgment? Please answer by yes or no:</p> <ol style="list-style-type: none"> <li>1. Portfolio structure</li> <li>2. Trade entry</li> <li>3. Trade exit</li> <li>4. Stops</li> <li>5. Position size</li> <li>6. Overall leverage</li> </ol>   | <ol style="list-style-type: none"> <li>1. Portfolio structure between strategies: yes;</li> <li>2. Trade entry: no;</li> <li>3. Trade exit: no;</li> <li>4. Stops: no;</li> <li>5. Position size: no;</li> <li>6. Overall leverage: yes;</li> <li>7. Selection of contract maturity: no;</li> <li>8. Timing of position roll: no; and</li> <li>9. Decision to halt trading: yes.</li> </ol>  |



|        |  |  |
|--------|--|--|
|        | <p>7. Selection of contract maturity</p> <p>8. Timing of position roll</p> <p>9. Decision to halt trading</p>                        |  |
| 4.2.19 | Do you permit fundamental factors to influence risk management (e.g. liquidating or reducing certain positions before a G7 meeting)? | Yes, certain known market events lead to lowering the leverage in certain models and we try to develop systematic methods for this.  |
| 4.2.20 | How would you approach sudden and unexpected illiquidity in any of the markets traded?   | We would lower the allocation to that market.  |
| 4.2.21 | Have you made any leverage adjustments in the past? If yes, why? When and how were they implemented?                                 | Yes, in extreme market conditions (e.g. 9/11, 7/7 London bombings, post- Lehman Brothers bankruptcy).  |
| 4.2.22 | What are the program's rates of return, volatility and Sharpe ratio objectives?  | <p>At the Discus level:</p> <ul style="list-style-type: none"> <li>▪ Annualized Return: 14%;</li> <li>▪ Sharpe Ratio: 1;</li> <li>▪ Volatility: 14%;</li> <li>▪ Daily 99% VaR: 2.5%; and</li> <li>▪ Worst drawdown: 18% (95% confidence, monthly drawdown over 1 year horizon).</li> </ul> <p>Targets have been improved since inception.</p>  |
| 4.2.23 | Are there liquidity, regulatory or other requirements for the inclusion of markets in your portfolios? If yes, please explain:       | Yes, there are some liquidity constraints and certain limitations to instruments that can be allocated to US investors due to regulatory constraints. Due to the Master Fund being classified as an eligible contract participant ("ECP"), there are however few such regulatory constraints currently being applied to Discus Feeder Limited. |
| 4.2.24 | Are agricultural/ soft commodities a significant component in any of your portfolios?  | Yes.   |
| 4.2.25 | Does your methodology permit or require making or taking delivery of physical commodities? If yes, how often?                        | No.  |
| 4.2.26 | Do you trade "cash" securities (stocks and bonds)? Why would or would not the company's program be                                   | No.  |

|        | effective in doing so?  |  |
|--------|---|--|
| 4.2.27 | Who is responsible for managing the portfolio and how are decisions made (unanimous, majority, individual)? | <p>Marc Potters and Jean-Philippe Bouchaud co-head the Research team and all the Strategy Heads report directly to them.</p> <p>Marc and Jean-Philippe are also directly in contact with the researchers of the various teams: they orientate them; they informally speak with them about the relevance of new ideas/projects, the potential problems they may face in developing a model; they also challenge the researchers' ideas etc.</p> <p>Each team is dedicated to a strategy (e.g. Discus) and is comprised of researchers and IT engineers. Each team is responsible for validating trades and supervising execution. CFM has a variety of measures that cover different risk aspects.</p> <p>For each strategy, there are:</p> <ul style="list-style-type: none"> <li>▪ Weekly research meetings with Jean-Philippe Bouchaud, Marc Potters, the Strategy Head and 2-3 researchers who present new models for that strategy; and</li> <li>▪ Monthly research meetings with Jean-Philippe Bouchaud, Marc Potters, the Strategy Head and the Deputy Portfolio Manager, for approving and speaking about the implementation of new models.</li> </ul> <p>Every month, the Investment Committee (IC) gathers the Management Board, the Strategy Heads, 3 Senior Researchers and the Independent Risk Manager (from the IT-Operations team). The purpose of the IC is mainly to discuss:</p> <ul style="list-style-type: none"> <li>▪ The risk allocation between Stratus' various underlying sub-strategies (which has historically been quite stable);</li> <li>▪ The performance of sub-systems in each Stratus component, including the allocation to Discus;</li> <li>▪ Recent developments in research and the potential addition of important new models; and</li> <li>▪ Current concerns: potential model decay, managing impact, regulatory changes, new risks, etc.</li> </ul> |
| 4.2.28 | Describe how capital is allocated to a particular strategy.   | <p>The portfolio is built with the objective of equalizing the Value at Risk of each strategy; there is no risk/ reward optimization. Leverage is managed to attempt to keep the volatility in a targeted range.</p>   |

## 5 PORTFOLIO AND ACCOUNTS

|     |   |  |
|-----|---|--|
| 5.1 | Which types of instruments are traded?  | <p>Please see below the instruments traded in Discus:</p> <ul style="list-style-type: none"><li>▪ FX pairs: 10; and</li><li>▪ Futures: 150 contracts.</li></ul>  |
| 5.2 | <p>Position limits:</p> <ul style="list-style-type: none"><li>▪ Describe any past problems with position limits. Which markets or exchanges were involved?</li><li>▪ How much money could be managed under the current trading methodology without being restricted by position limits?</li></ul> <p>If, or when, position limits are reached, how will the company modify its methodology?</p> | <ul style="list-style-type: none"><li>▪ None. CFM keeps a database of position limits, which can be queried by research and operations on a real-time basis.</li><li>▪ This is not currently a limitation and we have several strategies to deal with this, should the AUM of Discus increase.</li></ul> |

