

**FORM ADV****Uniform Application for Investment Adviser Registration****Part II - Page 1****OMB APPROVAL**

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Name of Investment Adviser:

**Gaineswood Investment Management, Inc.**

Address: (Number and Street)

(City)

(State)

(Zip Code)

Area Code: Telephone Number:

**2800 Quarry Lake Drive, Suite 140****Baltimore****MD****21209****( 410 ) 764-3500**

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any governmental authority.**

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form  
are not required to respond unless the form displays a currently valid OMB control number.

**FORM ADV****Part II - Page 2**

Applicant:

**Gaineswood Investment Management, Inc.**

SEC File Number:

**801-69900**

Date:

**August 12, 2009****1. A. Advisory Services and Fees.** (check the applicable boxes)For each type of service provided, state the approximate % of total advisory billings from that service.  
(See instruction below.)**Applicant:**

- |                                     |     |   |              |
|-------------------------------------|-----|---|--------------|
| <input checked="" type="checkbox"/> | (1) | Provides investment supervisory services . . . . .  | <u>100</u> % |
| <input type="checkbox"/>            | (2) | Manages investment advisory accounts not involving investment supervisory services . . . . .  | ___%         |
| <input type="checkbox"/>            | (3) | Furnishes investment advice through consultations not included in either service described above . . . . .  | ___%         |
| <input checked="" type="checkbox"/> | (4) | Issues periodicals about securities by subscription . . . . .   | ___%         |
| <input type="checkbox"/>            | (5) | Issues special reports about securities not included in any service described above . . . . .   | ___%         |
| <input type="checkbox"/>            | (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities . . . . . | ___%         |
| <input type="checkbox"/>            | (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities . . . . .   | ___%         |
| <input type="checkbox"/>            | (8) | Provides a timing service . . . . .   | ___%         |
| <input type="checkbox"/>            | (9) | Furnishes advice about securities in any manner not described above . . . . .   | ___%         |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

**B.** Does applicant call any of the services it checked above financial planning or some similar term? . . . . .Yes ☐ No ☒**C.** Applicant offers investment advisory services for: (check all that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input checked="" type="checkbox"/> (2) Hourly charges                          | <input type="checkbox"/> (5) Commissions       |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees)       | <input checked="" type="checkbox"/> (6) Other  |

**D.** For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

**2. Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> A. Individuals           | <input type="checkbox"/> E. Trusts, estates, or charitable organizations                               |
| <input type="checkbox"/> B. Banks or thrift institutions     | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies             | <input checked="" type="checkbox"/> G. Other (describe on Schedule F)                                  |
| <input type="checkbox"/> D. Pension and profit sharing plans |  |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**FORM ADV****Part II - Page 3**

Applicant:

**Gaineswood Investment Management, Inc.**

SEC File Number:

801- **69900**

Date:

**August 12, 2009****3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> A. Equity securities                   | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities         |  |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter | I. Options contracts on:   |
| <input checked="" type="checkbox"/> (3) foreign issues                     | <input checked="" type="checkbox"/> (1) securities                         |
|  | <input type="checkbox"/> (2) commodities                                   |
| <input type="checkbox"/> B. Warrants                                       | J. Futures contracts on:   |
| <input checked="" type="checkbox"/> C. Corporate debt securities           | <input type="checkbox"/> (1) tangibles                                     |
| (other than commercial paper)  | <input type="checkbox"/> (2) intangibles                                   |
| <input type="checkbox"/> D. Commercial paper                               | K. Interests in partnerships investing in:                                 |
| <input checked="" type="checkbox"/> E. Certificates of deposit             | <input type="checkbox"/> (1) real estate                                   |
| <input checked="" type="checkbox"/> F. Municipal securities                | <input type="checkbox"/> (2) oil and gas interests                         |
|  | <input type="checkbox"/> (3) other (explain on Schedule F)                 |
| G. Investment company securities:  | <input checked="" type="checkbox"/> L. Other (explain on Schedule F)       |
| <input type="checkbox"/> (1) variable life insurance                       |  |
| <input type="checkbox"/> (2) variable annuities                            |  |
| <input type="checkbox"/> (3) mutual fund shares                            |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

