

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

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March 23, 2012

This brochure provides information about the qualifications and business practices of Mark Asset Management Corporation, 667 Madison Avenue, New York, NY 10065, (212) 372-2500, March 28, 2011. If you have any questions about the contents of this brochure, please contact us at (212) 372-2500. You should note that the mere fact that Mark Asset Management Corporation is registered as an investment advisor with the Securities and Exchange Commission does not imply any level of skill or training.

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 Mark Asset Management Corporation also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

This is the first time that Mark Asset Management Corporation (“MAMC”) has provided the following information using this new Brochure format, so the disclosure reflects the differences between the new format and previous ADV Part II.

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Item 4 Advisory Business

Mark Asset Management Corporation (“MAMC”) has been in business as an investment adviser for over [23] years and is majority owned by Morris Mark, who is Director, President and Treasurer of the Firm.

MAMC provides investment services by providing investment advice to its clients based on the individual needs of each client. The needs of a particular client generally are identified through a review of the client’s investment objectives, guidelines, and specific investment goals. Currently, MAMC’s advisory clients include (1) investment companies registered under the Investment Company Act of 1940 (the “1940 Act”), (2) domestic and foreign investment companies that are not registered under the 1940 Act and (3) domestic and foreign accounts. Clients may impose restrictions on investing in certain types of securities.

As of December 31, 2011, MAMC managed approximately \$211,000,000 of client assets on a discretionary basis.

Item 5 Fees and Compensation

MAMC generally charges its clients a management fee, payable on a quarterly basis, in advance, based on the value of assets under its management and an annual performance-based fee at a specified percentage of annual profit (to the extent applicable). In certain instances, MAMC may receive payment of administrative expenses in lieu of a management fee. MAMC generally reduces the amount of any annual performance-based fee to be paid by a client by the amount of management fees paid by the client over the same period. The management fee generally is calculated at an annual rate of one percent (1%) to two percent (2%) of the value of an account's assets, but may vary depending on various factors, including, among others, the type of services provided and the amount of assets under management. The performance-based fee is structured to comply with Rule 205-3 under the Investment Advisers Act of 1940 (the "Advisers Act"), and other applicable provisions of federal and state laws, and generally is equal to twenty percent (20%) of an account's profits. The performance-based fee typically is calculated and payable to MAMC at the end of each fiscal year. MAMC may enter into different fee arrangements with clients based on the nature of services to be rendered and the value of the assets under management. Such different fee arrangements may include management fees, performance-based fees, payment of expenses, and/or any combination of these types of fees.

MAMC generally bills clients for fees payable and generally deducts fees from client accounts.

Clients may pay expenses as described in the management agreement. MAMC's fund clients will bear custodial, distribution, administrative, accounting and/or auditing, legal and certain other expenses pursuant to agreements with their service providers and as disclosed in their offering materials. The investment accounts managed by MAMC will also bear custodial and administrative and other expenses pursuant to agreements with service providers and according to requirements set out in the investment advisory agreements between each client and MAMC. The funds and investment accounts will incur brokerage and other transaction costs. Please see Item 12, Brokerage Practices.

Fees are generally payable by clients quarterly in advance. MAMC's client agreements generally provide that investment advisory services are terminable without penalty upon thirty days' prior written notice and that, if such agreement is terminated prior to the end of a calendar quarter, any unearned portion of prepaid fees will be refunded by MAMC to the client. In certain instances, less than thirty days' prior written notice may be given.

Item 6 Performance-Based Fees and Side-By-Side Management

MAMC may receive performance fees, structured to comply with Rule 205-3 under the Investment Advisers Act of 1940 (the “Advisers Act”), and other applicable provisions of federal and state laws, and generally is equal to twenty percent (20%) of an account’s profits. The performance-based fee typically is calculated and payable to MAMC at the end of each fiscal year. MAMC also will not charge a performance fee on accounts of registered investment companies due to compliance issues under Rule 205-3.

