

Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Athena Capital Advisors LLC (hereinafter “ACA” or “firm” or “we”). If you have any questions about the contents of this brochure, please contact us at (781) 274-9300 or at aburnham@athenacapital.com. 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 ACA is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for ACA is 124062. Registration with the Securities and Exchange Commission does not imply any level of skill or training.

Item 2. Summary of Material Changes

On July 21, 2010, the U. S. Securities and Exchange Commission (the "SEC") unanimously adopted changes to Form ADV, Part II. All fifty states have also adopted the new format, with some additional state-specific disclosures mandated. The new Part 2, also known as the "Brochure" has 18 separate items that our firm must address (19 for state-registered advisers), each of which requires disclosure on a distinct topic, and answers must be presented in the order of the items in the form, using the headings in the form. Our goal is to provide you with easy-to-understand "plain-English disclosure," using an easy-to-read format and definite, concrete, everyday words.

Our current (updated) Form ADV, Part 2 will be available to our existing and prospective clients 24 hours a day through the Investment Adviser Public Disclosure website. Additionally, we will annually and within 120 days of the end of our fiscal year, provide you either: (i) a copy of our Form ADV, Part 2 that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV, Part 2. We urge you to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

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Item 4. Advisory Business

Athena Capital Advisors LLC (hereinafter, “ACA” or “Athena Capital”) is a fee-only SEC-registered investment adviser (SEC file number 801-62001). Our principal place of business is located in Lincoln, Massachusetts. We have been in business since 1993. Athena Capital Advisors, Inc. is our direct majority owner and Lisette Scott Cooper, Managing Director and CEO, is our indirect majority owner.

Discretionary assets under our firm’s management were \$1,571,065,445 as of December 31, 2010.

Non-discretionary assets under our firm’s management were \$1,949,731,688 as of December 31, 2010.

Portfolio Management Services

We develop a customized investment approach for each client based on the client's tolerance to risk, return requirements, wealth, time horizon, need for liquidity, legal and tax considerations, inter-generational issues and the client's other special needs and circumstances.

Based on the information gathered, an investment policy (“IP”) is developed, which will then govern the investment management process. Client investment strategies will generally be diversified across a range of asset classes as appropriate, including U.S.

equities, foreign equities, real estate, private equity, hedge funds and other alternative investments, bonds and cash equivalents.

We manage advisory accounts on a discretionary or non-discretionary basis, as agreed with each client. For discretionary accounts, we will implement transactions without seeking prior client consent. However, clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. For non-discretionary accounts, we will seek prior client consent for every contemplated transaction. Therefore, clients with non-discretionary accounts should understand that any delay in obtaining consent may result in less favorable transaction terms, including higher security price and/or higher commissions and/or limited availability of the securities sought.

As part of managing a client's portfolio we recommend investments with independent third-party managers demonstrating knowledge and expertise in a particular investment strategy.

Our investment recommendations will primarily include advice regarding the following instruments and asset classes:

- Cash or cash equivalents
- Fixed income instruments/funds
- Domestic and foreign equity securities
- Commodities
- Real Estate Investment Trusts (REITs)
- Hedge Funds, Private Equities, Private Real Estate investments and limited partnership structures
- Private placement securities

We have particular expertise in alternative investment management including the design of customized portfolios of hedge funds and other private investments. Our extensive relationships, and those of our own clients, provide unusual knowledge and access to the highest quality specialized investment funds. We may also advise our clients on direct investment transactions. We sometimes create commingled vehicles for our clients to enable those clients to invest in programs of alternative investments. These vehicles, typically in an LLC structure, are used for certain clients, and there is no additional fee, other than reimbursement to the vehicle for the direct operational expenses incurred by the vehicle.

In addition to the instruments described above, we may use the following instruments for all client accounts; the frequency for each varies depending on the specific client's needs:

- Municipal securities
- Warrants
- Commercial paper
- Certificates of deposit

- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Option contracts
- Futures contracts

Athena Capital does not provide legal or tax advice.

PRIVATE CLIENTS SERVICES

Athena Capital Advisors LLC serves an elite group of private investors, including individuals and families with substantial wealth. Many of our families have a variety of Trusts, Limited Liability Companies (LLC's) and Family Limited Partnerships (FLP's) which we also manage.

Our Private Client Services include investment policy creation, asset allocation, tactical implementation, manager selection, monitoring, and consolidated reporting. We have very strong quantitative and derivative expertise; and may create customized swaps, hedges or other sophisticated transactions and structures to serve our client's needs and solve their most complex problems.

