

Alupka Asset Management, L.L.C.

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February 14, 2011

This brochure provides information about the qualifications and business practices of Alupka Asset Management, L.L.C. If you have any questions about the contents of this brochure, please contact us at the telephone number and/or e-mail address above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Alupka Asset Management, L.L.C. is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the advisor.

Additional information about Alupka Asset Management, L.L.C. is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 MATERIAL CHANGES

This Part 2 represents our initial filing.

Please contact us if you would like a copy of our updated Part 2.

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ITEM 4: ADVISORY BUSINESS

Who we Are

Alupka Asset Management, L.L.C. (referred to as “we,” “our,” “us,” or “Alupka”) has been registered as an investment advisor since January 2001. Our principal officers are Nicholas Besobrasow and Christopher Nelson.

Services We Offer

We provide investment services to Alupka Absolute Return Fund, L.P., an investment limited partnership (referred to as the “Fund”). In addition, we manage assets for clients who are not invested in the Fund (referred to as “you” or “client”).

For the Fund, our investments are tailored to comply with the investment guidelines disclosed in the offering materials for the Fund. Each potential investor in the Fund receives a complete set of offering materials prior to investing in the Fund.

The primary objective of the Fund is to maximize superior absolute returns through a disciplined risk adverse multi-strategy investment process. Portfolio construction is comprised of three distinct strategies: core growth, energy related MLPs and short selling. The Fund employs a fundamental "bottom-up" research approach combined with a strong technical overlay. Both principals have over 30 years of combined direct experience in investing in the MLP energy sector. There are no investment restrictions on the fund.

We advise investment accounts custodied at Charles Schwab, LLC. The accounts are generally geared for income and growth but also include highly speculative investments. All investments are publicly traded and are fully liquid. There are no investment restrictions on the accounts.

Clients may impose investment restrictions but none have requested any as of 12/31/2010.

Assets Under Management

As of December 31, 2010, we have \$38.2 million in discretionary assets under management. We do not manage any accounts on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

Alupka Absolute Return Fund, L.P.

Qualified Investors: We receive both an asset-based fee and an incentive allocation. The asset-based fee is 1% per year, billed in quarterly installments. This fee is billed quarterly in advance, based on the value of the assets under management as of the first day of the calendar quarter. The incentive allocation is calculated as of December 31 each year. When profits for the current period exceed the unrecouped net losses for prior periods, we will receive an incentive allocation of 20% of the profits generated. Solely for purposes of computing this fee, net profits and net losses include unrealized gains and losses. If you withdraw capital from the Fund the incentive allocation for the amount withdrawn will be calculated as of the withdrawal date.

Non-Qualified Investors: For investors who do not meet the minimum requirements to pay an incentive allocation, we will charge an asset-based fee of 3%, with no incentive allocation. This asset-based fee will be billed on the same schedule as disclosed above.

In order to pay an incentive allocation, you must meet certain requirements. Typically, you must meet one of the following criteria:

- You have a net worth (or together with your spouse have a net worth) of at least \$1.5 million
- You have at least \$750,000 invested with us.

The subscription documents for the Fund provide additional qualifications standards. All incentive allocations will be made in a manner that complies with applicable rules and regulations, including Section 260.234 of the California Code of Regulations.

Investors in the Fund are required to invest for a period of one year before making any withdrawals. After the one year, investors may make withdrawals as of the last day of any calendar quarter by providing 30 days written notice.

Separately Managed Accounts

Fees for investment management are 1% per year of the assets under management. These fees are billed at the beginning of each quarter, based on the assets under management as of the last day of the calendar quarter.

For separately managed accounts, we require that you provide authorization for us to deduct our fees directly from your investment account. Important information about the deduction of management fees:

- You must provide authorization for us to pull fees by initialing the appropriate section of our investment management agreement.
- You will receive a detailed invoice each quarter which outlines our fees and how they are calculated at the same time we request payment from the custodian.
- You will receive a statement from your custodian which shows your holdings.
- You are responsible for reviewing the accuracy of the fees being billed, as the custodian will not do so.

