

Part 2A of Form ADV: *Firm Brochure*

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March 28, 2012

This Brochure provides information about the qualifications and business practices of Quantitative Equity Strategies, LLC (“QES”). If you have any questions about the contents of this Brochure, please contact Joe Leigh, Chief Compliance Officer at 303-471-0244, or joe@gesinvest.com. 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.

Quantitative Equity Strategies, LLC 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 QES is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

The purpose of this section is to discuss only material changes since the last annual update of Quantitative Equity Strategies, LLC's ("QES") Investment Advisor Brochure. QES last filed an amendment to its Form ADV Part 2A March 29, 2011. There have been no material changes to the brochure since the last filing.

Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting Joe Leigh, Chief Compliance Officer at 303-471-0244 or joe@qesinvest.com.

Additional information about QES is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with QES who are registered, or are required to be registered, as investment adviser representatives of QES.

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Item 4 – Advisory Business

Quantitative Equity Strategies, LLC (“QES”), a Colorado limited liability company, has been in business since 2002 and is a Registered Investment Adviser providing investment services to clients and other financial intermediaries through the provision of either direct investment management or through the provision of consulting and investment research.

QES was established with a decidedly mathematical view on investment strategy. To that end, QES develops unique quantitative strategy designs and testing, utilizing sophisticated tools ranging from database interfaces to proprietary statistical techniques to provide investment research and management.

QES provides investment supervisory services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. These services are primarily provided to individuals, high net worth individuals, pooled investment vehicles, private investment limited partnerships, investment advisers, trusts, foreign funds such as UCITs, other U.S. and international institutions. Our supervisory clients must be qualifying entities that meet certain regulatory minimums as set forth in Rule 205-(3) of the Investment Advisers Act of 1940, as amended. In addition, qualifying entities must acknowledge their status as “sophisticated investors” and meet our firm’s qualification requirements for supervisory services. These services may include, but are not limited to, the development of investment policy, asset allocation, portfolio implementation and management, and performance evaluation. Advisory services may be tailored to the individual needs of the client taking into consideration the client’s risk tolerance, time horizon, tax status, liquidity needs, and preferences for investment vehicles. Clients may impose restrictions on investing in certain securities or types of securities.

QES, in providing these services, primarily focuses its research and investment recommendations in mutual funds, exchange traded funds, commodities, futures and certain over-the-counter derivative arrangements known as (or similar to) swaps. As a result, many issues that would affect investment management such as initial public offerings, cross trades, liquidity of investments and fair value pricing do not affect QES or its clients and therefore are not presently addressed.

QES also furnishes investment advice through consultations to other separate clients, which are typically investment advisers or publishers of financial information. These consultations generally consist of providing research for, and/or advising these clients with regards to general business strategies or risk management strategies, or non-timing asset allocation strategies they utilize in providing investment advisory services to their own respective clients.

QES also furnishes timing services to other separate clients, which are typically investment advisers. These timing services generally consist of advising such clients with regards to asset

allocation strategies they utilize to provide investment advisory services to their own respective clients, including recommendations of when to change these asset allocations.

QES is primarily owned by Benjamin T. Warwick, the managing member and Chief Investment Officer of QES. As of December 31, 2011, QES managed discretionary client assets valued at approximately \$81,356,948, and assets on a non-discretionary basis valued at approximately \$93,493,247.

Item 5 – Fees and Compensation

Prior to engaging QES to provide investment advisory services, each client is required to enter into a written agreement (“Advisory Agreement”) with QES, as appropriate, setting forth the terms and conditions under which services are rendered.

All fees are subject to negotiation.

The specific manner in which fees are charged by QES is established in a client’s Advisory Agreement with QES. Fees under each Advisory Agreement are typically billed as a percentage of assets under management or a fixed fee. QES will generally bill its fees on a quarterly basis. Clients may elect to be billed in advance or arrears of each calendar quarter. Those fees are based on the market value of the assets on the first or last day of the calendar quarter depending on the client’s election. Clients may also elect to be billed directly for fees or to authorize QES to directly debit fees from client accounts. Management fees shall [or shall not] be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. QES may waive fees in whole or in part in its sole discretion for employees of QES and their family members.

