

**Schedule F of
FORM ADV
Continuation Sheet for Form ADV Part II**

Applicant:
LUCERNE CAPITAL
MANAGEMENT, LLC

SEC File Number:
801- 60105

Date:
10/28/2010

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LUCERNE CAPITAL MANAGEMENT, LLC		IRS Empl. Ident. No.: 52-2252834
Item of Form (identify)	Answer	
Part II, Page 2 #1D	<p>Investment Supervisory Services</p> <p>Lucerne Capital Management, LLC. (hereinafter Lucerne Capital) provides investment supervisory services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. Lucerne Capital provides these services predominantly to investment limited partnerships or limited liability companies ("LPs" or "LTDs"). An affiliate of Lucerne Capital, Lucerne GenPar Fund, LLC, acts as General Partner.</p> <p>Lucerne Capital provides investment supervisory services to the following groups of funds (the "Funds"), which are invested in parallel with each other:</p> <p>The following Lucerne Capital Funds are invested in the "Lucerne Capital Strategy" which invests in European equity securities of issuers in the developed markets outside the United States.</p> <ul style="list-style-type: none"> • The Lucerne Capital Fund, LP • The Lucerne Capital Offshore Fund, Ltd <p>The following Lucerne Capital Funds are invested in the "Lucerne European Special Opportunity Strategy" which invests in European equity securities with a broad range of market-capitalization profiles, including relatively less liquid small-capitalization companies.</p> <ul style="list-style-type: none"> • The Lucerne European Special Opportunities Master Fund, Ltd (Master Fund) • The Lucerne European Special Opportunities Fund, LP (Feeder Fund) • The Lucerne European Special Opportunities Fund, Ltd (Feeder Fund) <p>The following Lucerne Capital Fund is invested in the "Lucerne Capital Special Opportunity Strategy" which invests in a limited universe of European equity securities in the small and mid-capitalization sector, including relatively less liquid small-capitalization companies.</p> <ul style="list-style-type: none"> • The Lucerne Capital Special Opportunity Fund, Ltd. <p>The Funds are not required to register as investment companies under the Investment Company Act of 1940 in reliance upon an exemption available to funds whose securities are not publicly offered. Lucerne Capital manages the Funds on a discretionary basis in accordance with the terms and conditions of each Fund's offering and organizational documents.</p>	

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Part II, Page 2 #1D (continued)	<p>Fees</p> <p>Lucerne Capital is paid annual fees for portfolio management of the Funds (the "Management Fees"), which are calculated and paid as a percentage of the net asset value of the investors' interest in the Funds. Management Fees for the Funds range between 0% and 2% annually. This annual fee is generally charged monthly in arrears on a prorated basis. In addition, the Funds pay Lucerne Capital performance-based compensation ("Performance Fees"). For all Funds, the Performance Fees are calculated based on a percentage of the net profits of the Funds/accounts at the end of each fiscal year, and are typically 20% of the allocable share of net profits above the "High Water Mark". To the extent that the balance of the account appreciation is less than the High Water Mark, there is a Loss Carryforward provision which must be fulfilled by Lucerne Capital before Lucerne Capital is entitled to a performance-based fee.</p> <p>In measuring an investor's net profits for the calculation of Performance Fees, Lucerne Capital will typically include both realized and unrealized gains and losses during the relevant period. The calculation and payment of the Performance Fees applicable to a particular interest in a Fund is described in detail in the respective offering documents for such interest.</p> <p>The Performance Fee may create an incentive for Lucerne Capital to cause the Funds and Separate Investment Supervisory Service Accounts to make investments which may be riskier or more speculative than those which would be made under a different fee arrangement. The Investment Advisers Act of 1940 and certain state laws restrict the payment of performance-based fees, such as the Performance Fees, to investment advisers registered under such act. However, SEC Rule 205-3 permits the payment of performance-based compensation to registered investment advisers provided that the clients (including investors in investment vehicles such as the Funds) meet certain financial qualifications.</p> <p>The offerings of interests in the Funds are structured to comply with this rule and accordingly the Funds will only accept subscriptions from investors who meet the qualifications set forth in Rule 205-3. Investors in the Funds are requested to refer to the applicable Fund Private Placement Memorandum for complete information on the services offered, and corresponding fees charged, by Lucerne Capital.</p> <p>General Information on Fees</p> <p><u>Negotiability of Fees:</u> In certain circumstances, Lucerne Capital's fees may be negotiable. In certain circumstances, Lucerne Capital reserves the right to waive management fees and performance fees.</p> <p><u>Fee Calculation:</u> Except as described above, the fee is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a)(1) of the Investment Advisers Act of 1940, as amended).</p> <p><u>Termination of Advisory Relationship:</u> An advisory agreement may be canceled at any time, by either party, for any reason upon receipt of written notice in accordance with the guidelines of the Investment Management Agreement. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. Investors in</p>	