If you would like to end our advisory relationship, you may do so by providing written notice. We will prorate the advisory fees earned through the termination date and send you a refund of the prepaid, unearned portion of your fee. We process refund payments within 30 days of the termination date and will send you a check or refund your investment account. In either case we will provide a final invoice detailing the calculation of the refund.

Other Costs Involved

In addition to our advisory fees shown above, expenses associated with making investments will also be incurred. These fees include:

- mutual fund loads (if applicable). These charges are paid to brokers as a form of commission.
- management fees for ETFs and mutual funds. These are fees charged by the managers of the ETF or mutual fund and are a portion of the expenses of the ETF or mutual fund.
- brokerage costs and transaction fees for any securities or fixed income trades. These are generally charged by your custodian and/or executing broker.

Additional information about brokerage costs and services is provided in “Item 12: Brokerage Practices.”

We believe the fees mentioned above are competitive; however you may be able to obtain similar services from other sources at a lower price.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Fund and the separately managed accounts are managed by two separate individuals with different goals and management styles. Chris Nelson manages the Fund while Nick Besobrasow manages the separate accounts.

Prior to recommending either the Fund or a separately managed account, we determine the investor's goals and suitability. If a client requires income, as an example, we would recommend the privately managed accounts. The Fund retains any income generated and the separate accounts can pay the income out. If a client is looking for pure capital gains, we would recommend the Fund. The procedures in place revolve around discussions with clients and responding to their direction and guidance. We consciously make sure that the incentive allocation is not a factor in determining which area the potential client should invest in. Ultimately the client makes the decision.

ITEM 7: TYPES OF CLIENTS

We provide investment advice to the Fund, which is a pooled investment vehicle. Our separately managed account clients are typically individuals, institutions, pension plans and not for profit organizations.

Generally investors in the Fund are required to maintain a minimum of \$500,000 invested with the Fund. We require a minimum investment commitment of \$100,000 to manage assets in a separate account. These minimums may be waived at our sole discretion.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Alupka Absolute Return Fund, L.P.

The primary objective of the Fund is to achieve superior absolute returns through a disciplined risk adverse multi-strategy investment process. Investment decisions will be based principally on fundamental “bottom-up” research of individual companies (i.e., stock-pickings vs. “top-down” approach which is based on macroeconomic forecasts). Analysis will begin with a quantitative database screening filter that is applied to over 3000 stocks. The research-driven filter emphasizes but is not strictly limited to, above average earnings growth, valuation analysis, relative price momentum and technical analysis.

Using this proprietary model, companies will be selected for more in-depth fundamental and technical investigations from which selected long and short investments will be made.

The Fund's proprietary selection process includes an analysis of the price that the Fund is willing to pay for an opportunity to participate in that growth. The Fund utilizes a number of quantitative measures to analyze the entry point or price that the Fund is willing to pay for a security that has met the fundamental criteria. In addition, the Fund will always measure the total risk of the investment.

The success of the Fund's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. Unexpected volatility or illiquidity could impair the Fund's profitability or result in losses. Short sales can, in some circumstances, substantially increase the impact of adverse price movements on the Fund's portfolio. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying securities to cover the short position. Purchasing shares to cover the short position may cause the price of the securities to rise further, thereby exacerbating the loss. The Fund Agreement authorizes Alupka, in Alupka's sole discretion, to leverage the Fund's investment positions by borrowing funds from securities broker dealers, banks, or others. Such leverage, if employed, would increase both the possibilities for profit and the risk of loss. Margin borrowings are usually from securities brokers and dealers and typically are secured by the borrower's securities and other assets. Under certain circumstances, such a lender may demand an increase in the collateral that secures the borrower's obligations, and if the borrower were unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy the borrower's obligation. If the Fund were to become subject to liquidation in that manner, it could suffer extremely adverse consequences. In addition, the amount of the Fund's borrowings (if any) and the interest rates on those borrowings, which would fluctuate, could have a significant effect on the Fund's profitability. Alupka may, in its sole discretion, take positions in futures, options, derivatives, swaps, foreign securities, illiquid securities, and warrants which may entail a high degree of risk of loss to the Fund.

