

**Form ADV Part 2A: Firm Brochure**

March 31, 2011

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Ackerman Capital Advisors, LLC (d/b/a Ackerman Capital Management, LP) is an investment adviser that is registered with the United States Securities and Exchange Commission. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

**This brochure provides information about the qualifications and business practices of Ackerman Capital Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (214) 361-5383. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Ackerman Capital Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Material Changes

Part 2 of Ackerman Capital Advisors, LLC's Form ADV was last updated February 28, 2010. This current version is different in all respects, as new SEC rules mandate that the Form ADV Part 2 be rewritten with new information in an entirely new format. We encourage everyone to read this Form ADV Part 2A in its entirety.

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### 1. Advisory Business

Ackerman Capital Advisors, LLC (also referred to as Ackerman Capital Management, LP), founded in 2002 (as the successor firm to previous entities originally established in 1969) is an investment services firm specializing in the management of separate accounts for high net worth individuals, profit sharing plans, and charitable organizations.

The firm also manages a private investment partnership.

The principal owners of Ackerman Capital Advisors, LLC are Edward M. Ackerman and David B. Ackerman.

Our firm specializes in offering investment advisory services to separately managed accounts. We work with clients to determine short-term and long-term objectives, income needs, risk tolerance, investment time horizon, and other factors relevant to the management of their portfolio. This information is used to develop an Investment Policy Statement (IPS) that outlines the client's goals and sets the parameters by which a portfolio will be managed, including asset allocation targets and ranges. We seek to manage overall portfolio risk through broad diversification among different asset classes and investment styles. In providing this advisory service, we primarily invest in no-load mutual funds and exchange traded funds (ETFs). We do not participate in any wrap fee programs. All clients' portfolios are monitored on an ongoing basis to ensure that they remain consistent with each client's goals and Investment Policy. As of December 31, 2010, the firm managed 278 separate accounts with assets totaling \$128.3 million.

Our firm also manages a private investment partnership, Ackerman Value Partners, L.P. (the "partnership"). Ackerman Value Partners, L.P. aims to generate long-term capital appreciation and income while reducing the risk of capital loss associated with equity investments. The partnership primarily invests in a portfolio of publicly-traded equity securities, both long and short, although other strategies and types of investments may be employed. At year end the partnership had 25 limited partners and assets totaling \$21.2 million. The general partner of the partnership is Ackerman Capital Management II, L.P.

Our firm tailors our advisory services to the individual needs of our clients. Our portfolio managers strictly adhere to the investment strategy set forth in each client's Private Placement Memorandum or managed account agreement. The Private Placement Memorandum and managed account agreements of our clients allow for investing in a broad array of securities and financial instruments to the end of achieving their investment objectives.

Combining the assets of the separately managed accounts and the partnership, we manage \$149.5 million. We do not manage any client assets on a non-discretionary basis.

## **2. Fees and Compensation**

With regard to separately managed accounts, our firm receives compensation based solely on a percentage of assets under management. Management fees are deducted quarterly from client accounts after services are rendered. Clients receive a quarterly invoice detailing the management fee calculation and the deduction from their account. The invoice encourages clients to review the calculations and to compare the fee deduction to the entry in their monthly statement to be received from the custodian.

The basic annual fee schedule is as follows.

Assets up to \$1 million:	1.0%
Next \$4 million:	0.8%
Next \$5 million:	0.6%

Above \$10 million: 0.4%

In some circumstances, the advisory fee on a particular account may be lower or higher than that generally charged by our firm or other investment advisors for similar services due to minimum quarterly fee requirements or under special circumstances where fees may be negotiated. Our management fees for advisory accounts are in addition to any transaction fees which may be charged by the custodian bank or management fees and expenses charged by any investment company (i.e. money market, mutual fund, or exchange-traded fund) in which the client's funds are invested. In some circumstances the custodian bank or broker invests "cash" in money market securities or short-term investment funds available to the custodian. In these situations the custodian may be charging a fee for the management of such money-market type securities in addition to the fee charged by our firm. We will charge pro-rated fees for any quarter in which the inception or termination of an account occurs during such quarter. Our managed account clients pay for all of their own operating expenses. This includes all expenses incurred with their account transactions, such as custodial fees, brokerage commissions, taxes and any applicable registration fees.

With regard to Ackerman Value Partners, L.P., its general partner receives a quarterly management fee in advance at the annual rate of 1% of the value each of the limited partner's capital account balance at the beginning of a quarter. The general partner also typically receives an annual performance fee of 20% on each limited partner's net annual return for its fiscal year. The performance fee is subject to a "high water mark" limitation. Thus, after the first year in which a performance allocation is earned, the performance allocation for subsequent years only applies to the extent that a limited partner's *pro rata* share of net profits measured on a cumulative basis, net of any losses, for all years since admission exceeds the highest level of such cumulative net profits achieved through the close of any prior year since admission. All such performance fee arrangements are intended to comply with Rule 205-3 under the Investment Advisors Act of 1940, as amended. The partnership bears all costs and expenses directly related to its investment program, including expenses related to proxies, underwriting and private placements, brokerage commissions, interest on debit balances or borrowings, custody fees and any withholding or transfer taxes imposed on the partnership. The partnership also bears all out-of-pocket costs of the administration of the partnership, including, but not limited to, accounting, audit and legal expenses, costs of any litigation or investigation involving the partnership's activities, and costs associated with reporting and providing information to existing and prospective limited partners.

Neither our firm nor any of our principals or employees receives any transaction-based compensation for the sale of securities or other investment products.

### **3. Performance-Based Fees and Side-By-Side Management**

Our firm or our affiliates receive performance-based compensation in the form of a performance allocation from our affiliated hedge fund client. The existence of the allocation may create an incentive for our firm or our affiliates to make riskier or more

speculative investments on behalf of our hedge fund client. In order to avoid this conflict, we act as a fiduciary and must at all times act in our clients' best interests which includes a duty to ensure that securities purchased on their behalf are suitable for their objectives, needs and circumstances. The fact that the general partner and members or entities associated with the Ackerman family represent the largest investor in our hedge fund aids in aligning our interests with the interests of our hedge fund investors.