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Part II, Page 2 #1D (continued)	<p>each Fund are requested to refer to the applicable Private Placement Memorandum and Offering Documents of the Fund for complete information on withdrawals and applicable investment "lock-up" periods.</p> <p><u>Advisory Fees in General</u>: Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.</p> <p>Proxy Voting Services</p> <p>Lucerne Capital Management, LLC, as a matter of policy and as a fiduciary to our clients, has responsibility for voting proxies for portfolio securities consistent with the best economic interests of the clients. The Applicant maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting.</p> <p>Summary of Proxy Voting Policies and Procedures</p> <p>I. TYPES OF ACCOUNTS TO WHICH LUCERNE CAPITAL MANAGEMENT, LLC VOTES PROXIES</p> <p>Lucerne Capital votes proxies for each fund for which we act as adviser with the power to vote proxies.</p> <p>II. GENERAL GUIDELINES</p> <p>In voting proxies, Lucerne Capital is guided by general fiduciary principles. Lucerne Capital's goal is to act prudently, solely in the best interest of the beneficial owners of the accounts it manages, and, in the case of ERISA accounts, for the exclusive purpose of providing economic benefits to such persons. Lucerne Capital attempts to consider all factors of its vote that could affect the value of the investment and will vote proxies in the manner that it believes will be consistent with efforts to maximize shareholder values.</p> <p>III. HOW LUCERNE VOTES</p> <p>Generally, Lucerne Capital divides proxies into routine matters and non-recurring or extraordinary matters. It is Lucerne's general policy, absent a particular reason to the contrary, to vote with management's recommendations on routine matters. For non-recurring extraordinary matters, Lucerne Capital votes on a case-by-case basis, generally following the suggestions for such matters detailed in the complete proxy policy.</p>	

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Part II, Page 2 #1D (continued)	<p>IV. CONFLICTS OF INTEREST</p> <p>In furtherance of Lucerne Capital's goal to vote proxies in the best interests of clients, Lucerne Capital follows procedures designed to identify and address material conflicts that may arise between Lucerne Capital's interests and those of its clients before voting proxies on behalf of such clients.</p> <p>Clients may obtain a copy of Lucerne Capital's complete Proxy Voting Policies and Procedures by contacting the Compliance Officer at the following address or telephone number:</p> <p style="text-align: center;">Lucerne Capital Management , LLC Attn: Chief Compliance Officer 500 Mamaroneck Ave, Suite 407 Harrison, NY 10528 (914) 998-8100</p> <p><u>Lucerne Capital in General</u>: This Schedule F narrative provides clients with information regarding Lucerne Capital and its advisory services that should be considered before becoming a client of Lucerne Capital. This narrative also provides information about the qualifications and business practices of Lucerne Capital. The information in this Schedule F narrative has not been approved or verified by the SEC or by any state securities authority.</p> <p>Any representation to the contrary is illegal. Additional information about Lucerne Capital is available on the Internet at "www.adviserinfo.sec.gov". You can search this site by a unique identifying number, known as a CRD number. The CRD number for Lucerne Capital is 111288.</p>	
Part II, Page 2 #2G	<p>Types of Clients</p> <p>Lucerne Capital serves as the investment manager and provides investment advisory services to the Funds. Investment advice is provided directly to the Funds and not provided individually to the limited partners or shareholders of the Funds.</p>	
Part II, Page 3 #3L	<p>Types of Investments</p> <p>Lucerne Capital executes Foreign Exchange (FX) forward transactions for the purpose of hedging foreign exchange risk which arises from investment in foreign equity issues.</p>	

