

**Item 1 – Cover Page**

**LOEB PARTNERS MANAGEMENT, INC.**  
**SEC File Number 801-43675**

Contact:

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**Brochure Dated December 31, 2012**

This brochure provides information about the qualifications and business practices of Loeb Partners Management, Inc. (“LPM” or “the Adviser”). If you have any questions about the contents of this brochure, please contact us at 212-483-7000 and/or [rschwartz@loebpartners.com](mailto:rschwartz@loebpartners.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Loeb Partners Management, Inc. is a registered investment adviser. Registration of an investment adviser does not imply any certain level of skill or training. The oral and written communications of an adviser are meant to provide you with information useful in determining whether to hire or retain an adviser.

Additional information about the Adviser is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about persons affiliated with an adviser who are registered as investment adviser representatives.

A copy of this brochure may be obtained by contacting Patricia Jones at 212-483-7089 or [pjones@loebpartners.com](mailto:pjones@loebpartners.com).

## **Item 2 – Material Changes**

There have been no material changes to our business since the last annual update to the brochure, dated December 15, 2011. An interim amendment dated August 30, 2012 included our new CCO, Robert S. Schwartz. Additionally, Item 6, *Performance-Based Fees and Side-By-Side Management* has been expanded.

Beginning August 27, 2012, Robert S. Schwartz has assumed the responsibilities of General Counsel and Chief Compliance Officer (“CCO”).

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## Item 4 – Advisory Business

Loeb Partners Management, Inc. ("LPM") is a Delaware corporation formed on January 27, 1993. LPM registered with the United States Securities and Exchange Commission as an investment adviser on April 19, 1993. LPM is 100% owned by Loeb Holding Corporation ("LHC"). Thomas L. Kempner is the Chairman of LHC as well as its majority shareholder.

LPM offers investment advisory services to its clients, two pooled investment vehicles. LPM is the general and managing partner of Loeb Partners Fund, LP ("LPF"), a Delaware limited partnership and Loeb Partners Offshore Fund Ltd. ("LPOF"), a British Virgin Islands exempt corporation, each a private investment pool investing in publicly traded securities. LPM has full discretionary authority with respect to investment decisions on behalf of, and trading in, the Funds' accounts. The advice that LPM provides with respect to the Funds is made in accordance with the investment objectives and guidelines set forth in the respective offering memoranda for each Fund. As a general rule, the Funds trade *pari passu*. The accounts of the Funds are held at Loeb Partners Corporation ("LPC"), an affiliated broker-dealer that introduces all of its accounts to JP Morgan Clearing Corp. ("JPMCC"). JPMCC serves as Qualified Custodian and holds all securities.

LPM is deemed to have custody of funds and securities held by LPF by virtue of the fact that it serves as general partner or managing member to the Fund. In compliance with the SEC's Custody Rule, the Fund's financials are audited annually by a PCAOB registered accounting firm and the audited financials are provided to the investors.

Interests in the Funds are not registered under the Securities Act of 1933 (the "Securities Act") and therefore are offered on a private placement basis pursuant to an exemption from registration under the Securities Act. The Funds are not registered under the Investment Company Act of 1940, as amended (the "Investment Company Act") and accordingly, interests in the Funds are offered exclusively to investors that satisfy eligibility and suitability requirements applicable to private placement transactions.

Interests in the offshore fund are offered on a private placement basis to persons who are not "US Persons" as defined under Regulation S of the Securities Act, as well as to U.S. tax-exempt entities (or entities substantially comprised of U.S. tax-exempt entities) subject to certain other conditions that are set forth more fully in the offering documents for the offshore fund.

Offers of interests in the Funds are made only by means of a Fund's private placement memorandum, which contains information concerning investment in the Fund, including a description of the material terms and risks of investment.

LPM does not hold itself out as providing financial, estate, or insurance planning services and LPM does not participate in wrap fee programs.

The Adviser's discretionary regulatory assets under management (RAUM) as of September 30, 2012 were approximately \$27,526,000.

