



Due Diligence Support Documentation

proteus Dynamic Volatility Program

Investment Managers: Matthew Thompson and Michael Thompson

Chief Executive: James L. Koutoulas, Esq.

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Typhon Capital Management, LLC

190 S. LaSalle St, #3000

Chicago, IL 60603

Date: January 2016

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BACKGROUND

ORGANIZATION	
Company name:	<i>Typhon Capital Management, LLC</i>
Form of organization:	<i>Limited Liability Corporation</i>
Address:	<i>190 S. LaSalle #3000, Chicago, IL 60603</i>
Telephone:	<i>312.836.1180</i>
Website:	www.typhoncap.com
Name of contact:	<i>Mr. James L. Koutoulas, Esq.</i>
Title of contact:	<i>CEO</i>
E-mail of contacts:	<i>info@typhoncap.com</i>

COMPANY & STAFF	
Please give a brief history of the firm:	<i>Typhon was organized in March 2008. The Proteus group joined Typhon in November 2013</i>
How many staff members does the firm currently have?	<i>13</i>
What has been the professional turnover in the last 5 years?	<i>One Employee and one independent contractor were terminated. Four staff members were spun-off with platform business.</i>
What is the average tenure of current professional staff?	<i>2 Years</i>
What is the average experience of professional staff?	<i>Over 15 Years</i>
What is the greatest and least number of staff members the firms have had in the last 3 years? Explain any significant turnover:	<i>Least = 2 Greatest = 17. COO was released in June 2011, operations independent contractor released in July 2014, four staff members were spun off with platform business in May 2015. Please contact for more details.</i>
List the names of senior managers in charge of the following areas:	
Trading:	<i>Matthew Thompson, Michael Thompson- Investment Managers</i>
Operations and Legal:	<i>James Koutoulas- CEO, Diana Rydbeck- Managing Director, Michelle Stewart-Director</i>
Legal:	<i>James Koutoulas- CEO</i>
Research and Development:	<i>Matthew Thompson and Michael Thompson- Investment Managers</i>
Customer Care & Admin:	<i>Diana Rydbeck- Managing Director, Michelle Stewart- Director, David Klusendorf- Director</i>
Administration:	<i>Diana Rydbeck- Managing Director, Michelle Stewart- Director, Alex Kara-Associate</i>
Programming:	<i>James Koutoulas- CEO, Satish Nandapurkar- Chief Risk Officer</i>
Compliance, reporting, performance:	<i>James Koutoulas- CEO, Diana Rydbeck- Managing Director, Michelle Stewart-Director</i>
Risk Management	<i>James Koutoulas- CEO, Satish Nandapurkar- CRO, David Klusendorf-CIO</i>

Provide a brief background of the registered principals and senior managers (education, career background, etc.).

D. Matthew Thompson

Matthew Thompson is currently Co-Head of Typhon Capital's volatility group where he manages the Proteus Dynamic Volatility Program and Proteus Risk Overlay. Mr. Thompson became a principal of Typhon in November 2013, and in January 2014, he also became an associated person to operate Proteus exclusively for Typhon. In July of 2015 Mr. Thompson took on an additional role at mutual fund manager KaiZen Advisory, LLC in Wheaton, Illinois, to head their strategy research and risk management efforts. Previous to Typhon, Mr. Thompson was a principal at Advocate Asset Management and a proprietary trader for Avalon Trading, a group within the prop trading arm of ED&F Man Ltd.

Earlier in his career, Mr. Thompson was a portfolio manager at Hills Capital Management, a \$100MM family office where he co-developed the Proteus strategy. Prior to Hills, Mr. Thompson held business development and strategy research roles at Actuarials Exchange LLC, a startup derivatives exchange in Chicago IL.

Prior to these roles, Mr. Thompson held portfolio analytics and management roles at Northern Trust and a \$500MM registered investment advisor in Chicago, IL as well as a portfolio analytics and consulting role at Envestnet, a \$3B consultant to registered investment advisors across the US.

Mr. Thompson holds a BS in Economics from the University of Illinois at Urbana/Champaign and has earned the CFA designation. He is currently a member of the CFA Institute and the CFA Society of Chicago.

Michael Thompson

Michael Thompson is currently Co-Head of Typhon Capital's volatility group where he manages the Proteus Dynamic Volatility Program and Proteus Risk Overlay. Mr. Thompson became a principal of Typhon in November 2013, and in January 2014, he also became an associated person to operate Proteus exclusively for Typhon. In July of 2015 Mr. Thompson took on an additional role at mutual fund manager KaiZen Advisory, LLC in Wheaton, Illinois, to head their strategy research and risk management efforts. Previous to Typhon, Mr. Thompson was a principal at Advocate Asset Management and a proprietary trader for Avalon Trading, a group within the prop trading arm of ED&F Man Ltd.

Earlier in his career, Mr. Thompson was a portfolio manager at Hills Capital Management, a \$100MM family office in Barrington, IL where he co-developed the Proteus strategy. Prior to Hills, Mr. Thompson held the Chief of Business Development and strategy research roles at Actuarials Exchange LLC, a startup derivatives exchange in Chicago IL.

Mr. Thompson has also held portfolio management roles at a \$500MM registered investment advisor and an investment analyst role at William Blair & Company where he developed and implemented an options overlay strategy for a mutual fund and client portfolios. Mr. Thompson began his career at Northern Trust & Co as a performance analytics analyst in the Global Custody department before moving to the Northern Investment Counselor investment group as an Investment Officer.

Mr. Thompson earned a BS in Economics from the University of Illinois at

Urbana/Champaign and holds the CFA designation. He is also a member of the CFA Institute and the CFA Society of Chicago.

James L. Koutoulas, Esq.

