

Item 1 – Cover Page

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This Brochure provides information about the qualifications and business practices of Lyster Watson & Company (the “FIRM”). If you have any questions about the contents of this Brochure, please contact us at (212) 841-6800. 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.

Lyster Watson & Company is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Lyster Watson & Company also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Summary of Material Changes

The FIRM defines a material change as any change that a client would consider important in making an investment decision.

The following specific changes have been made to our Brochure since our last annual update of March 30, 2011: (i) On February 18, 2012, the FIRM executed an Asset Purchase Agreement for the sale of the FIRM's Fund-of-Funds to a multi-billion institutional manager of a family of diversified hedge fund of funds. The transaction is expected to close on or before June 1, 2012, subject to appropriate client consent; and (ii) the FIRM's assets under management have decreased significantly which has resulted in staff reductions.

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Item 4 – Advisory Business

Lyster Watson & Company (the “FIRM”) was established in 1992 as a registered investment advisor with the Securities & Exchange Commission by its two principal owners, Robert Lyster and Robert Watson.

The FIRM’s mission is to provide its clients with a broad array of alternative investment solutions that help achieve superior returns while controlling risk. Relying on its 20 years of experience and understanding of the hedge fund industry, the FIRM is able to offer a selection of investment strategies; including diversified fund-of-hedge-funds’ strategies and an innovative liquid alternative strategy that address the varying needs of the institutional and high net worth investor communities. The FIRM’s process is predicated on understanding the specific investment goals, risk tolerances, and existing risk exposures in order to provide solutions that complement and enhance its clients’ objectives.

The FIRM’s fund-of-hedge-funds strategies (the “**Fund-of-Funds Strategies**”), invest the assets of clients with hedge fund investment managers (each, a “**Manager**”) who manage private investment partnerships, offshore funds, separate accounts, and other investment vehicles (referred to herein as “**Fund-of-Funds**”).

The FIRM also offers clients a hedge fund replication strategy, called True Alpha® Trackers (the “**True Alpha® Tracker Strategies**”), which employs its patented hedge fund rating and ranking system, True Alpha®. True Alpha® Tracker Strategies provide the characteristics of a group of hedge fund returns through direct investment in liquid “risk factor proxies,” such as Exchange Traded Funds (ETFs), Exchange Traded Notes (ETNs), futures contracts, government bonds, and foreign exchange instruments, and cash.

The FIRM offers its Fund-of-Funds Strategies to clients through Fund-of-Funds or customized portfolios (“**Customized Portfolios**”), and the FIRM offers True Alpha® Tracker Strategies to clients through Customized Portfolios or other commingled vehicles (together, the “**Portfolios**”).

The FIRM had assets under management of approximately \$391,000,000 as of January 1, 2012. All the assets managed by the FIRM are currently managed on a discretionary basis.

Item 5 – Fees and Compensation

The FIRM generally receives from clients (i.e., Portfolios) a quarterly management fee, payable in arrears, at an annual rate ranging from 0.50% to 1.0% based on the value of the net assets in the client account.

However, one or more of the Fund-of-Funds offers to its clients a distribution share class with management fees payable to the FIRM at an annual rate of no greater than 1.6% of the net assets attributable to such share class, a portion of which is paid to the placement agent that introduced the client to the Fund-of-Fund.

For certain strategies, the FIRM may charge an annual performance fee. The FIRM currently charges an annual performance fee to one Fund-of-Fund strategy equal to 10% of the net profits, in excess of a “hurdle rate” (or the established minimum return the Fund-of-Fund’s investment must make prior to the application of performance fees) that is a non-cumulative rate of return equal to the 1-year LIBOR, reset every January 1st. The performance fee is subject to a “high watermark,” which means that the FIRM will only receive a performance fee on new profits.

Fees may be waived or reduced for clients in the Fund-of-Funds that are employees of the FIRM; and in limited circumstances, for certain strategic clients (e.g., a seed investor) in the Portfolios. Fees are also negotiable in certain circumstances based on a particular share class or with respect to Customized Portfolios.

In addition to the FIRM’s management and performance fees, clients may be charged such usual and customary fees pertaining to audits, taxes, legal, administration, custodial services, directors, and government registrations. However, these expenses may not be applicable to all of the FIRM’s clients. Client assets invested using the Fund-of-Funds Strategies will also bear their proportionate amounts of any fees and expenses charged by the respective Managers, in addition to the FIRM’s fees.