In addition, the existence of a performance allocation generally may create an incentive for a firm or its affiliates to favor certain clients when making an investment decision than would be the case in the absence of these arrangements. In our case, such a conflict is minimized due the fact that the hedge fund typically invests in publically-traded equity securities, which we do not utilize for our separately managed accounts. For those separately managed accounts we utilize no-load mutual funds and exchange-traded funds.

#### **4. Types of Clients**

Our clients are families, individuals, trusts, individual retirement accounts, profit sharing plans, charitable institutions and other entities with substantial assets to which we provide advice through separately managed accounts. We also provide advisory services to a private pooled investment vehicle (hedge fund).

##### Investment Requirements

With regard to separately managed accounts, the minimum investment required to open an account is generally \$500,000, although investments of a lesser amount may be accepted on a case by case basis.

Investors in our hedge fund client are generally required to make a minimum investment of \$250,000. We have the discretion to, and on occasion may, accept subscriptions for a lesser amount.

This firm brochure is not an offer to invest in our fund.

#### **5. Method of Analysis, Investment Strategies and Risk of Loss**

##### Separately Managed Accounts

In managing separate accounts, we invest in no-load mutual funds and exchange traded funds in accordance with each client's Investment Policy Statement. We may invest in funds representing various asset classes including, but not limited to, domestic equities, foreign equities, domestic fixed income (taxable and municipal), foreign fixed income and alternatives. Alternatives may include real return investments such as commodities, or less correlated strategies involving long and short positions typically as part of an arbitrage type strategy, or tactical asset allocation strategy, or bear market funds which primarily maintain short exposure to a particular asset class. Within the equity asset classes we may invest in funds with a particular investment strategy (e.g. growth or value) and may seek to have exposure to various market capital ranges through large-cap or small-cap funds.

We base our fund selection on a number of criteria. First, we evaluate the cost of ownership. We seek to invest in funds with expense ratios within the lowest quartile of peer funds. Academic research has indicated that perhaps the most important factor affecting fund performance is the cost of ownership. In addition, with regard to taxable accounts, we seek to invest in funds that are reasonably tax efficient and do not carry large unrealized capital gain exposure.

Second, we seek funds with an investment strategy which we believe offers a likelihood of superior risk-adjusted performance versus their peers over a three to five year time horizon. Our macroeconomic outlook may affect which strategies we favor at any given time. In evaluating historical fund performance, we do not extrapolate past fund returns into the future, and we generally avoid “hot” funds in overextended asset classes or styles with ballooning asset bases. Often our fund selection process is driven by a belief in mean reversion. In other words, we typically invest in funds or strategies which may have fallen out of favor, but which we believe are poised to cycle back into favor.

Third, we engage in tactical asset allocation in our portfolios within the asset class allocation ranges outlined in each investment policy. We evaluate absolute and relative valuations, price trends, and investor sentiment among various asset classes and investment styles. We seek to both enhance return and reduce the risk of loss by avoiding over-valued, over-owned asset classes or investment styles.

Investing in mutual funds or exchange-traded funds involves significant risk of loss that our clients, and any investors in our clients, should be prepared to bear.

Certain risks associated with any investments on behalf of our advisory clients include:

- *Investment Judgment and Market Risk:* The success of our investment programs depends, in large part, on correctly evaluating future price movements of potential investments. We cannot guarantee that we will be able to accurately predict these price movements and that our investment programs will be successful.
- *Investment and Trading Risk Generally:* Investments in securities and other financial instruments involve a degree of risk that the entire investment may be lost. The use of short sales and option trading can, in certain circumstances, substantially increase the impact of unfavorable price movements on our clients’ investments. Also, changes in the general level of interest rates may negatively affect our clients’ results.
- *Dependence on our Firm.* The success of our clients are largely dependent upon our firm. There is no guarantee that our firm or the individuals employed by our firm will remain willing or able to provide advice to the clients’ accounts or that trading on this advice by our firm will be profitable in the future. The performance of our firm depends upon certain key personnel. If any of these personnel become incapacitated, the performance of our clients may be adversely affected.

- Financial Markets and Regulatory Change:* The instability pervading global financial markets has heightened the risks associated with the investment activities and operations of private investment funds, including those resulting from a reduction in the availability of credit and the increased cost of short-term credit, a decrease in market liquidity and an increased risk of bankruptcy of third parties with which we work. Market disruptions over the recent years and the increase in capital being allocated to hedge funds and other alternative investment vehicles have led to increased scrutiny and regulation over the private investment fund and asset management industry. In addition, the laws and regulations affecting business continue to evolve unpredictably. Laws and regulations applicable to our clients, especially those involving taxation, investment and trade, can change quickly and unpredictably in a manner adverse to our clients' interests.
- Equity Securities:* Our portfolio managers buy equity securities on behalf of our clients, seeking to profit from both security selection and thematic sector or market timing decisions. The value of these investments will generally vary with their issuer's performance and movements in the equity markets. Consequently, our clients may suffer losses if they invest in equity instruments of issuers whose performance diverges from our expectations or if equity markets generally move in a single direction and we have not hedged against such a move (see below for an explanation of hedging).
- Short Selling:* We may invest in funds which engage in short selling. Short selling of securities occurs when the manager borrows securities, promising to buy them at a later date. If the price drops, the manager can buy the securities at the lower price and make a profit on the difference. If the price of the securities rises, the manager has to buy them back at the higher price, and the investment loses money. Furthermore, whereas when a manager buys securities long, the risk of loss is limited to the cost of the securities, there is no limit to losses in a short sale because there is no cap on the price the manager may have to pay to buy the borrowed securities. Buying the securities can itself cause the price of the securities to rise further which would exacerbate the potential for loss.
- Derivatives.* We may invest in funds which utilize derivative instruments, or "derivatives," which include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, currency, or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of the underlying asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose our clients to the possibility

of a loss exceeding the original amount invested. Derivatives may also expose our clients to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. Derivatives may also expose our clients to counterparty risk. The counterparty risk lies with each party with whom our clients contract for the purpose of making derivative investments. In the event of the counterparty's default, our clients will only rank as unsecured creditors and risks the loss of all or a portion of the amounts they are contractually entitled to receive.