James L. Koutoulas, Esq., Chief Executive Officer, began his career as a webmaster and computer programmer at Ursus Telecom, Corp., an international long-distance telephone carrier and Internet media company based in Sunrise, Florida, where he worked from December 1995 through December 1998. While at Ursus, he also developed analytical software, initially as an employee and later as a consultant, for Salomon Smith Barney, a securities broker dealer in Ft. Lauderdale, Florida from June 1997 through August 1999.

Mr. Koutoulas enrolled at the University of Florida in Gainesville in August 1999, where he attended as a National Merit Scholar and AP National Scholar, and earned a BS in Finance in June 2003. While at the University of Florida, in July 2002, James founded Typhon Holdings, Inc., an information technology and management consulting firm with operations in five major metropolitan markets. In September 2003, James enrolled at the Northwestern University School of Law in Chicago, graduating with a Juris Doctorate degree in June of 2006. While at Northwestern, he continued to operate Typhon Holdings from Chicago and additionally served as the COO and head of software development at a risk analytics developer whose name is withheld under a non-disclosure agreement from January 2006 through October 2006. In November 2006, Mr. Koutoulas became a member of the Illinois Bar Association.

In March 2007, Mr. Koutoulas joined St. Esprit Asset Management, a boutique fund of funds consulting firm in Chicago serving as the COO and CLO. In March 2008, he left St. Esprit to form Typhon Capital Management, a subsidiary of Typhon Holdings. Typhon Capital Management became a registered Commodity Trading Advisor and Commodity Pool Operator in October of 2008. During this time Mr. Koutoulas also served as the CEO for two additional subsidiaries of Typhon Holdings: Enki Capital Management, a discretionary fed funds CTA, in Lemont, Illinois, from April 2008 through November 2009, and Charon, Inc., a guaranteed introducer broker, in Chicago, from September 2008 through February 2010.

In November 2011, in response to the bankruptcy of MF Global, Inc., Mr. Koutoulas co-founded the Commodity Customer Coalition, Inc., a grass roots organization based in Chicago, to advocate on behalf of over 10,000 affected customers. Mr. Koutoulas serves as the CCC's President and its lead attorney. In January of 2013 Mr. Koutoulas was elected to the Board of Directors of the National Futures Association, a board on which he served until January of 2016.

Mr. Koutoulas co-founded Typhon Access, a managed account platform, in November 2013 and served as its Co-CEO until May of 2015 when he sold the majority of his interest in that firm which subsequently became known as Kettera Strategies.

Mr. Koutoulas became a registered representative of Kenmar Securities, LLC, a broker dealer based in New York, NY, in December 2015 in conjunction

with the listing of Typhon strategies on Kenmar's Clarity Managed Account Platform.

David Klusendorf

David Klusendorf is the Chief Investment Officer and a principal of Typhon Capital Management which he joined in March 2015.

Mr. Klusendorf began his career at Timber Hill, LLC, a propriety option market making firm based in New York, N.Y., as a floor clerk in March 1987. His responsibility was to provide trader support, process trades, and ensure proper functionality of the firm's floor technology. In June 1987, Mr. Klusendorf was promoted to floor trader and became a member at the Chicago Mercantile Exchange. He was responsible for making markets in the S&P options and hedging the firm's position in the S&P futures pit. Then, in November 1988, Mr. Klusendorf became a member at the Chicago Board of Trade and promoted to the head of the CBOE 250 futures operation at the Chicago Board Options Exchange. He was responsible for the staffing and training of clerical staff and execution of the firm's propriety positions.

In August 1989, Mr. Klusendorf returned to the CME to serve as the head of futures trading for Timber Hill's new foreign currency operation. He trained and managed the futures trading staff in the Japanese Yen, British Pound, Deutsche Mark, and Swiss Franc and was responsible for the managing the firm's execution, processing its positions, and supervising its technology deployment. In January 1991, Mr. Klusendorf was put in charge of CME operational staff and futures traders for Timber Hill totaling over 30 employees. In March 1992, Mr. Klusendorf left Timber Hill to trade Eurodollars for Bob Levinson's Proprietary Trading Group located in Chicago, Illinois. The firm gave him his own discretionary account allowing him to manage his own positions independently. Mr. Klusendorf was assigned the responsibility of training the firm's new traders, educating them in execution, spreading and hedging techniques.

In April 1993, Mr. Klusendorf purchased a full membership at the CME and founded Klusendorf Trading as its President. Klusendorf Trading was a propriety trading company specializing in interest rate products with a focus on Eurodollar futures located in Chicago, Illinois. Mr. Klusendorf was responsible for all aspects of the firm's management. He instituted education programs for clerical staff and traders. Mr. Klusendorf implemented risk systems that allowed real time measurement of traders' market exposure. Mr. Klusendorf also oversaw all operational aspects, compliance, risk management, and clearing relationships.

Mr. Klusendorf enrolled at Loyola University Chicago located in Chicago Illinois in the fall 1983. He earned a Bachelor of the Arts in Finance in December 1986. In January 1987, Mr. Klusendorf enrolled in the graduate school of Business at Loyola University Chicago from where he graduated with a Masters of Business Administration in June 1991.

Satish S. Nandapurkar

Satish S. Nandapurkar is the Chief Risk Officer of Typhon which he joined in May 2014. He is also a founder and principal with Silveus Financial which he joined in January 2012.