MAMC faces a conflict of interest to the extent that it manages an account for which it receives a performance-based fee at the same time as it manages one or more accounts for which it does not receive a performance-based fee or receives a different level of performance-based fee. A performance-based fee arrangement generally entitles an investment adviser to additional compensation if the performance of an account bearing the performance-based fee exceeds an established benchmark. MAMC has the potential to receive higher compensation from an account for which it is paid a performance-based fee than for an account that is not charged a performance-based fee or is charged a lower performance-based fee. MAMC may have an incentive to favor accounts or take increased investment risk on behalf of accounts for which it receives a performance-based fee or a larger performance-based fee because it could receive greater compensation from such accounts. For example, MAMC may have an incentive to trade in non-performance-fee-based accounts to benefit performance-fee-based accounts. MAMC has put into place policies and procedures to address these conflicts of interest, including policies designed to ensure allocation of trades and securities to client accounts on a fair and equitable basis and brokerage commission policies and monitoring of trading positions that are held in both performance and non-performance-fee-based accounts.

Generally, allocation of trades should be pro rata across similar accounts. When allocating trades among clients, the MAMC will consider an account’s restrictions and liquidity. MAMC will not allocate opportunities to favored accounts (such as accounts paying performance fees) or in order to level performance among multiple accounts. Non-pro rata allocations are reviewed by the Chief Compliance Officer on a daily basis. MAMC may decide, in its discretion, that de minimis allocations are not appropriate.]

If an account has provided information to MAMC or an affiliate that the account is not permitted by FINRA Rule 5130 or when effective FINRA Rule 5131 to participate in a new issue, then the Adviser will only make the security available when a reasonable period has passed after the offering in accordance with Rules 5130 and 5131 and related guidance.

Item 7 Types of Clients

Currently, MAMC's advisory clients include (1) investment companies registered under the Investment Company Act of 1940 (the "1940 Act"), (2) domestic and foreign investment companies that are not registered under the 1940 Act and (3) domestic and foreign accounts.

MAMC generally required that a client invest a minimum of \$2,000,000 to open separately managed investment advisory account. Investors in the private funds are subject to a minimum investment requirement of \$1,000,000. However the management of MAMC or the general partner or directors of private funds may waive such minimum amounts.

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

The investment objective of MAMC is to seek significant long term capital appreciation. MAMC can give no assurance that it will achieve its investment objective. Investing in securities involves a risk of loss that clients should be prepared to bear.

In seeking to achieve its investment objective, MAMC will invest primarily in common stocks and other equity securities, including convertible debentures, convertible preferred stocks and warrants for, or rights to purchase, equity securities. MAMC's investment approach for clients is equity oriented and reflects MAMC's belief that equity securities offer the opportunity for significant long term returns. MAMC typically invests for clients in companies that it believes have substantially undervalued assets or undervalued earnings growth potential or, preferably, both.

In determining whether a company's assets are undervalued, MAMC will calculate the value at which it believes the company's individual businesses and other assets could be sold in the private market place; MAMC will generally seek to invest in companies whose securities can be purchased at a substantial discount to underlying value. In determining whether a company has substantial unrealized growth potential, MAMC will attempt to measure the company's long term cash flow and earnings outlook by analyzing the quality of the company's management, business franchise and operating and financial characteristics.

MAMC's working philosophy contemplates disciplined, fundamental, research oriented investing. As part of the investment process, MAMC employees will regularly visit companies, interview management and attend industry conferences and seminars. MAMC will also search for major trends in either the economy or in the structure of various industries. MAMC also reviews publicly available information to assess the potential effects on particular companies of significant corporate transactions, such as liquidations, reorganizations, recapitalizations and mergers, or new management or management policies. In addition, MAMC analyzes demographic changes, business cycles, new products, new data and any information that might cause it to update, change or even reverse its basic outlook in investing on behalf of its clients.

MAMC continually supplements its fundamental analysis of potential portfolio companies with an evaluation of key political and financial market variables, nationally and internationally, in attempting to assess the level and future direction of the financial markets generally. In analyzing and identifying particular investment opportunities and the markets generally, MAMC relies on the experience of Morris Mark and his team of professionals, and also routinely reaches out to market professionals, such as analysts, brokers, economists and industry specialists.

Although strongly committed to equity investing, MAMC is flexible in seeking both to maximize the client's opportunities and conserve client capital, and may invest the client's assets from time to time in bonds and other fixed income securities under differing economic conditions. In addition, MAMC may attempt to enhance client account performance by purchasing and selling options and by using leverage and short sales, and may also hedge its portfolio by the use of option strategies.