## 6 RISK MANAGEMENT

|     |   |  |
|-----|---|--|
| 6.1 | Describe your overall risk management principles and approach:                          | <p>CFM applies a systematic trading approach and CFM's trading models cover both trading signals and portfolio risk management.</p> <p>CFM applies several medium frequency trading systems. Primary risk management is embedded in the trading systems developed by the Research team. Risk management is thus an integrated part of the trading process. The Research team has tools for monitoring the risk management process on a real-time basis.</p> <p>In addition to the primary risk management process conducted under the responsibility of the Research team, CFM operates an independent secondary risk monitoring process within its IT-Operations team.</p> <p>CFM's overall risk management principles and approach:</p> <ul style="list-style-type: none"> <li>▪ A described in 4.2.28, portfolio allocation is built with the objective of equalizing the Value at Risk of each strategy; there is no risk/ reward optimization. Leverage is managed to attempt to keep the volatility in a targeted range.</li> <li>▪ Discretionary de-allocation for market stress events: CFM has been active as a systematic asset manager since 1991, thus having been exposed to a number of market crises, extreme events as well as market conditions. Accordingly, CFM, based on its past experience and on its judgment of the prevailing market conditions, may decide at times to de-leverage a given strategy. This type of decision is uncommon and does not on average occur more than once or twice a year to reduce the exposure during periods of unfavorable market conditions.</li> </ul> |
| 6.2 | How do you calculate risk?  | Portfolio risk is monitored using various indicators: volatility, typical worst drawdown over 12 months, 95% confidence level drawdown within 12 months, daily VaR at 99% and daily VaR at 99.9%. These figures are computed using a non-Gaussian in-house model based on daily returns.   |
| 6.3 | Do all the programs use the same risk management methodology? If not, please explain:   | No, each strategy has specific risk management methodologies.  |
| 6.4 | Is VaR used in your program? If so, how do you assess the VaR of your market positions? | Please see 6.2.  |
| 6.5 | What determines the amount of leverage used?  | Volatility of markets, trading opportunities, margin levels, cost of financing and regulatory requirements.  |
| 6.6 | How much leverage (% of margin to equity) is used in each program?                      | <p>Leverage is defined by the margin-to-equity ratio, which is on average apx. 14% (maximum apx. 20%).</p> <p>The leverage is managed systematically with the goal of delivering a constant targeted volatility at the portfolio level.</p>  |
| 6.7 | How do you react if the volume and/ or open interest of a market in which a position    | CFM monitors the liquidity of the underlying securities and instruments. The tradable universe is adjusted daily to reflect changes in liquidity.  |

|      |   |   |
|------|---|---|
|      | is held are suddenly reduced significantly?   |   |
| 6.8  | Does adding or reducing a position in one market ever influence the size of positions held in other markets? If yes, please explain:                | <p>With its systematic approach, CFM has coded its risk management guidelines into each underlying program. These guidelines were developed by the Research team and validated during the IC by CFM's Management Board. They include traditional limits, such as maximum positions, net/ gross exposure per name/ sector/ region/ market and a number of historical and discretionary stress scenarios. Risk outputs are monitored on a real time basis. The program pre-emptively calculates the marginal risk for each trade and if the order breaches risk (VaR) limits, the order is not executed. CFM's risk management is systematically applied to all trading programs.</p> <p>The same guidelines are communicated to the IT-Operations team, which is mandated to independently monitor that the market risk guidelines are followed. In addition, the IT-Operations team devises operational risk limits implemented internally and externally at counterparties.</p> <p>CFM has developed a culture of capital preservation and has invested significant resources to manage risks. However, given the ever-evolving nature of the markets and risk, any CFM investment is not risk-free.</p> |
| 6.9  | Do you calculate and analyze the historical or contemporary correlation between markets? If yes, how does such analysis influence portfolio design? | Significant R&D resources are allocated to furthering our understanding of correlations.  |
| 6.10 | Do you establish position limits for correlated market groups? If yes, please explain:  | Concentration rules for Discus: due to the relatively high frequency nature of the program, the average turnover of a position is about 6 days and the risk of an overly concentrated and polarized position is mitigated.  |
| 6.11 | Are there a minimum number of markets in which you always hold positions in order to achieve a minimal portfolio diversification effect?            | <p>Diversification rules for Discus: the portfolio contains electronically tradable liquid futures contracts on bonds, short-term interest rates, stock indices, currencies and commodities, as well as spot FX positions.</p> <p>The universe traded represents currently about 150 individual contracts (including back months) over 20 exchanges disseminated worldwide (Europe, US, Canada, Asia and Australia).</p> <p>CFM monitors the systems independently in every market for every contract and since the systems are rarely flat, the portfolio usually holds a position in a number of contracts providing a measure of diversification.</p>  |

|      |   |   |
|------|---|---|
| 6.12 | <p>If stops are used, please answer the following questions:</p> <ul style="list-style-type: none"> <li>▪ On what principles are stops calculated?</li> <li>▪ How often are stops adjusted?</li> <li>▪ Is the method of establishing stops based on any of the following: price stops, time stops, volatility stops, money management stops or other (please specify)?</li> <li>▪ If a stop is reached, is the entire position closed out at one time, or is the position reduced gradually?</li> </ul> | <p>CFM does not use stop loss limits. Orders are constrained by targeting the realized standard deviation of the portfolio.</p>   |
| 6.13 | <p>Who is responsible for the risk management oversight?</p>  | <p>CFM's Management Board has primary responsibility in relation to market risk management oversight.</p> <p>A monthly IC, which gathers the Management Board, the Strategy Heads, 3 Senior Researchers and the Independent Risk Manager (from the IT-Operations team), is responsible for setting and monitoring the risk of the individual trading programs.</p> <p>The Research teams monitor market risks on a real-time basis and on a system-by-system basis.</p> <p>In addition, the IT-Operations team independently monitors market and operational risks.</p> <p>Preservation of capital is mission critical at CFM. As a result, CFM's Management Board has the ability to modify the global risk of the portfolio. If the risk is not in line with its guidelines due to, for example, extreme exogenous events creating specific and unprecedented market dislocations (such as 9/ 11), the Management Board may, on a discretionary basis, act globally on the portfolio for a given period of time (lower the leverage) to avoid relying on statistical approaches, when statistics based on historical market conditions are likely to be no longer relevant.</p> |
| 6.14 | <p>Does the methodology react to volatility changes in the markets? If yes, please explain how:</p>   | <p>The system seeks to achieve a constant average volatility by adjusting positions by their realized volatility.</p>   |
| 6.15 | <p>Do you trade on exchanges that are open outside local office hours? If yes:</p> <ul style="list-style-type: none"> <li>▪ How is the time difference managed?</li> <li>▪ Are there routines in place to minimise the</li> </ul>   | <p>CFM trades all major markets globally. Systems and teams are in place to handle this on a 24/ 6 basis. CFM has data centers in Europe, North America and Asia. CFM maintains offices in Paris, New York and Tokyo.</p>   |