We are accustomed to working with clients' lawyers, tax experts and other service providers. We frequently assist our clients' extended families, and are skilled in dealing with intra-family matters, charitable giving and distribution planning. We may serve as trustee, or agent for the trustee, of family trusts.

Athena Capital also offers our Private Clients the opportunity to utilize additional financial management services including bill pay, bookkeeping, financial statement preparation, financial coaching, and aircraft management.

INSTITUTIONAL CLIENTS SERVICES

We provide portfolio management services to a select group of institutional investors including foundations and endowments, and comingled investment funds. These services may include: investment strategy, research and portfolio management as a manager of an entity, investment adviser or sub-adviser.

We are accustomed to working with the institutional clients' investment committee, board of trustees, executives and financial staff, attorneys and other service providers. We provide flexible solutions based on the needs of the institution.

Sub-Advisory Services

From time to time we may provide Portfolio Management services as a sub-adviser. In other words, a client may engage an independent registered investment adviser or money

manager (hereinafter, "Independent RIA") which, in turn, will engage our firm (and possibly other investment advisers) to provide portfolio management services to all or part of its clients' portfolios. In this situation, the Independent RIA and not our firm will be responsible for collecting and analyzing client investment goals and objectives and determining the suitability of one or more of our investment models. Once such an assessment takes place, the Independent RIA will instruct us as to which investment model or combination of investment models to use for each sub-advised account. The Independent RIA will be responsible for updating client suitability information and reassessing the suitability of the selected ACA investment model on an ongoing basis. Our firm will receive a portion of the fee charged by the Independent RIA to the client in accordance with the agreement between us and the Independent RIA, based on the terms of a Sub-Advisory Agreement. Clients should refer to the Independent RIA's disclosure document for additional information regarding its advisory services, total fees, conflicts of interest and other important information.

MANAGER SELECTION AND IMPLEMENTATION

For markets that we believe are relatively efficient, we may recommend passive (indexed) products, including mutual funds, ETFs and managed separate accounts.

For markets we believe to be relatively inefficient, we normally recommend actively managed investment vehicles including funds and direct investments that we believe exhibit the potential for superior after-tax performance.

For concentrated or illiquid positions, we normally use modern hedging products to tailor the risk/return profile. We will act as the client's advocate in working with Wall Street to structure and execute complex transactions as needed on a risk-controlled and cost-effective basis.

In order to identify investments, our firm will conduct appropriate due diligence on all independent third-party managers, making reasonable inquiries into their performance calculations, policies and procedures, and other operational and compliance matters deemed important to account for performance and risk management. For certain clients, we may conduct due diligence on specific investments identified by the client, and meet with specific managers as requested by the client.

Based on a client's individual circumstances and needs (as exhibited in the client's IP), we will determine which selected manager's style is appropriate. We consider multiple client-specific factors when making investment recommendations. These factors include assessing how well the client's risk tolerance fits with the proposed investment strategy and manager's philosophy, the composition and needs of the client's current portfolio, and terms and structure of the proposed investment. Depending on a client's circumstances, we may advise investing via a separately managed account, a mutual fund, a private partnership, or through one of Athena's commingled entities. We encourage clients to review our investment recommendation memos as well as each third-

party manager's disclosure documentation regarding the particular characteristics of any investment programs selected by us.

We will regularly and continuously monitor the performance of the selected manager(s).

For clients who grant us investment discretion, if we determine that a particular selected manager(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's IP and/or the manager's indicated strategy, we will remove the client's assets from that selected managers(s) and place the client's assets with another manager(s) at our discretion and without prior consent from the client.

For those clients who do not grant us investment discretion, if we believe that a particular manager is performing inadequately, or if we believe that a different manager is more suitable for a client's particular needs, then we may recommend that the client transition to an alternative third-party manager or managers. Under this scenario, we will assist the client in selecting a new manager, and then monitor that manager's performance. However, any move to a new manager is solely at the discretion of the client.

Athena Capital provides implementation and execution consistent with each client's customized investment policy, and periodically revises the investment policy to account for changing client needs and market conditions.

OTHER INVESTMENTS

We may provide advice on direct alternative investments, including co-investments. We also provide advice regarding restricted stock and over-the-counter ("OTC") derivatives.

Athena Capital Advisors is provided with the opportunity to evaluate investments that are being offered by, or through, the direct and affiliated business operations of our clients. In response to a client's request, and as deemed suitable and appropriate, ACA may assist in gathering information on such opportunities; distribute the information gathered and assist in creation of term sheets. ACA will not make investment recommendations on such opportunities to avoid the potential for conflict of interest.