Equity Risks. MAMC invests primarily in equity securities. The value of these securities generally will vary with the performance of the issuer and movements in the equity markets. As a result, clients may suffer losses if it invests in equity securities of issuers whose performance diverges from MAMC's expectations or if equity markets generally move in a single direction and the client has not hedged against such a general move.

General Economic and Market Conditions. The success of client's investment account will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the client's investments), and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity of the client's investments. Volatility or illiquidity could impair the client's profitability or result in losses. The client may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets; the larger the positions, the greater the potential for loss.

Preferred Stocks. Preferred stock generally has a preference as to dividends and upon liquidation over an issuer's

common stock, but ranks junior to debt securities in an issuer's capital structure. Preferred stock generally pays dividends in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock also may be subject to optional or mandatory redemption provisions.

Convertible Securities. Convertible securities in which the clients may invest include both convertible debt and convertible preferred stock. Such securities will generally provide higher yields than the underlying equity securities, but will offer lower yields than similarly-rated securities which are not convertible. The value of convertible securities may be adversely affected by changes in interest rates or in an underlying equity security. Such securities may cease to be rated or suffer a rating reduction subsequent to purchase by the client, which would have an adverse effect on price.

Over-the-Counter Trading. MAMC may purchase or sell instruments for a client not traded on an exchange. Over-the-counter instruments, unlike exchange traded instruments, are two-party contracts with price and other terms negotiated by the buyer and seller. The risk of nonperformance by the obligor on such an instrument is greater and the ease with which the client can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange-traded instrument. In addition, significant disparities may exist between the bid and asked prices for such instruments. Over-the-counter instruments are also not subject to the same type of government regulation as exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions.

Leverage. Borrowing money to purchase securities provides a client's account with the opportunity for greater capital appreciation, but, at the same time, increases the client's exposure to capital risk and higher current expenses. Moreover, if the client's account revenues were not sufficient to pay the principal of and interest on the account's debt when due, the client could sustain a total loss of their investment.

Short Sales. The possible losses to a client from a short sale of a security differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are subject to restrictions imposed by the Federal securities laws and the various securities exchanges.

Options. Both the purchasing and selling of call and put options entail risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying security may fall below the exercise price.

The effectiveness of purchasing or selling stock index options as a hedging technique depends upon the extent to which price movements in the portion of the client's portfolio hedged correlate with price movements of the stock index selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether the client's account realizes a gain or loss will depend upon movements in the level of stock prices in the stock market generally, rather than movements in the price of a particular stock. Successful use by the client's account of options on stock indexes depends upon the ability of MAMC to predict correctly movements in the direction of the stock market generally. This ability requires skills and techniques different from those used in predicting changes in the price of individual stocks.

Investing in Foreign Securities. Investing in foreign securities involves considerations for the client's account that are not applicable to investing in domestic securities, including unfavorable changes in currency rates and exchange control regulations, the potential imposition of restrictions on the repatriation of currency, reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commissions and custody fees, local economic or political instability and greater market risk in general.

Emerging Markets. A client's account may invest in markets outside of the United States. Investment in emerging market securities involves a greater degree of risk than an investment in securities of issuers based in developed

countries. Among other things, emerging market securities investments may be subject to the following risks: less publicly available information; more volatile markets; less liquidity or available credit; political or economic instability; less strict securities market regulation; less favorable tax or legal provisions; price controls and other restrictive governmental actions; a greater likelihood of severe inflation; unstable currency; and war and expropriation of personal property.

Lack of Liquidity. Certain of the securities in which the client's account will be invested, from time to time, have limited liquidity. This lack of liquidity, together with a failure to accurately predict market movements, may adversely affect the ability of MAMC to execute trade orders at desired prices in a declining market.

Systemic Risk. Credit risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the client's account will interact on a daily basis.

Counterparty Risks. The client's account may enter into many transactions, including over-the-counter transactions, with or through third parties in which the failure of the third party to perform its obligations under a contract with the client could have a material adverse effect on the client's account.