## **Item 5 – Fees and Compensation**

**Management Fee:** The Funds each pay monthly, in advance, a fee at the annual rate of 1% of its Net Asset Value to compensate LPM for its operating expenses in managing the Fund. Fees are calculated based on the net assets at the close of the preceding month or as otherwise stated in the Fund's Offering Memorandum.

**Incentive Allocation:** Incentive Allocation is based on the percentage of the increase in total net assets (after fees and expenses), exclusive of additions and withdrawals of capital during any calendar year for each Fund; payable at the end of the calendar year and upon interim year withdrawals (pro-rated). The incentive allocation will be charged in accordance with Section 205 of the Investment Advisers Act of 1940, as amended, (the "Advisers Act") and Rule 205-3 thereunder.

Net assets are determined using actual market prices that are current as of the date of determination (as provided by the Prime Broker). Both realized and unrealized gains and losses are included.

LPM reserves the right to raise, reduce, waive or calculate differently the management fee or incentive allocation with respect its written agreement with any Client (Fund). All fees are negotiable.

LPM or the Funds may terminate an advisory agreement at any time by providing sixty (60) days written notice to the other party, or as otherwise agreed in an advisory agreement. No termination shall affect or preclude the consummation of any transaction initiated prior thereto. Subscription and redemption terms for investors in the Funds are stated in each Fund's Offering Memorandum.

The General Partner shall have the right to waive all or part of the Management Fee with respect to one or more Limited Partners or Shareholders from time to time in its sole discretion or to pay over (or have the Fund pay over) any portion of the Management Fee to third parties who introduce investors to the Fund or perform other services for the General Partner.

The General Partner may compensate LPC for assisting in the sale of Interests. Such compensation, if any, will be payable by the General Partner out of its share of Fund earnings.

The fees that LPM charges to the Funds are for advisory services only. The Funds themselves pay for expenses including administration, audit, custodial or transaction expenses.

When LPC acts as broker-dealer for transactions for the Funds, a customary commission or mark-up is charged. All commissions are negotiable. The Funds may engage in frequent trading which will result in higher portfolio turnover and higher overall transaction costs. LPM recognizes this as a potential conflict of interest as it may present an incentive for the portfolio manager to generate commissions on trades he routes as an investment adviser. Commission charges are reduced for Supervised Portfolio clients. Advisory fees are not net of commissions. Clients have the option to purchase investment products that are recommended by LPC through other brokers or agents that are not affiliated with Loeb. [See Item 12 – Brokerage Practices.]

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

LPM receives performance-based compensation for its services with respect to the Funds. [See Item 5 for further information about Incentive Allocations.]

Peter Tcherepnine, the portfolio manager of the Funds, also acts as registered representative with discretionary authority over brokerage accounts and, additionally, manages approximately twenty separate advised accounts (the “Supervised Portfolios”) in his capacity as Executive Vice President of Loeb Partners Corporation (“LPC”), a registered investment adviser and broker-dealer affiliated with LPM. LPC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) for any of the Supervised Portfolio accounts. Discretionary brokerage accounts are not charged fees; these accounts generally pay higher commissions.

Managing accounts with varying compensation structures may present conflicts of interest, including an incentive to favor accounts for which LPM, its affiliates, or its supervised persons receive a performance-based fee (Incentive Allocation) over other accounts in the allocation of investment opportunities. LPC and LPM have policies and procedures in place, such as a Code of Ethics, and compliance procedures which include surveillance and monitoring, that are designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

The Adviser may manage funds contributed by its principals and employees in certain proprietary funds or accounts (“Proprietary Funds”). Affiliates, employees, partners or former partners of the Adviser, members of the immediate families of such persons and trusts or other entities established for their benefit may invest in the eligible private investment pools or other products managed by the Adviser as they choose, but are not required to invest in such pools. It is expected that the size and nature of these investments will change over time. We believe this approach best aligns the interests of our related persons with those of our clients.