PRIVATE PLACEMENT MANAGEMENT

ACA acts as manager and adviser for private placement vehicles created to enable clients to combine their funds with other clients in order to meet minimum participation thresholds. Participation in these vehicles is at the client's discretion. Clients will not be charged a separate investment management fee for their participation in these vehicles. However, clients investing in the Athena Stonehorse funds will be charged an incentive fee. The direct expenses of such vehicles (legal, accounting and administrative costs) are shared on a pro-rata basis by the participants of the vehicle.

Athena Capital has beneficial ownership in Athena Alpha Investors Management

Company LP which is the management company for a hedge fund of funds platform called Athena Alpha Investors. Athena Capital is the Sub-Adviser to Athena Alpha Investors. The overall Athena Alpha Investors platform consists of three investment entities in a master-feeder structure. The Master Fund is Athena Alpha Investors Holdings, LP and there are two Feeder Funds, Athena Alpha Investors, LP (the main vehicle for investors and clients) and Athena Alpha Partners, LP (a small, employee vehicle). Both feeder funds invest directly into the Master Fund which invests directly into a diversified portfolio of primarily hedge funds.

Clients may participate in Athena Alpha Investors, LP as part of their overall services and typically do not pay the management fee or the incentive fee of the fund. Athena Capital may solicit non-clients, and potential clients, for participation in Athena Capital's Athena Alpha Investors platform.

Athena Capital has beneficial ownership in Olive Tree Management Company, LLC which is the management company for a multi-asset class fund called Athena Olive Tree Multi-Asset Fund LP. Athena Capital is the Sub-Adviser to Athena Olive Tree Multi-Asset Fund LP, or "Athena Olive Tree". The overall Athena Olive Tree structure consists of three entities: Olive Tree Management Company, LLC, Olive Tree Investors, LLC (the General Partner), and Athena Olive Tree Multi-Asset Fund LP (the investment product). Athena Olive Tree invests in multiple assets classes that primarily include cash, domestic equities, foreign equities, fixed income, commodities, and hedge funds. Exposure to each asset class is gained primarily by investing in discretionary accounts managed by other money managers which may include affiliated funds of Athena Capital.

Athena Capital may solicit non-clients and potential clients for participation in Athena Olive Tree. Existing Athena Capital clients who wish to participate in Athena Olive Tree will have the fund's management fees waived. Athena Olive Tree does not charge an incentive fee.

Athena Capital has beneficial ownership of Athena Stonehorse Capital Management LLC, which is the management company for a hedge fund of funds platform called Athena Stonehorse. The overall Athena Stonehorse platform consists of two similarly managed investment entities: Stonehorse Capital Fund, LP (the main vehicle for Athena advisory clients) and Stonehorse Capital Offshore Fund, Ltd. (a Cayman-domiciled entity for non-taxable U.S. and offshore investors). Athena Stonehorse invests primarily in emerging managers smaller than \$500 million and younger than 36 months at the time of investment.

Athena Capital may solicit non-clients and potential clients for participation in Athena Stonehorse. Existing Athena Capital clients who wish to participate in Athena Stonehorse will not be charged additional management fees but will be charged incentive fees. In addition, Athena Alpha Investors, LP is currently an investor in Stonehorse Capital Fund, LP. Athena Alpha Investors is charged a 5%

incentive fee, subject to a high water mark provision, for its investment in Stonehorse Capital Fund, LP.

Interests in the above-referenced pooled investment vehicles (hereinafter collectively, the “Funds”) are offered in reliance upon various exemptions available under domestic and/or foreign securities laws for transactions in securities not involving a public offering.

Prospective investors in the Funds should be aware of additional risks, restrictions on withdrawals and redemptions and other important information associated with investment in the Funds. This information is outlined in the Funds’ Private Placement Memoranda and subscription documents. Prospective investors should refer to these documents for information regarding important additional considerations.

Athena’s principals and/or employees may have invested their own funds into the Funds. Clients should be aware that proprietary investment in the Funds and receipt of performance-based fees, if any, may create an incentive for us to favor these accounts because our overall financial interest is more directly tied to the performance of these accounts. Please refer to Item 6 of this Brochure for a detailed description of how we address and mitigate conflicts of interest.

We manage the Funds pursuant to the relevant Private Placement Memoranda and organizational documents.

Item 5. Fees and Compensation

Portfolio Management and Sub-advisory Services

The fees for Portfolio Management and sub-advisory services are typically based upon a percentage of assets under management and generally range between .25% and 1.00%. However, fees may be subject to negotiation, depending on the total assets to be managed and the level of complexity of the client’s portfolio structure.