The client's assets may be held in accounts maintained for the client by one or more custodians and/or brokers. Such brokers or custodians, as brokerage firms or commercial banks, are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the client's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a broker or custodian or any of their sub-custodians, agents or affiliates, it is impossible to generalize about the effect of their insolvency on the client and its assets. Client's should assume that the insolvency of any of the client's brokers, custodians or other service providers could result in the loss of all or a substantial portion of the client's assets held by or through such entity.

Competition; Availability of Investments. Certain markets in which the client's account may invest are extremely competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns. There can be no assurance that the client will be able to identify or successfully pursue attractive investment opportunities in such environments.

MAMC provides advice to unregistered investment companies, which have additional risks which are discussed in more detail in the private placement memorandum for such unregistered investment companies, including, but not limited to, the following.

Lack of Transferability for unregistered investment companies. The Interests in unregistered investment companies ("Interests") are subject to significant restrictions on transfer, including the requirement that the General Partner of any unregistered investment company consent to any such transfer. Prospective investors are required to represent that they will be acquiring their Interests for investment purposes only and not with a view to resale or distribution. The Interests are generally not registered under the Securities Act of 1933 (the "Securities Act"), or any state securities laws, and therefore are subject to restrictions on transfer under the Securities Act and under certain states' securities laws. Accordingly, the General Partner may require an opinion of counsel satisfactory to the General Partner that a proposed transfer of Interests is exempt from registration prior to consenting to any such transfer. It is not anticipated that a market for such Interests will ever develop.

Limited Liquidity; In-Kind Distributions. Interests provide limited liquidity in that they are not freely transferable and the withdrawal rights of Limited Partners are restricted. A distribution in respect of a withdrawal may be made in cash or, if determined by the General Partner in its sole discretion, in kind.

Allocation of Net Profit. The 20% allocation of Net Profit to the General Partner may create an incentive for MAMC to cause the unregistered investment company to make investments that are riskier or more speculative than would be the case in the absence of such allocation.

Increased Regulatory Oversight. The financial services industry generally, and the activities of hedge funds and their managers, in particular, have been subject to intense and increasing regulatory scrutiny. Increased regulatory oversight could impose administrative burdens on the General Partner of any particular unregistered investment company and MAMC, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert such General Partner's and MAMC's time, attention and resources from portfolio management activities.

Item 9 Disciplinary Information

None

Item 10 Other Financial Industry Activities and Affiliations

MAMC has arrangements with related persons that are investment advisers that are material to its advisory business and its clients. Additionally, related persons of MAMC are general partners of partnerships in which MAMC's advisory clients are solicited to invest. Mr. Mark is President, Treasurer, majority shareholder and a Director of MAMC. He also is the sole member of Morris Mark LLC, which is the sole general partner of (1) Mark Partners, a limited partnership organized under the laws of the State of New York, (2) Mark Partners II, L.P., a limited partnership organized under the laws of the State of Delaware and (3) SP' 99 Partners, L.P., a limited partnership organized under the laws of the State of Delaware. Each of these limited partnerships primarily invests in common stocks and other equity securities.

Mr. Mark is the sole member, President and Treasurer of Mark Advisors LLC, an investment adviser registered with the SEC under the Advisers Act until 12/06, which was the non managing member of PW Aspen Management, L.L.C. Until January 1, 2006, PW Aspen Management, L.L.C., which was a joint venture between Mark Advisors LLC and PW Fund Advisor, L.L.C., provided investment advice to, and day-to-day management of, PW Aspen Fund, L.L.C., a closed end investment company registered under the 1940 Act. Investment professionals employed by Mark Advisors LLC and its affiliates, including MAMC, managed PW Aspen Fund, L.L.C.'s portfolio on behalf of PW Aspen Management, L.L.C., under the supervision of the personnel of PW Fund Advisor, L.L.C.

MAMC was the majority owner and non-managing member of Troon Management, L.L.C., which was a joint venture between MAMC and Oppenheimer Asset Management Inc. Troon Management, L.L.C. was a general partner of Advantage Advisers Troon Fund, L.L.C., a closed end investment company registered under the 1940 Act. Until 12 - 06, Troon Management, L.L.C. provided investment advice to, and day-to-day management of, Advantage Advisers Troon Fund, L.L.C. Investment professionals employed by MAMC managed Advantage Advisers Troon Fund, L.L.C.'s investment portfolio on behalf of Troon Management, L.L.C., under the supervision of the personnel of Oppenheimer Asset Management Inc.