In general, when the Adviser determines that it would be appropriate for both Proprietary Funds and Clients to participate in an investment opportunity, the Adviser will seek to aggregate orders for all of the participating entities. The Adviser will strive to allocate such opportunities between Proprietary Funds and Client funds on a pro rata basis whenever feasible but considerations such as differing investment guidelines, contributions or redemptions or other factors may make such pro rata allocations not practicable. In such cases, the Adviser will allocate investment opportunities on a fair and equitable basis between Clients and Proprietary Funds in all instances.

The Adviser may trade securities for certain Clients prior to, simultaneously with or subsequent to such recommendation on behalf of other Clients or Proprietary Funds (“parallel trading”). When parallel trading occurs, securities transactions executed during the same day at various prices are allocated on an average price per share basis, where appropriate, and transaction costs are shared pro rata according to each Client's participation in the transaction. From time to time, subject to applicable restrictions under the Clients' respective investment guidelines, the Adviser may direct one of its Clients to sell securities to, or buy securities from, another Client through a cross transaction in which neither the Adviser nor a related person will receive compensation other than the Adviser's Management Fee or Performance

Compensation. Any such transaction will be effected based on the then-current independent market price and consistent with valuation procedures set forth in the Adviser's Valuation Policy. To the extent that any cross transaction may be viewed as a principal transaction due to the ownership interest in the Client by the Adviser and its personnel or affiliates, the Adviser will comply with the requirements of Section 206(3) of the Advisers Act, including that the Adviser will notify the relevant Fund (or an independent representative of the Private Fund) or representative of the Separate Account in writing of the transaction and obtain the prior consent of the Client.

Situations may occur where a Client could be disadvantaged because of the activities conducted by the Adviser for other Clients. Such situations may be due to legal restrictions on the combined size of positions which may be taken for all Clients managed by the Adviser, or the difficulty of liquidating an investment for more than one Client where the market cannot absorb the sale of the combined positions, or the determination that a particular investment is warranted only if hedged with an option and there is limited availability of such options. Instances also may arise where the Adviser determines an investment opportunity to be suitable for more than one Client but the market is too illiquid to enable each to participate to the extent advisable. Specialized accounts may receive priority. For example, an Asia-focused fund managed by the Adviser may receive first right to an opportunity to purchase a limited number of shares of a Japanese company. In the above situations, or in others in which conflicts arise, the Adviser will endeavor to allocate investment opportunities fairly; nevertheless, from time to time as any given conflict situation arises, such conflict may be resolved in a manner detrimental to a particular Client. Such situations will be reviewed by the CCO to ensure that no Client is systematically disadvantaged.

In addition, the Adviser may give advice or take action with respect to the investments of one or more Clients that may not be given or taken with respect to other Clients with similar investment programs, objectives and strategies. Although decisions are generally made based on information and analysis shared by all portfolio managers in the firm, in some cases a portfolio manager may purchase or sell a security for Clients managed according to a particular strategy prior to the assessment of the suitability of a transaction in the same security for other Clients of the Adviser. Accordingly, Client accounts with similar strategies may not hold the same securities or instruments or achieve the same performance. The Adviser also may advise Clients with conflicting programs, objectives or strategies. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Clients. Finally, the Adviser and its personnel may have conflicts in allocating their time and services among the Clients. The Adviser will devote as much time to each Client as the Adviser deems appropriate to perform its duties in accordance with its management agreements.

The Adviser currently does not purchase securities offered in initial public offerings in U.S. equity securities.

## **Item 7 – Types of Clients**

LPM provides advice (portfolio management services) to Private Funds, pooled investment vehicles that are organized as domestic limited partnerships or offshore corporations (e.g., hedge funds). Investors in the Private Funds may include individuals, banks or thrift institutions, investment companies, pension and profit sharing plans, trusts, estates or charitable organizations, corporations or other business entities.

LPM generally requires a minimum of \$250,000 from investors into the Funds; however, in its sole discretion, LPM may reduce this minimum.