- *Options:* We may invest in funds which purchase or sell call and/or put options. There are risks associated with the sale and purchase of options. Call options are the right to buy a security at a certain price within a defined time period. Put options are the right to sell a security at a certain price within a defined time period. A buyer of either type of option assumes the risk of losing its entire investment in the option. A buyer of a call option risks losing its entire investment if the particular security never reaches the designated price within the set time period. A buyer of a put option risks losing its investment if the particular security does not decline enough to reach the designated price within the set time period.

An option's value may decline because of passage of time, the value of its underlying asset may change, changes in the market's perception as to the underlying asset's future price behavior or any combination of these factors.

At times, a fund may invest in over-the-counter options. Over-the-counter options are two-party contracts under which the buyer and seller negotiate the price and other terms. The risk of nonperformance by the opposing party on over-the-counter options is typically greater than the risk of nonperformance on exchange-traded options. In addition, the market for over-the-counter options is relatively illiquid, particularly for small transactions, which may impair the ability to sell options at profitable prices.

- *Futures:* We may invest in funds which purchase or sell futures. A future, also known as a futures contract, is a contractual agreement to buy or sell a particular commodity or financial instrument at a pre-determined price in the future. At times, futures may be illiquid investments because certain commodity exchanges limit fluctuations in particular futures contract prices during a single day. Once the price of a futures contract has increased or decreased by an amount equal to the daily limit, that contract cannot be traded unless traders are willing to trade it within that limit. This could prevent the fund manager from promptly selling unfavorable contracts and thus would subject our clients to substantial losses. There is also the risk that an exchange or the Commodity Futures Trading Commission may suspend trading, order immediate liquidation or settlement in a particular contract. This could also prevent the fund from promptly selling unfavorable contracts.



In addition, margin requirements for futures contracts are typically low relative to the value of the futures contracts. Low margin requirements mean that a relatively small price movement in a single stock futures contract could cause immediate and substantial losses. For example, if, at the time of purchase, 10% of the price of a futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for brokerage commission. Thus, like other leveraged instruments, any purchase or sale of a futures contract may result in losses in excess of the amount invested.

- *Borrowing/Leverage:* We may invest in funds which borrow against the assets of our clients when management believes that the proceeds from doing so will exceed the interest paid on the borrowing. Borrowing involves risk to our clients because the interest on the borrowed amount may be greater than the income from or increase in the value of the securities purchased with the borrowed amount. Also, there is always a possibility that the value of the securities purchased with the borrowed amount can decline below the amount borrowed. Generally, borrowing-type techniques used to increase potential returns are all forms of leverage.

Any investment profits made with the proceeds from borrowings in excess of interest paid on the borrowings will cause the income and value of an investment to be greater than would otherwise be the case. On the other hand, if the value of the additional securities purchased with the borrowed money does not increase enough to cover the interest paid on the borrowings, then the income and value of an investment will be less than would otherwise be the case.

- *Margin Transactions:* To increase their buying power, sometimes funds which we may invest in may engage in margin transactions. Trading on margin is a form of leverage. Specifically, when funds trade on margin, they are borrowing from a broker to purchase more securities than they otherwise would be able to with their initial cash investment. The securities purchased on margin serve as collateral for the broker's loan. Trading on margin is risky because it not only can increase gains, but also can amplify losses to the point where a client may lose more than its initial investment.

Funds also may employ short-term margin borrowing, which can be especially risky. For example, should the collateralized securities decline in value, a client could be subject to a "margin call," under which it must either deposit additional funds or securities with the broker or sell the pledged securities to compensate for the decline in value. If the value of a fund's assets suddenly drops, the fund might not be able to liquidate assets quickly enough to satisfy its margin requirements.

- *Hedging Transactions:* Funds which we invest in may use various other instruments to seek a hedge against the risk of changes in the level of prices of broad market averages or indices, as well as narrower indices or baskets of securities. Funds may execute these hedging strategies through the use of

exchange-traded equity index options or futures contracts or options futures contracts, standardized or individually negotiated over-the-counter contracts or other forms of derivative contracts.

These hedging strategies have risks associated with them, including possible default by the other party to the transaction, illiquidity and the risk that the use of these hedging strategies could result in losses greater than if they had not been used. The lack of complete correlation between price movements of these hedging strategies and price movements in the portfolio position of a fund creates the possibility that losses in the value of a fund's position may be greater than the gain on the hedging instrument. The possibility also exists that a gain in a fund's portfolio positions may be less than the loss on the hedging instrument. In addition, futures and options markets may not be liquid in all circumstances and certain over-the-counter index contracts may have no markets. As a result, funds which we invest in might not be able to close out a transaction without incurring substantial losses. While the successful use of these hedging strategies should tend to reduce the risk of loss due to a decline in the value of the hedged position, the use of these hedging strategies may also limit any potential gain which might result from an increase in value of the hedged position.

- *Short-term Trading:* Funds which we invest may engage in short-term trading. Short-term trading involves a certain degree of risk. Short-term trading denies the fund the strategy of minimizing risk by holding a position over a longer time period. In addition, frequent trading results in high turnover and brokerage commission expenses which can adversely affect a fund's performance if its trading is not sufficiently profitable.
- *Foreign Securities:* We invest in funds whose portfolios contain foreign securities. Investing in foreign securities involves certain risk factors not typically associated with investing in U.S. securities, such as fluctuation between exchange rates and the costs of converting from one currency to another. In addition, there may not be much information available regarding foreign securities because foreign companies and governments may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those of the U.S. There also might be a greater risk of political, social or economic instability and the possibility that foreign taxes may be imposed on our clients' income. Additionally, when investing in foreign bonds, there is always a risk that the issuer will default and be unable to pay the interest and/or principal payments due on the bonds, as the financial stability of foreign issuers may be more precarious than that of U.S. issuers.