## A. Applicant's security analysis methods include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Charting    | (4) <input type="checkbox"/> Cyclical                      |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |  |

## B. The main sources of information applicant uses include: (check those that apply)

- |   |   |
|---|---|
| (1) <input type="checkbox"/> Financial newspapers and magazines               | (5) <input type="checkbox"/> Timing services  |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities   | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases  |
| (4) <input checked="" type="checkbox"/> Corporate rating services             | (8) <input type="checkbox"/> Other (explain on Schedule F)  |

## C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |  |   |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions   |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)                 | (7) <input type="checkbox"/> Other (explain on Schedule F)  |
| (4) <input checked="" type="checkbox"/> Short sales  |   |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**FORM ADV****Part II - Page 4**

Applicant:

**Gaineswood Investment Management, Inc.**

SEC File Number:

**801-69900**

Date:

**August 12, 2009****5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? . . . . .

Yes No  
☒ ☐

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- |                 |  |
|-----------------|--|
| • name          | • formal education after high school               |
| • year of birth | • business background for the preceding five years |

**7. Other Business Activities.** (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☒ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |  |  |
|--|--|
| <input checked="" type="checkbox"/> (1) broker-dealer  | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm  |
| <input checked="" type="checkbox"/> (3) other investment adviser   | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?.....

Yes No  
☒ ☐

(If yes, describe on Schedule F the partnerships and what they invest in.)

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**FORM ADV**
**Part II - Page 5**

Applicant:

**Gaineswood Investment Management, Inc.**

SEC File Number:

801- **69900**

Date:

**August 12, 2009**
**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☒ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? . . . . .

Yes No  
☒ ☐

(If yes, describe on Schedule F.)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

**All accounts managed by Gaineswood Investment Management, Inc. are reviewed, at least, on a quarterly basis by a designated principal to assure conformity with client objectives and guidelines. In addition, all accounts are reviewed in light of emerging trends and developments as well as market volatility.**

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

**Monthly and/or quarterly statements will be provided to all accounts managed by Gaineswood Investment Management, Inc., evidencing the account's performance. In addition, an annual report prepared by an independent accounting firm will be provided to the investors of Gaineswood Fund, LP.**

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant:

Gaineswood Investment Management, Inc.

SEC File Number:

801-69900

Date:

August 12, 2009

**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

(1) securities to be bought or sold? . . . . .

Yes No

☒ ☐

(2) amount of the securities to be bought or sold ? . . . . .

Yes No

☒ ☐

(3) broker or dealer to be used ? . . . . .

Yes No

☒ ☐

(4) commission rates paid? . . . . .

Yes No

☒ ☐

B. Does applicant or a related person suggest brokers to clients? . . . . .

Yes No

☒ ☐

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? . . . . .

Yes No

☐ ☒

B. directly or indirectly compensates any person for client referrals? . . . . .

Yes No

☒ ☐

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities unless applicant is registered or registering only with the Securities and Exchange Commission; or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? . . . . .

Yes No

☐ ☒

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Gaineswood Investment Management, Inc.	801- 69900	August 12, 2009