Some of the securities in which the Fund invests may be relatively illiquid, either because they are thinly traded or because they are subject to transfer restrictions. The Fund may not be able promptly to liquidate those investments if the need should arise, and its ability to realize gains, or to avoid losses in periods of rapid market activity, may therefore be affected. In addition, the value assigned to such securities for purposes of determining Limited Partners' Fund percentages and determining Net Profits and Net Losses may differ from the value the Fund is ultimately able to realize. The Fund Agreement does not limit the amount of the Fund's capital that may be committed to any single investment, industry, or sector. Alupka will attempt to spread the Fund's capital among a number of investments. However, the Fund Agreement imposes no limits on the concentration of the Fund's investments in particular securities, industries, or sectors and at times the Fund may hold a relatively small number of securities positions, each representing a relatively large portion of the Fund's capital. Losses incurred in such positions could have a materially adverse effect on the Fund's overall financial condition. The Fund's activities may involve a high level of trading, and the turnover of its portfolio may generate substantial transaction costs. These costs will be borne by the Fund regardless of its profitability. The Fund will be subject to the risk of failure of the brokerage firms that execute its trades, the clearing firms that such brokers use, or the clearing houses of which such clearing firms are members.

An investment in the Fund is relatively illiquid and is not suitable for an investor who needs liquidity.

Summary of Risk Factors

The use of hedging strategies should not be taken to imply that the use of such hedging strategies is not without risk. Substantial losses may be recognized on hedged positions.

The Fund engages in selling securities short, which involves the sale of borrowed securities. In the case of uncovered short sales, since the borrowed securities sold short must later be replaced by market purchases, any appreciation in the market price of these securities results in a loss. Purchasing securities to close out the short position can itself cause their market price to rise, further increasing losses. Investors are subject to tax in each year in respect to their allocable share of any profits of the Fund, notwithstanding that the Fund does not expect to make any distributions.

Separately Managed Accounts

The separate accounts are managed on behalf of the investor and their investment goals. Fundamental research is the primary driver with technicals also being very important. Investment strategies in these accounts are also multi strategy. The portfolios that we construct often revolve around generating income and growth including speculative investments. Research is derived from many sources, including wall street generated research, industry publications, general financial news publications to name a few. For separately managed, fee-based accounts, we seek positive long term total returns with above average, tax-advantaged dividend income. Preservation of capital and low volatility drive all investment decisions.

Master Limited Partnerships (MLPs) are used extensively in separate accounts. These securities have the same inherent risks that are common to all equity securities. There are additional risks that are unique to MLPs. The primary risk is that the MLPs could lose their tax advantaged status. We do not expect that to occur based on all the research and legal reports we have received. If the tax advantaged status were altered or removed, there could be a significant negative impact.

All investments involve different degrees of risk. You should be aware of your risk tolerance level and financial situations at all times. We cannot guarantee the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions.

ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions within the last 10 years that would be material to your evaluation of the investment advisor and each investment advisor representative providing investment advice to you. We have no information of this type to report.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

We serve as the general partner and investment advisor to the Fund. We do not expect to be engaged to advise investors as to the appropriateness of investing in the Fund, and we will not receive any compensation for doing so, or for selling interests in the Fund.

Below are the conflicts of interest we have identified related to the management of both the Fund and separately managed accounts, with a summary of how we address the identified conflict.

Recommending the Fund vs. separately managed accounts. We interview each client extensively in order to determine which product is most suitable for their investment goals. Ultimately it depends on whether the client is looking to receive quarterly income; whether the client is comfortable pooling their assets in a fund or prefer to have their own individual accounts; whether the client is interested in trying to capture capital gains through a growth and trading oriented strategy or through a buy and hold strategy. We feel the strategies are complimentary and not in conflict with each other.