Finally, non-U.S. markets have different clearance and settlement procedures which, in some markets, have difficulty keeping pace with large volumes of transactions. This can lead to substantial delays and settlement failures that could adversely affect a fund's performance.

- *Illiquid Investments:* Funds which we invest in may sometimes make illiquid investments on behalf of our clients. Illiquid investments are (1) investments that are not heavily traded and cannot easily be converted to cash or (2) investments that a fund must hold for several years to reach their potential value. If a fund requires cash and must sell illiquid investments at an inopportune time, it might not be able to sell illiquid investments at prices that reflect its assessment of their value or the amount paid for them.
- *Lack of Investment Diversification:* Although our firm and the funds which we invest in typically spread our client's capital among many investments, there are times when we may determine that any of our clients should hold a few, relatively large investments in relation to a clients' capital. Consequently, the success of each of those clients could be substantially adversely affected by the unfavorable performance of a single investment. In addition, funds that we invest in on behalf of our clients may also lack proper diversification.
- *Mutual Funds.* We may invest in mutual funds on behalf of our clients, which are registered investment companies regulated by the Securities and Exchange Commission. Mutual funds carry their own inherent risks, including the risk that the managers of the mutual fund will misdiagnose the market or the risk inherent in the market. Our firm will have no direct control over the management of any of the mutual funds in which our clients invest.

Mutual funds reserve the right to reject purchases or delay redemptions, sometimes after the purchase decision is made. These rights may affect our efforts to manage our clients' risk. In addition, it is possible for the value of a mutual fund to fall (or to rise more slowly than the stock market as a whole) even when stock prices in general are rising. Risk is involved in fund selection as well as in the timing of trades. Most mutual fund shares can be traded only at the end of each day, potentially exacerbating losses on days of steep overall market declines. Also, the purchase or sale of certain mutual funds may involve transaction charges that increase expenses to our clients.

*Exchange Traded Funds.* We may invest in exchange traded funds ("**ETFs**") on behalf of our clients which are subject to risks similar to those of shares of other diversified portfolios. Investment return and principal value will fluctuate and are subject to market volatility. ETF shares may be valued more or valued less than their original cost at the time of sale or redemption. ETFs that invest in foreign securities have higher risk characteristics versus domestic securities. Although ETFs are designed to provide investment results that generally correspond to the performance of their respective underlying indices, the funds may not be able to exactly replicate the performance of the indices because of fund expenses and other factors. Also, there are transaction charges associated with ETFs that increase expenses of our clients.

Our clients' investments are rather diversified, yet we still encourage our investors to consider all of the risk factors we have explained, as any investment can be risky and investors must be prepared to assume any potential loss.

#### Ackerman Value Partners, L.P.

Ackerman Value Partners, L.P. is a private investment partnership or "hedge fund." Ackerman Value Partners, L.P. aims to generate long-term capital appreciation and income while reducing the risk of capital loss associated with equity investments. The partnership primarily invests in a portfolio of publicly-traded equity securities, both long and short, although other strategies and types of investments may be employed. The investment philosophy of the partnership is based on the premise that attractive long-term returns can be realized through a diversified, disciplined, value-oriented investment strategy. The partnership seeks to maximize the returns from such a value strategy by focusing on profit opportunities created by the judgmental biases and behavioral weaknesses of investors

Certain risks associated with investments on behalf in Ackerman Value Partners, L.P. include:

- *Investment Judgment and Market Risk:* The success of our partnership depends, in large part, on correctly evaluating future price movements of potential investments. We cannot guarantee that we will be able to accurately predict these price movements and that our investment programs will be successful.
- *Investment and Trading Risk Generally:* Investments in securities and other financial instruments involve a degree of risk that the entire investment may be lost. The use of short sales and option trading can, in certain circumstances, substantially increase the impact of unfavorable price movements on our clients' investments. Also, changes in the general level of interest rates may negatively affect our clients' results.
- *Dependence on our Firm.* The success of our partnership is largely dependent upon our firm. There is no guarantee that our firm or the individuals employed by our firm will remain willing or able to provide advice to the partnership or that trading on this advice by our firm will be profitable in the future. The performance of our firm depends upon certain key personnel. If any of these personnel become incapacitated, the performance of our partnership may be adversely affected.
- *Financial Markets and Regulatory Change:* The instability pervading global financial markets has heightened the risks associated with the investment activities and operations of private investment funds, including those resulting from a reduction in the availability of credit and the increased cost of short-term

credit, a decrease in market liquidity and an increased risk of bankruptcy of third parties with which we work. Market disruptions over the recent years and the increase in capital being allocated to hedge funds and other alternative investment vehicles have led to increased scrutiny and regulation over the private investment fund and asset management industry. In addition, the laws and regulations affecting business continue to evolve unpredictably. Laws and regulations applicable to our partnership, especially those involving taxation, investment and trade, can change quickly and unpredictably in a manner adverse to partners' interests.

- *Equity Securities:* Ackerman Value Partners, L.P. buys equity securities seeking to profit from both security selection and thematic sector or market timing decisions. The value of these investments will generally vary with their issuer's performance and movements in the equity markets. Consequently, the partnership may suffer losses if it invests in equity instruments of issuers whose performance diverges from our expectations or if equity markets generally move in a single direction and we have not hedged against such a move (see below for an explanation of hedging).
- *Short Selling:* Ackerman Value Partners, L.P. engages in short selling. Short selling of securities occurs when we borrow securities, promising to buy them at a later date. If the price drops, we can buy the securities at the lower price and make a profit on the difference. If the price of the securities rise, we have to buy them back at the higher prices, and the investment loses money. Furthermore, whereas when we buy securities long our clients' risk of loss is limited to the cost of the securities, there is no limit to losses in a short sale because there is no cap on the price our clients may have to pay to buy the borrowed securities. Buying the securities can itself cause the price of the securities to rise further, which would exacerbate the potential for loss.