Similarly, client assets invested through the True Alpha® Tracker Strategies may be invested in ETFs, ETNs, futures contracts, government bonds, and foreign exchange instruments. In these cases as well, the client will bear its pro rata share of the investment management fee and other fees associated with these securities, if applicable, which are in addition to the investment management fee paid to the FIRM. Finally, clients will also bear the expenses related to the purchase or sale of client investments (including any brokerage commissions or transaction costs in connection with the True Alpha® Tracker Strategies).

For the Fund-of-Funds, the FIRM’s custodian has the authority to directly debit fees from its client accounts upon a written directive from the FIRM. Management fees are prorated for

capital contributions and withdrawals made during the applicable calendar quarter, and fees are typically paid at the end of a calendar quarter.

For Customized Portfolios, the specific fees that are charged and the manner in which they are charged to the FIRM's client are established in the client's written agreement, known as the Investment Management Agreement (the "IMA"). Typically, the FIRM bills its fees to its clients on a quarterly basis based on the value of the Customized Portfolio at the end of a calendar quarter, but this is all negotiable and outlined in the IMA.

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

The FIRM is paid a performance fee by one Fund-of-Fund strategy. The rest of the client accounts managed by the FIRM only pay a management fee. In addition, certain client accounts may have higher asset-based fees than other accounts. Finally, the FIRM's investment personnel are typically compensated through a base salary and a discretionary bonus, which is determined, in general, not only by the FIRM and the Portfolio's performance, but also by the investment personnel's contribution to the FIRM's overall success. When the FIRM and its investment personnel manage more than one client account, the potential exists for one client account to be favored over another client account. The FIRM and its investment personnel have a greater incentive to favor client accounts that pay the FIRM performance-based compensation and/or higher fees.

The FIRM has adopted and implemented policies and procedures intended to address potential conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The FIRM reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also compared regularly to determine whether there are any unexplained significant discrepancies.

Although it is the FIRM's general policy to allocate investment opportunities to similar client accounts on a pro rata basis for its Fund-of-Funds Strategies (based on the value of the assets of each participating account relative to the value of the assets of all participating accounts), sometimes certain factors may lead the FIRM to allocate securities to client accounts in varying amounts. These factors may include: (i) different liquidity tolerances for different Portfolios; (ii) different volatility/return objectives for different Portfolios; and/or (iii) different cash flows for different Portfolios. Even client accounts that are typically managed on a pari passu basis may from time to time receive differing allocations of securities.

In addition, the FIRM's procedures relating to the allocation of investment opportunities for True Alpha® Tracker Strategies typically require that similarly managed accounts participate in investment opportunities pro rata based on asset size and require that, to the extent orders are aggregated, the client orders are price-averaged.

Item 7 – Types of Clients

The FIRM's clients include Portfolios in which corporate pension and profit-sharing plans; Taft-Hartley (i.e., labor unions) plans; charitable institutions; foundations and endowments; other registered investment advisers and intermediary-type platforms; as well as high net worth individuals invest.

With respect to the Fund-of-Funds, any initial and additional subscription minimums are disclosed in the relevant offering documents. With respect to Customized Portfolios, the FIRM determines the minimum investment amounts on a case-by-case basis with each client.

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

Fund-of-Funds Strategies

The FIRM analyzes its Fund-of-Funds Strategies by evaluating Manager-specific and macroeconomic risks.

Manager-specific analysis involves conducting a thorough operational and investment due diligence review of each underlying Manager. This approach is designed to prevent unwarranted exposure to operational, business, transparency, concentration, and leverage risks. The FIRM does not employ leverage at its Fund-of-Funds Strategy level, but rather measures the underlying Managers' exposures to leverage.

The FIRM conducts risk factor analysis to assess the opportunity set available for an underlying Manager's investment strategy at the macroeconomic level. Risk factors, or drivers of returns, are market factors (or market risks); including, but not limited to, interest rates, credit spreads, merger and acquisition volume, and stock market volatility. Some factors reflect the impact of macroeconomic events on financial markets, while others are volume-related. In order to avoid an over-reliance on any one factor, the FIRM spreads a portfolio over as many risk factors as possible. At the same time, the FIRM understands that the level of some factors may be unfavorable for a particular hedge fund investment strategy, leading it to exclude or minimize it from a Portfolio in order to meet the Portfolio's return objectives. This approach also helps to reduce concentration risk.