	<p><i>Mr. Nandapurkar had previously served as President and Chief Executive Officer of the Chicago Climate Exchange (CCX) overseeing business operations and market development of CCS as well as its subsidiary, the Chicago Climate Futures Exchange. When CCX was successfully sold to the Intercontinental Exchange (ICE) in 2010, Nandapurkar remained until November of 2011 to manage the subsequent integration of CCX into ICE. Mr. Nandapurkar spent the month of December 2012 evaluating offers and determining the next phase of his career. During his tenure at Silveus, Mr. Nandapurkar became a silent investor in Structured Commodity Solutions LLC, registering as a principal in December of 2013.</i></p> <p><i>Prior to joining CCX, Mr. Nandapurkar served as Director and Chief Executive Officer of U.S. Futures Exchange (formerly known as Eurex U.S.), the first futures exchange in the U.S. to implement a fully electronic trading platform with a fair and transparent market model, an open membership policy, and significantly lower fees for all participants.</i></p> <p><i>Mr. Nandapurkar joined USFE from the Chicago Mercantile Exchange where he was the Managing Director of Products and Services and a member of the management team. In this role, he had overall responsibility for CME's sales, marketing, and product development efforts. He was instrumental in the exchange's transition from open outcry to electronic trading as well as its transition from a member owned organization to a shareholder value driven, NYSE listed corporation.</i></p> <p><i>Prior to joining CME in March of 2000, Mr. Nandapurkar held senior management roles in derivative products trading and sales at a number of prominent international banks. From 1997 to 1999, Mr. Nandapurkar was Managing Director and Global Head of Foreign Exchange Options for Bank of America. From 1996 to 1997, he was Managing Director and Head of Structured Equity Products Trading at Deutsche Morgan Grenfell.</i></p> <p><i>Mr. Nandapurkar began his financial services career in 1988 when he joined O'Connor & Associates, one of the world's leading futures and options trading organizations. After Swiss Bank Corporation purchased O'Connor in 1991, he was named manager of SBC's North American Structured Transactions Group. In 1993, Mr. Nandapurkar was promoted to Global Head of Exotic Options for SBC, and from 1994 to 1996, he served as Managing Director and Global Head of Exotic Options and Quantitative Methodologies for SBC in London.</i></p> <p><i>Mr. Nandapurkar served as an active duty United States Air Force officer from July 1984 through July 1988. He was honorably discharged at the rank of Captain in 1993. He holds a Bachelor of Science degree in computer science and engineering from the Massachusetts Institute of Technology (MIT) and a Master of Arts degree in economics with a finance and capital markets concentration, from Boston University.</i></p>
<p>Have any principals or senior managers left the firm since inception?</p>	<p><i>Yes, COO was released in June 2011, four staff members spun off with platform business in May 2015.</i></p>
<p>Could the resignation or change of the principals or senior managers of the firm influence the investment process and performance?</p>	<p><i>Yes</i></p>

Comment on on-going recruitment, training and career path.	<i>We will add staff as needed from our network of experienced associates.</i>
Please describe the firm's compensation system for professional staff.	<i>Salary, Bonus, Profit Sharing</i>
Provide details of the firm's current ownership structure and any changes in the last 3 years.	<i>Typhon is founded and majority owned by Mr. Koutoulas via Typhon Holdings with a minority stakes owned by Trevinci Capital Partners, and Diana Rydbeck via Asteria Holdings, Inc.</i>
Are there any pending plans for further ownership changes?	<i>No</i>
Is the firm subject to any minimum net worth requirements or covenants?	<i>No</i>
Has the firm ever been registered as any of the following?	
Commodity Pool Operator (CPO):	<i>Yes</i>
Commodity Trading Advisor (CTA):	<i>Yes</i>
Futures Commission Merchant (FCM):	<i>No</i>
Introducing Broker (IB):	<i>No</i>
Registered Investment Advisor (RIA):	<i>No</i>
Has the firm or any of its officers ever been associated or connected with any:	
Bank:	<i>Yes</i>
CPO:	<i>Yes</i>
Other CTA:	<i>Yes</i>
FCM:	<i>No</i>
IB:	<i>Yes</i>
RIA:	<i>Yes</i>
Other investment management activity (please specify):	<i>Matthew Thompson and Michael Thompson also hold positions heading the strategy research and risk management efforts at Kaizen Advisory, LLC in Wheaton, Illinois.</i>
With which regulatory authority is the firm registered?	<i>Typhon is registered with the NFA as a CPO and CTA. NFA ID: 0398233. Typhon is exempt from SEC registration.</i>
Date of registration:	<i>Typhon: 03/2008</i>
Are all employees registered with the same authority?	<i>Yes</i>
Is the firm or any of its principals subject to any additional regulatory restrictions?	<i>No</i>
List any professional affiliations and memberships of the firm and its principals:	<i>James Koutoulas is a member of the Illinois Bar. He is also the President and Co-Founder of the Commodity Customer Coalition. Matthew Thompson and Michael Thompson are members of the CFA Institute and the CFA Society of Chicago.</i>

List the firm's accountant/CPA, auditors, and attorneys:	<i>James L. Koutoulas, Esq. serves as in-house counsel. Typhon internally prepares the strategy's track record for SMA programs. For Commodity Pools that Typhon trades on behalf of, the Hydra Platform, NAV Consulting is the Administrator, McGladrey LLP the Auditor, and Foley and Lardner LLP and DLA Piper are the Attorneys. For Commodity Pools that Typhon trades on behalf of the Kenmar Clarity Platform, Gemini is the Administrator, Arthur Bell the Auditor, and Alston and Bird the Attorneys.</i>
Do any of the firm's principals have other business involvements?	<i>Yes</i>
Does this other business have a relationship with the firm?	<i>Yes</i>
Does this other business compete against the firm in any way?	<i>No</i>
Has an independent auditor ever reviewed the performance record?	<i>McGladrey has issued the audit of the Hydra Proteus Cell for 2014 and will perform a 2015 audit.</i>
Has the performance record been included in any public fund prospectus in the past five years?	<i>No</i>
Are there any issues from the firm's most recent regulatory review (NFA, SEC, CFTC, etc.) currently unresolved?	<i>No</i>
Does the firm have a current CFTC Reg. 4.21 Disclosure Document or a Reg. 4.7 Disclosure Document?	<i>Yes, 4.7 for its managed futures programs</i>
How soon is the next update due to the firm's Disclosure Document? Are any material disclosure changes anticipated?	<i>Every 12 months, or upon material change in information</i>
Does the firm publish any newsletters or other publications?	<i>A monthly performance summary/newsletter</i>
Provide two samples of reports typically sent to clients.	<i>Available upon request</i>
If not confidential, please provide a partial list of existing clients with an indication of how long they have been clients. Please also show the amount of assets managed for them currently, as well as at the beginning of the last four fiscal years:	<i>Confidential. 13.5M AUM</i>
Provide three client references:	<i>Available upon request</i>
What is the greatest percentage of assets under management represented by any single client?	<i>Currently 42% of Proteus' assets are in the Hydra Proteus Cell, which has 13 investors.</i>
Does the firm manage an account for any government pension plans or entities?	<i>No</i>
Which investor groups does the firm primarily target?	<i>Fund of Funds, Family Offices, Private Bank Clients, and HNW Individuals.</i>
Does the firm permit "feeder funds" into its own investment products?	<i>Yes</i>