*Derivatives.* Ackerman Value Partners, L.P. has never utilized derivative instruments, or "derivatives," but retains the option to do so. Derivatives, which include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, currency, or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of the underlying asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose our clients to the possibility of a loss exceeding the original amount invested. Derivatives may also expose our clients to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. Derivatives may also expose our clients to

counterparty risk. The counterparty risk lies with each party with whom our clients contract for the purpose of making derivative investments. In the event of the counterparty's default, our clients will only rank as unsecured creditors and risk the loss of all or a portion of the amounts they are contractually entitled to receive.

- *Options:* Ackerman Value Partners, L.P. has never purchased or sold call and/or put options, but retains the authority to do so. There are risks associated with the sale and purchase of options. Call options are the right to buy a security at a certain price within a defined time period. Put options are the right to sell a security at a certain price within a defined time period. A buyer of either type of option assumes the risk of losing its entire investment in the option. A buyer of a call option risks losing its investment if the particular security never reaches the designated price within the set time period. A buyer of a put option risks losing its investment if the particular security does not decline enough to reach the designated price within the set time period.

An option's value may decline because of passage of time, the value of its underlying asset may change, changes in the market's perception as to the underlying asset's future price behavior or any combination of these factors.

At times, we may invest in over-the-counter options. Over-the-counter options are two-party contracts under which the buyer and seller negotiate the price and other terms. The risk of nonperformance by the opposing party on over-the-counter options is typically greater than the risk of nonperformance on exchange-traded options. In addition, the market for over-the-counter options is relatively illiquid, particularly for small transactions, which may impair our ability to sell our options at profitable prices.

- *Futures:* Ackerman Value Partners, L.P. has never purchased or sold a future, though we retain the authority to do so. A future, also known as a futures contract, is a contractual agreement to buy or sell a particular commodity or financial instrument at a pre-determined price in the future. At times, futures may be illiquid investments because certain commodity exchanges limit fluctuations in particular futures contract prices during a single day. Once the price of a futures contract has increased or decreased by an amount equal to the daily limit, that contract cannot be traded unless traders are willing to trade it within that limit. This could prevent us from promptly selling unfavorable contracts and thus would subject our clients to substantial losses. There is also the risk that an exchange or the Commodity Futures Trading Commission may suspend trading, order immediate liquidation or settlement in a particular contract. This could also prevent us from promptly selling unfavorable contracts.

In addition, margin requirements for futures contracts are typically low relative to the value of the futures contracts. Low margin requirements mean that a relatively small price movement in a single stock futures contract could cause immediate and substantial losses. For example, if, at the time of purchase, 10% of

the price of a futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for brokerage commission. Thus, like other leveraged instruments, any purchase or sale of a futures contract may result in losses in excess of the amount invested.

- *Borrowing/Leverage:* Ackerman Value Partners, L.P. may borrow against the assets of our partnership when management believes that the proceeds from doing so will exceed the interest paid on the borrowing. Borrowing involves risk to our clients because the interest on the borrowed amount may be greater than the income from or increase in the value of the securities purchased with the borrowed amount. Also, there is always a possibility that the value of the securities purchased with the borrowed amount can decline below the amount borrowed. Generally, borrowing-type techniques used to increase potential returns are all forms of leverage.

Any investment profits made with the proceeds from borrowings in excess of interest paid on the borrowings will cause the income and value of an investment to be greater than would otherwise be the case. On the other hand, if the value of the additional securities purchased with the borrowed money does not increase enough to cover the interest paid on the borrowings, then the income and value of an investment will be less than would otherwise be the case.

- *Margin Transactions:* To increase the partnership's buying power, Ackerman Value Partners, L.P. often engages in margin transactions. Trading on margin is a form of leverage. Specifically, when the partnership trades on margin, it is borrowing from a broker to purchase more securities than they otherwise would be able to with its initial cash investment. The securities purchased on margin serve as collateral for the broker's loan. Trading on margin is risky because it not only can increase gains, but also can amplify losses to the point where the partnership may lose more than its initial investment.

Ackerman Value Partners, L.P. also may employ short-term margin borrowing on behalf of some of our clients, which can be especially risky. For example, should the collateralized securities decline in value, the partnership could be subject to a "margin call," under which it must either deposit additional funds or securities with the broker or sell the pledged securities to compensate for the decline in value. If the value of the partnership's assets suddenly drops, it might not be able to liquidate assets quickly enough to satisfy its margin requirements.

- *Hedging Transactions:* Ackerman Value Partners, L.P. may use various other instruments to seek a hedge against the risk of changes in the level of prices of broad market averages or indices, as well as narrower indices or baskets of securities. The partnership may execute these hedging strategies through the use of exchange-traded equity index options or futures contracts or options futures contracts, standardized or individually negotiated over-the-counter contracts or other forms of derivative contracts.

These hedging strategies have risks associated with them, including possible default by the other party to the transaction, illiquidity and the risk that the use of these hedging strategies could result in losses greater than if they had not been used. The lack of complete correlation between price movements of these hedging strategies and price movements in the portfolio position creates the possibility that losses in the value of the partnership's position may be greater than the gain on the hedging instrument. The possibility also exists that a gain in a fund's portfolio positions may be less than the loss on the hedging instrument. In addition, futures and options markets may not be liquid in all circumstances and certain over-the-counter index contracts may have no markets. As a result, the partnership might not be able to close out a transaction without incurring substantial losses. While the successful use of these hedging strategies should tend to reduce the risk of loss due to a decline in the value of the hedged position, the use of these hedging strategies may also limit any potential gain which might result from an increase in value of the hedged position.

- *Short-term Trading:* Ackerman Value Partners, L.P. may engage in short-term trading. Short-term trading involves a certain degree of risk. Short-term trading offsets the strategy of minimizing risk by holding a position over a longer time period. In addition, frequent trading results in high turnover and brokerage commission expenses which can adversely affect the partnership's performance if its trading is not sufficiently profitable.
- *Foreign Securities:* We invest foreign securities, typically through the purchase of American Depositary Receipts (ADR). Investing in foreign securities involves certain risk factors not typically associated with investing in U.S. securities, such as fluctuation between exchange rates and the costs of converting from one currency to another. In addition, there may not be much information available regarding foreign securities because foreign companies and governments may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those of the U.S. There also might be a greater risk of political, social or economic instability and the possibility that foreign taxes may be imposed on our clients' income. Additionally, when investing in foreign bonds, there is always a risk that the issuer will default and be unable to pay the interest and/or principal payments due on the bonds, as the financial stability of foreign issuers may be more precarious than that of U.S. issuers.