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

LPM offers advice on exchange listed securities, securities traded over-the-counter, foreign issuers, warrants, corporate debt securities, commercial paper, US government securities and options on securities. Security analysis methods include charting, fundamental, cyclical and technical analysis using information obtained from financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate ratings services, and issuer filings (including annual reports, press releases, SEC filings). The portfolio manager invests primarily in large and mid-size public companies mainly in U.S. dollar denominated securities. Securities may be held for days, weeks or years and the portfolio manager may engage in short sales, margin transactions and option writing including covered options, uncovered options and spread strategies, generally in an effort to hedge all or a portion of the portfolio.

The descriptions contained herein of specific activities which may be engaged in by LPM on behalf of the Funds should not be understood as in any way limiting the LPM's trading activities. LPM may engage in activities not described herein which it considers appropriate, so long as such activities are consistent with the Private Placement Memorandum, Advisory Agreement or other written document governing the activities of each Fund. The Funds may engage in frequent trading which will result in higher portfolio turnover and higher overall brokerage and other transaction costs.

The success of the Funds depends significantly on the Manager's ability to identify, select, develop and realize appropriate investments. There is no guarantee that suitable investments will be available or that investments will be successful. Investing in securities involves risk of loss that investors should be prepared to bear.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of LPM or the integrity of LPM's management.

In 2007, LPC, a control affiliate of LPM, submitted a letter of acceptance, waiver and consent to FINRA in response to a finding of insufficient supervision of a research analyst and late and inaccurate reports to FINRA's Trade Reporting and Compliance Engine (TRACE). LPC was censured, fined \$25,000 and suspended for 30 days from conducting any research analyst activities. LPC subsequently discontinued its research business and amended its policies and procedures regarding TRACE reporting. This action was unrelated to the LPM's business.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Peter Tcherepnine, the portfolio manager and president of LPM is also the Executive Vice President of LPC, a dual registrant, broker-dealer and investment adviser. LPC is an introducing broker and does not hold Client funds or securities. All Client accounts are introduced to JP Morgan Clearing Corp. (“JPMCC”) on a fully disclosed basis and JPMCC serves as the Qualified Custodian for these funds and securities. LPM maintains accounts for the Funds it manages at LPC and frequently executes trades through LPC.

LPC has a retail brokerage business, primarily for the benefit of Loeb family members, friends and employees as well as an advisory (“Supervised Portfolio”) business. When transactions in Supervised Portfolio accounts are effected through LPC, which is generally the case, LPC receives commissions in addition to the fees earned for supervised portfolio services. LPC receives commissions for transactions effected for the Funds managed by LPM. [Please see Item 6 and Item 11 of this brochure for further details.]

Loeb Arbitrage Management LP, Loeb Offshore Management LP and Carl M. Loeb Advisory Partners, L.P., entities collectively doing business as Loeb Capital Management (LCM), are control affiliates of LPM. LCM does not execute trades through LPC and, to the extent possible, the investment activities of LCM and LPC (and LPM) are kept apart through the use of information walls pursuant to the Code of Ethics. Nevertheless, certain management persons have responsibilities relating to both LCM and LPC (and LPM). These persons include Thomas L. Kempner and Robert S. Schwartz. In addition, some registered employees of LPC receive compensation for referring clients to the Private Funds managed by LCM.

Thomas L. Kempner is the Chairman of Loeb Holding Corporation (“LHC”), the sole owner of LPC and LPM and a controlling owner of LCM, and is not involved in the day-to-day investment decisions of these entities. In addition, Mr. Kempner serves on the board of a number of private companies and two public companies, Dyax Corp. and Integral Systems Inc. Robert S. Schwartz is the Chief Compliance Officer and he oversees the information wall. Certain affiliates of LPM are general or managing partners of limited partnerships which invest in a variety of assets, including publicly traded securities, debt, private equity and any other permitted investment pursuant to the governing documents of each entity. None of these partnerships create a material conflict of interest for the Funds managed by LPM or the investors in these Funds.