For two of the FIRM's Fund-of-Funds Strategies, the FIRM sets target hedge fund strategy allocations annually and reviews portfolio allocations quarterly. If risk factors change significantly during the year, the FIRM may adjust the strategy allocation targets. At any point during the year, each strategy may have slightly higher or lower allocations relative to its target, depending upon performance.

Available Fund-of-Funds Strategies

Conservative Alternative Strategy

The FIRM constructs a multi-Manager, multi-strategy portfolio designed for low volatility of returns and low correlation to traditional asset returns (i.e., equities and fixed income). Furthermore, Managers' returns should continue to demonstrate low correlations with one another. Diversification is by both investment style and number of Managers and is intended to reduce common risk factor exposures and Manager-specific risk. While the return objective is important, the more important objectives are low month-to-month return volatility and capital preservation.

Moderate Volatility Strategy

The FIRM constructs a multi-Manager, multi-strategy portfolio designed for moderate volatility of returns and moderate correlation to traditional asset returns (i.e., equities and fixed income). As with the Conservative Alternative Strategy, the Moderate Volatility Strategy is diversified by both investment style and number of Managers. However, it is constructed for a moderate risk tolerance. As such, the FIRM uses its risk factor analysis to construct a portfolio that may exhibit a greater degree of concentration, or exposure to common risk factors, and a lesser degree of liquidity, resulting in more return volatility and liquidity risk.

Distressed Opportunities Strategy

The FIRM constructs a portfolio of Managers with expertise in distressed investing. These Managers will invest in securities; other liabilities such as bank loans, commercial and residential mortgage securities and related derivatives, and credit default swaps of companies; and other entities undergoing formal restructuring under protection of a bankruptcy code or experiencing financial distress that may lead to a formal restructuring process. The FIRM selects Managers to ensure that the vast majority of investments are in U.S.-based firms so that most of the formal restructurings are governed by U.S. bankruptcy code.

The FIRM invests in the broadest array of distressed Managers consistent with the return and liquidity objectives of the mandate, with a focus on the phases of the business cycle and more particularly, the credit cycle. As bankruptcies are “cured,” many portfolios will begin to look more like equities and less like pure credit instruments. The intention is to produce a portfolio with equity-like returns over a credit cycle.

Distressed investment tends to be long-term oriented, as distressed market cycles and Managers’ theses play out. As a result, the strategy can experience greater liquidity risk and potential for return volatility. The FIRM seeks to diversify among multiple Managers and underlying distressed strategies to minimize those risks as much as possible.

These strategies involve risk of loss to clients, and clients must be prepared to bear the loss of their investment.

Material Risks Related to the Fund-of-Funds Strategies

Multiple Managers. Because the FIRM invests with Managers who make their trading decisions independently, it is theoretically possible that one or more of such Managers may, at any time, take investment positions that are opposite of positions taken by other Managers. It is also possible that the Managers may on occasion be competing with each other for similar positions at the same time. Also, a particular Manager may take positions for its other clients that are opposite to positions taken for the FIRM’s clients.

Access to Information from Managers; Possibility of Mismanagement or Fraud. The FIRM will request information from each Manager regarding the Manager’s historical performance and investment strategy. However, the FIRM may not always be provided with complete information, because certain of this information may be considered proprietary information by the particular Manager. This lack of access to information may make it more difficult for the FIRM to select, allocate among, and evaluate Managers. There is also a risk that a Manager retained by the FIRM could inappropriately invest or abscond with the assets of its portfolio.

Hedging. There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Managers selected by the FIRM may enter into hedging transactions to seek to reduce risk, such transactions may result in worse overall performance and increased (rather than reduced) risk for the FIRM’s Portfolios than if the underlying Managers selected by the FIRM did not engage in such hedging transactions.

Distressed Securities. Investments by Managers in unrated or low grade debt securities of distressed companies are subject to greater risk of loss of principal and interest than higher-rated debt securities. Also, securities of distressed companies are generally more likely to become

worthless than the securities of more financially stable companies. In addition, evaluating credit risk for foreign debt securities involves greater uncertainty, because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

For a more detailed discussion of risk factors related to the Fund-of-Funds Strategies, please see the offering documents of the Fund-of-Funds, as applicable.