|      |  |   |
|------|--|---|
|      | risk of adverse price movements, or price gaps which are due to price movements that occur outside local office hours? |   |
| 6.16 | What is the estimated maximum risk on a total portfolio? Please describe the method by which such risk is measured:    | <p>Value at Risk daily:</p> <ul style="list-style-type: none"> <li>99% Confidence Level: 2.5%; and</li> <li>99.9% Confidence Level: 4.0%.</li> </ul> <p>1-Year Horizon Drawdown with Daily Data:</p> <ul style="list-style-type: none"> <li>Worst, Most Probable: 8.0%; and</li> <li>Worst, 95% Confidence: 21.0%.</li> </ul> <p>1-Year Horizon Drawdown with Monthly Data:</p> <ul style="list-style-type: none"> <li>Worst, 95% Confidence: 18.0%.</li> </ul>   |
| 6.17 | Do you use an external risk monitor? If so, who and why that particular one?   | <p>In addition to internal risk management systems, CFM requires counterparties (brokers, banks and clearers) of the Master Fund to perform a number of checks on its trading activities, independently of CFM. Such checks are typically maximum exposure, gross and net exposure, turnover, quantity per order, market value per order, number of orders per day, number of rejected orders within the FIX environment, etc.</p> <p>The trading limits are reviewed by CFM's Independent Risk Manager and updated monthly to take into account changes in CFM's trading activity. The limits have two levels: a breach of the first level will alert the relevant counterparty to call the on-duty team; a breach of the second level will forbid further trading in the relevant product(s).</p> <p>The underlying idea is to detect any abnormal behavior (e.g. an infinite loop sending similar orders, typical of "rogue algorithmic trading system syndrome") as soon as possible. The number of rejected trades or execution ratios is also important because every exchange/ electronic platform may have a specific set of rules controlling the behavior of high frequency traders. Too many rejections indicate that the execution algorithm is not suitable for the given market.</p> <p>As the trading universe of CFM is large (tens of thousands of instruments), systematic monitoring is used to identify abnormal trading activity. The external monitoring provides an extra layer of checks and reduces operational risks.</p> |
| 6.18 | What is the scope of the responsibilities of the Operations team?  | <p>CFM's Operations team is supported by IT engineers from the IT-Operations team, which has built all of CFM's post-trade in-house software systems. The Operations team:</p> <ul style="list-style-type: none"> <li>Supports the trading process by monitoring corporate actions during the day and flagging the security master file accordingly;</li> <li>Monitors the financing and the stock lending activities of counterparties, as well as initiates moves of collateral in order to cover margin calls or reduce excess margin;</li> </ul>  |

|      |   |  |
|------|---|--|
|      |   | <ul style="list-style-type: none"><li>▪ Performs daily reconciliations against all counterparties in parallel with the Administrator; at month-end, the Operations team independently calculates the NAVs of all private funds managed by CFM and reconciles these values against those of the Administrator; and</li><li>▪ Operates an in-house copy of the share register of funds managed by CFM.</li></ul> |
| 6.19 | What is your cash management method? Does this create an additional source of risk? | Please see 4.1.10.   |



## 7 OPERATIONAL RISK

|     |  |   |
|-----|--|---|
| 7.1 | How does the company define operational risk?  | <p>CFM conducts trading exclusively with a systematic approach.</p> <p>As of the date of this document, CFM is connected in real-time with about 20 counterparties (exchanges, execution brokers, electronic platforms, banks, etc.). CFM communicates electronically via FIX compliant software and exchanges approximately 300,000 messages per day. CFM's servers, located in several data centers, perform the trading activities, and require more than 5,500 computer processes to be run in pre-determined sequences and at specific times.</p> <p>This high level of trading activity requires superior control systems to monitor operations and manage potential errors (in-house or counterparty software bugs, infinite loops, FIX communication breakdowns, missed FIX execution reports, computer failures within CFM or at exchanges, etc.).</p> <p>CFM has developed a comprehensive methodology to monitor operational risk through the use of monitoring software, as well as experienced staff within the IT-Front Office team and the IT-Operations team. In addition, CFM relies on electronic communications for trading activities. CFM performs real-time checks of the trading activity by opening a second communication channel with the broker/ exchange and query confirmations of executed transactions. CFM then reconciles the gathered information with the executed orders. Discrepancies are reported and action is taken, which may halt trading with the relevant broker/ exchange if errors become systematic.</p> <p>CFM does not employ traders, but IT managers with computer science backgrounds, who continuously analyze where and why the automatic trading process could fail, and implement adequate systematic checks and procedures. A dedicated team (in Paris, New York and Tokyo) is on call 24/ 6 and is responsible for monitoring the control processes.</p> |
| 7.2 | Does the company have an operational risk management framework? Does the framework consider how the company identifies, assesses, monitors and controls operational risks? | <p>The IT-Operations team reports to Jacques Saulière and is responsible for independently monitoring and controlling the market risk of all portfolios managed by CFM. In addition, they are also responsible for mitigating operational risk for all trading programs.</p> <p>The IT-Operations team has the task of replicating and validating all key market risk measures used by the Research team, thus providing a cross check of the Research team's calculations. The IT-Operations team also develops its own risk models, in order to be in a position to provide feedback to the Research team in relation to the risk models used and possible risks needed to be incorporated. This independent risk management system operates in real-time and generates real-time alerts if it detects abnormal behavior.</p> <p>Operational risk is mitigated through real-time monitoring of the trading process by the IT-Front Office team and the use of a company-wide intranet to follow the performance of CFM's strategies in real-time. In addition, the IT-Operations team has developed control software to monitor trading limits applied to the trading process. Several sets of trading limits are usually implemented when using an executing broker: one set with the executing broker, one at the level of CFM's trading system and one embedded at the level of the FIX engine between CFM and the</p>   |

|     |  |   |
|-----|--|---|
|     |  | <p>executing broker. The applied limits depend on the asset class and the capabilities of the executing broker, but usually cover single order size, cumulative order size, order volume and net open position. The risk limits are reviewed with the brokers on a regular basis. Where CFM trades as an exchange member, the executing broker limits are usually substituted by similar limits applied by the clearing broker and monitored at the exchange level when possible.</p> <p>The operational risk controls are further enhanced by post execution risk checks, real-time reconciliation and back-office controls. When CFM trades as an exchange member, real-time reconciliation is achieved by capturing real, or quasi real-time, drop copies from the exchange. These drop copies are used for real-time reconciliation and for checking the integrity of the position keeping process. The delivered volatility, the program track record and the specific exposures (e.g. FX) are checked by the Operations team.</p>   |
| 7.3 | Are the employees responsible for the operational risk framework adequately independent from the business and appropriately trained? (For example, does the company have a risk or internal audit function that is responsible for the framework?) | <p>An Independent Risk Manager within CFM's IT-Operations team follows operational risks on a real-time basis. The Independent Risk Manager sets risk limits within CFM, communicates risk limits to counterparties and configures CFM's systems for operational risk monitoring.</p> <p>A breach of an internal risk limit is automatically communicated internally through an automated messaging system.</p> <p>A breach detected at a counterparty is communicated by email or telephone to the respective teams in charge of such trades.</p> <p>The Independent Risk Manager was prior to joining CFM monitoring risk at one of the world's leading banks. He has a deputy who has been working with post-trade processing systems for several years at CFM. Both persons report to Jacques Saulière for risk purposes.</p> <p>Within the Legal and Compliance team, there is a dedicated employee performing internal control functions and reporting to the Head of Legal and Compliance. This person also monitors certain operational risk measures and is independent from the business. She has previously worked in CFM's Operations team for 6 years.</p> |
| 7.4 | Does the board of directors approve and regularly review the operational risk management framework?  | Yes, during the monthly Operational Committee.  |
| 7.5 | Who is responsible for implementing the operational risk framework? Are there clear lines of responsibility across senior management?  | Please see 7.2.   |
| 7.6 | How does the company ensure that employees understand their responsibilities for implementing the operational risk framework?  | As explained in 7.3, CFM employs a full time Independent Risk Manager who is responsible for implementing all operational risk controls for all trading strategies operated by CFM. He is independent from the Research team and from the IT-Front Office team. He has the ability to modify risk limits and to cut trading if required.  |