## **Item 11 – Code of Ethics**

LPM strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, LPM and its affiliates have adopted a Code of Ethics (the "Code") pursuant to SEC Rule 204A-1. The Code incorporates the following general principles that all employees of LPC, LPM and LCM are expected to uphold: employees must at all times place the interests of Clients first; all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided; employees must not take any inappropriate advantage of their position; information concerning the identity of securities and financial circumstances of the Clients, including the Clients' investors, must be kept confidential; and independence in the investment decision-making process must be maintained at all times. The Code and Policies and Procedures for the Prevention of Insider Trading contain prohibitions on insider trading and rumor mongering, as well as restrictions and reporting requirements with respect to personal trading, gifts, business entertainment and political donations. An information wall and restricted list are maintained to minimize and manage potential conflicts of interest. All supervised persons at LPM and its affiliates must acknowledge the terms of the Code of Ethics annually, or as amended.

Employee personal trading is monitored by LPM's (and affiliates') compliance staff and all employees must provide duplicate confirms or statements, regardless of where their account is maintained. Upon hire, employees are required to submit a report disclosing all personal accounts over which they exercise influence, control or discretion. On a quarterly and annual basis, all employees must submit reports to LPM's (and affiliates') compliance staff disclosing all personal investment transactions and holdings. Further detail regarding these policies is included in the Code.

The two Funds managed by LPM are generally allocated investment opportunities pari-passu. In addition, LPC may execute transactions in securities for Supervised Portfolio clients or other discretionary brokerage clients (including personal accounts belonging to Mr. Tcherepnine or employees who report to Mr. Tcherepnine) prior to, simultaneously with or subsequent to such recommendation on behalf of the Funds managed by LPM ("parallel trading"). When parallel trading occurs, securities executed during the same day at various prices are allocated on an average price per share basis, where appropriate, or any other method LPC, in its sole discretion, deems reasonable. There is no negative effect on commission, price or execution as a result of these aggregations. The compliance staff reviews all transactions monthly to prevent or detect potential conflicts of interest so that no customer, including the Funds, has been adversely affected when involved in transactions effected in tandem with an employee or employee related accounts.

LPC may, on occasion, buy and sell securities for its own account. Except where it is necessary to facilitate a transaction for a customer, LPC does not enter into principal transactions with the Funds, its Supervised Portfolio Clients or other customers. When acting as a principal in a transaction with a customer, LPC will provide the best price for its customer. LPC will not buy or sell for its account from or to any ERISA customer unless the transaction is exempt from ERISA rules. LPC receives brokerage commissions on agency transactions for its customers.

From time to time, subject to applicable restrictions, LPC may purchase or sell securities as broker both for the Funds managed by LPM and another party on the other side of the transaction, in which case LPC may receive commissions from both sides and have a potential conflict of interest regarding both parties to the transaction. LPM and LPC may give advice or take action with respect to the investments of one or more Funds or Clients that may not be given or taken with respect to other Clients with similar investment programs, objectives and strategies. Accordingly, Client accounts with similar strategies may have varying holdings or performance. LPM or LPC may advise Clients with conflicting programs, objectives or strategies. Advice given to one or more Fund or Client may adversely affect the prices and availability of securities for one or more other Clients. Finally, LPM and its personnel may have conflicts in allocating their time and services among the Clients. LPM will devote as much time to each Fund as it deems appropriate to perform its duties in accordance with its supervised portfolio agreements and will endeavor to allocate investment opportunities fairly.

Situations may occur where a Client could be disadvantaged because of the activities conducted by LPM or LPC for other Clients. Such situations may be due to legal restrictions on the combined size of positions which may be taken for all Clients managed by LPM and LPC, or the difficulty of liquidating an investment for more than one Client where the market cannot absorb the sale of the combined positions, or the determination that a particular investment is warranted only if hedged with an option and there is limited availability of such options. Instances also may arise where the LPM or LPC determines an investment opportunity to be suitable for more than one Client but the market is too illiquid to enable each to participate to the extent advisable. Specialized accounts may receive priority.