True Alpha® Tracker Strategies

The FIRM also invests client assets using True Alpha® Tracker Strategies, a hedge fund replication strategy that offers a liquid, transparent alternative to investing directly in hedge funds.

The FIRM uses a statistical method known as “factor replication” that uses linear regression analysis of a hedge fund index to identify risk factors, sometimes called “betas,” that explain the “systematic” (or aggregate market) returns of the hedge fund index. Linear regression analysis quantifies, but does not explain either “idiosyncratic” (or what is industry-specific risk in a portfolio which is uncorrelated with aggregate market) returns, sometimes called “alpha,” or random returns in hedge fund indices. Such risk factors include: broad equity indices, sector equity indices, interest rates, commodity prices, foreign exchange rates, and other economic statistics.

The FIRM uses risk factor proxies (i.e., tradable versions of risk factors, such as ETFs, ETNs, futures contracts, government bonds, and foreign exchange instruments, and cash) currently in Customized Portfolios in order to mimic the systematic portions of the hedge fund index’s returns that are attributable to the identified risk factors.

The FIRM begins the True Alpha® Tracker Strategies investment process by computing its own proprietary indices, which are constructed at the hedge fund strategy level. The FIRM enhances its indices through its patented True Alpha® rating and ranking system. (On April 27, 2010, the FIRM received a U.S. Patent on True Alpha® rating and ranking system that identifies superior Managers based on their True Alpha® score, which compares returns and volatility to its peer group.)

The FIRM constructs Customized Portfolios, typically comprised of a small number (6-12) of highly liquid and transparent risk factor proxies (as noted above) and cash. Because these risk factor proxies trade either on easily accessible and observable exchanges (ETFs, ETNs, futures contracts), or in highly liquid and well publicized OTC markets (government bonds, foreign exchange), True Alpha® Tracker Strategies offer greater liquidity and transparency than other alternative strategies.

This strategy involves risk of loss to clients, and clients must be prepared to bear the loss of their investment.

Material Risks of True Alpha® Tracker Strategies

Hedge Fund Replication Risk. There can be no assurance that returns generated using the True Alpha® Tracker Strategies will be correlated with risk factor characteristics on an underlying fund level or strategy level. In addition, there can be no assurance that the risk factor proxies selected will emulate desired return characteristics. Finally, there are market risks involved in investing in hedge funds or attempting to replicate hedge fund results.

Exchange Traded Funds. Because ETFs are effectively portfolios of securities, the FIRM believes that the unsystematic risk associated with investments in ETFs is generally very low relative to investments in ordinary securities of individual issuers. Although the FIRM invests in ETFs, there may be certain risks to the extent a particular ETF is concentrated in a particular sector, and is not as diversified as the market as a whole.

Interest Rate Risk. The use of ETNs, government bonds and other fixed income securities subject the True Alpha® Tracker Strategies to interest rate risk. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities.

Commodity Futures and Options. Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a pooled investment vehicle engaging in commodity futures trading. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to such a pooled investment vehicle. Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

Currencies. Trading in foreign exchange and derivative instruments relating to such instruments may create exposure to fluctuations in currency exchange rates. Such transactions involve a significant degree of risk and the markets in which foreign exchange transactions are effected are

volatile, specialized and technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, maturity gaps, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment or particular transactions in foreign currency.

Item 9 – Disciplinary Information

The FIRM has no disciplinary events to report that would be material to a client's or prospective client's evaluation of the FIRM or its employees.

Item 10 – Other Financial Industry Activities and Affiliations

Lyster Watson Securities, Inc. ("LWS") is an affiliate of the FIRM that is a limited purpose broker dealer registered with the SEC and a member of FINRA, with approximately \$700 million in assets under advisement as of January 1, 2012. LWS provides marketing services to investment managers and is paid fees for such services. This is a separately managed entity. However, the FIRM provides corporate and administrative services to LWS including, office space; utilities; personnel services; travel and entertainment expenses; and overhead.

To avoid any conflict with the FIRM's business, the FIRM does not allocate any client assets to any Manager that LWS represents or with which LWS has referral arrangements, even if such Manager would otherwise be appropriate for one or more of the Fund-of-Funds' Strategies.