Mr. Mark is President and a shareholder of Mark International (Bermuda) Ltd., a Bermuda corporation that serves as the general partner of Mark International Partners, L.P., an investment partnership organized under the laws of Bermuda, whose limited partnership interests generally are not available for investment by U.S. residents and citizens. Mark International (Bermuda) Ltd. Invests primarily in common stocks and other equity securities. MAMC provides investment sub advisory services to Mark International Management, L.L.C., the investment adviser to Mark International Partners, L.P.

MAMC and its related persons may recommend to clients the purchase or sale of securities in which MAMC and/or one or more of its related persons has a financial interest or position. For example, MAMC or a related person may recommend to an advisory client that it buy or sell securities of another entity for which MAMC or one of its affiliates acts as an investment adviser. MAMC or a related person may, when it believes it to be in the best interests of its clients, purchase interests in entities for its clients that are managed by affiliates and/or related persons of MAMC and its affiliates. Each advisory client of MAMC or a related person that subscribes for limited partnership or other interests in entities in which MAMC and/or its related persons have some interest are provided with a private placement memorandum and a limited partnership or limited liability company agreement and is required to complete and execute a subscription agreement. Each private placement memorandum discloses, among other things, the conflicts of interest that may arise out of the relationship between the relevant partnership or limited liability company, MAMC and MAMC's affiliates. MAMC and its related persons attempt to resolve any conflict of interest in a manner that they believe is fair to each party involved.

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

MAMC has adopted a Code of Ethics (the “Code”) designed to ensure compliance with Rule 204A- 1 under the Advisers Act and Rule 17j-1 under the 1940 Act. The Code provides that its adoption is predicated upon the following principles: (1) at all times the interests of MAMC’s clients must be placed ahead of the interests of MAMC and MAMC’s personnel; and (2) all personal securities transactions by MAMC’s personnel must be conducted consistent with applicable law and regulation and the general principles set forth in the Code and in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual’s position of trust and responsibility. The Code also provides that every partner, officer, director or employee of MAMC, or other person who provides investment advice on behalf of MAMC and is subject to the supervision and control of MAMC (each, a “Covered Person”) owes a fiduciary duty to the clients of MAMC and is required to comply with applicable Federal Securities Laws (as defined in Rule 204A-1 under the Advisers Act).

The Code provides that, subject to certain limited exceptions, no Covered Person may purchase or sell a security for an account in which the Covered Person has any direct or indirect beneficial ownership without the prior approval of Morris Mark. The Code also provides that (1) Covered Persons may not accept gifts beyond those courtesies deemed to be customary, reasonable and proper under the particular business circumstances from any person or entity that does business with or on behalf of a client and that (2) no Covered Person may accept directly or indirectly anything of value, including gifts and gratuities, in excess of \$100 per year from any person or entity that does business with any client, not including occasional meals or tickets to theater, sporting events, or similar events.

The Code requires certain MAMC employees, directors, officers, and other persons related to MAMC (defined as Access Persons in the Code) to submit an initial holdings report and an annual holdings report containing certain information regarding securities beneficially owned by such Access Person. Each Access Person is also required to report to the CCO on a quarterly basis all transactions during such calendar quarter in a covered security in which such Access Person has a beneficial interest and must direct his or her broker to send duplicate copies of all confirmations for transactions involving a covered security to the CCO; provided, however, an Access Person need not submit a quarterly report with respect to transactions as to which information is included in the confirmation sent by the broker. The Code requires the CCO or a designee of the CCO to promptly review all reports referenced above.

The Code requires MAMC to provide a copy of the Code (and any amendments) to all Covered Persons. Each Covered Person must annually certify in writing that he or she has read and understands the Code and has complied with its requirements. The Code provides that, upon discovering a violation of the Code, MAMC may impose such sanctions as it deems appropriate, including, among other things, a letter of sanction, suspension or termination of the employment of the violator. MAMC will provide a copy of the Code to any client or prospective client upon such client’s request. Please call John Wilkens at (212) 372-2500 if you would like, at no cost, a copy of our Code of Ethics.