Has the firm made any future capacity commitments in terms of the right to place additional assets under the firm's management?	<i>No</i>
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MANAGED ACCOUNTS INFORMATION

MANAGED ACCOUNTS DETAILS	
FEES	
Management fee:	<i>2%</i>
Administration fee:	<i>None</i>
Incentive fee:	<i>20%</i>
Hurdle rate / High water mark:	<i>High Water Mark</i>
Sales fee:	<i>None</i>
Redemption fee:	<i>None</i>
Any other fees:	<i>Transaction Costs</i>
What costs, if any, are recharged to the managed account?	<i>None</i>
Do you ever share fees with a third party?	<i>On introduction of clients into the fund by third parties, fees may be shared in accordance with a pre-arranged agreement.</i>
Have any investors been granted rebates? Disclose any soft dollar agreement.	<i>No</i>

LIQUIDITY

Minimum initial investment:	<i>USD \$250,000</i>
Subsequent investment:	<i>USD \$250,000</i>
Subscription frequency (when):	<i>Daily</i>
Redemption frequency (when):	<i>Daily</i>
Redemption notice period:	<i>Immediate</i>
Redemption cash proceeds time period:	<i>Daily relinquishment by Typhon, cash availability subject to each broker's policies.</i>
Do you have any lock-up period or any other liquidity constraints?	<i>No</i>
Do you allow for transfer of shares between nominees?	<i>N/A</i>

ADMINISTRATOR

Name:	<i>None for SMAs, NAV Consulting, Inc. for Hydra Cell</i>
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AUDITOR

Name:	<i>None for SMAs, McGladrey for Hydra Cell</i>
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BANKS AND PRIMEBROKER

Please list the banks used by the fund:	<i>Proteus executes and clears at ADM. Typhon has additional clearing relationships at RJOBrien, Societe Generale, RCG, RJO, Dorman, Wedbush, Straits, ADM, Advantage, Interactive Brokers, Newedge, FC Stone, and Valbury. The Hydra Cell uses BMO Harris as its custodian. Typhon custodies its internal assets with Northern Trust.</i>
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PERFORMANCE & STATISTICS

Daily performance record for all accounts traded pursuant to each of the firm's programs	<i>Available on request.</i>
List assets under management:	<i>\$13.5M USD for the Program, \$70.75M USD for the Firm</i>
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 firm's performance calculations?	<i>Yes.</i>
What was the peak of assets under management?	
Amount:	<i>\$45M at previous firm</i>
Date:	<i>3/11/2014</i>
Has the firm ever voluntarily returned assets to investors?	<i>Yes, though, not with this Program</i>
How many separately managed accounts are currently open, grouped by size?	
\$0 to \$999,999:	<i>16</i>
\$1,000,000 to \$5,000,000:	<i>2</i>
\$5,000,001 to \$10,000,000:	<i>1</i>
\$10,000,001 to \$20,000,000:	<i>0</i>
\$20,000,001 +:	<i>0</i>
Total:	<i>19 / Total \$13.5M</i>
Have any agreements or understandings been reached with the SEC/CFTC/NFA regarding any aspects of the performance record?	<i>No</i>
Are there any pro forma adjustments included in the performance record?	<i>Yes, prior to April 2013, performance is based on compounded proprietary trading, pro forma for 2% management and 20% incentive fees and, thereafter, CTA performance pro forma for leverage with a composite of actual fees and is not automatically compounded.</i>
What is the average number of shares per \$1million per year in each program?	<i>N/A</i>
Approximately how many trades are made in each market, each year, in each program?	<i>Proteus trades a little under 500 r/t a year in the VIX.</i>
Does trading frequency tend to increase/decrease during profitable/unprofitable periods?	<i>Not necessarily, but it does increase in line with volatility.</i>

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?	<i>0.3%</i>
What is the average annual slippage included in the track record (in % of equity)? Does this vary significantly from year to year?	<i>There has been no statistically significant slippage.</i>
What is the average management and performance fee structure included in the performance record?	<i>0.75% management & 20% incentive fees</i>
Do fees and/or commissions vary significantly from year to year?	<i>No</i>
What is the average percentage of winning and losing trades in each program since inception?	<i>77% of short trades have been profitable, 75% of long trades have been profitable</i>
What is the average gain per winning trade and average loss per losing trade?	<i>Winners \$20,000, Losers \$8,800</i>
What is the average holding period for:	
All trades:	<i>17 days</i>
Winning trades:	<i>19 days</i>
Losing trades:	<i>8 days</i>
What is the maximum amount of equity that the firm estimates can be traded in this program?	<i>\$1B nominal</i>
What is the annualized standard deviation, Sharpe Ratio and compound annual rate of return for the program?	<i>Standard Deviation: 7.36% Sharpe Ratio: 0.65 Annualized Return: 4.99%</i>
List the three largest peak-to-valley drawdowns as percentages of equity for each program.	<i>-4.54%, -3.12%, -2.31%</i>
What were the three longest underwater periods for each program?	<i>7 months, 5 months, 4 months</i>
What were the largest withdrawals in each program since inception?	<i>5M</i>
Has the firm ever permitted a client to intervene during the course of a relationship to adjust leverage or portfolio structure?	<i>No</i>
What do you believe is the most important performance measurement with respect to the program?	<i>Annualized Return / Average Margin to equity</i>
What is the projected growth in assets under management over the next twelve months?	<i>To reach \$75-100M</i>
What is your benchmark for performance comparison?	<i>The SP 500 Dynamic VIX Futures Total Return Index</i>