Lyster Watson LLC, an advisory affiliate, serves as the sole General Partner or co-General Partner, along with the FIRM, for some of its Fund-of-Funds.

Though not material to its business, the FIRM may, from time to time, lease some of its office space. The FIRM leases office space to a hedge fund and some other occupants. To avoid any conflict with regard to the hedge fund, the FIRM does not engage in any other business relationship with such entity. With regard to some of the other occupants, the FIRM, or an affiliated entity of the FIRM, may hire the occupant(s) to assist in raising assets or generating additional revenue.

Item 11 – Code of Ethics

The FIRM has adopted a Code of Ethics for all supervised persons of the FIRM describing its high standard of business conduct, and fiduciary duty to its clients. All supervised persons of the FIRM, including directors, officers and employees or other persons who provide investment

advice on behalf of the FIRM and is subject to the supervision and control of the FIRM, must put the interests of the FIRM's clients before their own personal interests and must act honestly and fairly in all client dealings. All of the FIRM's supervised persons are also required to comply with applicable federal securities laws.

The Code of Ethics contains provisions designed to prevent improper personal trading, identify conflicts of interest and provide a means to resolve such conflicts should they arise.

In summary, the Code of Ethics includes provisions pertaining to personal investing activities and procedures; political contributions; restrictions on outside business activities, excessive trading; the reporting of certain gifts and business entertainment items; prohibition on insider trading; and confidentiality of client information; among other things. All supervised persons of the FIRM must acknowledge the terms of the Code of Ethics at a minimum annually, or as amended.

Subject to satisfying the requirements of the Code of Ethics and applicable laws, supervised persons of the FIRM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for the FIRM's clients. The FIRM anticipates that, in certain circumstances, consistent with clients' investment objectives, it may recommend to clients, the purchase or sale of securities in which the FIRM, its affiliates and/or its supervised persons, directly or indirectly, have a position of interest, because the Code of Ethics in some circumstances would permit such persons or entities to invest in the same securities as clients. In particular, the FIRM has a proprietary account that invests using True Alpha® Tracker Strategies. As a result, there is a possibility that the FIRM and/or its supervised persons may benefit from market activity by a client in commonly-owned securities. In order to minimize the conflicts stemming from situations where the contemporaneous trading results in an economic benefit for the FIRM or its related person to the detriment of the client, such trading will be subject to the provisions of the Code of Ethics, and the FIRM has adopted aggregation policies and procedures discussed in Item 12.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the supervised persons of the FIRM will not interfere with making decisions in the best interest of its clients.

In this regard, the Code of Ethics requires pre-clearance of certain transactions in a supervised person's personal account. A supervised person must obtain the prior written approval of the Chief Compliance Officer or her designee before participating in initial public offerings or engaging in the purchase and sale of any private securities. Trading is monitored continually under the Code of Ethics to reasonably prevent conflicts of interest between the FIRM and its

clients. However, there are some exceptions whereby pre-clearance and monitoring is not required, including the purchase and sale of automatic investment plans and transactions effected in, and the holdings of, any account over which the supervised person has no direct or indirect influence or control.

A copy of the FIRM's Code of Ethics will be provided to any client or prospective client upon request.

Item 12 – Brokerage Practices

The Managers selected by the FIRM for its Fund-of-Funds' Strategies determine the broker-dealer to be used for securities transactions for their clients, not the FIRM.

However, for True Alpha® Tracker Strategies, the FIRM may be authorized to determine which broker-dealer will be used for securities transactions. The FIRM considers a number of factors in selecting a broker-dealer to execute transactions and determining the reasonableness of the broker-dealer's compensation, including custody and transaction costs, reputation, financial strength and stability, efficiency of execution and error resolution, and breadth of capabilities.

The FIRM need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the FIRM's practice to negotiate "execution-only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate.

Notwithstanding the foregoing, the FIRM uses an executing broker-dealer to assist the FIRM in obtaining best execution. The use of the executing broker-dealer adds to the cost of executing trades. However, the FIRM does not expect to enter into any soft dollar arrangements other than that already disclosed herein.

The FIRM may purchase or sell the same security for one or more clients or its proprietary account(s) contemporaneously/at or near the same time and using the same executing broker. It is the FIRM's practice, where possible, to aggregate client orders for the purchase or sale of the same security submitted contemporaneously/at or near the same time for execution using the same executing broker. The FIRM will also aggregate in the same transaction, the same securities for accounts where the FIRM has brokerage discretion. Such aggregation may enable the FIRM to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction.