In the above situations, or in others in which conflicts arise, the LPM and LPC will endeavor to allocate investment opportunities fairly; nevertheless, from time to time as any given conflict situation arises, such conflict may be resolved in a manner detrimental to a particular Client. Such situations are reviewed by the CCO (or a designee) to ensure that no Client is systematically disadvantaged.

Clients and prospective clients may obtain a copy of the Code by contacting LPM at the address or telephone number listed on the cover page of this brochure.

## Item 12 – Brokerage Practices

LPM has full discretionary authority to manage the investments of the Funds, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction and commissions or markups and markdowns paid.

Where LPM has authorized LPC to act as their broker, LPC charges commissions on the Funds' securities and commodities transactions in an amount which is reasonably estimated to cover expenses for floor brokerage, clearing and settling such transactions (including Nasdaq and ECN architecture); generally \$.01-.02 per share for equity transactions and .25% for fixed income transactions. A \$50 minimum transaction fee may apply. When executing orders in OTC securities on an agency basis, the price of the security may also include the market maker's mark-up or mark-down in addition to the commission that LPC may charge. The Funds may engage in frequent trading activities, which will result in higher portfolio turnover and higher overall transactions costs.

LPM uses the services of other brokers depending on several factors, and will select those brokers on the basis of obtaining the best overall terms available based on a variety of factors in addition to price and commission, including the broker's trade execution capabilities, operational efficiency, financial strength, integrity and stability and comprehensiveness of related services considered to be of value. All commissions are negotiable. LPM does not purchase securities offered in initial public offerings ("New Issues").

The Firm may receive commissions or other compensation based on the sale of securities or other investment products. The SEC notes that this practice may give a supervised person an incentive to recommend investment products based on the compensation received, rather than on the client's needs. The Firm recognizes this potential conflict of interest and supervises accordingly.

LPM receives research services in the form of written reports, telephone contacts and personal meetings with securities analysts from executing broker-dealers and may include information on the economy, industries and/or individual companies as well as other trends and developments that may affect investment decisions. LPM may pay a broker a commission in excess of that which another broker might have charged for effecting the same transaction in recognition of the value of the brokerage and related services provided by the broker. LPM will effect such transactions, and will receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, and subject to prevailing guidance provided by the SEC regarding Section 28(e). Currently, LPM does not have, and does not anticipate having, any formal third-party soft dollar arrangements. The investment information received from other brokers may be used by LPM in servicing any client, whether or not they are paying for it.

LPM considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of the Funds on the basis of that consideration. A broker is not precluded from

receiving business because it has not been identified as providing research services. The investment information received from other brokers may be used by LPM or LPC in servicing any and all Clients and not all such information may be used in connection with any particular Client or Fund. Broker-dealers may suggest a level of business they would like to receive in return for the various products and services they provide. In no case will LPM or LPC make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. LPM and LPC believe it is important to its investment decision-making process to have access to independent research.

LPM maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

### **Item 13 – Review of Accounts**

Thomas L. Kempner, Chairman, or an appropriate designee and Peter Tcherepnine, President, review the accounts of Loeb Partners Fund LP (“LPF”) and Loeb Partners Offshore Fund (“LPOF”) on a regular basis, no less frequently than quarterly. Mr. Kempner and Mr. Tcherepnine are assisted by the CFO, the CCO and other supervisor-level employees. These accounts are reviewed regularly to ensure that the investment objectives of the Funds are being met in light of their financial status, characteristics and goals. Legal and Compliance reviews account on an ad-hoc basis to test against investment restrictions or regulatory requirements.

LPM sends or arranges to send each limited partner of LPF quarterly unaudited financial statements, as well as an annual Form K-1 audited by an independent auditor registered with and inspected by the Public Company Accounting Oversight Board (PCAOB). Shareholders of LPOF will receive a monthly asset valuation from the administrator and a copy of LPOF’s annual financial statement audited by an independent auditor. Included in the annual financial statement is a manager's letter describing the performance for the period.