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Gaineswood Investment Management, Inc.</b>		IRS Empl. Ident.No.: <b>13-3934877</b>
Item of Form (identify)	Answer	
Item 1A, 2 & 8D	<p><b><u>SERVICES PROVIDED:</u></b></p> <p>Gaineswood Investment Management, Inc. a Delaware corporation, ("GIMI") provides investment advisory services to Gaineswood Fund, LP, a Delaware limited partnership, ("Domestic Fund"), on a discretionary basis. The Domestic Fund operates as a pooled investment vehicle intended to provide diversification, management expertise and other advantages to clients. The advisory services to the Domestic Fund include, among other things, providing advice regarding asset allocation and the selection of investments. GIMI also provides investment advisory services to clients through separately managed accounts (together with the Domestic Fund, the "Clients") on a discretionary basis.</p>	
Item 1D	<p><b><u>COMPENSATION PAYABLE:</u></b></p> <p>The Domestic Fund has entered into an investment management agreement ("Investment Management Agreement") with GIMI to manage the Domestic Fund's portfolio. In consideration for services provided pursuant to the Investment Management Agreement, GIMI shall receive a monthly management fee ("Management Fee") equal to 0.083% (approximately 1.0% annually) of each investor's share of the Domestic Fund's Net Asset Value (as defined below). The Management Fee shall be calculated and payable to GIMI monthly in arrears within 15 days after the end of such month. A <i>pro rata</i> Management Fee will be charged to investors on any amounts accepted by an affiliate of GIMI as investments in the midst of any month. GIMI, in its sole discretion, may waive or reduce the Management Fee with respect to one or more investors for any period of time, or agree to apply a different Management Fee for that investor (all such arrangements in the form of a rebate or otherwise).</p> <p>As consideration for services pursuant to the Domestic Fund agreement, an affiliate of GIMI shall receive an annual performance allocation ("Performance Allocation") at the close of each fiscal year equal to 20% of the portion of the Domestic Fund's annual net income (including realized and unrealized gains and net of the Management Fee) attributable to each investor. The Performance Allocation shall be subject to a Loss Carryforward (as defined below) provision (sometimes referred to as a "high water mark").</p> <p>Performance-based fees are not allowed unless they conform to the provisions of Rule 205-3 of the Investment Advisers Act of 1940.</p> <p>Upon any withdrawal by an investor, whether voluntary or involuntary, an affiliate of GIMI shall also receive the Performance Allocation with respect to the amounts withdrawn. An affiliate of GIMI shall also receive the Performance Allocation upon dissolution of the Domestic Fund. The Performance Allocation shall be in addition to the proportionate allocations of income and profits, or losses, to GIMI and/or its affiliates based upon their capital accounts relative to the capital accounts of all investors. An affiliate of GIMI, in its sole discretion, may waive or reduce the Performance Allocation with respect to any investor for any period of time, or agree to modify the Performance Allocation for that investor. An affiliate of GIMI may, in its discretion, reallocate a</p>	

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Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Gaineswood Investment Management, Inc.	801- 69900	August 12, 2009

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Gaineswood Investment Management, Inc.</b>		IRS Empl. Ident.No.: <b>13-3934877</b>
Item of Form (identify)	Answer	
Item 3L	<p>portion of the Performance Allocation to certain investors.</p> <p>The Performance Allocation is subject to what is commonly known as a “high water mark” procedure. That is, if an investor’s capital account has a net loss in any fiscal year, this loss will be recorded and carried forward as to such investor to future fiscal years (such amount is referred to as the “Loss Carryforward”). An affiliate of GIMI will not receive the Performance Allocation from such investor in any future fiscal year until the Loss Carryforward amount for such investor has been recovered (i.e., when the Loss Carryforward amount has been exceeded by the cumulative profits allocable to such Limited Partner for the fiscal years following the Loss Carryforward). Once the Loss Carryforward has been recovered, the Performance Allocation shall be based on the excess profits (over the Loss Carryforward amount) as to such investor, rather than on all profits. The “high water mark” procedure prevents an affiliate of GIMI from receiving the Performance Allocation as to profits that simply restore previous losses and is intended to ensure that the Performance Allocation is based on the long-term performance of an investment in the Domestic Fund.</p> <p>When an investor withdraws capital, any Loss Carryforward will be adjusted downward in proportion to the withdrawal. An affiliate of GIMI may agree with any investor to apply a different Loss Carryforward provision for such investor.</p> <p>Clients whose accounts are managed by GIMI separately and apart from the Domestic Fund (“Managed Account Clients”) will typically be charged a management fee of approximately 1.5% of assets under management per annum. GIMI may also charge a performance fee equal to 20% of annual net income in the managed account (including realized and unrealized gains and net of any management fee charged). Any such performance fee shall be subject to a Loss Carryforward (as defined above). GIMI may, in its sole discretion, waive or reduce either or both the management fee and performance fee charged to Managed Account Clients.</p> <p><b><u>TYPE OF INVESTMENTS:</u></b></p> <p>GIMI will invest and trade in a wide variety of investments, domestic and foreign, of all kinds and descriptions, whether publicly traded or privately placed, including but not limited to common and preferred stocks, bonds and other debt securities, convertible securities, limited partnership interests, mutual fund shares, options, warrants, futures, derivatives (including swaps, forward contracts and structured instruments), monetary instruments, other financial instruments, real estate, private businesses, cash and cash equivalents.</p> <p><i><u>Options.</u></i> GIMI may utilize derivative securities, primarily options. GIMI may purchase and write put and call options that are traded on national securities exchanges or over-the-counter markets, as well as on electronic communications networks (ECN’s). Options can be used in many ways such as to increase market exposure (i.e., for purposes of leverage), to reduce overall market exposure (i.e., for hedging purposes), to increase the portfolio’s current income, or to reduce the cost basis of a new position. The Domestic Fund may also</p>	