Have there been any material leverage or other adjustments in the past five years, and how have such adjustments affected the performance record?	<i>Yes, upon acquiring Proteus, Typhon began offering the base program as an unlevered product rather than their previous standard of 4x.</i>
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METHODOLOGY

How would you characterize the firm's basic trading approach (in %)?	
Discretionary:	<i>0%</i>
Systematic:	<i>100%</i>
How would you characterize the firm's main decision-making inputs (in %)?	
Fundamental:	<i>0%</i>
Technical:	<i>100%</i>
Do you believe that one trader can have materially better systems than another?	<i>Yes</i>
What other advisors would you compare your firm to as most similar? In what respects?	<i>Typhon's business model is similar to Kottke and Nesvick, however, we trade a wider variety of markets and offer multi-strategy products.</i>
Which components of the firm's system, if any, do you regard as proprietary?	<i>Research methodology</i>
Why are major financial institutions, with their extensive resources, not implementing the same programs as the firm in their proprietary trading?	<i>They are.</i>
Are there any "relative value" or "arbitrage" aspects to the program? If yes, please explain.	<i>Yes, we utilize some relative value components when constructing spreads.</i>
Are calendar spreads or inter-market spreads used?	<i>Yes</i>
How, if at all, is "game theory" incorporated into the firm's trading strategies?	<i>No</i>
If the firm operates different programs, are they managed by "independent account control" or are positions aggregated for Speculative Position Limit purposes?	<i>Independent Account Control</i>
Do all the programs use the same trading methodology?	<i>No</i>
Describe the firm's broad trading philosophy, strategy and core principles in as much detail as possible.	<i>Typhon incubates emerging, tactical managers and exclusively operates their trading programs within institutional infrastructure and controls. With our best-in-class operations, independent risk management, and proven business development our managers can focus on trading and research without the distraction of running the business.</i>

What do you believe gives the firm a competitive advantage or an “edge”?	<i>Proper separation of roles and infrastructure allows each manager to focus simply on trading their program. In Proteus’s case, thorough understanding of the inherent advantage in market structure gives the program a defined positive expected value.</i>
What are the strengths and weaknesses of the program’s trading methodology?	<i>The strengths are that the program is very disciplined in how it allocates risk, has a defined market structure edge, high positive expectancy, and generally quick drawdown recovery. Weakness is it can be subject to drawdowns due to event risk.</i>
How do you determine the programs’ commitment to different market sectors?	<i>The program only is permitted to trade the volatility markets.</i>
How frequently do you alter the programs’ commitment to different market sectors?	<i>Never</i>
Do you alter the program during drawdowns? As a result of drawdowns?	<i>No.</i>
During drawdowns, does the firm tend to increase or decrease the scope of its discretionary decision-making and non-systematic responses?	<i>The Program is always 100% systematic</i>
Did one or more of the current principals develop the firm’s trading methodology? If not, who did?	<i>Yes</i>
Could the unavailability of any of the firm’s principals influence the trading methodology?	<i>Yes</i>
Does the firm own the trading methodology currently being used? If not, who does?	<i>Michael and Matthew Thompson</i>
Are there any patents, trademarks, etc. held by the firm or any of its principals?	<i>No</i>
If the program’s trading methodology is computerized and systematic:	
Is the trading system ever overridden? If yes, under what circumstances?	<i>No</i>
Does the trading system ever add to or reduce profitable or losing positions?	<i>Yes</i>
Are multiple trading systems used?	<i>No</i>
Does the program apply the exact same system to all markets or are there different systems for each?	<i>N/A</i>
What technical or fundamental information is considered important for a trade entry signal?	<i>VIX futures prices and relative prices and slopes of the term structure curve</i>
Are entry and exit signals generated by the same trading system?	<i>Yes</i>

Does the trading methodology differ from market to market?	<i>N/A</i>
Is the trading system always long or short, or is there also a neutral zone?	<i>No, it is not always long or short and yes, there is a neutral zone.</i>
How frequently are changes made to the trading system? Please explain the development and implementation process.	<i>New technical indicators are constantly under evaluation via simulation. They are only implemented after rigorous testing, both in-sample, and out-of-sample.</i>
Does your method have ways to minimize losses caused by whipsawing markets?	<i>Yes</i>
Is the firm's research focused on developing new trading systems or on further refining the existing systems?	<i>Refining</i>
Is the "cost of carry" a factor in the current methodology?	<i>Yes</i>
Which of the following activities are influenced by subjective judgment? Please answer by Yes or No, and indicate a % where applicable:	
Portfolio structure:	<i>No</i>
Trade entry:	<i>No</i>
Trade exit:	<i>No</i>
Stops:	<i>No</i>
Position size:	<i>No</i>
Overall leverage:	<i>No</i>
Selection of contract maturity:	<i>No</i>
Addition to or reduction of winning or losing positions:	<i>No</i>
Decision to halt trading:	<i>No</i>
Other (please specify):	<i>No</i>
If fundamental information is used, what are its sources?	<i>N/A</i>
How would the firm approach sudden and unexpected illiquidity in any of the markets traded?	<i>Re-evaluate the position's risk/reward criteria, and act accordingly</i>
Do you permit fundamental factors to influence risk management?	<i>No</i>
Are any filters used when selecting trades?	<i>No</i>
Has the firm made any leverage adjustments in the past?	<i>Yes</i>
Has the firm made any specific modifications intended to reduce volatility?	<i>Yes- when transitioning the strategy from a proprietary strategy to client, overall risk and exposure were reduced significantly.</i>
Will the firm modify a trading methodology or portfolio at particular clients' request?	<i>No, but allow clients to increase their effective leverage by utilizing notional funding.</i>