MAMC and its related persons may recommend to clients the purchase or sale of securities in which MAMC and/or one or more of its related persons has a financial interest or position. For example, MAMC or a related person may recommend to an advisory client that it buy or sell securities of another entity for which MAMC or one of its affiliates acts as an investment adviser. MAMC or a related person may, when it believes it to be in the best interests of its clients, purchase interests in entities for its clients that are managed by affiliates and/or related persons of MAMC and its affiliates. Each advisory client of MAMC or a related person that subscribes for limited partnership or other interests in entities in which MAMC and/or its related persons have some interest are provided with a private placement memorandum and a limited partnership or limited liability company agreement and is required to complete and execute a subscription agreement. Each private placement memorandum discloses, among other things, the conflicts of interest that may arise out of the relationship between the relevant partnership or limited liability company, MAMC and MAMC’s affiliates. MAMC and its related persons attempt to resolve any conflict of interest in a manner that they believe is fair to each party involved.

MAMC and its related persons, and their respective directors, officers, employees and affiliates, may buy and sell securities or other investments for their own accounts and may have actual or potential conflicts of interest with respect to investments made on behalf of advisory clients. As a result of differing trading and investment strategies or constraints, positions may be taken by such entities or persons that are the same, different or made at different

times than positions taken for another advisory client.

MAMC has determined to voluntarily impose upon the personal accounts of Mr. Mark a policy that requires all transaction orders in his personal accounts to be executed through Goldman Sachs & Co. (“Goldman Sachs”). MAMC generally seeks to combine transaction orders for both client and Mr. Mark’s personal accounts, and average out the prices and transaction costs of these orders, in instances in which these orders are received around the same time and for which Goldman Sachs is both able to be selected and is selected to execute these orders. In instances in which transaction orders for both client and Mr. Mark’s personal accounts cannot be combined, MAMC generally seeks to execute orders for client accounts prior to orders for Mr. Mark’s personal accounts. Security prices and transaction costs may vary between transaction orders executed by Goldman Sachs and other brokers, based on many factors, including, among others, the broker executing the transactions and the times at which the orders are executed. There may, for example, be occasions in which client transaction orders, although placed prior to transaction orders for Mr. Mark’s personal accounts, are executed after transactions in Mr. Mark’s personal accounts. Subject to limited exceptions described in MAMC’s Code of Ethics, all transactions in the personal accounts of the employees of MAMC are pre-approved by Mr. Mark and then executed by the employee. A copy of the trade ticket for such trade is sent to the Controller for inclusion in the daily trade sheet, which is reviewed by Mr. Mark. MAMC generally seeks to combine transaction orders in a specific security for client accounts. For orders in a specific security that are placed with a given broker on a specific day, MAMC generally seeks to aggregate and average out the prices and transaction costs of these orders. In instances in which different brokers are used to execute transaction orders in a specific security on a given day for client accounts, MAMC generally seeks to only average out the prices and transaction costs over the accounts that are executed with each broker; the prices and transaction costs of orders executed by different brokers are not expected to be aggregated and averaged over all accounts. MAMC has adopted policies and procedures regarding the allocation of initial public offerings (“IPOs”) by MAMC. Unlike in most secondary market transactions, in many cases the number of shares received in an IPO is significantly less than the MAMC’s indication of interest. MAMC seeks to allocate IPOs over the accounts for which it serves as an investment adviser in a manner that is fair and equitable. MAMC allocates IPOs to accounts that are eligible, in the sole discretion of MAMC, to receive an allocation of the IPO. A client account is eligible to receive an allocation of IPO shares based on the account’s investment objectives and restrictions, and provided that the account is not prohibited from receiving IPO shares by FINRA Rules 5130 and when effective Rule 5131. To the extent that IPOs are allocated to MAMC, MAMC intends to allocate them among all eligible accounts on a pro-rata basis, subject to an account having sufficient cash to purchase the IPO securities. Accounts in which affiliates of MAMC hold an interest (“affiliated accounts”) and accounts in which Morris Mark or his immediate family members hold an interest (“related accounts”), to the extent otherwise considered eligible accounts, generally participate in the pro-rata allocation of IPO securities. Certain conflicts of interest may arise with respect to the allocation of IPOs among eligible accounts, including affiliated accounts and related accounts. MAMC intends to minimize and address such conflicts by allocating IPO securities on a pro-rata basis among all accounts that are eligible to receive an allocation of the particular IPO and by reviewing IPO allocations on a periodic basis to ensure that affiliated and related accounts are not given preferential treatment.