Finally, non-U.S. markets have different clearance and settlement procedures which, in some markets, have difficulty keeping pace with large volumes of transactions. This can lead to substantial delays and settlement failures that could adversely affect the partnership's performance.

- *Illiquid Investments:* Ackerman Value Partners, L.P. may invest in illiquid investments. Illiquid investments are (1) investments that are not heavily traded and cannot easily be converted to cash or (2) investments that we believe the partnership must hold for several years to reach their potential value. If the partnership requires cash and must sell illiquid investments at an inopportune



time, it might not be able to sell illiquid investments at prices that reflect our assessment of their value or the amount paid for them.

- *Lack of Investment Diversification:* Although Ackerman Value Partners, L.P. typically maintains a well diversified portfolio and seeks to limit the exposure to any individual stock to less than 5% of the partnership, there may be times when we may determine that the partnership should hold a few, relatively large investments in relation to its capital. Consequently, the success of the partnership could be substantially adversely affected by the unfavorable performance of a single investment.
- *Exchange Traded Funds:* Ackerman Value Partners, L.P. purchases and sells short exchange traded funds either for strategic or hedging purposes. Investment return and principal value of ETF shares will fluctuate and are subject to market volatility. ETF shares may be valued more or valued less than their original cost at the time of sale or redemption. ETFs that invest in foreign securities have higher risk characteristics versus domestic securities. Although ETFs are designed to provide investment results that generally correspond to the performance of their respective underlying indices, the funds may not be able to exactly replicate the performance of the indices because of fund expenses and other factors.

The portfolio of Ackerman Value Partners, L.P. is fairly diversified, yet we still encourage our investors to consider all of the risk factors we have explained, as any investment can be risky and investors must be prepared to assume any potential loss.

## **6. Disciplinary Information<sup>1</sup>**

Neither our firm, nor any of our directors, officers or principals have been involved in any criminal or civil actions in a domestic, foreign or military court.

Neither our firm, nor any of our directors, officers or principals have been involved in any administrative proceedings before the Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority.

Neither our firm, nor any of our directors, officers or principals have been involved in any self-regulatory organization proceedings.

## **7. Other Financial Industry Activities and Affiliates**

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<sup>1</sup> Note to client: Please confirm all of the below.

Neither our firm, nor any of our directors, officers or principals is registered as a broker-dealer or a representative of a broker-dealer or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither our firm nor any of our directors, officers or principals is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or is an associated person of any of the above.

Ackerman Capital Management II, L.P., an affiliate of our firm, serves as the general partner and investment manager to our hedge fund client, Ackerman Value Partners, L.P. Edward Ackerman and David Ackerman control Ackerman Capital Management II, L.P.

We address this potential conflict of interest by fully disclosing the relationship among Ackerman Capital Management II, LP and Ackerman Value Partners, LP in our offering documents. Although Edward Ackerman's and David Ackerman's control of our hedge fund client's general partner and investment manager may give them heightened control and discretion over our hedge fund client, they manage any potential conflicts of interest by strictly adhering to the investment strategy and business philosophy discussed in our hedge fund client's Private Placement Memorandum.

We do not have any related person who is:

- broker-dealer, municipal securities dealer, or government securities dealer or broker;
- an investment adviser or financial planner;
- a future commissions merchant, commodity pool operator, or commodity trading advise;
- a banking or thrift institution;
- an accountant or accounting firm;
- a lawyer or law firm;
- an insurance company or agency;
- a pension consultant; or
- a real estate broker or dealer.

We do not recommend or select other investment advisers for our clients.

## **8. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

We have adopted a Code of Ethics in accordance with the Securities and Exchange Commission requirements. Our Code of Ethics works to ensure that our employees' securities transactions are consistent with our firm's fiduciary duty to our clients and to ensure compliance with legal and regulatory requirements. It focuses on specific areas where employee conduct has the potential to affect clients' or investors' interests adversely, such as personal securities trading, outside activities, gifts, borrowing and lending, the influence of personal relationships and charitable contributions. Our Code of Ethics requires employees to submit annual statements to our Compliance Officer for any account holding securities in which an employee or certain of their family members have an interest. Certain employee trades in which an employee or certain of their family members have an interest must be reviewed and pre-approved by our Compliance Officer. We provide a copy of our Code of Ethics to any client or any investor in our clients that requests one.

Principals and employees of our firm may recommend to clients, when appropriate, to invest a portion of their capital in Ackerman Value Partners, L.P., in which we have a material financial interest. Ackerman Value Partners, L.P. has a fixed 1% management fee and 20% performance re-allocation and generates more revenue for the firm on each dollar invested versus our wealth management offering and, therefore, may create an incentive for the firm to recommend the partnership to clients for whom it may not be suitable or in amounts that may not be prudent. In recommending Ackerman Value Partners, L.P. to potential investors, this conflict of interest is communicated to the investor. In addition, the firm takes its role as a fiduciary of its clients' assets very seriously. Pursuant to this duty, our Code of Ethics requires that we must at all times act in the clients' best interests and that we have a duty to ensure that any recommendations are suitable for each client's objective needs and circumstances. In addition, investments in Ackerman Value Partners, L.P. may only be purchased by investors who qualify as "accredited investors" or "qualified clients," as defined in the partnership's subscription documents.

With the sole exception of Ackerman Value Partners, L.P., principals and employees of our firm do not recommend investment in any other entity or security in which we have a material financial interest.