7.7

What ongoing assurance does the firm provide to clients over the effectiveness of its operational risk framework? If a SAS 70 or FRAG 21 (being replaced by AAF 01/ 06) has been completed, please list the key weaknesses identified in the last 5 years.

No SAS 70 has been performed. However, for information, Stratus is certified by Amber Partners, a company which specializes in operational due diligence. The password for accessing their report is available upon request.

## 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? Please specify if this process differs for different service providers e.g. custodian, administrator and FCM/ prime broker. | CFM only works with leading service providers. We have a procedure for appointing new service providers. |
| 8.2 | Are service level agreements in place between the company and its outsourced service providers? If so, how does the company monitor services against the prescribed standards?  | With the Administrator: yes.   |
| 8.3 | Does the company perform periodic reviews of the outsourced service providers?  | Yes, on a monthly and annual basis.  |
| 8.4 | What ongoing assurance does the firm perform over the effectiveness of the controls at outsourced service providers?  | Several controls, both at the level of the Administrator and of the prime brokers.                       |

## 9 INVESTMENT RESEARCH

|     |  |  |
|-----|--|--|
| 9.1 | Describe your efforts to improve the trading methodology through on-going research and the typical flow of an investment idea from inception to trading: | <p>CFM's development model is systematic in nature.</p> <p>A new trading model developed by one researcher needs to be subsequently rewritten by another researcher and thus independently verified. Once confirmed through peer review, a model is presented (including back-testing simulations and stress testing), at the weekly sub-strategy research meeting.</p> <p>The implementation of a new trading model in the production environment requires the approval at the monthly sub-strategy research meeting (and sometimes at the IC as well).</p> <p>A new model is initially put in production with low risk weight and low leverage. Once the model has been proven in the production environment the model may be put in full-scale production with a true risk weight. Decisions made by the IC result from a consensus and the decision makers are not the authors of such models.</p> <p>All trading models are monitored daily and a trading system performing outside its expected statistical envelope would raise an alarm which may lead to de-leveraging of the model. Such de-leveraging decisions are taken at the level of the Management Board.</p> |
| 9.2 | How much money have you invested in research since its inception?  | CFM has dedicated tens of millions of euros to Research and IT infrastructure since inception.   |
| 9.3 | Has the company or any of its research staff published any research or academic papers? If yes, please provide details:                                  | CFM's researchers are authorized to publish scientific papers. However, in order to protect proprietary, actionable data and key concepts, publishing papers is subject to CFM's approval. Over the years, the team has published 40+ papers and written numerous other internal reports that are held privately at CFM.   |
| 9.4 | Do you use any external parties or resources for research? If yes, please explain:   | <p>All CFM research is generated internally. CFM has a significant internal Research team and employs highly trained scientists, with Ph.D.s in Physics and other hard sciences from highly regarded academic institutions.</p> <p>The Research team focuses on studying fundamental problems posed by financial markets and are encouraged to interact with academia. In addition, certain key researchers often teach and supervise Ph.D. students and post-docs at academic institutions such as École Normale Supérieure and École Centrale de Paris, as well as various academic or professional training courses.</p> <p>The links to academia allow CFM's Research team to stay informed about new concepts and stay connected with scientists who are inclined to consider a career in finance.</p> <p>Other outside resources: CFM uses several outside data providers for historical data.</p>   |

## 10 EXECUTION AND TRADING

|      |   |  |
|------|---|--|
| 10.1 | Does your trading staff trade 24 hours per day? If yes, please explain. Do they trade from the office premises or elsewhere? How many staff are involved in each shift, and what are their functions?                               | <p>Executions are conducted via algorithmic protocols. These are monitored by the relevant business unit and a risk manager independent from this relevant business unit.</p> <p>The teams based in New York, Tokyo and Paris are responsible for monitoring execution on a 24/ 6 basis.</p> |
| 10.2 | 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? | Futures and FX trades are allocated post-trading in accordance with an enhanced CFTC allocation algorithm.   |
| 10.3 | What is your policy with respect to trading and system errors? Please explain in detail:  | Historically, these have been immaterial but they are however a cost of doing business when operating a high frequency systematic trading strategy. Errors are allocated to trading accounts. CFM does not maintain any error account.   |
| 10.4 | Have there been any major "out-trades"? If so, please describe the relevant circumstances and explain what steps, if any, were taken to minimize the potential for "out-trades" in the future.                                      | No. CFM communicates daily trade-breaks to the prime brokers and chases missing and extra trades and other discrepancies. Trade-breaks are also communicated daily to the Administrator.   |
| 10.5 | What is your policy with respect to trading by: <ul style="list-style-type: none"> <li>▪ Staff:</li> <li>▪ Principals:</li> <li>▪ The company itself:</li> </ul>  | CFM has a pre-clearance procedure for all trades by staff.   |
| 10.6 | Do you have any special relationship or affiliation with any FCM?   | No.  |
| 10.7 | How often do you adjust equity levels?  | Once a month for Discus private funds. On demand for managed accounts.   |
| 10.8 | What percent of your trading is executed via electronic trading platforms/ markets?   | 100%.  |

|       |  |   |
|-------|--|---|
| 10.9  | Do you employ different execution methodologies for order entry (e.g., computer based execution versus traditional human execution methods)? | Yes, but all execution methods are systematic and algorithmic.  |
| 10.10 | Is there clear separation of functions between front and back office?  | Yes. These are separate teams.  |
| 10.11 | Are trades reconciled to broker confirmations? How often?  | <p>The clearers usually book the trades as received from the executing broker or the exchange.</p> <p>Periodically intra-day and at close of market, CFM reconciles executed trades with the prime brokers' execution desks and then sends the trade file to the prime brokers' back-offices on a daily basis. This process is performed electronically with no manual intervention.</p> <p>As a daily end of day process, CFM (considered the most reliable source) sends its trade file to the Administrator, who in turn updates their positions and reconciles trades, positions, dividends and cash balances with counterparties.</p> <p>CFM also performs a similar daily reconciliation against the counterparties. As a result, CFM has a daily dual reconciliation for trades, positions, dividends and cash balances between CFM and the counterparties and between the Administrator and counterparties.</p> |
| 10.12 | Are cash positions reconciled? How often?  | Yes, daily.   |

