

AUSTIN CAPITAL MANAGEMENT, Ltd

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This Brochure provides information about the qualifications and business practices of Austin Capital Management, Ltd. If you have any questions about the contents of this brochure, please contact us at (216) 689-0830 and/or compliance@austincap.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.

Austin Capital Management, Ltd is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. Additional information about Austin Capital Management, Ltd also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure dated February 24, 2012 reflects the following changes from the last annual update on March 31, 2011.

Assets Under Management:

AUM has been reduced due to the on-going funds wind down/liquidation and ACM's discontinuing its positions with certain funds previously managed.

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Item 4 – Advisory Business

Austin Capital Management, Ltd. (“ACM”) is a Texas limited partnership established in 1993. ACM manages accounts on a discretionary basis in accordance with the goals and policies as described in the applicable offering documents.

KeyCorp, a limited partner, holds a 99% sharing ratio of ACM.

ACM provides investment supervisory services to investment advisory accounts. These advisory accounts consist of, for example, investment limited partnerships and offshore investment companies that are fund of funds (“Funds”). We manage each Fund on a discretionary basis only. However, each Fund ACM manages is presently in liquidation and not accepting new investments.

The Funds are invested in private investment limited partnerships and other business entities, commonly known as hedge funds, which in turn invest in various debt and equity securities, including derivative securities. As part of the liquidation of the Funds, certain assets will be reduced to cash.

As of November 30, 2011, we managed \$102,577,209 of client assets on a discretionary basis.

Item 5 – Fees and Compensation:

[Please note that any summary set forth herein of the terms and conditions of an investment in one of the Funds is qualified in its entirety by the actual terms and conditions of such an investment contained in the offering documents of each Fund. These include, among others, the Subscription Agreement, the Confidential Private Offering Memorandum, the Partnership Agreement and the Memorandum and Articles of Association, as applicable.]

The management fees charged by ACM for its investment supervisory services is calculated per Fund as a percentage of net assets less the balance of cash and cash equivalents. Fees are charged to the Funds quarterly in arrears and deducted from the capital accounts of each limited partner. The management fee charged by ACM for its investment supervisory services is calculated as a percentage of assets under management, and equals nine-tenths percent (.90%) of each Fund's net asset value (“NAV”) per annum. Management fees are charged quarterly in arrears based upon the last day of each fiscal quarter, and are prorated for any partial quarter.

ACM charges Austin Capital Next Generation QP Fund, Ltd a performance-based fee equal to six percent (.06%) of the per annum capital appreciation of each Fund's NAV. Payment of the performance-based fee is subject to certain limitations and is charged in arrears on at least an annual basis. The management fee charged to these

Funds is six-tenths percent (.60%) of each Fund's NAV per annum (rather than (.90%) of NAVs per annum charged to the other Funds).

We have agreed to certain fee concessions, including fee reductions and rebates to investors. It should be noted that ACM and/or the Funds have entered into side letter agreements which provide different rights with respect to fees (including arrangements for lower fees), performance fees, performance reporting and portfolio transparency.

As described in the Funds' offering materials, each Fund will pay all of its own direct expenses, including but not limited to organizational expenses, custodial and administrative charges, and legal and accounting fees.

Accounting and reporting fees are calculated and deducted from each limited partner's capital account on a monthly basis.

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

Performance fees, calculated annually in arrears as a percentage of the per-annum capital appreciation of a Fund's net asset value, are charged to certain Funds and certain limited partners as per the terms and conditions set forth in each Fund's documents and applicable side letters.

One of the Funds charge a performance based fee which could result in a conflict if we were to favor these funds over other funds. However, each Fund is a distinct portfolio, all Funds are in liquidation, and no new investments are being made. For more detail on performance fees, please see Item 5 – Fees and Compensation.

Item 7 – Types of Clients

Our clients consist of funds of hedge funds. All Funds are currently closed to new investments.

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

Effective April 1, 2009, redemptions in each Fund were suspended with the intent to wind down operations and dissolve the Funds. The Funds are presently in the process of liquidation in an orderly manner. Investments in these Funds involve risk of loss that investors should be prepared to bear.