Of the techniques below, which are used in the firm's trading methodology? Please explain how the techniques are used.	
Moving averages of prices	<i>No</i>
Chart patterns (head & shoulders, triangles, flags, etc.)	<i>No</i>
Momentum oscillators (rate of change of price or volume)	<i>No</i>
Point and figure	<i>No</i>
Support and resistance	<i>No</i>
Volume or open interest	<i>No</i>
Spread relationships	<i>Yes, they are a majority of what the program does.</i>
Statistical probabilities	<i>Yes, embedded in our spreads</i>
Penetration identification	<i>No</i>
Overbought/oversold indicators	<i>No</i>
Cyclical analysis	<i>No</i>
Seasonal analysis	<i>Yes, we incorporate one seasonal component into the model</i>
Fundamental or economic analysis	<i>No</i>
Bottom up analysis	<i>No</i>
Top down analysis	<i>No</i>
Do you use any other input data than price data?	<i>No</i>
If the trading methodology involves a neural network, what are its main inputs?	<i>N/A</i>
Are any of the methods below used to close out profitable positions? Please indicate by Yes or No:	
Trend reversal	<i>No</i>
Trailing stops	<i>No</i>
Overbought/oversold indicators	<i>No</i>
Volatility	<i>Yes</i>
Price patterns	<i>No</i>
Volume/open interest	<i>No</i>
Spread relationships	<i>Yes</i>
Change in fundamentals	<i>No</i>
Other (please explain)	
Are you using the same method for closing profitable as losing positions?	<i>Yes</i>
Does the trading system have a long or short bias?	<i>Yes, short</i>
Has the trading method been adjusted, or have the markets traded changed due to increased assets under management?	<i>No</i>

Do you believe that the firm's performance is likely to be non-correlated with other trading advisors?	<i>Yes</i>
What are the firm's rate of return, volatility, and Sharpe Ratio objectives?	<i>Rate of Return: 15% PA Volatility: 10% Sharpe Ratio: 1.5</i>
Does the trading methodology work better in some markets than in others? If yes, please explain. Has the market selection been influenced by this?	<i>Yes, it does best in environments with either low Vol or persistently high systematic Vol</i>
Are certain markets excluded from the portfolios?	<i>Yes, only the volatility complex is traded.</i>
Are there liquidity, regulatory or other requirements for the inclusion of markets in the firm's portfolios?	<i>No, we just trade volatility</i>
In which kind of markets does the trading methodology perform best and worst?	
Bull markets	<i>Good</i>
Bear markets	<i>Good</i>
Congested markets	<i>Worst</i>
Bull and bear markets, but not congested markets	<i>Good</i>
The same in all market condition	<i>No</i>
High volatility markets	<i>Best</i>
Low volatility markets	<i>Good</i>
Other (please explain)	
Are agricultural commodities a significant component in any of the firm's portfolios?	<i>Yes, but none in this program</i>
Does the firm's methodology permit or require making or taking delivery of physical commodities?	<i>No</i>
Does the firm trade "cash" securities (stocks and bonds)?	<i>No</i>
Will increasingly competitive markets affect the performance of firm's programs? Will they affect managed futures in general?	<i>Yes, more participants generally means more liquidity which is a positive for the firm.</i>
Does the firm offer "overlay" as well as "standard" programs?	<i>Yes</i>
Does the firm use third-party research or valuation service providers?	<i>Yes</i>

PORTFOLIO & ACCOUNTS

Which of the following instruments are traded and in what percentages?	
Exchange-traded futures	100%
Exchange-traded options	0 in SMAs, up to 5% in the program's Hydra Cell
EFPs	None
OTC forwards	None
OTC options	None
Swaps	None
Cash debt instruments	None
Cash equities	None
Attach a complete list of all markets traded in each of the above categories.	VIX
Have there been additions to or removals from the list of traded markets since inception?	No
With respect to all OTC, swap, and cash markets, please list the counterparts used in each market.	N/A
If options are traded, please explain which types:	
Covered only, naked, as part of a hedging strategy, "exotic", etc.:	Options are traded only in the Hydra Cell, but are never naked short.
If options are traded, what option-related volatility measures are incorporated into the program?	N/A, we use strike-selection
Do the markets traded vary according to the account size?	No
How are the markets included in each portfolio selected?	We only trade volatility
Can a portfolio be customized according to specific customer requirements?	No
Do customized accounts appear in the firm's composite performance record?	No
What is the minimum account size? What is the minimum optimal account size?	USD \$250k, \$5M
For each program, what would a \$1 million portfolio look like? (Which markets would be included and how many contracts of each market would be included?)	A basket of long and short VIX futures contracts with varying delivery dates, with 10-20 contracts on, and an initial margin requirement of 4-10% of nominal trading level.
Which criteria are considered in portfolio selection (risk, performance, liquidity, volume, open interest, etc.)?	Risk, distance from spot month, slope of VIX term structure curve
Position limits:	

Describe any past problems with Position Limits. Which markets or exchanges were involved?	<i>N/A</i>
How much money could be managed under the current trading methodology without being restricted by Position Limits?	<i>\$ 1,000B</i>
If, or when, Position Limits are reached, how will the firm modify its methodology?	<i>It will close the program to new investors</i>
Do you believe that most trading advisors' rates of return decrease as assets under management increase? Why? What about your firm's programs?	<i>Yes, advisors tend to reduce risk taken as they gain AUM to maintain management fees. We intend to maintain the current strategy throughout growth.</i>