Time Management. The firm and the principals' responsibilities are separate in order that the separate accounts and the Fund get equal time committed to them by the principals. One principal manages the Fund while the other manages the separate accounts. In addition, both principals are well versed in managing either the Fund or the separate accounts. The cross over in the investment assets adds to the "eyes on" coverage. The separate accounts are strongly tilted towards investing in MLPs while the Fund has a significant exposure to MLPs. They are often, though not always, similar or identical MLP securities.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

We have adopted a set of enforceable guidelines (Code of Ethics), which describes unacceptable conduct by Alupka and our associated persons. Summarized, this Code of Ethics prohibits us from:

- placing our interests before yours,
- using non public information gathered when providing services to you for our own gains, or
- engaging in any act, practice or course of business that is, or might be considered, fraudulent, deceptive, manipulative, or in violation of any applicable law, rule or regulation of a governmental agency.

Please contact us if you would like to receive a full copy of this Code of Ethics.

Personal Trading for Associated Persons

We may buy or sell some of the same securities for you that we already hold in our personal account. We may also buy for our personal account some of the same securities that you already hold in your account. Our associated persons may also invest directly in the Fund. It is our policy not to permit our associated persons (or their immediate relatives) to trade in a way that takes advantage of price movements caused by your transactions.

We may restrict trading for a particular security for our accounts or those of our associated person if there is a pending trade in that security in a client account. Trades for our accounts (and those of our associated persons) will be placed after client trades have been completed. When our trades are placed after our client trades, we may receive a better or worse price than that received by the client.

Alupka and its associated persons may purchase or sell specific securities for their own account based on personal investment considerations without regard to whether the purchase or sale of such security is appropriate for clients.

All persons associated with us are required to report all personal securities transactions to us quarterly.

We are the general partner of, and investment advisor to, the Fund. We do not expect to be engaged to advise investors as to the appropriateness of investing in the Fund, and we will not receive any compensation for doing so, or for selling interests in the Fund.

ITEM 12: BROKERAGE PRACTICES

The Custodian and Brokers We Use

We do not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see “Item 15: Custody”). Your assets must be maintained in an account at a “qualified custodian,” generally a broker/dealer or bank. We require that our clients use Charles Schwab & Co., Inc. (“Schwab”), a registered broker/dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we require that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Schwab, then we cannot manage your account.

Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your Brokerage and Custody Costs”).

How We Select Brokers/Custodians

We seek to use a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients

- Availability of other products and services that benefit us, as discussed below (see “*Products and Services Available to Us From Schwab*”)

Your Brokerage and Custody Costs

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “*How We Select Brokers/Custodians*”).

Products and Services Available to Us From Schwab

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab’s support services:

Services That Benefit You.

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You.

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. We may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)

- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to require that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "*How We Select Brokers/Custodians*") and not Schwab's services that benefit only us. We have in excess of \$38 million in client assets under management, and we do not believe that requiring our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

Aggregation of Orders

There are occasions on which portfolio transactions will be executed as part of concurrent authorizations to purchase or sell the same security for the Fund and separately managed accounts

We may choose to block (aggregate) trades for your account with those of other client accounts (including the Fund). When we place a block trade, all participants included in the block receive the same price per share on the trade. The price is calculated by averaging the price of all of the shares traded. Due to the averaging of price over all of the participating accounts, aggregated trades could be either advantageous

or disadvantageous. Commission costs are not averaged. You will pay the same commission whether your trade is placed as part of a block or on an individual basis. The objective of the aggregated orders will be to allocate the executions in a manner that is deemed equitable to the accounts involved.

Soft Dollars

General Information

We have a fiduciary duty to our clients to obtain best execution, on an overall basis, for any securities transactions. When determining whether we have obtained best execution, we rely on Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Safe Harbor”). A safe harbor is a provision of a statute or a regulation that reduces or eliminates a party's liability on the grounds that the party performed its actions in good faith. Legislators include safe-harbor provisions to protect legitimate or excusable violations.