Item 9 – Disciplinary Information

Certain of the Funds have suffered indirect investment losses resulting from the criminal activity of Bernard L. Madoff and entities under his control. These losses stem from investment by the Funds in certain hedge funds which invested with Mr. Madoff and entities he controlled. We are not affiliated with Mr. Madoff or any of his entities.

Several lawsuits, including putative class actions, and one arbitration proceeding, were filed against ACM seeking to recover losses incurred as a result of Madoff's crimes. The arbitration proceeding remains on hold while we wind down the Funds. The lawsuits have been consolidated into one action entitled, *In re Austin Capital Management, LTD., Securities and Employee Retirement Income Security Act (ERISA) Litigation*.

Item 10 – Other Financial Industry Activities and Affiliations

A management person of ACM is a registered representative of Victory Capital Advisers, Inc. ("VCA"), a registered broker dealer and an affiliate of ACM. VCA acts as the distributor for all ACM managed private funds. However, these funds are no longer accepting new investments. ACM's director and officers are employees and or directors of Victory Capital Management Inc., a registered investment adviser. Victory Capital Management Inc. is an affiliate of ACM. ACM is a subsidiary of KeyCorp.

Item 11 – Code of Ethics

ACM has adopted a code of ethics ("Code") for all of our employees describing our standard of business conduct, and duty to our clients. Our Code includes provisions relating to the prohibition of insider trading and personal securities trading procedures, among other things. Our employees also adhere to KeyCorp's Code of Ethics. All employees must acknowledge the terms of both Codes, as amended, annually.

Subject to satisfying our Code and applicable laws, our employees may trade for their own accounts in securities which are purchased, held or sold for our clients. The Code is designed to assure that the personal securities transactions, activities and interest of the employees will not interfere with i) making decisions in the best interest of our clients and (ii) implementing such decisions while, at the same time allowing employees to trade for their own accounts.

A copy of our Code of Ethics is available to any investor in a Fund by calling (216) 689-0830 or emailing compliance@austincap.com.

Item 12 – Brokerage Practices

All underlying hedge funds held in the Funds were issued directly through private fund offerings, and no intermediary served as a broker for any subscription, or serves as a broker for any redemption, by the Funds.

Item 13 – Review of Accounts

The Funds are currently in liquidation wind down mode and are reviewed as necessary by the Chief Investment Officer and Chief Financial Officer. Investors receive statements from the qualified custodian. For more details, please see Item 15.

Item 14 – Client Referrals and Other Compensation

We have previously entered into a solicitation agreement with Smith Barney Inc. Pursuant to this agreement, ACM pays Smith Barney Inc. a fee for investors they have referred. The fee is paid quarterly and is the equivalent to 40 or 50 basis points of the assets under management of the respective investor. No new referrals are being accepted.

Item 15 – Custody

As a result of our control over certain assets of the Funds, we are deemed to have custody of the Funds' assets. Citco Global Custody (N.A.) N.V. is the Funds' qualified custodian.

Citco Fund Services Limited is the Funds Administrator ("Citco"). Citco disseminates, to each limited partner/investor, a monthly statement setting forth the partner's beginning capital balance, the unaudited profit or loss, and the ending capital balance. In addition, Citco sends reports to each limited partner, on a quarterly basis, detailing the underlying investments and cash activity of the Fund in which the partner is invested.

Item 16 – Investment Discretion

While we have investment discretion in each of the Funds, the Funds are presently in liquidation and winding down activity. No new investments are being accepted. Cash proceeds of the liquidation are placed in liquid cash accounts pending distribution or payment of expenses.

Item 17 – Voting Client Securities

This item is not applicable to ACM.

Item 18 – Financial Information

ACM has discretionary authority over the Funds' assets. There are no current financial conditions that are reasonably likely to impair our ability to meet contractual commitments to the Funds.

Item 19 – Requirements for State-Registered Adviser

This item is not applicable to ACM.