The minimum annual fee for Portfolio Management and Institutional services is typically \$150,000, and may be waived from time to time. The specific client’s minimum fee is determined by the overall portfolio’s assets under management.

In addition, we may charge certain Portfolio Management clients (Private or Institutional) a performance-based fee, which is calculated based on a percentage of the account net profits at the end of each fiscal year. Such fees are typically 10% of the allocable share of net profits above the agreed upon hurdle rate and subject to a high water mark provision. This is not our typical fee arrangement.

In measuring an investor’s net profits for the calculation of performance fees, we will typically include both realized and unrealized gains and losses during the relevant period.

We may waive performance-based fees for some or all of our existing or future qualified clients or private fund investors.

Additional non-management services such as trustee services, bill-paying, consolidated reporting and service provider search and coordination may be included in the overall advisory fee charged to the client or charged separately, depending on the terms of each advisory agreement.

Private Placement Management

For pooled investment vehicles where ACA also serves as the General Partner or Manager, we may be paid administrative fees and/or management fees for the cost of administering the business affairs of the investment entities (so far our practice has been to waive the management fees and instead include the clients' interest in these entities as managed assets subject to the firm's advisory fee schedules).

Investors in Athena Alpha Investors, LP are subject to an annual fee of 0.80% of the net assets under management with respect to each partner, as well as an incentive fee equal to 10% of the allocable share of net profits subject to a high water mark provision. In measuring an investor's net profits for the calculation of performance fees, we will typically include both realized and unrealized gains and losses during the relevant period. Pursuant to a sub-advisory agreement with the funds' management company, ACA receives 100% of the management fee. The incentive allocation is paid to the funds' General Partners.

Investors in Athena Olive Tree are subject to an annual fee of 1.25% of the net assets under management with respect to each partner. No incentive allocation is charged to Athena Olive Tree investors or Athena Olive Tree. Pursuant to a sub-advisory agreement with the fund's management company, ACA receives 100% of the management fee.

Investors in Stonehorse Capital Fund, LP are subject to an annual fee of 1.0% of the net assets under management with respect to each partner, as well as an incentive fee equal to 5% of the allocable share of net profits subject to a high water mark provision. In measuring an investor's net profits for the calculation of performance fees, we will typically include both realized and unrealized gains and losses during the relevant period. Pursuant to an investment management agreement with the fund, Athena Stonehorse Capital Management LLC receives 100% of the management fee. The incentive allocation is paid to the fund's General Partner.

Investors in Stonehorse Capital Offshore Fund, Ltd. are subject to an annual fee of 1.0% of the net assets under management with respect to each partner, as well as an incentive fee equal to 5% of the allocable share of net profits subject to an annual 5% "soft" hurdle rate and a high water mark provision. If, in any given year, the fund's performance does not exceed 5%, the incentive fee will be reduced (but not below 0%) such that no incentive fees are taken if the investor's total net return is less than 5%. In measuring an investor's net profits for the calculation of performance fees, we will typically include

both realized and unrealized gains and losses during the relevant period. Pursuant to an investment management agreement with the fund, Athena Stonehorse Capital Management LLC receives 100% of both the management fee and incentive allocation.

Clients may participate in the Funds as part of their overall services and typically do not pay the management fee of the Funds. Clients typically do not pay the incentive fee (if applicable) of Athena Alpha Investors or Athena Olive Tree, but they do pay the incentive fee of Athena Stonehorse.

Fees in General

Portfolio management fees are charged in advance at the beginning of each quarter, based upon the net value of the assets in the client account on the last business day of the previous quarter, pro-rated for additions and withdrawals.

Depending on the particular arrangement with each client, we will either invoice clients or directly debit their custodial accounts for our advisory fees.

Fees and account minimums for all services are negotiable based upon certain client specific criteria, primarily involving the level of complexity of the portfolio and total assets to be managed. Discounts, not generally available to all clients, may be offered to family members and friends of our staff and existing clients.

We may aggregate certain related client accounts for the purposes of determining the account size and/or annualized fee.

Certain legacy client agreements may be governed by fee schedules different from those listed above.

Under no circumstances will we collect fees in excess of \$1,200 more than six months in advance of services rendered.

Account Termination

Clients of ACA will have a period of five (5) business days from the date of signing the agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, the client may terminate the agreement by providing us with a 90-day written notice at our principal place of business. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. Clients who invested in certain private funds sponsored by our firm will pay us a fee on these investments from the date of termination to the date of client's interest liquidation.

Clients and investors in any of Athena's private placement vehicles will be subject to the specific terms of each fund as explained in the funds' offering documents.