MAMC allocates each IPO based on an eligible account report that lists (1) all of the accounts that are eligible to receive a particular IPO, (2) the total adjusted equity and cash available for each eligible account, and (3) the proposed allocation to each eligible account. If an account does not have sufficient cash to purchase any or all of the securities allocated to it pursuant to the pro-rata allocation, the account’s available cash will be used to purchase as much of the allocated securities as is possible and the remainder of such shares will be allocated pro-rata to the remainder of the eligible accounts. MAMC has designated specific responsibility regarding the allocation of IPOs to certain employees of MAMC. MAMC also undertakes a review of each of the client accounts to assess and properly indicate whether these accounts are eligible to receive IPOs. The allocation of IPOs to client accounts is reviewed periodically to ensure that the policies and procedures regarding IPOs are being followed and appropriate documentation is maintained.

Item 12 Brokerage Practices

In executing transactions on behalf of advisory clients, MAMC seeks to obtain best price and execution taking into account factors such as price, size of order, difficulty of execution and operational facilities of a brokerage firm and the firm's risk in positioning a block of securities.

Although MAMC generally seeks reasonably competitive commission rates, its advisory clients will not necessarily pay the lowest commission available on each transaction. Because many of those brokerage or research services could benefit MAMC or other clients of MAMC. MAMC may have a conflict of interest in allocating a particular clients brokerage business. MAMC will only receive brokerage or research services in connection with securities transactions that it believes are consistent with "safe harbor" provisions of Section 28(e) of the Securities Exchange Act of 1934 when paying such higher commissions.

Following the principle of seeking best price and execution, MAMC may place brokerage business on behalf of its advisory clients with brokers that provide MAMC and its affiliates with supplemental research, market and statistical information. These products and services may be used by MAMC and its affiliates in providing services to less than all of its advisory clients. These arrangements may benefit certain of MAMC's advisory clients and its affiliated advisers and not necessarily only, if at all, the accounts in which the particular investment transactions occur. Nonetheless, MAMC believes that such investment information provides all of its advisory clients with benefits by supplementing the research otherwise available to MAMC.

Supplemental research market and statistical information provided by brokers includes advice as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities, and furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts. The expenses of MAMC are not necessarily reduced as a result of the receipt of this supplemental information and MAMC may pay commissions higher than those obtainable from other brokers in return for these services and products.

Where the brokerage or research services assist MAMC in performing functions that are not related to its investment decision-making process (such as accounting, recordkeeping or administrative services), MAMC will make a reasonable allocation of the cost of the service according to its use and use brokerage commissions to pay only for the research and execution-related components. Services that assist MAMC solely in its performance of administrative and other non-research-related functions will be paid exclusively from MAMC's own funds.

MAMC tracks commissions paid to all broker-dealers during the fiscal year. The Portfolio manager, traders and CFO are constantly monitoring the quality of research services provided to MAMC as well as the quality of individual trades execution price. Commissions paid to brokers are generally allocated based on the quality of the research provided and the quality of the execution price. MAMC has soft dollars accounts with broker dealers. Soft dollar volume per broker dealer is based on maximizing the soft dollars available per commission dollar vs. total commissions paid as well as the quality of the execution price.

MAMC generally seeks to combine transaction orders in a specific security for client accounts. For orders in a specific security that are placed with a given broker on a specific day, MAMC generally seeks to aggregate and average out the prices and transaction costs of these orders. In instances in which different brokers are used to execute transaction orders in a specific security on a given day for client accounts, MAMC generally seeks to only average out the prices and transaction costs over the accounts that are executed with each broker; the prices and transaction costs of orders executed by different brokers are not expected to be aggregated and averaged over all accounts.