## **Item 14 – Client Referrals and Other Compensation**

Rule 206(4)-3 of the Investment Advisers Act (generally referred to as the “cash solicitation rule”) requires that LPM enter into a written agreement with anyone other than an officer, director or employee of the Firm, who solicits prospective investment advisory clients on behalf of the Firm. This agreement would set forth, among other things, the terms and conditions of the solicitation activities and the compensation to be received. LPM does not currently have any such agreements in place.

Unrelated to LPM’s business, certain registered employees of LPC may receive compensation for referring investors to private funds managed by LCM, an affiliate of LPM. In addition, LCM may occasionally enter into agreements with outside parties to raise capital by adding limited partners to the private funds it manages. Such parties will receive a portion of the net management fee charged to each investor introduced as a result of these agreements. There is no additional charge to the investor in the LCM-managed fund as a result of these agreements. Investors in the Funds managed by LPM are not solicited to invest in the funds managed by LCM, however, this does not preclude the possibility that a registered representative of LPC could earn a referral fee in the event that an investor in an LPM managed Fund chooses to invest in one of the funds managed by LCM.

## **Item 15 – Custody**

The SEC deems an investment adviser to have custody of client assets any time an adviser has access to clients' funds or securities, including when an adviser directly or indirectly holds client assets, has the authority to obtain possession of client assets, or has the ability to appropriate client assets.

LPM may be deemed to have custody of a private investment pool that it manages by virtue of the fact that LPM serves as general partner or managing member to Loeb Partners Fund LP (LPF). LPM avails itself of the exception to the SEC's Custody Rule 206(4)-2 granted to pooled investment vehicles that are subject to an annual audit prepared in accordance with generally accepted accounting principles by an independent public accountant registered with and inspected by the Public Company Accounting Oversight Board (PCAOB) and that distribute such audited financial statements to all limited partners (or members or beneficial owners) within 120 days of the end of its fiscal year (or, if a pooled investment vehicle is being liquidated, promptly upon completion of a final audit).

## **Item 16 – Investment Discretion**

LPM has discretionary authority pursuant to the Agreement of Limited Partnership of LPF and the Investment Advisory Agreement between LPM and LPOF. LPM provides investment advice to the Funds in furtherance of their investment objectives and subject to those limitations set forth in the documents mentioned above and in the Offering Memorandum. Discretionary authority includes the selection of securities to be bought or sold, whether to purchase on cash, margin, or otherwise, the amount and price of those securities, the brokers or dealers to use for a particular transaction and commissions and markups and markdowns paid.

Investment guidelines and limitations must be provided to LPC in writing.

## **Item 17 – Voting Client Securities**

Rule 206(4)-6 of the Investment Advisers Act requires registered investment advisers that exercise voting authority over client securities to implement proxy-voting policies. In compliance with such rule, LPM has adopted proxy voting policies and procedures (the “Policies”).

LPM’s general policy is to vote proxy proposals, amendments, consents or resolutions relating to securities, including interests in pooled investment vehicles, if any (collectively, “proxies”), in a manner that serves the best interests of the Funds, as determined by LPM in its discretion, taking into account the following factors: (i) the impact on the value of the investments; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices.

LPM will refrain from voting proxies where LPM believes that voting would be inappropriate.

If a material conflict of interest exists between the interests of LPM (or its principals or affiliates) and those of the Funds with respect to any issue to be voted on, LPM will base its voting decision exclusively on LPM’s judgment of what will best serve the financial interests of the Funds that beneficially own the securities that are the subject of the vote.

Clients may obtain a copy of the Policies or the proxy voting record relating to their Account by contacting LPM (contact information is provided on the cover page of this brochure.)

## **Item 18 – Financial Information**

As a registered investment adviser, LPM is required in this Item to provide you with certain financial information or disclosures about its financial condition. LPM has no financial commitment that impairs its ability to meet contractual commitments to its clients, the Funds. LPM and has not been the subject of a bankruptcy proceeding.