Investment Funds Fees and Expenses

All fees paid to our firm for investment advisory services are separate and distinct from the fees and expenses charged by investment funds that Athena might recommend for a client's portfolio (such as mutual funds, ETFs, separately managed accounts, hedge funds, real estate funds, and private equity funds). These fees will generally include a management fee, other fund expenses, and in certain cases a distribution fee and/or a performance incentive fee paid to the manager of the fund. If a client were to invest in these funds without the guidance of Athena, the client would not receive the services provided by us which are designed, among other things, to assist the client in determining which investment funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by these investment funds and the fees charged by us to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Brokerage, Custodial, and Third-Party Manager Fees

In addition to advisory fees paid to our firm, clients will also be responsible for all transaction, brokerage, trade-away and custodial fees incurred as part of their account management. Please see Item 12 of this Brochure for important disclosures regarding our brokerage practices. All fees charged by selected third-party managers and/or funds are incurred by clients in addition to our advisory fees.

Item 6. Performance-Based Fees

As we disclosed in Item 5 of this Brochure, our firm may accept a performance-based fee from certain clients. Such a performance-based fee is calculated based on a share of capital gains on or capital appreciation of the assets of the account. To qualify for a performance-based fee arrangement, a client must either demonstrate a net worth of at least \$1,500,000 or must have at least \$750,000 under management immediately after entering into a management agreement with us.

Clients should be aware that performance-based fee arrangement may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Furthermore, since we also have clients who do not pay performance-based fees, we have an incentive to favor accounts that do pay such fees because compensation we receive from these clients is more directly tied to the performance of their accounts. Since we endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser, we take the following steps to address these conflicts:

1. We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and its employees to earn more compensation from advisory clients who pay performance-based fees;

2. We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
3. Our management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
4. We have implemented policies and procedures for fair and consistent allocation of investment opportunities among all client accounts;
5. We periodically compare holdings and performance of all accounts with similar strategies to identify significant performance disparities indicative of possible favorable treatment;
6. We periodically review trading frequency and portfolio turnover rates to identify possible patterns of "window dressing," "portfolio churning," or any intent to manipulate trading to boost performance near the reporting period; and
7. We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients and equitable treatment of all clients, regardless of the fee arrangement.

Performance-based fees will only be charged in accordance with the provisions of Rule 205-3 of the Investment Advisers Act of 1940 and/or applicable state regulations. The fees will not be offered to any client residing in a state in which such fees are prohibited.

The client must understand the performance-based fee method of compensation and its risks prior to entering into a management contract with us.

Item 7. Types of Clients

Our firm generally provides advisory services to individuals, family offices, trusts, estates, charitable organizations, corporations and other business entities, institutional clients such as endowments, partnerships, limited liability companies, and other investment advisers.

Investments in private placements are typically limited to accredited investors and qualified purchasers. Specific requirements are stated in each fund's Private Placement Memorandum and/or offering documents.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Strategic Asset Allocation:

Athena builds investment portfolios that are based on long-term strategic asset allocations that seek to:

1. Achieve our target investment return while balancing risk, return, and taxes;
2. Be robust under foreseeable economic circumstances;
3. Be well-diversified by type of market exposure and manager strategy; and
4. Incorporate both historical and forward-looking expectations of asset and sub-asset class risk/return characteristics.

Strategic target allocations serve as the foundation to managing client portfolios, but are just a starting point. Client portfolios often vary from strategic targets based on tactical shifts (as discussed below) or client-directed tilts to the portfolio.

Tactical Asset Allocation:

We seek to enhance client portfolio returns by tactically adjusting asset class or sub-asset class exposures. We overweight exposures that we believe have attractive risk/return characteristics on a 6-18 month forward-looking basis, and tactically underweight exposures that we believe are less attractive on a 6-18 month forward-looking basis.

Manager Selection:

We implement our asset allocation strategies using a mix of alpha and beta instruments, including long/short structures (i.e., hedge funds), active long-only managers and passive investment vehicles. In less efficient markets, we are more likely to express our views using an active management approach. In more efficient markets, we typically use more cost-effective, index-oriented instruments.

a. Third-Party Manager Analysis: We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, it is possible for us to miss the absence of

internal controls necessary to prevent business, regulatory or reputational deficiencies.

It is our policy and practice to conduct initial due diligence with respect to the investment manager of any prospective hedge fund investment and to monitor any selected investment manager on an on-going basis to determine and evaluate the portfolio management team's background, experience and philosophy; the process by which the manager makes investment decisions; how those decisions are implemented; the manager's investment track record in both up and down markets; the manager's risk management controls, parameters and evaluation process, and the adequacy and effectiveness of the manager's operational and compliance controls and infrastructure. It is our policy and practice to seek to avoid investment in any hedge fund where we determine that the manager of such fund has failed to adopt certain minimal operational and compliance controls and safeguards.