This Safe Harbor is provided to an investment advisor like us that has “investment discretion” over client accounts. It provides us protection against certain state and federal breach of fiduciary obligation claims (including ERISA claims) because we, the advisor, caused a client to pay more than the lowest available commission when executing a securities trade in exchange for receiving investment research services and products which helped us make investment decisions of benefit to our clients. To rely on the Safe Harbor provision, we must determine in good faith that the amount of the commissions paid is reasonable in relation to the value of the research services we have received. We take into account not only the costs for a specific transaction but also our overall responsibility to you. When we cause an account to pay more than the lowest available commission to a broker/dealer in return for research products and services, these payments are commonly referred to as “soft dollar” benefits. The broker/dealer tracks the soft dollar benefits generated to be used on our behalf. Not all trades generate soft dollar benefits, and we try to limit “soft dollar” trades whenever preferable.

For purposes of the Safe Harbor, “research services” means “advice,” “analyses,” and “reports” which meet the following criteria:

- The research is related to the market for securities, such as trade analytics (including analytics available through order management systems) and advice on market color and execution strategies; or
- The research constitutes market, financial, economic or similar data.

For the purposes of the Safe Harbor, “brokerage services” are those products and services that relate to the execution of a trade from the point at which the investment manager communicates with the broker-dealer for the purpose of transmitting an order for execution, through the point at which funds or securities are delivered or credited to an account under our management.

See section entitled “How We Use Soft Dollars” for additional details.

Conflicts of Interest

We may have a conflict of interest in allocating your brokerage business to certain broker/dealers, including an incentive to cause you to effect more transactions than you might otherwise do in order to obtain soft dollar benefits. The extent of that conflict depends in large part on the nature and uses of the

services and products acquired with soft dollars. When a particular service or product provides benefits to the Fund, other clients, and/or us, we may (but are not obligated to) allocate the cost among the persons receiving the benefits. Our agreement with you may authorize us to use the soft dollars generated by your account to acquire a wide range of services and products, including services which might also benefit the Fund or other clients.

Prime Brokerage

We obtain certain services for the Fund, including such services as custodial, recordkeeping, clearing and related services, through what is known as a “prime brokerage” relationship. Under this relationship, a single brokerage firm that we generally select provides the following services:

- maintains custody of the Fund’s assets (either directly or through clearing firms),
- provides margin credit,
- locates securities to borrow to facilitate short sales, and
- provides related services, but allows the Fund to use other brokers to execute transactions.

This relationship allows us to seek valuable research and to compare execution quality and commission rates, while maintaining only one custodial relationship. By using a brokerage firm, we also may avoid paying custodial fees that banks charge other institutional investors. The prime broker receives interest on credit balances, margin borrowings, stock loans and brokerage commissions as compensation.

Under this arrangement, the prime broker, among other things:

- arranges for the delivery of securities bought, sold, borrowed and lent,
- makes and receives payments for securities,
- maintains custody of cash and securities, and
- provides detailed trading, portfolio and related reports.

The Fund’s obligations to the prime broker (and its affiliates) may be secured by way of a first priority perfected security interest over all of the Fund’s assets held in custody. The prime broker (and its affiliates) may transfer to themselves all rights, title and interest in and to those assets as collateral and may deal with, lend, dispose of, pledge or otherwise use all such collateral for their own purposes.

How We Use Soft Dollars

During the fiscal year ending December 31, 2010, we obtained the following services with soft dollars, all of which fell within the safe harbor:

- Thompson One, Research Data and Market Data
- NYSE and Option data, For exchange fees for both market data and Option data.
- Starmine Research Tool. For analyzing Company balance sheets, income statements and Analyst recommendations.
- William O’Neil Institutional Services, Provide the Institutional Leaders and Laggard list, along with the accompanying data on all companies in the list.

Soft Dollar Procedures

During our last fiscal year, ended December 31, 2010, we used Merlin Securities for all of our soft dollars. As the accounts payable come in, we use soft dollars to pay them, usually monthly. If we have paid all the invoices and have excess soft dollars, we stop generating soft dollars until the next month.

A broker/dealer with whom we have a soft dollar arrangement may establish "credits" relating to brokerage commissions paid in the past that may be used to pay, or reimburse the broker/dealer for research or other specified expenses. In other cases, a broker/dealer may provide or pay for a service or product and suggest a higher "commission" level for future business to fully compensate the broker/dealer.