Our principals and employee are not allowed purchase or sell, directly or indirectly:

- (i) certain covered securities (as set forth in our Code of Ethics) in which he or she has, or by reason of such transaction will acquire, any direct or indirect beneficial ownership and which, to his or her actual knowledge at the time of such purchase or sale, is being purchased or sold by our firm on behalf of a client's account; or
- (ii) any related covered security (as set forth in our Code of Ethics) to a security being actively considered for purchase or sale by the Company, such as puts, calls, other options or rights in such security.

No investment personnel shall directly or indirectly acquire a interest in securities through a limited offering or in initial public offering without obtaining the prior consent of the Compliance Officer (or his designee). Consideration will be given to whether or the opportunity should be reserved for our clients' accounts.

The preceding trading restrictions do not apply to securities in which our principals and employees have no direct or indirect influence or control and which the purchase or sale of the security does not affect the execution of clients' purchases or sales. Mutual fund shares which trade daily based on closing net asset values would be the primary example of such an excluded security.

At times, our firm, our affiliates or employees of our firm may buy or sell for themselves securities, or securities related to those, we also recommend to clients. This could create a conflict of interest if our principals and employees receive more favorable execution prices than do our clients because our principals' and employees' trades might have driven up the market prices of target securities. However, we eliminate this conflict by mandating that principals and employees cannot buy or sell these securities until we have first had the opportunity to buy or sell them for our clients' accounts, or by including these securities in a block transaction in which the firm, affiliate, or employee will receive the same execution.

Additionally, our firm and its partners and employees have committed their own capital to both its separately managed account offering and hedge fund offering. This helps align the interests of our clients with that of the firm's principals and employees.

## **9. Brokerage Practices**

In selecting broker-dealers and determining the reasonableness of their commissions for our clients' transactions, we strive to achieve "best execution," by taking into account any combination of the following factors:

- commission costs,
- capital adequacy, meaning that a broker-dealer has sufficient capital to correspond to its risk,
- ability and willingness to commit capital,
- confidentiality,
- the nature and quality of research products and services offered,
- market expertise and
- execution ability, which includes:
  - the minimization of total trading costs, errors, incomplete trades and market impact,

- the speed at which a broker-dealer can effect a transaction,
- a broker-dealer's use of advanced technology and infrastructure and
- the maximization of price improvement.

We Utilize Research and Other Soft Dollar Benefits. At times, our firm may pay higher prices to buy securities from, or accept lower prices for the sale of securities to, brokerage firms that provide us with investment and research information. This investment and research information is often referred to as "soft dollar" benefits. The research services that broker-dealers might provide include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. We can use these research services and products in connection with our advisory services for any of our accounts, not necessarily for only the account that "paid" for them. For example, we might utilize research services that a broker-dealer provides for our hedge fund client in connection with our advisory services for other accounts and vice versa. While we do not aim to allocate soft dollar benefits to each client account in proportion to the soft dollar credits each client generates, we do seek to allocate soft dollar benefits equally among all of our clients.

The Securities and Exchange Commission has created a safe harbor that protects financial advisers from liability for a possible breach of fiduciary duty to their clients for engaging in soft dollar arrangements for certain services at other than the lowest transaction costs if they make a good faith determination that the amount of the commission was reasonable in relation to the value of the services received. We intend that our soft dollar arrangements will fall within this safe harbor.

Using client transactions to obtain research and other benefits creates incentives that result in conflicts of interest between advisers and their clients. When we use client markups or markdowns to obtain research products and services, our firm receives a benefit because we do not have to produce or pay for the research products and services. The availability of these benefits may influence us to select one broker-dealer rather than another to perform services for clients, based on our interest in receiving the products and services instead of on our clients' interest in receiving the best execution prices. Obtaining these benefits may cause our clients to pay higher fees than those charged by other broker-dealers.

The use of soft dollars to obtain research services and to pay for other costs and expenses that our firm might otherwise incur creates a conflict of interest between our firm and our clients because our clients pay for products and services that are not exclusively for their benefit and that may be primarily or exclusively for the benefit of our firm. To the extent that we are able to acquire these products and services without expending our own resources, our use of soft dollar benefits tends to increase our profitability.

We use particular procedures to direct transactions in return for soft dollars. First, we do not engage in soft dollar trades on behalf of our separately managed accounts. We only utilize soft-dollar brokers in executing trades for Ackerman Value Partners, L.P. and personal accounts. The firm seeks to execute an amount of trades through particular broker-dealers to cover the cost of certain expenses, research, or services.

We do not consider referrals in selecting or recommending broker-dealers. Our firm does not recommend, request, or require that a client, nor do we permit a client to, direct us to execute transactions through a specified broker-dealer.

Sometimes we decide that some or all of our clients should participate in the same investment opportunity. In this case, we aggregate the purchase or sale of the securities for the various client accounts. We then allocate the securities purchased (or sold) among our participating clients so that each client receives the same terms. We also seek to execute orders for all participating clients on an equitable basis. If we decide to invest at the same time for more than one of our clients, we place combined orders for all these accounts simultaneously, and, if all these orders are not filled at the same price, we average the prices paid. Similarly, if an order on behalf of more than one account cannot be fully executed under current market conditions, we allocate the trade among the different accounts on a basis that we consider equitable. Ultimately, clients can benefit when we aggregate trades because they get volume discounts on execution costs. On the other hand, situations may occur where one client could be disadvantaged because of the investment activities we conduct for other clients.

Mutual fund sales and purchases are subject to time-cut-offs in order to receive same day or next day execution at the fund's net asset value. In placing common trades for our clients, under certain circumstances, some trades may be received before the time cut-off while other trades may be received after the cut-off. This can create a situation in which clients may receive different execution prices related to the same common trade. Because mutual fund trading occurs based on net asset value, and purchases or sales of a fund do not affect the net asset value, we believe that such situations do not harm or benefit certain clients over others.