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Part II, Page 4 #5 & 6	<p>General Standards of Education or Business Experience</p> <p>Lucerne requires those involved in determining or giving investment advice to have exemplary education and experience credentials, as demonstrated by the backgrounds below.</p> <p>Education and Business Background of the Investment Principals</p> <p>Name: Pieter Taselaar ("Taselaar") Year of Birth: 1962 Formal Education after High School: Undergraduate: Leiden University in the Netherlands Graduate: Leiden University and Columbia University Graduate School of Business Business Background for the preceding five years: Lucerne Capital Management, LLC, October 2000 - Present ABN AMRO, 1994 - September 2000</p> <p>Name: Thijs Hovers ("Hovers") Year of Birth: 1974 Formal Education after High School: Undergraduate and Graduate: University of Amsterdam Business Background for the preceding five years: Lucerne Capital Management, LLC May 2007 - Present ABN AMRO, May 2004 - March 2007 Rabobank, 1999 - April 2004</p> <p>Name: Greg Barrato ("Barrato") Year of Birth: 1980 Formal Education after High School: Undergraduate: University of Connecticut Business Background for the preceding five years: Lucerne Capital Management, LLC, February 2004 - Present</p> <p>Name: Kai Wu ("Wu") Year of Birth: 1984 Formal Education after High School: Undergraduate: Georgetown University Business Background for the preceding five years: Lucerne Capital Management, LLC, July 2007 - Present PricewaterhouseCoopers, LLP, August 2006 - July 2007</p>	

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Part II, Page 4 #8D	<p>Other Financial Industry Activities or Affiliations</p> <p>As disclosed under Item 1D, Lucerne Capital is affiliated through ownership and control with Lucerne GenPar Fund, LLC which acts as General Partner to the Funds. Prior to March 2008, Lucerne Capital was named ReachCapital Management, LLC ("ReachCapital"), of which Taselaar and Nigel Hart ("Hart") were both members. In early 2008, Taselaar and Hart reorganized and divided their business, consisting of the Funds and the UBS Tamarack International Fund, LLC, a registered investment company("UBS Fund"), based upon current principal portfolio management responsibilities. With respect to the UBS Fund, which involved both Taselaar and Hart's services, they formed ReachCapital PW Management, LP (Reach PW), in which Taselaar and Hart each indirectly hold a 50% ownership interest, to continue to provide investment advisory and administrative services to the UBS Fund.</p> <p>Hart is Chief Executive Officer of Reach PW and is principally responsibly for the portfolio management and strategy of the UBS Fund. At Hart's discretion, Taselaar may from time to time contribute additional portfolio management input. Hart is responsible for initiating and scheduling this process. Taselaar does not exercise discretionary authority with respect to investments. Taselaar's primary business activity is Lucerne Capital Management, LLC.</p> <p>Thus, Lucerne Capital is affiliated through ownership with Reach PW. Investors in the Funds may be solicited to invest in the UBS Fund. Some of Lucerne Capital's consultants or persons occupying similar positions serve Reach PW in a similar capacity.</p>	
Part II, Page 5 #9D & E	<p>Participation or Interest in Client Transactions</p> <p>Lucerne Capital has adopted a Code of Ethics that sets forth high ethical standards of business conduct that Lucerne Capital requires of its employees, including compliance with applicable federal securities laws. Our Code of Ethics also includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by Lucerne Capital's covered persons. Among other things, Lucerne Capital's Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also includes oversight, enforcement and recordkeeping provisions.</p> <p>Lucerne Capital has policies and procedures in place designed to identify and/or avoid conflicts of interest that may arise between or among client accounts and principal accounts. These policies and procedures include allocation policies for allocating trades among accounts. Whenever a trade is executed between accounts, according to the Lucerne Capital policy, the trade is executed through a non-affiliated broker at a market price, generally volume-weighted average price throughout the day.</p> <p>Clients may obtain a copy of Lucerne Capital's complete Code of Ethics and Personal Securities Transactions Policy by contacting Kai Wu, Chief Compliance Officer, at the following address or telephone number:</p>	