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Complete amended pages in full, circle amended items and file with execution page (page 1).



**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Gaineswood Investment Management, Inc.	801- 69900	August 12, 2009

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Gaineswood Investment Management, Inc.</b>		IRS Empl. Ident.No.: <b>13-3934877</b>
Item of Form (identify)	Answer	
Item 5	<p>utilize certain options, such as various types of index or "market basket" options, in an effort to hedge against certain market-related risks, as GIMI deems appropriate. GIMI believes that the use of options and other derivatives should help reduce risk and enhance investment performance.</p> <p><b><u>EDUCATION AND BUSINESS STANDARDS:</u></b></p> <p>GIMI requires that all those involved in determining or giving investment advice have the academic expertise or demonstrated professional experience that would provide such persons the ability to offer knowledgeable and appropriate investment advice. Any associated person of GIMI providing investment advice to clients is required to meet the specific state registration examination requirements in order to provide such advice.</p>	
Item 6	<p><b><i>William W. Baker, President</i></b> <b><i>Date of Birth – May 27, 1956</i></b></p> <p>2008 – Present: Conservative Economist, LLC – Managing Director 2002 – Present: GARP Research &amp; Securities Company – President 1999 – Present: GARP Capital, LLC – Managing Member 1996 – Present: Gaineswood Management Investment, Inc. – President</p> <p>Mr. Baker received a Master of Business Administration degree from the Amos Tuck School at Dartmouth College in 1980. In 1978, Mr. Baker received a Bachelor of Arts degree from the University of Pennsylvania with a major in Economics.</p> <p><b><i>Bryant Boston III, CFO/CCO</i></b> <b><i>Date of Birth – November 14, 1972</i></b></p> <p>2005 – Present: Gaineswood Management Investment, Inc. – CFO/CCO 2005 – Present: GARP Research &amp; Securities Company – CFO/CCO 2005 – Present: GARP Capital LLC – CFO/CCO 2003 – 2005: Self Employed – Independent Consultant 2001 – 2003: The Advisors Group – Registered Representative</p> <p>Mr. Boston received a Bachelor of Arts degree in Business Administration from the University of Washington in 1995.</p>	
Item 7C	<p><b><u>OTHER BUSINESS ACTIVITIES:</u></b></p> <p>William Baker is the Managing Director for the Conservative Economist, LLC, which is engaged in providing political and economic commentary via the World Wide Web. Mr. Baker spends about 10% of his time on this business activity. The Conservative Economist, LLC began in June 2008. Neither the information and or opinions expressed on the website of the Conservative Economist, LLC constitute an offer to buy or sell any securities or financial instruments or provide any investment advice or service. The information on this site is for information purposes only and is not intended to provide tax,</p>	

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**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Gaineswood Investment Management, Inc.	801- 69900	August 12, 2009