EXECUTION & TRADING

How are positions established for new accounts, liquidated for terminating accounts, or adjusted for existing accounts to reflect material changes in account equity?	<i>New accounts' positions are established on the next trading signals, or if current trade can be entered at attractive valuations. For terminating accounts, the positions will be liquidated upon receipt of liquidation instructions. For material changes in account equity, positions will be scaled into or out of in accordance with the program's risk/reward and liquidity parameters.</i>
Does the firm's 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?	<i>The firm normally trades this strategy during US exchange trading hours, but positions are monitored by the portfolio manager and overnight brokerage desks 24/7.</i>
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?	<i>Partial fills are handled in accordance with the NFA approved "Rotation of Accounts" method by the executing broker in accordance with an on-file standard allocation. Split fills are APSed and allocated at the close of the markets.</i>
What is the firm's policy with respect to trading and system errors?	<i>Trades are verified by multiple staff members on the day of execution with any errors in reporting or booking reported to the brokers and/or/ executing firm and/or clearing firm for correction.</i>
Have there been any major "out-trades"?	<i>No</i>
Trading Orders:	
What types of trading orders are used?	<i>Limit and stop</i>
Are different types of orders used for entry and exit?	<i>No</i>
Are orders entered onto a trading desk or relayed directly to the exchange floor?	<i>They are executed electronically</i>
Are large orders broken up?	<i>Yes, usually in 1-3 rounds as liquidity allows.</i>

Does the firm use give-ups for futures? If yes, please provide a complete list of executing brokers used and give-up fees charged by those brokers.	<i>Yes, \$1 a side usually for all of the FCMs we clear.</i>
What is the firm's policy with respect to trading by:	
Staff:	<i>May have own trading accounts and participate with our customers, but may not knowingly trade against customers</i>
Principals:	<i>May have own trading accounts and participate with our customers, but may not knowingly trade against customers</i>
The firm itself:	<i>May have own trading accounts and participate with our customers, but may not knowingly trade against customers</i>
Does the firm have any special relationship or affiliation with any FCM?	<i>No</i>
If the firm trades EFPs, describe the manner in which appropriate documentation is maintained.	<i>N/A</i>
If the firm trades EFPs, please list all markets in which they are traded. Please also list the counterparties with whom they are traded.	<i>N/A</i>

RISK MANAGEMENT

Describe the firm's overall risk management principles and approach.	<i>We focus on knowing the risk of all the individual portfolio components, and then evaluate the aggregate portfolio risk. The firm has a risk committee consisting of 3 senior operations professionals which convenes with the managers whenever specific drawdowns occur.</i>
What measures do you use to determine risk? Please explain how these measures are calculated.	<i>There are separate risk management models for each sub-strategy.</i>
On what aggregation levels do you calculate risk?	<i>Individual securities, position groups, overall portfolio</i>
Is the risk calculated for each trade?	<i>Yes</i>
Do all the programs use the same risk management methodology?	<i>No. Each of Typhon's programs utilize their own risk methodologies.</i>
Is "value at risk" used in the program? If so, how do you assess the value at risk of your different market positions and what confidence level do you use?	<i>No</i>
What determines the amount of leverage used?	<i>The client selects the maximum leverage used (up to 4x) in the advisory agreement. Then, the portfolio managers qualitatively decide on a trade-by-trade basis how much leverage to deploy for that trade.</i>
How much leverage (% of margin to equity) is used in each program?	
Highest	<i>10%</i>
Lowest	<i>0%</i>
Average	<i>4%</i>

What is the percentage of risk invested in any single market?	
Highest	100%
Lowest	0%
Average	100%
How is this percentage determined?	<i>We only trade volatility</i>
Are “higher leverage” and “lower leverage” versions of the same program offered?	<i>A client can choose its own leverage in an SMA via notional funding. The Proteus Kenmar and Hydra Cells trade at 3x nominal leverage.</i>
Does the firm impose limits on the amount of margin committed to different markets, sectors, or portfolios?	<i>Yes</i>
How does the firm react if the volume and/or open interest of a market in which a position is held are suddenly reduced significantly?	<i>We would reduce position sizing if we could do so at favorable liquidation levels, or regardless if liquidity is viewed as permanently impaired.</i>
Does adding or reducing a position in one market ever influence the size of positions held in other markets?	<i>N/A</i>
Does the firm calculate and analyze the historical or contemporary correlation between markets?	<i>N/A</i>
Does the firm establish position limits for correlated market groups?	<i>N/A</i>
Are there a minimum number of markets in which the firm always holds positions in order to achieve a minimal portfolio diversification effect?	<i>We only trade volatility in this program</i>
If stops are used, please answer the following questions:	
On what principles are stops calculated?	<i>Stop levels are determined by daily changes of VIX term structure.</i>
How often are stops adjusted?	<i>Daily, as needed.</i>
Is the method of establishing stops based on any of the following?	
Price stops	<i>Yes</i>
Time stops	<i>No</i>
Volatility stops	<i>No</i>
Money management stops	<i>Yes</i>
If a stop is reached, is the entire position closed out at one time, or is the position reduced gradually?	<i>Depends on the situation</i>
How are positions adjusted when there is a significant increase or decrease in equity due to trading profits or losses?	<i>Positions are continuously monitored, and sizing is adjusted higher or lower as needed to maintain the portfolio composition desired by the manager.</i>