## **10. Review of Accounts**

David Ackerman, the primary portfolio manager and a principal of our firm or Johnny Hea, a portfolio manager of our firm, reviews our separately managed accounts at least quarterly. Mutual funds and exchange traded funds in these accounts are evaluated based on the expected rewards and risks given our macroeconomic outlook, cost of ownership, the quality or consistency of management, technical price action, and investor sentiment. Any individual securities in these accounts are evaluated with regard to valuation, earnings, cash flows, earnings quality, management signals and the technical price action of the securities. In taxable accounts, consideration is made for the tax consequences of the sale of any fund or security. A review of the account may be triggered by the action of the capital markets or by changes in a particular client's circumstances or investment objectives.

David Ackerman, the primary portfolio manager and a principal of our firm, reviews our hedge fund client's account at least monthly. The securities in this account are reviewed on a continuous basis and are evaluated with regard to valuation, earnings, cash flows, earnings quality, management signals and the technical price action of the securities. The net exposure of the fund is reviewed based on the technical action of the broad market, the monetary environment, seasonal factors, and investor sentiment.

Clients in separately managed accounts receive monthly brokerage statements from the custodian either by mail or electronically, depending on their selected preference. In addition, on a quarterly basis, the firm provides clients with a portfolio appraisal and a year-to-date performance report generated using Advent Software's Axys portfolio management software, and an invoice detailing the calculation of management fees that have been deducted from clients' accounts for the previous quarter. Along with these reports, clients receive a letter written by David Ackerman which typically explains the firm's economic and investment outlook and recent purchases or sales. These reports and accompanying letter are written and sent to clients via the U.S Postal Service.

Limited partners in our hedge fund, Ackerman Value Partners, L.P., receive a written performance memorandum on a monthly basis that contains the partnership's estimated performance for the previous month and for the year to date. This performance is compared to that of the S&P 500, which is the stated performance benchmark for the partnership. The memorandum also provides long, short, and net exposure of the fund to the equity markets determined as of month end as a percentage of its capital, as well as the number of positions held. On a quarterly basis, limited partners receive a letter written by David Ackerman which typically discusses the investment landscape, recent activity of the fund, particular strategies being employed by the partnership, and an evaluation of performance. Along with this letter, limited partners receive a "datasheet" which provides certain information on the characteristics of the portfolio and the fund's historical performance. All monthly and quarterly reporting for the partnership is sent to limited partners electronically in PDF format.

We also provide investors in our hedge fund client with written annual reports that contain audited financial statements and tax information. These are mailed to clients using the U.S. Postal Service.

## **11. Client Referrals and Other Compensation**

Please see Section 9: Brokerage Practices for a description of our soft dollar practices.

Our firm does not, nor do any principals or employees of our firm, compensate anyone for client referrals.

## **12. Custody**

While it is our firm's practice not to accept or maintain physical possession of any of our clients' assets, we are deemed to have custody of our hedge fund client's assets under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, because we have the

authority to access our hedge fund client's funds and deduct fees and expenses from our hedge fund client's accounts.

In order to comply with Rule 206(4)-2, we utilize the services of a bank or qualified custodian (as defined under Rule 206(4)-2) to hold all of our clients' assets. We also ensure that the qualified custodian maintains these funds in accounts that contain only clients' funds and securities, under our name as agent for the clients. In accordance with Rule 206(4)-2, we also (1) engage an outside auditor to audit Ackerman Value Partners, L.P. at the end of each fiscal year and (2) distribute the results of the audit in audited financial statements that are prepared in accordance with generally accepted accounting principles to all limited partners within 120 days after the end of the fiscal year.

We do not custody the assets of our managed account clients. These clients will receive account statements directly from their custodian and should review them carefully. They should compare the account statements they receive from their custodian with any reports internally prepared by our firm.

### **13. Investment Discretion**

#### Scope of Authority

Our firm accepts discretionary authority to manage our clients' securities accounts. Essentially, this means that we have the authority to determine, without obtaining specific client consent, which securities to buy or sell, the amount of securities to buy or sell, and when to buy or sell securities. Despite this broad authority, we are committed to adhering to the investment strategy and program set forth in each of our clients' Investment Policy Statement and managed account investment advisory agreements, and in the case of our hedge fund, to the Private Placement Memorandum and limited partnership agreement.

#### Procedures for Assuming Authority

Before assuming authority of separately managed accounts we provide all investors with a copy of our ADV Part 2 and Privacy Policy and require a signed investment advisory agreement.

With regard to Ackerman Value Partners, L.P., before accepting subscriptions for interests, we provide all investors in our clients with a Private Placement Memorandum and limited partnership agreement. By completing our subscription documents to acquire an interest in the partnership, investors give us complete authority to manage their investments in accordance with the Private Placement Memorandum and/or limited partnership agreement.

### **14. Voting Client Securities**

#### Proxy Voting Policy

Because clients have, in most cases, delegated the power to vote their securities to our firm, we have implemented proxy voting policies and procedures in accordance with



securities laws and our fiduciary obligations to our clients. We determine how to vote after studying the proxy materials and any other materials that may be necessary or beneficial to voting. We vote in a manner that our firm believes reasonably furthers the best interests of the client and is consistent with the client's investment philosophy as set forth in the relevant investment management documents.

We will generally vote in favor of matters which follow an agreeable corporate strategic direction, support an ownership structure that enhances shareholder value without diluting management's accountability to shareholders and/or present compensation plans that are commensurate with enhanced manager performance and market practices.

#### Potential Conflicts of Interest

If a proxy vote creates a material conflict between our interests and the interests of a client, we will resolve the conflict before voting the proxies. We will either disclose the conflict to the client and obtain consent or take other steps designed to ensure that a decision to vote the proxy was based on our determination of the client's best interest and was not the product of the conflict.

#### Recordkeeping

We maintain records of (i) all proxy statements and votes that are made on behalf of the clients; (ii) all written requests from clients regarding voting history; and (iii) all responses (written and oral) to clients' requests. These records are available to the clients (and owners of a client that is an investment vehicle) upon request.

We have the authority to vote all proxies in Ackerman Value Partners, L.P. Clients in separately managed accounts are given the option of receiving their own proxies or to have them directed to our firm, in which case we vote these proxies on their behalf.

### **15. Financial Information**

We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

We are not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to our clients.

Our firm has never been the subject of a bankruptcy petition.