Our actual transactional business with such a broker/dealer may be less than the suggested commission level but can—and likely will—exceed that level. This may be in part because our investment activities generate aggregate commissions in excess of the aggregate suggestions from all broker/dealers providing services and products. It may also be in part because those broker/dealers may also provide superior execution and may therefore be the most appropriate for particular transactions. We will not exclude broker/dealers from transaction business simply because they have not provided research or other services.

We believe the above procedures are consistent with the requirements of the Safe Harbor to the extent the services we acquire otherwise qualify as research or brokerage services. Transactions effected on a principal basis, as most transactions with market-makers in over-the-counter securities are, with a mark-up or mark-down paid to the dealer, do not fall within the Safe Harbor.

ITEM 13: REVIEW OF ACCOUNTS

Both Nicholas Besobrasow, Managing Member, and Christopher Nelson, Managing Member, review the Fund holdings throughout the day. They review all investments based on profit and loss for the day as well as any news that may be impacting the investments. Mr. Besobrasow performs the same review for separately managed accounts on a daily basis.

Investors in the Fund receive the following written reports:

- Monthly percentage performance report,
- Quarterly performance letter
- Annual audit and financial report.

Upon request, we send out monthly individual capital account reports.

Separately managed account clients will receive monthly or quarterly statements from the Custodian, based on the activity in the account. We do not provide any standard reports to these clients.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see “Item 12: Brokerage Practices”). The availability to us of Schwab’s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

We do not pay for client referrals.

ITEM 15: CUSTODY

As the general partner for the Fund, we have custody of the Fund’s assets. In order to comply with the regulatory requirements, we provide all investors in the Fund with audited financials. The audited financial statements are sent to investors within 120 days of the Fund’s fiscal year-end.

If you give us authority to deduct our fees directly from your separately managed account, we have custody of those assets. In order to avoid additional regulatory requirements in these cases, we follow the procedures outlined in “Item 5: Fees and Compensation.” Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them.

ITEM 16: INVESTMENT DISCRETION

We manage the Fund on a discretionary basis and do not allow for any limitations to be placed on our investment authority. Our investment philosophy is summarized above, and more completely described in the offering materials for the Fund. In order to invest in the Fund, you must:

- Review the offering materials we provide. This Part 2A and the Part 2B for Mr. Besobrasow and Mr. Nelson are included with the offering materials.
- Sign a copy of the limited partnership agreement for the Fund.
- Complete subscription documents for the Fund. These provide information about your qualifications to invest in the Fund.

As one of the conditions of managing a separately managed account, you are required to provide discretionary authority for us to manage your assets. Discretionary authority means that you are giving us a limited power of attorney to place trades on your behalf. This limited power of attorney does not allow us to withdraw money from your account, other than advisory fees if you agree to give us that authority, and to send money to the address of record on the account.

You grant us discretionary authority by completing the following items:

- Sign a contract with us that provides a limited power of attorney for us to place trades on your behalf. Any limitations to the trading authorization will be added to this agreement.
- Provide us with discretionary authority on the new account forms that are submitted to the broker/dealer acting as custodian for your account(s).

All accounts are managed using the investment strategy described in the “Methods of Analysis, Investment Strategies and Risk of Loss” section above. We do not allow clients to limit investments we make that fall within the parameters of the investment strategy described.

ITEM 17: VOTING CLIENT SECURITIES

We vote all proxies for the Fund that, in our reasonable judgment alone, we determine affect the value of the Fund. In so doing, we generally cast proxy votes in favor of proposals that increase shareholder value and generally cast against proposals having the opposite effect. Mr. Nelson is responsible for our decisions on proxy voting. He verifies that the proxies are voted in a prudent and diligent fashion and only after a careful evaluation of the issue presented on the ballot. You may not provide direction regarding any particular proxy solicitation.

You may provide authorization for us to vote your proxies as described above for your separately managed account(s). You may elect to retain the authority to vote the proxies yourself. In these cases, guidance about voting a specific proxy solicitation will be provided upon request.