Are there any circumstances under which all positions in the portfolio will be closed?	<i>Yes, if client closes account or the VIX term structure flattens.</i>
At what percent drawdown would the firm either stop trading or recommend that an account be closed?	<i>20%</i>
Does the methodology react to volatility changes in the markets?	<i>Yes, more trading opportunities in volatile markets.</i>
Does the program trade on exchanges that are open outside local office hours?	<i>No</i>
How is the time difference managed?	<i>N/A</i>
Are there routines in place to minimize the risk of adverse price movements, or price gaps which are due to price movements that occur outside local office hours?	<i>We use position sizing and spreads to mitigate overnight event risk</i>
What is the estimated maximum risk on a total portfolio? Please describe the method by which such risk is measured.	<i>Targeted 2.00% maximum daily loss. This is calculated through an aggregation of correlated positions and historical stress testing combined with the experience of the manager.</i>
Describe your cash management method? Does this create an additional source of risk?	<i>Generally, cash management is the responsibility of the client as we trade a 0\$ balance sub-account cross –marginied to the cash account.</i>

RESEARCH

Describe the firm's efforts to improve its investment approach.	<i>The investment process is constantly evaluated to ensure that the program is maximizing its fundamental and detailed option analysis.</i>
What is the firm's current annual research budget?	<i>\$500k across programs</i>
How much money has the firm invested in research since its inception?	<i>Approximately \$1.5M</i>
Has the firm or any of its research staff published any research or academic papers?	<i>Not recently</i>
Does the firm use any external parties or resources for research?	<i>Yes</i>

ADMINISTRATION, OPERATIONS AND FEES

Describe detailed backup procedures in the event that the firm's offices, trading facilities or computer system became unexpectedly non-operational or inaccessible.	<i>The firm makes heavy use of cloud computing (Microsoft SharePoint, Hosted Exchange) and local backup devices to backup all trading records, methodologies, and intellectual property. Typhon also maintains several redundant locations in Chicago as well as one in Florida.</i>
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Does the firm maintain a detailed Operations Manual?	<i>Yes</i>
Briefly describe your back-office processes (including internal record keeping and reconciliation of records). What software do you use?	<i>Proprietary software is being used whereby we can monitor live data at any time during the day and monitor the value of open positions as the market moves. All executions are confirmed via trade log and emailed to the traders and written executions are kept for review against the bookkeeping records provided by our prime brokers daily.</i>
What software do you use for the generation of your trading signals?	<i>Proprietary software developed by the principals of the firm.</i>
What data providers do you use?	<i>Bloomberg, CQG, TT, Confidential Sources</i>
Are the operations of the firm dependent on one person or a limited number of people?	<i>Yes, trading is dependent on one person, operations on two</i>
Is there a minimum number of personnel needed for the firm's operations?	<i>Yes – one</i>
Have there been any significant operational or administrative “bottlenecks” or difficulties in the past five years?	<i>No</i>
Are new investments currently being accepted in the form of:	<i>Yes</i>
Separately managed accounts	<i>Yes</i>
Pools and funds	<i>Yes</i>
Both of the above	<i>Yes</i>
Is the client free to choose a clearing firm and to negotiate the account terms directly with them?	<i>Yes</i>
Which clearing firms does the firm currently use?	<i>RCCG, RJO'Brien, Knight, Dorman, Straits, Crossland, ADM, Wedbush, Open-E Cry, Valbury, Societe Generale, Advantage, Interactive Brokers, Newedge, FC Stone</i>
What fees does the firm charge? Do they vary?	<i>2% Management Fee & 20% Incentive Fee (High Water Mark), 1% Management Fee and 25% Incentive Fee, or 0% Management Fee & 30% Incentive Fee. Some early investors have preferential fee structures.</i>
Management fee (include frequency of payment)	<i>Monthly</i>
Performance fee (include frequency of payment)	<i>Monthly in SMAs, Quarterly in the Hydra Proteus Cell</i>
If a “hurdle rate” is included in the Performance fee calculation, is it a “hard” or a “soft” hurdle?	<i>No hurdle, but there is a High Water Mark.</i>
Other fees (please describe)	<i>None</i>
Does the firm charge all customers the same fees? If not, on what basis are fees waived or modified?	<i>No. Fees may be modified at Typhon's sole discretion.</i>
Does the firm share its fees with any third parties?	<i>The firm pays third parties on introduction of accounts.</i>
Are there any present plans to relocate the firm's offices?	<i>No</i>

Does the firm have a lockup period or any special requirements for withdrawal?	<i>No, clients are free to add or withdraw funds as desired.</i>
Does the firm or any of its officers or employees receive, directly or indirectly, any rebate on brokerage commissions?	<i>No</i>
Has the firm ever been required to restate NAVs, fees or other calculations)?	<i>No</i>

LEGAL

Does the firm hire traders from other investment management firms?	<i>Yes</i>
Has the firm had any disputes over non-compete, non-disclosure or similar covenants?	<i>No</i>
Are any of the firm's employees subject to non-competes, "golden handcuffs", etc.?	<i>Yes</i>
Does the firm have any existing marketing, sales or consulting agreements?	<i>Yes</i>
Has the firm appeared in any recent advertisement or newspaper or magazine articles?	<i>No, but Typhon's CEO, James Koutoulas, has been featured in many well-known publications such as the Wall Street Journal, Fortune, Chicago Tribune, etc. for his volunteer efforts in the industry, where the firm's name is often mentioned.</i>
Have there ever been any criminal, civil or administrative proceedings against the firm or any of its principals, or any similar such matters including reparations, arbitrations and negotiated settlements?	<i>No</i>
Does the firm maintain a written Compliance Manual? If yes, please provide a copy.	<i>Yes</i>
Does the firm or any affiliate ever take "custody" of client assets?	<i>No</i>
Does the firm or any affiliate ever deduct its fees directly from any client accounts?	<i>Yes</i>
Does the firm make use of "soft dollars"?	<i>No</i>

This questionnaire has been prepared and reviewed by;

Signature	
Name:	<i>Mr. James Koutoulas</i>
Date:	<i>January 2016</i>
Position:	<i>CEO</i>