All fees paid to QES for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and exchange traded funds (“ETFs”). These fees and expenses are disclosed in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the funds also impose sales charges, a client may pay an initial or deferred sales charge. A client could invest in a fund directly, without the services of QES. In that case, the client would not receive the services provided by QES which are designed, among other things, to assist the client in determining which fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by QES to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Such charges, fees and commissions are exclusive of and in addition to QES' advisory fees. In addition, QES may invest client assets in, or recommend that clients invest in, shares of mutual funds or exchange traded funds for which QES may provide investment advisory services in exchange for fees. This presents a conflict of interest and could give QES an incentive to recommend these investment products based on compensation received. This would allow QES to receive fees from the client in both, their investment advisory relationship with QES, and the client's investment in the mutual fund or ETFs through the fund's separate fees, at the same time. This conflict will be disclosed to clients investing in or receiving the recommendation to invest these products either at the beginning of the investment advisory relationship in the Advisory Agreement, if such products exist, or before the recommendation is given or client capital is invested, if and when these products may exist.

QES' fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Item 12 further describes the factors that QES considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

For clients that acknowledge their status as "accredited investors" or "qualified purchasers", for which QES provides investment advisory services through separately managed accounts, a quarterly management fee equal to one-fourth of 1.5% (0.375%) of assets managed by QES, payable quarterly, in arrears, based on the fair market value of these assets on the last business day of each quarter. Additionally, a quarterly performance-based fee equal to 20% of the appreciation, if any, of the assets under management, be payable quarterly, in arrears, based on the fair market value of these assets on the last business day of each quarter. The amount of the performance-based fee payment is 20% of the appreciation of the assets compared to the previous "High Water Mark" of the assets. The "High Water Mark" is the highest value of the assets less any performance-based fee payments and management fees plus distributions to the clients. The performance-based fee payment will be allocated only to the extent that the actual appreciation for such year exceeds the prior highest value at the previous year-end. A new High Water Mark must be achieved before a performance-based fee becomes payable.

For qualifying pooled investment vehicles (specifically the Sovereign Lee Hybrid Fund, L.P.) that QES or a related person provides advisory services to, in which individuals acknowledge their status as "accredited investors" or "qualified purchasers", a quarterly management fee equal to one-fourth of 1.5% (0.375%) of assets managed, payable quarterly, in advance, based on the fair market value of these assets on the first business day of each quarter. Additionally, an annual performance-based fee equal to 5% of the appreciation, if any, of the assets under management, payable annually, in arrears, based on the fair market value of these assets on

the last business day of each year. The amount of the performance-based fee payment is 5% of the appreciation of the assets compared to the previous “High Water Mark” of the assets. The “High Water Mark” is the highest value of the assets less any performance-based fee payments and management fees plus distributions to the clients. The performance-based fee payment will be allocated only to the extent that the actual appreciation for such year exceeds the prior highest value at the previous year-end. A new High Water Mark must be achieved before a performance-based fee becomes payable. For financial reporting purposes, the performance-based fee payment will be accrued monthly, but will be paid on an annual basis.

QES’ consulting agreement fees will be determined based on the nature of the services provided and the complexity of each client’s circumstances. All fees are agreed upon prior to entering into a consulting agreement with any client.

QES’ basic investment advisory timing fee for clients is generally a quarterly fee equal to between one-fourth of 0.10% (0.00833%) and one-fourth of 0.50% (0.125%) of assets to which QES consults, which will be payable in quarterly installments, in arrears, based on the fair market value of these assets on the last business day of each quarter. Such fees can be negotiated based upon the time and complexity of the services we anticipate to be involved in providing such services.

For clients to whom QES provides timing services which they specifically utilize for their clients who invest in annuity products, a typical research fee equal to 0.35% annually of assets to which QES consults, will generally be payable in arrears based on the fair market value of these assets on the last business day of each installment period. Installment periods can be established as monthly, quarterly, semi-annual, or annual, depending on negotiations with such clients. Such fees can be negotiated based upon the time and complexity of the services we anticipate to be involved in providing such services.