Item 13 Review of Accounts

Morris Mark, MAMC's President, majority shareholder and Director, generally reviews the investment positions of MAMC's advisory accounts on at least a weekly basis and in most instances on a daily basis. The review process includes ongoing consideration of major market and economic developments and their effect on the securities held in client accounts. In addition, the review process generally involves a comparison of the performance of market indices to (1) the performance of the individual securities held in an account and (2) the performance of the entire portfolio of securities held in the account. In general, the thrust of Mr. Mark's review is based on an analysis of the fundamental values of individual securities and the relationship of these values to the fundamental operating environment. MAMC undertakes a review of each of its client accounts to assess and properly indicate whether these accounts are eligible to receive initial public offerings ("IPOs"). The allocation of IPOs to client accounts generally is reviewed on a quarterly basis to ensure that the policies and procedures regarding IPOs are being followed and appropriate documentation is maintained.

MAMC generally furnishes written reports to clients on their accounts on a quarterly basis or more often as deemed appropriate.

Item 14 Client Referrals and Other Compensation

NONE

Item 15 Custody

MAMC arranges for each Fund's financial statements to be prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and audited at least annually by an independent public accountant that is registered with, and subject to regular inspection as of the commencement of the professional engagement period, and as of each calendar year-end, by, the Public Company Accounting Oversight Board in accordance with its rules. MAMC makes those audited financial statements available to all Investors in the Fund within 120 days of the end of the Fund's fiscal year. Investors should carefully review those financial statements. Upon liquidation of a Fund, MAMC will distribute its audited financial statements prepared in accordance with GAAP to all Investors in the Fund promptly after the completion of such audit.

For any separately managed accounts that are not registered investment companies, MAMC will arrange for a surprise examination of such accounts, and such clients will receive quarterly account statements from the Qualified Custodians for their accounts. Clients should carefully review such account statements. If clients should also receive account statements from MAMC, clients should compare those statements with those they receive from Qualified Custodians.

Item 16 Investment Discretion

MAMC does accept authority to manage accounts on a discretionary basis. Clients may limit this authority to trading or restricting certain types of securities or individual securities. MAMC's investment management agreement will provide for a power of attorney describing the discretionary authority, and limits, if any, on such authority that MAMC will have over the account.

Item 17 Voting Client Securities

MAMC has implemented policies and procedures regarding the voting of proxies as required under Rule 206(4)-6 of the Advisers Act. The Rule requires MAMC to (1) adopt written policies and procedures reasonably designed to ensure that proxies with respect to securities in client accounts where MAMC exercises voting discretion are voted in the best interests of MAMC's clients, (2) to disclose how information may be obtained on how MAMC votes proxies, and (3) to maintain records relating to MAMC's proxy voting. [Typically, MAMC will not seek direction from clients as to voting for any particular solicitation, but MAMC will consider requests of clients.] MAMC intends to, where practical and possible to do so, vote client proxies solely in a manner that it believes serves the best interests of its clients and is consistent with its fiduciary responsibilities. MAMC has determined that it is in the best interests of its clients to delegate, and, as a result, has delegated, to Institutional Shareholder Services ("ISS") MAMC's discretionary authority to exercise voting rights with respect to the securities in which clients have invested and for which MAMC has been provided discretionary authority to exercise voting rights. ISS has provided MAMC with general guidelines that ISS will use in connection with its consideration of client proxies and ISS will document both its recommendations and the basis for its recommendations.

Unless directed by MAMC not to do so, ISS will automatically vote proxies concerning client securities in a manner that is consistent with its recommendations. If MAMC disagrees with ISS' recommendations or believes that its clients' interests are better served by an alternative position on the proxies, it may deviate from ISS' recommendations as a matter of general policy or on specific proxy proposals. In instances in which MAMC does not follow ISS' recommendation, MAMC intends to provide and document the rationale for this decision. In instances in which MAMC deviates from ISS' recommendations, MAMC will follow the procedures set out in MAMC's Proxy Voting Policies and Procedures. Please call John Wilkens at (212) 372-2500 if you would like, at no cost, a copy of our Proxy Voting Policies and Procedures and information regarding how MAMC has voted proxies in the past.

Item 18 Financial Information

Not Applicable.