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Part II, Page 5 #9D & E (continued)	<p>Lucerne Capital Management , LLC Attn: Chief Compliance Officer 500 Mamaroneck Ave, Suite 407 Harrison, NY 10528 (914) 998-8100</p>	
Part II, Page 5 #10	<p>Conditions for Managing Accounts</p> <p>Prospective investors in the Funds listed under Item 1D of this Schedule F should refer to the offering documents of the respective Fund for information on minimum investment requirements. Typically Lucerne Capital requires a minimum investment of \$1,000,000, although this is negotiable at Lucerne Capital's discretion. Lucerne Capital also requires a minimum account size of \$10,000,000 for any managed account other than the Funds, although this is negotiable at Lucerne Capital's discretion.</p>	
Part II, Page 5 #11A	<p>Review of Accounts</p> <p>Client assets are invested according to defined investment strategies of the Applicant, taking into account client guidelines and restrictions. Each account is maintained and supervised by the investment principals. Each account is reviewed by the principals frequently. Matters reviewed include specific investments held, the percentage of assets in various types of investments and the relative and absolute performance of each account.</p>	
Part II, Page 5 #11B	<p>Account Reports</p> <p>The Applicant's current clients are listed under Item 1D of this Schedule F. Current clients include private investment funds.</p> <p>Each limited partner/shareholder of the private investment funds will receive (i) audited annual reports of the Fund within 120 days following year end, (ii) unaudited monthly or quarterly reports regarding the Fund's operations and (iii) unaudited monthly performance estimates.</p>	
Part II, Page 6 #12B	<p>Investment or Brokerage Discretion</p> <p>As investment adviser to the Funds, Lucerne Capital is granted the discretionary authority in the relevant organizational documents and/or investment management agreements to determine which securities and the amounts of securities that are bought or sold, as well as the broker dealer to be used and the commission rates to be paid. Lucerne Capital will endeavor to select those brokers or dealers which will provide the best execution at competitive commission rates.</p>	

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Part II, Page 6 #12B (continued)	<p>Subject to the requirement to obtain best execution of brokerage transactions, transactions for the Funds may be allocated to brokers on the basis of and in consideration of such brokers' provision or payment of the costs of investment research and analysis, administrative and operational services and support, bookkeeping and recordkeeping services, trading terminals or other office equipment and other trading services and products (sometimes referred to as "soft dollar" services and products) that are of benefit to the Funds and Lucerne Capital. Accordingly, the commission rates charged by brokers in the foregoing circumstances may be higher than those charged by other brokers who may not offer such services. Lucerne Capital may therefore use a broker who provides soft dollar services and products even though a lower commission may be charged by a broker who does not offer the same level of products and services. Research services may be useful in servicing all of Lucerne Capital's or the third-party advisers' clients, and not all of such research may be useful for the account for which the particular transaction was effected.</p> <p>Brokers or dealers that Lucerne Capital selects to execute transactions may from time to time refer clients to Lucerne Capital. Lucerne Capital will not make commitments to any broker or dealer to compensate that broker or dealer through brokerage or dealer transactions for client referrals; however, a potential conflict of interest may arise between the client's interest in obtaining best price and execution and Lucerne Capital's interest in receiving future referrals.</p> <p>In certain instances, Lucerne Capital receives from broker dealers products or services which are used both for investment research and for administrative, marketing, or other non-research purposes. In such instances, Lucerne Capital makes a good faith effort to determine the percentage of such products or services which may be considered as investment research. The portion of the costs of such products or services attributable to research usage may be defrayed by Lucerne Capital through directing brokerage commissions generated by client transactions (soft dollars). This may be done without prior agreement or understanding by the client (and done at Lucerne Capital's discretion). The portion of the costs attributable to non-research usage of such products or services is paid by Lucerne Capital to the broker dealer in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934.</p> <p>Lucerne Capital currently utilizes the following services, among others, on a "soft dollar" basis:</p> <p>Bloomberg - Market data Belkin Limited - Market research Lowry Research Corporation - Market research New York Stock Exchange - real time pricing exchange fees American Stock Exchange - real time pricing exchange fees The Toronto Stock Exchange - real time pricing exchange fees</p>	

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Answer

Part II, Page 6
#13A & B

Additional Compensation / Investor Referrals

As described above in the response to #12B, in certain instances, Lucerne Capital receives investment research or investment research related services which are paid for with commissions, so-called "soft-dollars" under Section 28(e).

Lucerne Capital may from time to time compensate, either directly or indirectly, any person defined as a natural person or a company for client referrals. Lucerne Capital is aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940, the Securities Exchange Act of 1934 and similar state regulations. As such, appropriate disclosure shall be made, all written instruments will be maintained by Lucerne Capital and all applicable Federal and/or State laws will be observed.

In the past, Lucerne Capital maintained a solicitation relationship with Far Hills Group, Inc., which has since lapsed.

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