## 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:   | All core data is backed up daily to magnetic media held at an offsite area. Please see 16.1 and 16.2 for more information. |
| 11.2 | Do you maintain a detailed operations manual?   | CFM has a disaster recovery procedure. Please see 16.1 and 16.2 for more information.                                      |
| 11.3 | What insurance coverage do you maintain? Please provide a schedule showing coverage:  | Standard statutory insurance. Fund and CFM have D&O Insurance.   |
| 11.4 | Are the operations of the company dependent on one person or a limited number of people?  | CFM works as a structured team.  |
| 11.5 | Are there a minimum number of personnel needed for the company's operations?  | About 15.  |
| 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: <ul style="list-style-type: none"> <li>▪ Separately managed accounts?</li> <li>▪ Pools and funds?</li> <li>▪ Both of the above?</li> </ul> | Only as subscriptions to private funds.  |
| 11.8 | Which clearing firms do you currently use?  | Several. Please see the OMs of the respective funds.   |
| 11.9 | Are there any present plans to relocate your offices?   | Yes, in New York to accommodate further growth.  |



## 12 COMPLIANCE

|       |  |  |
|-------|--|--|
| 12.1  | Who is responsible for compliance in the company?  | Martin Tornqvist is the Head of Legal and Compliance.  |
| 12.2  | Does a dedicated compliance team exist? Does the company maintain a written compliance manual? If yes, please provide details:   | Yes. Our Legal and Compliance team comprises 3 persons in Paris and a part-time compliance officer based in Tokyo. The Firm maintains a Compliance Manual for each regulatory authority regulating the Firm.   |
| 12.3  | When was it last updated?  | In 2010. The Compliance Manuals are updated annually and as required.  |
| 12.4  | Please describe any current or potential conflict of interest or any relationships, which may affect its trading, trading flexibility, e.g. associated broker/ dealer. | None. Jacques Saulière is a Director of certain funds and of CFM S.A.  |
| 12.5  | What are the company's employees' own account dealing procedures?  | CFM requires pre-clearance by the Head of Legal and Compliance for all trades by staff in any instruments that are not money market funds or mutual funds. All employees are required to file a quarterly trading questionnaires and an annual holdings report, which are reconciled by Compliance with each other as well as with the pre-clearance requests.   |
| 12.6  | Does the company have regular compliance monitoring programs? If so, please give brief details:  | CFM has a compliance-monitoring program covering periodic testing of legal, regulatory, tax as well as internal requirements in relation to CFM and to funds managed by CFM. The program includes regular filings with the SEC, CFTC, the Japanese FSA and the AMF, certain BVI requirements, requirements of the respective fund's M&As, AML tests, operational tests, tax-related tests, regular review and update of offering documentation, as well as review and update of recurring internal control programs. |
| 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? If so, please give details:   | No.  |
| 12.9  | Do any of the company's principals have other business involvement?  | Jean-Philippe Bouchaud is also a lecturer at several highly regarded academic institutions in France.  |
| 12.10 | Has an employee of the company ever been refused authorization or had it withdrawn? If so, please provide details:   | 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 including reparations, arbitrations and negotiated settlements? | No criminal or regulatory actions have ever been brought against CFM; CFM has had proceedings with dismissed employees, which were regulated by the "Prud'hommes" court (French court that manages disputes between companies and their employees). These proceedings involved junior employees.   |
| 13.2 | Are any of your employees subject to non-competes, "golden handcuffs", etc.?   | Most key employees are subject to non-competes.  |
| 13.3 | Do you have any existing marketing or consulting agreements?   | None are active.   |
| 13.4 | Have you appeared in any recent advertisement or newspaper or magazine articles? If so, please include copies.   | Yes. Please refer to our website, under the "News" section.  |
| 13.5 | Does the company or any affiliate ever deduct its fees directly from any client accounts?  | Yes, subject to agreement by the Administrator.  |
| 13.6 | Do you make use of "soft dollars"? If so, please give details:   | CFM may from time to time receive research and/or brokerage services from brokers to its clients. CFM has a policy not to accept any soft commissions that are outside the U.S. SEC 28(e) safe-harbor except when such arrangements are designed to enhance the quality of the service to clients and do not impair the ability of CFM to act in the best interest of its clients. |
| 13.7 | Risk of fraud:   | CFM uses a dual signatory system. Authorized signatories are Jacques Saulière, Marc Potters and Martin Tornqvist. This system requires two out of the three authorized signatures for any transfer other than transfers from a prime broker to the Administrator (for redemptions) or CFM (payment of fees).   |

## 14 ANTI-MONEY LAUNDERING POLICY

|      |  |   |
|------|--|---|
| 14.1 | Confirm that the company has established Anti-money Laundering (AML) procedures: | Yes.  |
| 14.2 | Please confirm which jurisdiction's regulations you comply with:                 | <p>CFM is regulated as a portfolio manager by the Autorité des Marchés Financiers ("AMF") in France, as an investment adviser by the Securities and Exchange Commission ("SEC") and as a Commodities Trading Adviser ("CTA") by the Commodities and Futures Trading Commission ("CFTC") in the US. A wholly owned subsidiary, CFM Asia KK, is regulated as a type II Financial Instruments firm in Japan.</p> <p>For all funds managed by CFM, the AML procedures in relation to subscribers of such funds are operated by the Administrator, in accordance with the constitutional documents of the Fund and Irish rules.</p> <p>CFM controls that the Administrator respects the AML obligations of the funds in relation to their subscribers.</p> |
| 14.3 | Please confirm who your AML Officer is:  | Martin Tornqvist (Head of Legal and Compliance).  |
| 14.4 | Elaborate on the procedure to ensure compliance with AML policies:               | <p>CFM has adopted an AML procedure for accepting new private funds as well as managed accounts as clients. At the level of the Fund, the Fund's Administrator operates the AML procedures.</p> <p>CFM receives monthly reports from the Administrator on AML issues and ensures on an annual basis through testing of documentation that the Administrator is applying its AML checks appropriately. Regular AML training of the Operations team is organized by the Head of Legal and Compliance. Each training covers the customer verification requirements and record keeping.</p>   |
| 14.5 | Please provide a summary of your AML procedures.                                 | For both private funds and managed accounts, CFM requires up to date constitutional documents, as well as identification of Directors that have authority to execute documents on the behalf of the fund or account. The AML tests for the subscribers of the Fund are carried out by the Administrator according to Irish regulations, taking into account certain additional US and BVI requirements. The applicable AML procedure is described in detail in the Subscription Agreement of the Fund.  |

## 15 INSURANCE

15.1

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 fraud)?