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Gaineswood Investment Management, Inc.</b>		IRS Empl. Ident.No.: <b>13-3934877</b>
Item of Form (identify)	Answer	
Item 8	<p>legal or investment advice.</p> <p>GIMI is affiliated by common control GARP Research &amp; Securities Co., a registered broker-dealer and state registered investment adviser that provides equity, research and brokerage services to institutional investors. GIMI will not execute any Client trades through GR&amp;S.</p>	
Item 9D & 9E	<p>GIMI does not sell securities to Clients nor does it purchase securities from Clients. However, GIMI has a capital account in the Domestic Fund and William W. Baker is the principal of GIMI as well as the sole principal of the entity that is the general partner of the Domestic Fund. Accordingly, GIMI and its principal, William W. Baker, may be deemed to buying securities for itself when it buys securities for the Domestic Fund.</p> <p>GIMI serves as the investment manager to one or more private investment funds. GIMI may also provide investment advisory service to separately managed accounts. GIMI may offer to such non-fund clients' interests in one of the private investment funds for which it also serves as investment manager. GIMI does not intend to advise such clients as to the appropriateness of investing in such private investment funds, and GIMI will not receive any compensation for doing so (except to the extent that GIMI receives advisory and other fees from the private investment funds) or for selling interests in such private investment funds. However, because of the relationship between GIMI and such private investment funds, GIMI could be considered to have recommended the investment should a person who is otherwise a client of GIMI invest in such private investment funds.</p> <p>GIMI has adopted a Code of Ethics ("COE") that governs all employees and other supervised persons of GIMI. The COE is based upon the principle that directors, officers and employees of GIMI have a fiduciary duty to place the interest of Clients above their own. The COE addresses compliance with federal securities laws and personal trading and reporting. A copy of the COE will be provided upon request.</p> <p>Personnel of GIMI may trade in the same securities traded for the Clients, including hedge fund clients in which GIMI personnel and/or family members of GIMI personnel are invested. GIMI may at times determine that certain investments will be suitable for acquisition by the Clients and by other accounts managed by GIMI or personnel of GIMI, which may include personal accounts or accounts of an affiliate and/or family member. If that occurs, and GIMI is not able to acquire the desired aggregate amount of such investments on terms and conditions which GIMI deems generally advisable. In general, GIMI would give preference to the Clients or attempt to execute all orders on an average price and/or commission basis. Due to technical considerations, GIMI may not be able to obtain the average price and commission on all relevant orders. GIMI will endeavor to allocate in good faith the limited amount of such investments acquired among the various accounts for which GIMI considers them to be suitable. GIMI may make such allocations among the accounts in any manner which it considers to be fair under the circumstances, including but not limited to, allocations based on the timing of the orders, the relative account sizes, the degree of risk involved in the investments acquired, and the extent to which a position in such investment is consistent with the investment policies and</p>	

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Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Gaineswood Investment Management, Inc.	801- 69900	August 12, 2009

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Gaineswood Investment Management, Inc.</b>		IRS Empl. Ident.No.: <b>13-3934877</b>
Item of Form (identify)	Answer	
Item 10	<p>strategies of the various accounts involved.</p> <p>With respect to the Domestic Fund, the minimum investment is \$250,000, although an entity affiliated with GIMI, and who serves as the management entity of the Domestic Fund, has discretion to accept lesser amounts on behalf of such Domestic Fund.</p>	
Item 12B	<p>GIMI is responsible for the placement of the portfolio transactions of Clients and the negotiation of any commissions paid on such transactions. Portfolio securities normally are purchased through brokers on securities exchanges or directly from the issuer or from an underwriter or market maker for the securities. Purchases of portfolio instruments through brokers involve a commission to the broker. Purchases of portfolio securities from dealers serving as market makers include the spread between the bid and the asked price. GIMI will not commit to provide any level of brokerage business to any broker. GIMI may utilize the services of one or more introducing brokers who will execute Clients' brokerage transactions through the broker and custodian who will clear the Clients' transactions. An affiliate of GIMI, GARP Research and Securities Co. ("GR&amp;S") is a broker-dealer registered with the FINRA that provides research and brokerage services to a limited number of institutional investors. GIMI will not execute any Client trades through GR&amp;S.</p> <p>Securities transactions for Clients are executed through brokers selected by GIMI in its sole discretion and without the consent of Clients. In placing portfolio transactions, GIMI will seek to obtain the best execution, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected and the efficiency of error resolution, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; special execution capabilities; clearance; settlement; reputation; on-line pricing; block trading and block positioning capabilities; willingness to execute related or unrelated difficult transactions in the future; order of call; on-line access to computerized data regarding clients' accounts; performance measurement data; the quality, comprehensiveness and frequency of available research and related services considered to be of value; the availability of stocks to borrow for short trades; and the competitiveness of commission rates in comparison with other brokers satisfying GIMI's other selection criteria.</p> <p><b><i>Soft Dollar Arrangements</i></b></p> <p>Currently, GIMI does not have any soft dollar arrangements.</p> <p><b><i>Allocation of Investment Opportunities</i></b></p> <p>GIMI may at times determine that certain investments will be suitable for acquisition by the Partnership and by other accounts managed by GIMI, possibly including GIMI's own accounts or accounts of an affiliate. If that occurs, and GIMI is not able to acquire the desired aggregate amount of such investments on terms and conditions which GIMI deems</p>	