You may request a copy of our Proxy Policies and Procedures and/or information about how a proxy was voted at any time by contacting Mr. Nelson.

ITEM 18: FINANCIAL INFORMATION

As a registered investment advisor, we are required to provide you with certain financial information or disclosures about our financial condition. Alupka has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

BROCHURE SUPPLEMENT
ITEM 1: COVER SHEET

Nicholas C. Besobrasow

Alupka Asset Management, L.L.C.

438 Neptune Avenue

Encinitas, CA 92024

(760) 230-2377

February 14, 2011

This Brochure Supplement provides information about Nicholas C. Besobrasow that supplements the Alupka Asset Management, L.L.C. Brochure. You should have received a copy of that Brochure. Please contact Christopher J. Nelson, Managing Member at (415) 956-9175 or chris@alupkapartners.com if you did not receive Alupka Asset Management, L.L.C.'s Brochure or if you have any questions about the content of this supplement.

Additional information about Nicholas C. Besobrasow is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Nicholas C. Besobrasow was born in 1959. He received a BA in History and Economic Development from Hobart & William Smith College in 1981.

Employment Background

Employment Dates: 11/2000 - Present
Firm Name: Alupka Asset Management, L.L.C.
Type of Business: Investment Advisor
Job Title & Duties: Managing Member/Portfolio Manager

ITEM 3: DISCIPLINARY INFORMATION

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of each investment advisor representative providing investment advice to you. There is no information of this type to report.

ITEM 4: OTHER BUSINESS ACTIVITIES

Mr. Besobrasow is not involved in any other business activities.

ITEM 5: ADDITIONAL COMPENSATION

Mr. Besobrasow does not receive any economic benefit from any non-client for providing advisory services.

ITEM 6: SUPERVISION

Christopher J. Nelson, Managing Member, is responsible for the supervision of Mr. Besobrasow. His telephone number is (415) 956-9175.

BROCHURE SUPPLEMENT
ITEM 1: COVER SHEET

Christopher J. Nelson

Alupka Asset Management, L.L.C.

201 California Street, Suite 640

San Francisco, CA 94111

(415) 956-9175

February 14, 2011

This Brochure Supplement provides information about Christopher J. Nelson that supplements the Alupka Asset Management, L.L.C. Brochure. You should have received a copy of that Brochure. Please contact Nicholas C. Besobrasov, Managing Member at (760) 230-2377 or nick@alupkapartners.com if you did not receive Alupka Asset Management, L.L.C.'s Brochure or if you have any questions about the content of this supplement.

Additional information about Christopher J. Nelson is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Christopher J. Nelson was born in 1965. He received a BS in Economics from Southern Methodist University in 1987.

Employment Background

Employment Dates: 11/2000 - Present
Firm Name: Alupka Asset Management, L.L.C.
Type of Business: Investment Advisor
Job Title & Duties: Managing Member/Portfolio Manager

Professional Designations

Chartered Financial Analyst (CFA) – 1999

The CFA Charterholder designation is issued by the CFA Institute. In order to receive this designation, a candidate must have either: 1) an undergraduate degree and 4 years of professional experience involving investment decision-making, or 2) 4 years qualified work experience (full time, but not necessarily investment related). Each candidate must complete a self-study program of 250 hours of study for each of

the 3 levels. Once a candidate passes each of the three 6-hour exams and meets the appropriate experience requirements the CFA charterholder designation may be used. There are no continuing education requirements.

ITEM 3: DISCIPLINARY INFORMATION

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of each investment advisor representative providing investment advice to you. There is no information of this type to report.

ITEM 4: OTHER BUSINESS ACTIVITIES

Mr. Nelson is not involved in any other business activities.

ITEM 5: ADDITIONAL COMPENSATION

Mr. Nelson does not receive any economic benefit from any non-client for providing advisory services.

ITEM 6: SUPERVISION

Nicholas C. Besobrasov, Managing Member, is responsible for the supervision of Mr. Nelson. His telephone number is (760) 230-2377.