While investment advisory fees will generally be assessed according to the basic fee schedule previously described, they are negotiable at the discretion of the management of QES. All investment advisory service agreements between QES and its clients may be terminated upon written consent or by mutual consent. Generally, thirty days written notice is required of clients before their agreements with QES will be terminated. Upon termination, fees are prorated accordingly and no termination fees are charged.

Comparable services may be available elsewhere for less.

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

As mentioned above, QES may also receive performance-based fees from one or more of their clients from time to time when such fee is determined to comply with Section 205 of the Advisers Act and Rule 205-3 under the Advisers Act. QES may enter into performance fee arrangements with “qualified clients” as defined in Rule 205-3: such fees are subject to individualized negotiation with each such client. QES will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (The Advisers Act) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. Performance-based fee arrangements may create an incentive for the Adviser to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. QES has procedures designed to ensure that all clients are treated fairly and equally and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7 – Types of Clients

QES offers investment advisory, management and administrative services to individuals, high net worth individuals, other investment advisers, registered mutual funds, private investment funds, trusts, foreign funds such as UCITs, and other U.S. and international institutions.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

QES uses the following strategies in its advisory services to client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client’s objectives. QES uses both quantitative and qualitative methods of analysis in providing advisory services to its clients.

The first services category encompasses the development of, ongoing analysis of, and reporting on model investment portfolios of securities eligible for taxable or tax-exempt investment accounts of non-accredited and accredited US investors. These model portfolios consist of securities available for purchase and sale on US security exchanges, including but not limited to investment companies such as exchange-traded funds, closed-end funds, and open-end mutual

funds. From time to time, model portfolios may also hold the common stock of firms that are not investment companies. In addition to differentiating model portfolios by taxation status, models are produced in series to accommodate suitability. From a baseline model portfolio benchmarked to an allocation of 60% stocks and 40% bonds, its holdings are over- or under-weighted to derive models benchmarked to a most conservative blend (0% US equity index, 100% US fixed income index) to a least conservative blend (100% US equity index, 0% US fixed income index). Therefore, each model portfolio of comparable taxation status contains identical securities, but in different proportions (except where most- or least- conservative models have a 0% weight to a security). The composition of these model portfolios may vary over time at QES' discretion, based on its views supported by research and analysis.

The QES' model portfolio investment strategy generally focuses on establishing an asset allocation consistent with that of the benchmark, modified by "tilts" that over- or under-emphasize certain sectors or exposures relative to the benchmark, or that may reduce the portfolio's sensitivity to traditional stock and bond risks. QES utilizes a mosaic of sources in forming its model portfolios, relying on both quantitative and qualitative research. Inputs to model portfolio allocation decisions include, but are not limited to, past, current, and projected data relating to US and international economic growth, monetary policy, credit conditions, commodity markets, and international trade.

An investment in the securities specified in any model portfolio may underperform the model due to direct and indirect trading expenses, including but not limited to brokerage costs. An investment in the securities specified in any model portfolio may underperform the benchmark associated with that model.

The second services category encompasses the development of, ongoing analysis of, and reporting on investable alternative strategy indices intended to be accessible to institutional investors. The model portfolios that define these indices typically contain, in whole or part, derivative instruments that are not generally available to individual investors. These derivatives are typically exchange-traded, but may also be privately negotiated between parties. Investment in derivatives entails risk of loss, potentially of a greater amount than the capital required to initiate such a position. These indices may also specify investment in time deposits, or payment of interest, each typically tied to interest rates on government-issued securities or interbank lending rates. Each investable alternative strategy index seeks to replicate the performance of a non-traditional investment strategy. Examples include average hedge fund performance, thematic or sector strategies employed by hedge funds, managed futures strategies, and credit strategies, among others. Each index seeks to facilitate a significant investment capacity, daily valuation and/or trading, without discretion on behalf of QES. In this capacity, QES may be referred to as a "program manager," "index manager," "index calculation agent," et cetera. A significant benefit of the investable alternative strategy indices is their reliance on a mechanical, non-discretionary investment methodology. QES typically has limited, if any, input into an index's construction or behavior once developed, beyond providing operational guidance.