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Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Gaineswood Investment Management, Inc.	801- 69900	August 12, 2009

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:  
**Gaineswood Investment Management, Inc.**

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Item of Form (identify)	Answer
Item 13B	<p>advisable, GIMI will endeavor to allocate in good faith the limited amount of such investments acquired among the various accounts for which GIMI considers them to be suitable. GIMI may make such allocations among the accounts in any manner which it considers to be fair under the circumstances, including, but not limited to, allocations based on relative account sizes, the degree of risk involved in the investments acquired, and the extent to which such investments are consistent with the investment policies and strategies of the various accounts involved.</p> <p><b><i>Aggregation of Orders</i></b></p> <p>GIMI may aggregate purchase and sale orders of investments held by the Clients with similar orders being made simultaneously for other accounts or entities if, in GIMI's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to the Clients based on an evaluation that the Clients will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In many instances, the purchase or sale of investments for the Clients will be affected simultaneously with the purchase or sale of like investments for other accounts or entities. Such transactions may be made at slightly different prices, due to the volume of investments purchased or sold. In such event, the average price of all investments purchased or sold in such transactions may be determined, at GIMI's sole discretion, and the Clients may be charged or credited, as the case may be, with the average transaction price on the date of the execution, which may vary depending on the timing of the execution</p> <p><b><u>REFERRAL OF INVESTORS:</u></b></p> <p>GIMI may also direct some Clients' brokerage business to brokers who refer prospective investors and/or separately managed accounts to GIMI. Because such referrals, if any, are likely to benefit GIMI, but will provide an insignificant (if any) benefit to the Clients, GIMI will have a conflict of interest with the Clients when allocating Clients' brokerage business to a broker who has referred investors and/or separately managed accounts to GIMI. To prevent Clients' brokerage commissions from being used to pay referral fees, GIMI will not allocate Clients' brokerage business to a referring broker unless GIMI determines in good faith that the commissions payable to such broker are reasonable in relation to those available from non-referring brokers offering services of substantially equal value to the Clients.</p> <p>Employee and non-employee (independent) solicitors who are responsible for bringing a client to GIMI, may receive compensation from GIMI for the client referral. These arrangements will not result in higher costs to the client. Such arrangements will comply with the requirements set forth under the Investment Advisers Act of 1940 and/or the applicable state laws, including a written agreement between GIMI and the solicitor. Non-employee solicitors must provide a copy of GIMI's ADV Part II (Disclosure Brochure) and a separate written disclosure statement regarding the relationship between the solicitor and GIMI to the prospective client at the time of the solicitation or referral. The client will be requested to acknowledge this arrangement prior to acceptance of the client's account for</p>