If it appears that a trade error has occurred, the FIRM will review the relevant facts and circumstances to determine an appropriate course of action. Trade error losses that result from a

breach of the standard of care set out in the applicable agreements that govern the relationship between the FIRM and the client, and other significant trade error losses will be borne by the FIRM.

Item 13 – Review of Accounts

While Managers' performance is monitored continually, performance of the Fund-of-Funds Strategies is monitored monthly. The FIRM's Investment Policy Committee, (comprised of portfolio managers, operational due diligence, fund administration, and risk management personnel) monitors Manager activity, portfolio liquidity and concentration, and discusses the macro environment to ensure the Fund-of-Funds Strategies' objectives and guidelines are being met.

Although the Investment Policy Committee meets each month, a Fund-of-Funds Strategies' objective may need to be reviewed more frequently if news breaks or an event occurs that may negatively affect one or more underlying Managers in a client's Portfolio. These events could revolve around monetary policy, government policy, regulatory changes, or changes in market dynamics, for example.

True Alpha® Tracker Strategies is monitored by a team comprised of investment personnel dedicated to these strategies, along with operational, administration and compliance personnel.

Fund-of-Funds' clients receive monthly statements of market value and performance from the FIRM's third-party administrator, where the Fund-of-Funds are custodied. In addition, Portfolio commentary, along with Portfolio tear sheets (that include sector allocations, historical fund performance, and return, performance and risk summary statistics), is distributed to clients, at a minimum on a quarterly basis. Annually, the Fund-of-Funds' clients receive the Fund-of-Funds' audited financial statement(s) (refer to Item 15 for additional information). At the request of the client in a Portfolio, the nature or frequency of reports may be changed or amended.

Item 14 – Client Referrals and Other Compensation

The FIRM has a limited number of legacy third-party relationships that help identify potential clients. These unaffiliated third-parties are paid a fee for their client introductions. Where applicable, cash payments for client solicitations will be structured to comply fully with the requirements of Rule 206(4)-3 under the Advisers Act and related SEC staff interpretations.

Item 15 – Custody

All of the Fund-of-Funds for which the FIRM has custody of its assets are subject to an annual audit, except Lyster Watson Equity Partners I, L.P. The FIRM has contracted with its custodian to send quarterly statements to the limited partners. The FIRM urges the limited partners of Lyster Watson Equity Partners I, L.P to carefully review such custodian statements and compare them to the account statements that the administrator may provide. (Lyster Watson Equity Partners I, L.P is in liquidation.)

Item 16 – Investment Discretion

The FIRM and its advisory affiliate have investment discretion to manage client funds invested in its Fund-of-Funds. For its Customized Portfolios, the FIRM usually receives investment discretionary authority from the client at the outset of an advisory relationship which is outlined in the Investment Management Agreement (the “IMA”). The FIRM observes the investment policies, limitations and restrictions of the clients for which it advises and exercises its discretion in a manner consistent with the stated investment objectives for the particular client account.

Item 17 – Voting Client Securities

The FIRM has adopted and implemented proxy voting policies and procedures that are designed to ensure that the FIRM votes proxies with respect to client securities in the best interests of its clients in accordance with Rule 206(4)-6. The FIRM does not anticipate owning any equity securities that would grant the FIRM or its clients the right to vote proxies.

When the FIRM or its advisory affiliate has discretion to vote the proxies of its clients, it will vote those proxies in the best interests of its clients and in accordance with the policies and procedures established by the FIRM. The FIRM would generally vote in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated) and selection of auditors. Generally, for other proposals submitted by Managers, the FIRM would vote in accordance with the recommendation of management of a Manager unless such vote would serve to, among other things, increase fees or decrease liquidity to investors.

A copy of the FIRM's Proxy Voting Policy will be provided to any client or prospective client upon request.

Item 18 – Financial Information

The FIRM has never filed for bankruptcy nor is it the subject of any bankruptcy proceeding, and it is not aware of any financial condition that is expected to affect its ability to meet contractual and fiduciary commitments to its clients.

Item 19 – Requirements for State-Registered Firms

This Item is not applicable.