1. a) Yes; b) Yes;
2. None; and
3. None.

## 16 BUSINESS CONTINUITY

|      |   |  |
|------|---|--|
| 16.1 | <p>Do you have a formal business continuity management plan? Please describe the basic provisions:</p>  | <p>Yes. CFM operates its business from a number of data centers located in Europe, Asia and the US.</p> <p>The "Main" data centers located in France house hardware and software required for trading, position keeping, risk management and data management as well as all office IT infrastructure on a global basis. Key processes are duplicated between at least two Main data centers.</p> <p>In order to enable low latency trading the Firm also deploys a number of "Satellite" data centers housing trading processes locally. All key servers and links to exchanges, brokers and market data are duplicated with standby connectivity available from a second data center (Satellite or Main). All key data from the Satellites is copied as and when available to the Main data centers.</p> <p>The Main data centers are subsequently backed-up off-site. Should a major disaster occur at one of CFM's premises, all permanent CFM staff has VPN access to the Main data centers. In addition, CFM has access to a backup site for 30 staff in the suburbs of Paris.</p>  |
| 16.2 | <p>What contingency plans do you have in terms of:</p> <ul style="list-style-type: none"> <li>▪ Computer system fault?</li> <li>▪ Incapacitated investment decision makers?</li> <li>▪ Technical failure at FCM/ prime broker's location?</li> <li>▪ Presence of in-house computer technician?</li> <li>▪ Back-up systems?</li> </ul> | <ul style="list-style-type: none"> <li>▪ Redundancy of IT infrastructure: <p>CFM operates its business from a number of data centers located in Europe, Asia and the US, with the main data centers located in Paris. These data centers house the servers used by CFM in segregated, air-conditioned data rooms, which have multiple electricity sources and resilient data communications.</p> <p>The Main data centers house all hardware and software infrastructure with regards to trading, position keeping, risk management and data management, as well as office IT infrastructure on a global basis. In order to enable low latency trading, the Firm also deploys a number of "Satellite" data centers, which house the trading processes locally.</p> </li> <li>▪ Redundancy of Satellite data centers: <p>All key links to exchanges, brokers and market data are duplicated with standby connectivity available from a second data center (Satellite or Main). All key data from the satellite data centers is copied on a real time basis to the Main data centers. A loss of a Satellite data center could be dealt with by restarting a standby process in the Main data center. As a result of such redundancy, the trading process could continue, although possibly at a somewhat degraded latency.</p> </li> <li>▪ Redundancy of the Main data centers: <p>All key links to exchanges, brokers and market data for trading directly from the Main data centers are duplicated with standby connectivity available from a second Main data center. All key data is copied on a real time basis to a second Main data center. A loss of a Main data center could be dealt with by restarting a standby process in a second Main data center.</p> <p>In order to ensure continuity, the Firm's email system operates on a clustered basis between two Main data centers. All files including production data, software source codes and key documents are duplicated between two Main data centers on an overnight basis.</p> </li> </ul> |

|      |   |   |
|------|---|---|
|      |   | <ul style="list-style-type: none"> <li>▪ Redundancy of office infrastructure:</li> </ul> <p>Should one of CFM's premises be affected by a disaster, all permanent CFM staff have VPN access to the Main data centers and will be able to continue working from home, as well as assisting in maintaining the trading process as well as restoring any lost operations. The procedure for doing this is tested daily, as CFM's staff continuously uses 24/ 7 VPN access to monitor and maintain trading processes, as well as work on production and administration issues from off-site locations.</p> <p>CFM has rented a business continuity office from a specialist provider in order to provide back-up office space for all key staff in the case of loss of the premises at 6-8 boulevard Haussmann. This has the added benefit of improving the co-ordination of an emergency situation, as key employees are centralized in one place. The site became operational in Q4 2009.</p> <ul style="list-style-type: none"> <li>▪ Data and document back-up:</li> </ul> <p>As explained above, all the key data held at the Satellite data centers is copied to the Main data centers on a real-time basis. All data required to operate the Firm is available on servers in the Main data centers.</p> <p>The Firm has a policy of scanning and electronically storing all hard or soft key documents, which are saved on CFM's file servers in the Main data centers and subsequently backed-up off-site together with the general daily back-up procedure. The data held at the Main data centers is backed-up daily to an off-site location.</p> |
| 16.3 | Are you familiar/ do you comply with the AIMA Guide to Sound Practices for Business Continuity for Hedge Fund Managers? | CFM has consulted the AIMA guidelines and is generally in compliance with them.   |

## 17 INVESTOR SERVICE/ REPORTING

|      |   |   |
|------|---|---|
| 17.1 | Can the prospectus/ offering memorandum be transmitted to us electronically?  | Yes.  |
| 17.2 | Are all prices provided by independent service providers? Please give details:  | Positions are valued independently by the Administrator, which uses its own price sources. Discus' portfolio only includes listed futures and spot FX, which are generally easy to value.   |
| 17.3 | Does the investment manager ever provide any instrument prices/ NAV calculations?   | Not for Discus Holdings Limited or Discus Feeder Limited.   |
| 17.4 | Who calculates the NAV and what is the frequency of calculation?  | The NAV and the NAV per Share are determined by the Administrator on a monthly basis.   |
| 17.5 | Do you make any adjustments to the NAV valuation received from your source? If yes, please explain what kind in terms of: <ul style="list-style-type: none"> <li>▪ Liquidity:</li> <li>▪ Time zone:</li> <li>▪ Size:</li> <li>▪ Turnover:</li> <li>▪ Other:</li> <li>▪ Percentage of adjustments to total NAV:</li> <li>▪ What instruments are subject to adjustments:</li> </ul> | CFM only reviews the pricing of the Administrator and may highlight to the Administrator where there are differences. The published NAV is always based on the valuation of the Administrator.  |
| 17.6 | Can fund performance be transmitted to us electronically on a regular basis, and at what periodicity?   | <p>CFM sends investors:</p> <ul style="list-style-type: none"> <li>▪ Weekly gross estimates; and</li> <li>▪ Monthly net estimates with a performance commentary.</li> </ul> <p>Gross estimated performance returns for Discus are available on a weekly basis to investors. CFM distributes monthly net return estimates by e-mail and via its website generally on the 5th business day of every month. Official net asset values ("NAVs") for the Fund are calculated monthly and are distributed by the Administrator.</p> |
| 17.7 | List all reports and correspondence usually sent to clients - explaining the frequency and the detail with which the manager reports performance to investors.  | CFM distributes monthly and weekly risk reports, weekly gross estimated portfolio returns, monthly net performance estimates and quarterly reports.   |

|       |   |  |
|-------|---|--|
| 17.8  | Can you provide copies of historical reports?   | Yes. Please see Appendix 1.                  |
| 17.9  | Are investors informed when minor/ major changes are made to the trading, money management, or risk control methods?                | Yes.   |
| 17.10 | What portfolio data can you provide electronically in terms of position, concentration, exposure, performance attributes and hedge? | Currently we do not provide this for Discus. |



## APPENDIX 1: SAMPLE REPORTS

## Sample Risk Report



CAPITAL FUND MANAGEMENT

## DISCUS RISK REPORT

Report from March 01, 2011 to March 31, 2011.