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Additional Items	<p>advisory services. Prior to compensating any person for client referrals, GIMI will ensure that the person is properly registered or exempt from the relevant registration requirements</p> <p><b><u>PRIVACY POLICY:</u></b></p> <p>This privacy policy explains the manner in which GIMI, the Domestic Fund, and an affiliate of GIMI (collectively, the "GIMI Entities") collect, utilize and maintain nonpublic personal information about Client and investors in the Domestic Fund, as required under recently enacted Federal legislation. This privacy policy only applies to nonpublic information of Clients and investors who are individuals (not entities).</p> <p><b><i>Collection of Investor Information</i></b></p> <p>The GIMI Entities collect personal information about Clients and investors mainly through the following sources:</p> <ul style="list-style-type: none"><li>• Subscription forms, advisory agreements, investor questionnaires and other information provided by the investor in writing, in person, by telephone, electronically or by any other means. This information includes name, address, nationality, tax identification number, and financial and investment qualifications; and</li><li>• Transactions within the GIMI Entities, including account balances, investments and withdrawals.</li></ul> <p><b><i>Disclosure of Nonpublic Personal Information</i></b></p> <p>The GIMI Entities do not sell or rent investor information. The GIMI Entities do not disclose nonpublic personal information about their investors to nonaffiliated third parties or to affiliated entities, except as permitted by law. For example, the GIMI Entities may share nonpublic personal information in the following situations:</p> <ul style="list-style-type: none"><li>• To service providers in connection with the administration and servicing of the GIMI Entities, which may include attorneys, accountants, auditors and other professionals. The GIMI Entities may also share information in connection with the servicing or processing of GIMI Entities transactions;</li><li>• To affiliated companies in order to provide you with ongoing personal advice and assistance with respect to the products and services you have purchased through the GIMI Entities and to introduce you to other products and services that may be of value to you;</li><li>• To respond to a subpoena or court order, judicial process or regulatory authorities;</li><li>• To protect against fraud, unauthorized transactions (such as money laundering),</li></ul>	
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	<p>claims or other liabilities; and</p> <ul style="list-style-type: none"> <li>• Upon consent of a Client or an investor to release such information, including authorization to disclose such information to persons acting in a fiduciary or representative capacity on behalf of the investor.</li> </ul> <p><b><i>Protection of Investor Information</i></b></p> <p>The GIMI Entities' policy is to require that all employees, financial professionals and companies providing services on their behalf keep client information confidential.</p> <p>The GIMI Entities maintain safeguards that comply with federal standards to protect Client and investor information. The GIMI Entities restrict access to the personal and account information of Clients and investors to those employees who need to know that information in the course of their job responsibilities. Third parties with whom the GIMI Entities share Client and investor information must agree to follow appropriate standards of security and confidentiality.</p> <p>The GIMI Entities' privacy policy applies to both current and former Clients and investors. The Fund Entities may disclose nonpublic personal information about a former Client or investor to the same extent as for a current Client and investor.</p> <p><b><i>Changes to Privacy Policy</i></b></p> <p>Any GIMI Entity may make changes to its privacy policy in the future. The GIMI Entities will not make any change affecting a Client or investor without first sending affected individuals a revised privacy policy describing the change.</p> <p><b><u>CONFIDENTIALITY AND SECURITY:</u></b></p> <p>With reference to Massachusetts's clients, GIMI is forbidden to share any information about the clients, which qualifies as personal, non-public information, unless the client specifically agrees thereto, or "opt-ins."</p> <p><b><u>PROXY VOTING:</u></b></p> <p>In order to ensure that GIMI votes proxies in the best interest of its clients, GIMI has hired the services of an independent proxy voting service. GIMI monitors the activities of this voting service and retains records of votes cast. Clients can obtain information on how the proxies were voted by requesting such information from the Chief Compliance Officer. A copy of GIMI's Proxy Voting Policies and Procedures is available upon request.</p> <p><b><u>TRADE ERROR POLICY:</u></b></p>	

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	GIMI has several internal controls in place to prevent trade errors from occurring. On those occasions when such an error does occur, however, GIMI will reasonably determine how to correct the error. In general, GIMI will reimburse clients for losses resulting from trade errors and any such losses will be absorbed by GIMI. Any error that results in a gain for a client will remain in the client's account. GIMI also maintains a record of all trade errors, which includes information about the trade and how the error was corrected.	

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