As an adviser or sub-adviser to funds of hedge funds, we invest in the interests of other pooled investment vehicles. As such, traditional fundamental, technical or other securities analysis is not possible when formulating recommendations. Instead, we rely on a robust due diligence process of the hedge funds and their investment managers in determining which funds to invest in on behalf of our clients. The principal driver of portfolio selection is the relative skill set of the underlying fund managers in research, trading, risk management and organization building, with integrity of the individual(s) managing the hedge funds the paramount consideration.

A primary source of information used to identify potential hedge funds for investment include personal references, qualitative reviews of fund's portfolio managers as described above, and review of the Fund Offering Memorandum, Limited Partnership Agreement, Subscription Agreement, performance records and other documents.

One of the primary risks of investing with a third-party fund manager based, in part, on successful past performance is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, it is possible for us to miss the absence of internal controls necessary to prevent fraud or other business, regulatory or reputational deficiencies.

Portfolio Construction:

Athena begins by considering two broad factors when creating an investment strategy: client-specific objectives and market research. Client-specific investment objectives are

the first consideration in the portfolio construction process and include overall portfolio goals, risk tolerance, time horizon, liquidity needs, cash flow requirements, tax, legal and entity considerations, and any other client-specific circumstances. Athena's market research and quantitative analytics are then incorporated into the analysis of the existing portfolio. For new clients, this process leads to an investment policy, which provides the guidelines for managing the portfolio, including any new entity structuring. For existing clients, the main focus during regular portfolio updates is on investment sourcing and tactical implementation.

Market Research:

A core component of Athena's portfolio construction process is the maximization of risk-adjusted portfolio returns, as laid out in Modern Portfolio Theory. In order to generate the expected returns used in the strategic portfolio optimization, Athena uses historical annualized market returns, volatility, and covariances as a starting point. The expected returns are then adjusted based on our proprietary qualitative and quantitative market research, which include factors such as the current economic environment, recent changes in liquidity, new market regulations, and current efficiency in markets. In assessing the risk of the portfolio, Athena utilizes historical asset class performance to create a covariance matrix that holds the necessary volatility and correlation data to fully understand the portfolio's risk. We use historical data to estimate future risk due to the strong auto-correlation and momentum observed historically in covariance data.

Risk Management:

Client portfolio risk is regularly assessed along multiple dimensions of risk, including market risk, liquidity risk, concentration risk, and franchise risk among others. Diversification across all risk factors is a key philosophy behind Athena's investment process, and is performed using a number of custom built analytics that help expose to portfolio advisors the underlying risks that may lie in a client portfolio.

Clients should understand that investing in any securities, and investment funds, involves a risk of loss of both income and principal that a client must be prepared to bear.

Item 9. Disciplinary Information

Our firm has no reportable disciplinary events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

As was previously stated, our firm serves as the General Partner or Manager to the Funds or is related by virtue of common ownership and control to entities that serve as General Partners or Managers to the Funds. Please refer to Item 4 and Item 6 of this Brochure for additional details and important conflict of interest disclosures.

Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics Disclosure

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our Code of Ethics 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 the firm's access persons. Among other things, our 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 provides for oversight, enforcement and recordkeeping provisions. A copy of our Code of Ethics is available to our advisory clients and prospective clients upon request to Ann Burnham, Vice President of Finance and Chief Compliance Officer, at the firm's principal office address.

Our firm or individuals associated with our firm may buy or sell publicly and privately held securities identical to those recommended to or purchased for customers for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client. This practice results in a potential conflict of interest, as we may have an incentive (to the extent possible) to manipulate the timing of such purchases to obtain a better price or more favorable allocation in rare cases of limited availability.

To mitigate these potential conflicts of interest and ensure the fulfillment of our fiduciary responsibilities, we have established the following restrictions:

1. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No principal or employee of our firm may prefer his or her own interest to that of the advisory client;
2. It is the policy of our firm that no person employed by us may, without the express consent of the firm's Chief Compliance Officer, purchase or sell any security prior to a transaction(s) being implemented for an advisory account, therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts;
3. We maintain a list of all securities holdings for our firm and anyone associated with the advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by the Chief Compliance Officer;
4. We do not aggregate employee trades with client trades;

5. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where our firm is granted discretionary authority;
6. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices; and
7. Any individual not in observance of the above may be subject to disciplinary action or termination.