Margin to equity ratio of Discus Holdings Limited

| Average | Min    | Max     | Last    |
|---------|--------|---------|---------|
| 11.72 % | 8.50 % | 15.50 % | 13.70 % |

Daily VaR 95% per asset class (% of the fund AUM)

| Contract type    | Average | Min  | Max  |
|------------------|---------|------|------|
| Bonds            | 0.52    | 0.15 | 1.03 |
| Short term rates | 0.22    | 0.09 | 0.38 |
| Currencies       | 0.79    | 0.26 | 1.25 |
| Commodities      | 0.30    | 0.07 | 0.55 |
| Stock indices    | 0.30    | 0.04 | 0.67 |
| Total            | 1.31    | 0.56 | 2.10 |

Gross notional exposure per asset class (fraction of the fund AUM)

| Contract type    | Average | Min   | Max   | Last  |
|------------------|---------|-------|-------|-------|
| Bonds            | 1.46    | 0.78  | 2.44  | 0.78  |
| Short term rates | 20.96   | 9.31  | 34.94 | 14.83 |
| Currencies       | 1.46    | 1.07  | 1.83  | 1.64  |
| Commodities      | 0.29    | 0.15  | 0.41  | 0.38  |
| Equities         | 0.27    | 0.05  | 0.48  | 0.34  |
| Total            | 24.44   | 13.06 | 37.49 | 17.98 |

Sensitivities (see definitions below)

| Type            | Average | Min  | Max   | Last |
|-----------------|---------|------|-------|------|
| Bonds Notional  | 1.05    | 0.03 | 2.38  | 0.74 |
| STIR Notional   | 17.81   | 7.06 | 34.94 | 9.94 |
| Interest Rates  | 7.13    | 0.43 | 16.72 | 6.58 |
| USD             | 0.57    | 0.02 | 1.23  | 1.23 |
| Commodities     | 0.19    | 0.01 | 0.37  | 0.32 |
| Equity $\Delta$ | 0.20    | 0.01 | 0.44  | 0.32 |

## Sample Track Record



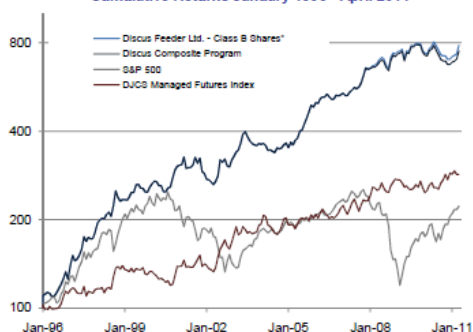
CAPITAL FUND MANAGEMENT

**Discus Feeder Limited**  
Managed Futures Program

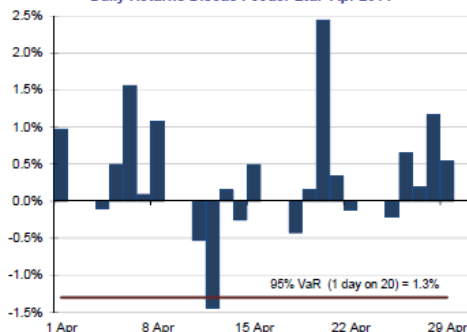
April ROR\* +6.94%  
Year to date ROR\* +11.54%  
AUM Discus Feeder Ltd. \$327 M  
AUM Discus Program\*\* \$801 M

### Estimated Monthly Report – April 2011

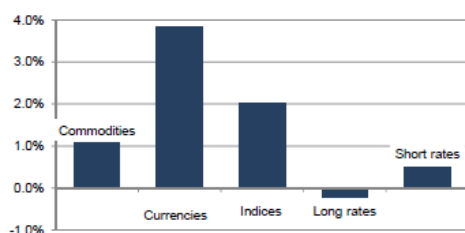
Cumulative Returns January 1996 - April 2011



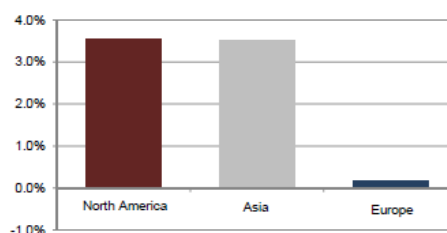
Daily Returns Discus Feeder Ltd.- Apr 2011



Discus Feeder Ltd. Contribution per Sector - Apr 2011



Discus Feeder Ltd. Contribution per Zone - Apr 2011



Monthly Returns of Discus Feeder Ltd. - Class B since Dec 2007

|           | 2007  | 2008  | 2009  | 2010  | 2011 |
|-----------|-------|-------|-------|-------|------|
| January   |       | 1.10  | 1.82  | -2.10 | 1.99 |
| February  |       | 1.82  | 0.46  | -0.70 | 0.96 |
| March     |       | 0.42  | 1.27  | 4.23  | 1.29 |
| April     |       | 1.72  | -7.24 | 1.94  | 6.94 |
| May       |       | 2.82  | 6.62  | 3.50  |      |
| June      |       | 1.89  | -0.91 | -3.18 |      |
| July      |       | -1.42 | 5.26  | -3.08 |      |
| August    |       | -4.71 | -0.31 | -3.64 |      |
| September |       | -2.44 | 2.01  | -0.94 |      |
| October   |       | 8.03  | -0.29 | -0.08 |      |
| November  |       | 4.06  | -0.03 | -2.56 |      |
| December  | -1.06 | -0.89 | -5.04 | 0.09  |      |
| Total     | -1.1  | 12.7  | 2.9   | -6.7  | 11.5 |

Discus Composite since Jan. 1996  
Discus Feeder Ltd. Class B Last 12 Mths.

