

Hatteras Alternative Mutual Funds Underlying Funds Trust

Revolution Capital Management – Alpha Program

The Revolution Alpha program is a 100% systematic diversified trading strategy that combines medium-term and short term trading models across approximately 50 markets.

Objective/ Strategy

- Strategy: Managed Futures
- Sub-strategy: Systematic Intermediate and Short-term Trading
- Target annualized performance: 10%
- Expected annualized standard deviation: 12%
 - Maximum expected drawdown: -15%
 - Maximum expected worst month: -8%
- Reference strategy: Revolution Alpha Program
- Reference benchmark: HFRX Systematic Diversified Index

Portfolio Constraints

- Number of positions: 40 – 60 open trades on average
- Position Size:
 - Average: 0.2% of risk
- Types of Instruments: Exchange Traded Futures
- Exposure:
 - Margin to Equity:
 - Maximum of 25%
 - Average of 8%
 - Markets
 - Commodities - 0% to 100%
 - Currencies - 0% to 100%
 - Equities - 0% to 100%
 - Fixed Income/Rates - 0% to 100%
- Leverage
 - Investing in the 1X program, leverage to vary by market
- Liquidity:
 - Portfolio must be 100% liquid within 3 trading days at market price.
- Pricing:
 - Minimum of 100% of portfolio priced daily by a pricing agency (IDC, S&P, etc.)
- Capacity: Limit of Assets Under Management for Separate Account: \$100 Million
[Note: Revolution and Hatteras Funds may raise this limit when it is initially met, by mutual agreement.]

Liquidity

- **Definition:** An instrument shall be deemed to be liquid if it can be disposed of within seven days at approximately the amount at which the instrument is valued by the Fund.
- **Delegation:** Trading-Advisors shall make liquidity determinations with respect to each instrument purchased for the Fund and shall monitor the Fund's holdings to ensure that it complies with this mandate and the Fund's investment policies. The Trading-Advisor shall monitor all relevant factors concerning the trading markets for instruments held by the Fund to ensure that determinations of liquidity (based on presumptions or otherwise) continue to be appropriate under the circumstances.

For further information with regard to liquidity determinations, please refer to the liquidity procedures that were provided pre-funding.

Valuation

All positions within the Funds are valued DAILY by the fund's administrator. In general, pricing will be sourced to an independent third party vendor.

In the event the selected pricing vendor is unable to provide prices for an instrument, the Trading -Advisor shall have in place alternative methods to value the portfolio's holdings daily. This may include a different third party pricing vendor, independent broker quotations, or other fair value methods.

Where independent broker quotations are used, the Trading-Advisor shall identify multiple brokers to provide quotations to the fund's administrator. The broker quotes should be directed to the administrator at least weekly. In instances where only one broker quote is available, and where quotations are available on any frequency less than daily, the Trading-Advisor shall have in place procedures to be able to effectively monitor changes that would affect the valuation of the instruments, and communicate an updated value to the administrator when these changes occur.

For fair-valued instruments, the Trading-Advisor shall have in place procedures to calculate a value for the holding. In addition, the Trading-Advisor must be able to effectively monitor changes that would affect the valuation of the instruments, and communicate an updated value to the administrator when these changes occur. The Trading-Advisor shall furnish their fair value procedures for individual instruments to the Investment Advisor, the fund's administrator, or the fund's auditor, upon request.

Admissions/Redemptions

- Daily - [Note: Shareholders may subscribe or redeem to the Hatteras Funds on a daily basis. Daily cash activity will not affect the Separate Account managed by

Revolution on a daily basis. Admissions/Redemptions made to Revolution's Separate Account will be made periodically, based on overall shareholder flows and adjustments in allocation %'s to all Trading-Advisors. Hatteras Funds anticipates any Admissions/Redemptions made to Revolution's Separate Account may be made typically no more than twice per month over the long run, although we will make best efforts to limit activity to once a month. Hatteras Funds will endeavor to give pre-notice before any such change whenever possible.]

Additional Notes

- If the Trading-Advisor were to become the affiliate of a publicly traded entity that the Fund must be notified in order to update the Restricted List.
- If the Trading-Advisor wishes to execute any trades with an affiliated brokerage entity, you must first obtain clearance from the Fund to ensure that we are in compliance with all applicable regulations to do so.
- In keeping with current practices, under no circumstances shall futures contracts be allowed to expire, thereby triggering physical delivery of the asset.

Acknowledgement

The signature below acknowledges that under normal conditions, the Trading-Advisor can and will abide by the terms set forth in this document. The Mandate is subject to review by both parties and any changes made to the Mandate must be reviewed and agreed upon by both parties.

AGREED

Revolution Capital Management, LLC

By:



Name: MICHAEL MUNDT

Title: MANAGING MEMBER

Hatteras Alternative Mutual Funds

By:



Name: ROBERT J. MURPHY

Title: CIO, HAMF