Item 12. Brokerage Practices

We endeavor to select those brokers or dealers which will provide the best services at the lowest prices and commission rates possible. The reasonableness of commissions is based on the broker's ability to provide expert execution skills, professional services, competitive commission rates, research, timeliness and track record of profitable investment ideas, portfolio strategies, forecasts and other services which will help us in providing investment management services to clients.

Research and Other Soft Dollar Benefits

We do not have any formal soft-dollar arrangements. However, consistent with obtaining best execution for clients, we may direct brokerage transactions for clients' portfolios to brokers who provide research and execution services to our firm. Such services may include:

- Analyses or reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts;
- Reports concerning interrelated political and economic factors;
- Access to research analysts; and
- Research-related seminars or conferences.

These services are of the type described in Section 28(e) of the Securities Exchange Act of 1934 and are designed to augment our own internal research and investment strategy capabilities. This may be done without prior agreement or understanding by the client and at our sole discretion. We do not attempt to put a specific dollar value on the services rendered or to allocate the relative costs or benefits of those services among clients, believing that the research we receive will help our firm to fulfill its overall duty to its clients. We may not use each particular research service, however, to service each client. As a result, a client may pay brokerage commissions that are used, in part, to purchase research services that are not used to benefit that specific client. Brokers selected by us may be paid commissions for effecting transactions for our clients that exceed the amounts other brokers would have charged for effecting these transactions if we determine in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker, viewed either in terms of a

particular transaction or our overall duty of best execution.

Clients should understand that receipt of services or products from brokers constitutes a benefit which our firm does not have to produce or pay for. Therefore, we may have an incentive to select or recommend a broker based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving most favorable execution. In addition, our firm theoretically could have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to acquire products or services. Since this incentive results in a conflict of interest for our firm, we have adopted the following policies and procedures to monitor and mitigate the conflict:

1. We use client commissions to pay for eligible services only, as defined in Section 28(e) and subsequent regulatory and industry guidance;
2. We conduct periodic analysis of volume of transactions sent to each approved broker along with the competitiveness of the commission schedules of each such broker; and
3. We periodically evaluate the usefulness of services received from brokers in relation to the amount of commissions directed to each broker.

Directed Brokerage

If a client, when undertaking an advisory relationship with our firm, already has a pre-established relationship with a broker and instructs us to execute some or all transactions through that broker, it should be understood that under those circumstances, we will not have the authority to negotiate commissions, or obtain volume discounts and best execution may not be achieved. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to other clients since our firm may not be able to aggregate orders to reduce transaction costs or the client may receive less favorable prices.

Trade Aggregation

We typically aggregate client trades when doing so is advantageous to our clients. Mostly, we will batch client transactions to receive volume discounts and to obtain better and more uniform pricing across client accounts. If we determine that aggregation of trades in a certain situation will be beneficial to our clients, transactions will be averaged as to price and will be allocated among our clients in proportion to the purchase and sale orders placed from each client account on any given day. Any exceptions from the pro-rata allocation procedure will be carefully explained and documented. Such exceptions may occur due to varying cash availability across accounts, divergent investment objectives, risk tolerances and existing concentrations, tax considerations, investment restrictions, performance relative to the applicable benchmark, performance relative to other accounts in the same strategy, and desire to avoid "odd lots" (an amount of a

security that is less than the normal unit of trading for that particular security).

Item 13. Review of Accounts

The following individuals have the primary responsibility for reviewing client accounts:

- Lisette Cooper, CEO & Managing Director
- Leonard Lewin, President, General Counsel & Managing Director
- Anne Marie Towle, Managing Director
- Daniel Ambrefe, Portfolio Advisor
- Scott Baker, Portfolio Advisor
- Michael Lear, Portfolio Advisor
- Alex Paul, Portfolio Advisor
- Andrew Baker, Associate Portfolio Advisor
- Adam Souliere, Associate Portfolio Advisor

These individuals will continuously monitor the underlying securities in client accounts, as well as the performance of third-party managers selected for client accounts and perform at least quarterly reviews of account holdings and performance for all clients. All accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in an account holder's personal, tax or financial status. Fund positions will be reviewed in the overall context of the Funds' investment objectives and guidelines. Significant domestic, geopolitical and macroeconomic events may also trigger reviews. Reviewers will also consult with the client's other investment managers, if any, on a regular basis.

In addition to the monthly/quarterly statements and confirmations of transactions that clients receive from their broker dealer, our firm will provide periodic reports (typically quarterly) which detail investment activity, investment holdings, portfolio performance, comparison of the current asset allocation to target allocation and market overview. Selected third-party managers may provide additional reports to clients. Additional reports are provided to clients upon request.