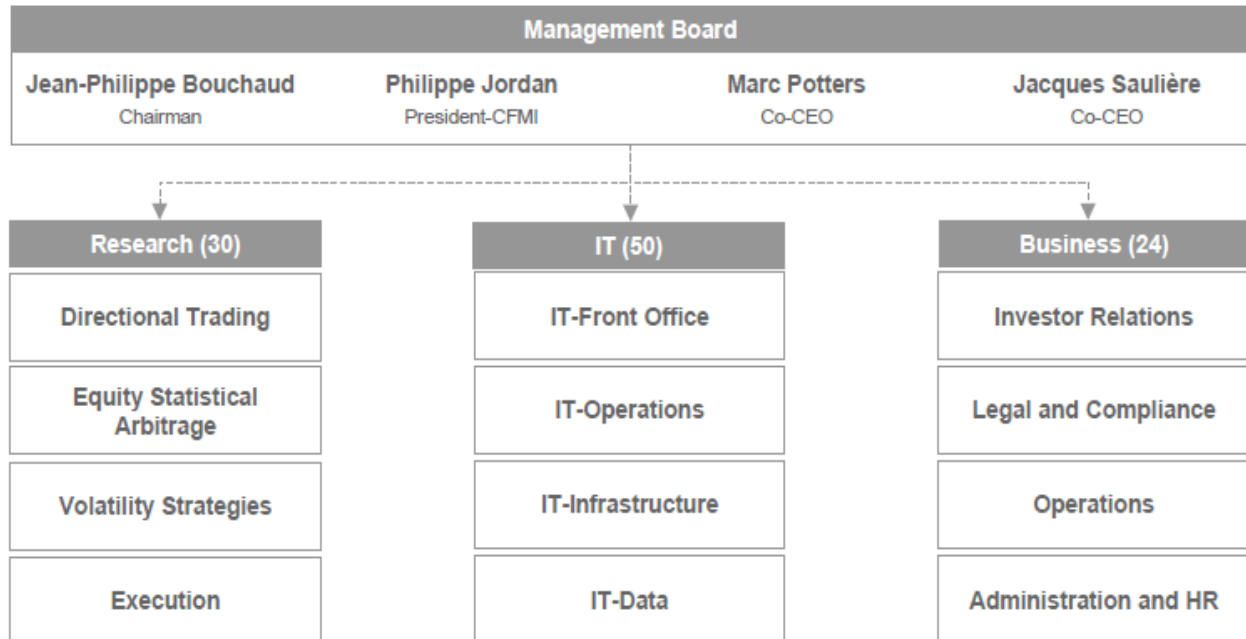
|                                | Strategy | Benchmark | Strategy | Benchmark |
|--------------------------------|----------|-----------|----------|-----------|
| Total Cumulative Return        | 644%     | 183%      | 0.8%     | 8.3%      |
| Annualized Rate of Return      | 14.0%    | 7%        | 0.8%     | 8.3%      |
| Monthly Return (average)       | 1.2%     | 0.6%      | 0.1%     | 0.7%      |
| % of Positive Months           | 60%      | 50%       | 50%      | 50%       |
| Best Month                     | 13.4%    | 10.0%     | 6.9%     | 3.8%      |
| Worst Month                    | -10.0%   | -8.6%     | -3.6%    | -2.8%     |
| 12-month rolling return (aver) | 14.5%    | 7.5%      |          |           |
| 12-month rolling return (min)  | -17.9%   | -12.8%    |          |           |
| 12-month rolling return (max)  | 54.2%    | 38.6%     |          |           |
| Annualized Standard Deviation  | 12.8%    | 11.6%     | 10.3%    | 8.5%      |
| Correlation (vs Benchmarks)    | 0.56     |           | 0.45     |           |
| Peak to Valley Drawdown        | -19.5%   | -14.2%    | -12.8%   | -2.8%     |
| Sharpe Ratio                   | 0.82     | 0.35      | 0.10     | 1.09      |

### PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

e-mail: cfm@cfm.fr  
web: www.cfm.fr

For further information, please contact Investor Relations

Tel: +33 1 40 40 59 40  
Fax: +33 1 47 70 17 40

**APPENDIX 2: CFM ORGANIZATIONAL CHART**


**APPENDIX 3: HISTORICAL PERFORMANCE FOR THE LAST 10 YEARS**

|              | 2002        | 2003        | 2004       | 2005        | 2006        | 2007        | 2008        | 2009       | 2010        | 2011       |
|--------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|------------|-------------|------------|
| January      | -4.47       | 3.09        | -0.92      | -3.31       | 3.57        | 1.38        | 1.1         | 1.82       | -2.1        | 1.99       |
| February     | -0.38       | 3.29        | 0.79       | 4.22        | -0.45       | -1.89       | 1.62        | 0.46       | -0.7        | 0.96       |
| March        | -1.72       | 1.73        | -1.63      | -2.09       | 3.54        | 0.12        | 0.42        | 1.27       | 4.23        | 1.29       |
| April        | -1.91       | 5.51        | -3.63      | 3.53        | 1.40        | 2.51        | 1.72        | -7.24      | 1.94        | 6.94       |
| May          | 2.59        | 7.28        | 0.25       | 1.68        | -0.03       | 1.57        | 2.62        | 6.62       | 3.50        | 0.15       |
| June         | 4.22        | 1.87        | -1.02      | 5.91        | 2.44        | 2.23        | 1.89        | -0.91      | -3.18       | -4.57      |
| July         | 13.40       | -3.81       | -1.01      | 0.82        | -2.16       | -1.14       | -1.42       | 5.26       | -3.08       |            |
| August       | -1.96       | -3.04       | 3.67       | 5.00        | -2.03       | 1.41        | -4.71       | -0.31      | -3.64       |            |
| September    | 2.54        | -2.25       | -0.73      | 4.45        | 0.37        | 3.3         | -2.44       | 2.01       | -0.94       |            |
| October      | -5.08       | -1.01       | 0.89       | 4.98        | 2.99        | 5.68        | 8.63        | -0.29      | -0.08       |            |
| November     | -0.85       | -0.53       | 2.50       | 5.54        | -0.63       | 6.49        | 4.06        | -0.03      | -2.56       |            |
| December     | 5.45        | 1.79        | 1.10       | -1.66       | 0.89        | -1.06       | -0.89       | -5.04      | 0.09        |            |
| <b>Total</b> | <b>11.0</b> | <b>14.1</b> | <b>0.0</b> | <b>32.5</b> | <b>10.1</b> | <b>22.2</b> | <b>12.7</b> | <b>2.9</b> | <b>-6.7</b> | <b>6.6</b> |

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

- Before December 2007, all Discus figures are based on the Discus Program composite, which includes the funds and managed accounts traded according to the Discus program. The composite is calculated net of fees and includes hypothetical interest income. The composite excludes the performance of Discus Master Limited for the months of August and September 2007, as this fund was affected by the bankruptcy of Sentinel Management Group, Inc. Neither the AUM nor the composite performance of the Discus Program include the directional trading component of the Stratus program, which follows a similar strategy to that of Discus.
- Since December 2007, all Discus performance figures are based on the official NAV of Discus Feeder Ltd – Class B USD Standard Leverage.