All of the Funds' limited partners or members will receive, as soon as practicable after the end of each taxable year (or as otherwise required by law), annual reports containing financial statements audited by the Funds' independent auditors as well as such tax information as is necessary for each limited partner or member to complete federal and state income tax or information returns, along with any other tax information required by law. The General Partner/Manager selects the Funds' independent auditors in its sole discretion.

Item 14. Client Referrals and Other Compensation

We currently pay referral fees to certain individuals or firms for referring advisory clients to our firm. If a client is introduced to us by an affiliated solicitor, we may pay that solicitor an ongoing referral fee based on a contractually determined percentage of the referred client's advisory fee paid to our firm.

Payment of referral fees for prospective client referrals creates a potential conflict of interest to the extent that such a referral is not unbiased and the solicitor is, at least partially, motivated by financial gain. Therefore, such a referral may be made even if our advisory services are not suitable to a particular client's needs or entering into an advisory relationship with us is not, overall, in the best interest of the client. As these situations represent a conflict of interest, we have established the following restrictions in order to ensure our fiduciary responsibilities:

1. All such referral fees are paid in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements;
2. Any such referral fee will be paid solely from our investment management fee, and will not result in any additional charge to the client; and
3. All referred clients will be carefully screened to ensure that our fees, services, and investment strategies are suitable to their investment needs and objectives.

Moreover, our firm may receive an initial and/or an ongoing referral fee for referring clients to unaffiliated third-party advisers. We currently refer clients to Artemis Financial Advisors, LLC (hereinafter, "Artemis"), an unaffiliated investment adviser registered with the Commonwealth of Massachusetts. Such solicitation arrangements may create a conflict of interest to the extent that we have an incentive to refer clients to those third-party investment advisers who pay us the highest referral fee or those advisers who provide us with additional services, purchase additional services from us or invest in our products. We address any such conflict of interest in the following ways:

1. We clearly disclose the existence of solicitation arrangements to existing and prospective clients in our disclosure documents so that they can assess the inherent conflicts of interest and make a fully informed investment decision;
2. We provide the following written disclosures to prospective clients prior to the execution of an advisory agreement with the third-party investment adviser:
 - a. The name of the third-party investment adviser;
 - b. The nature of the relationship, including any affiliation, between us and the investment adviser;
 - c. A statement that we will be compensated for our solicitation services by the investment adviser; and
 - d. The terms of such compensation arrangement, including a description of the compensation paid or to be paid to us.

3. We continuously monitor the performance of third-party advisers we recommend to ensure that client investment objectives are being met; and
4. We observe all rules promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940 and/or similar applicable state laws and regulations.

Employees of ACA and Artemis may participate on each other's investment advisory boards. ACA and Artemis may serve as sub-advisers to each other. Artemis may invest in private placement securities sponsored by ACA or ACA's affiliates.

Item 15. Custody

Custody is defined as any legal or actual ability by our firm to access client funds or securities. Since all client funds and securities are maintained with a qualified custodian, we do not typically take physical possession of client assets, although, on an infrequent basis, a client may ask our firm to temporarily hold an illiquid security stock certificate. However, under the current SEC rules, our firm is deemed to have constructive custody of client assets due to various arrangements which give us legal access to client funds. Therefore, we urge all of our management clients to carefully review and compare their quarterly reviews of account holdings and/or performance results received from us to those they receive from their custodian. Should you notice any discrepancies, please notify us and/or your custodian as soon as possible.

Item 16. Investment Discretion

For clients granting us discretionary authority to determine which third-party managers to hire and fire and which securities and the amounts of securities that are to be bought or sold for their account(s), we request that such authority be granted in writing, typically in the executed investment management agreement. We are granted discretionary authority in the relevant organizational and offering documents of the Funds to determine which securities and the amounts of securities that are to be bought or sold for the Funds. Fund documents may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Should the client wish to impose reasonable limitations on this discretionary authority, such limitations shall be included in this written authority statement. Clients may change/amend these limitations as desired. Such amendments must be submitted to us by the client in writing.

Item 17. Voting Client Securities

As a matter of firm policy, our firm does not vote proxies on behalf of clients. Clients will receive their proxies and other solicitations directly from their custodian or transfer agent and retain sole responsibility for voting. We do not provide clients with consulting assistance regarding proxy issues.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

Item 18. Financial Information

Under no circumstances will we collect fees in excess of \$1,200 more than six months in advance of services rendered.