In designing investable alternative indices that seek to replicate the returns achieved in alternative investments, QES takes care to emphasize the value of robust modeling. This means that its methodologies seek to reduce the likelihood that a replication or investment system is unduly sensitive to past data and events, and can mechanically respond to future developments as flexibly as possible within the limitations of proscribed index rules. In developing and maintaining these indices, QES relies on the accuracy of model/index input it receives from various sources. Although QES generally does not have discretion in maintaining these models, it may, where possible and feasible, review model inputs and outputs from time to time to ensure their accuracy and quality. Nonetheless, such data may contain errors or other irregularities that affect index composition and performance.

Replication strategies seek to synthesize investment portfolios that produce performance similar to that achieved by, for example, individual fund managers, a collection of managers, or a universe of illiquid or hard-to-trade securities. These investable alternative strategy indices employ QES' research expertise. QES relies on a mosaic of both published and proprietary research to implement its alternative indexing and replication techniques, along with economic, financial, and other data. QES' proposed portfolios may not replicate these targeted performances, for a variety of reasons. These include but are not limited to fewer eligible investments relative to fund managers; limited ability for the index to hold illiquid positions; lower index rebalancing frequency than manager trading frequency; trading frictions; and, especially, manager skill, i.e. active management.

Material Risks

The list of risk factors below is not a complete explanation of the risks involved in an investment through QES' portfolios or products it manages or recommends to its clients.

The model portfolios managed or recommended by QES involve general market risk as well as the potential that a specific security does not track its underlying index or strategy.

Equity Securities Risk

The value of the equity securities held by client portfolios may fall due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities held by client portfolios participate, or factors relating to specific companies in which portfolios invest. The stock market has been subject to significant volatility recently which has increased the risk associated with certain equity investments. Common stock may decline in price if its issuer fails to make anticipated dividend payments because, among other reasons, the issuer of the security experiences a decline in its financial condition. In addition, while broad market measures of common stocks have historically generated higher average returns than fixed income securities, common stocks have also experienced significantly more volatility in those returns.

Fixed Income Securities Risk

Fixed income securities are subject to the risk that securities could lose value because of interest rate changes. Fixed income securities with longer maturities are subject to greater price shifts as a result of interest rate changes than fixed income securities with shorter maturities. There is also the risk that a bond issuer may “call,” or repay, its high-yielding bonds before their maturity dates. Fixed income securities are generally subject to credit risk (see paragraph directly below), which is the risk that an issuer will not make timely payments of principal and interest. Limited trading opportunities for certain fixed income securities may make it more difficult to sell or buy a security at a favorable price or time.

Credit Risk

Failure of an issuer or guarantor of a fixed income security, or the counterparty to a derivative transaction, to make timely interest or principal payments or otherwise honor its obligations, could cause a portfolio to lose money. Similarly, a decline or perception of a decline in the credit quality of a bond can cause the bond's price to fall.

Interest Rate Risk

Prices of bonds tend to move inversely with changes in interest rates. Typically, a rise in rates will adversely affect bond prices.

High Yield Risk

High yield bonds involve greater risks of default or downgrade and are more volatile than investment-grade securities. High yield bonds involve a greater risk of price declines than investment-grade securities due to actual or perceived changes in an issuer’s creditworthiness. In addition, issuers of high yield bonds may be more susceptible than other issuers to economic downturns, which may result in a weakened capacity of the issuer to make principal or interest payments. High yield bonds are subject to a greater risk that the issuer may not be able to pay interest or dividends and ultimately to repay principal upon maturity. Discontinuation of these payments could have a substantial adverse effect on the market value of the security.

Market Sector Risk

QES’ investment strategy may result in significantly over or under exposure to certain industries or market sectors, which may cause a portfolio’s performance to be more or less sensitive to developments affecting those industries or sectors.

Exchange Traded Funds Risk

Exchange traded funds (ETF’s) typically trade on securities exchanges and their shares may, at times, trade at a premium or discount to their net asset values. In addition, they may not replicate exactly the performance of the benchmark index it seeks to track for a number of reasons, including transaction costs incurred by the exchange traded fund, the temporary unavailability of certain index securities in the secondary market or discrepancies between the exchange traded fund and the index with respect to the weighting of securities or the number of securities held. Investing in exchange traded funds, which are investment companies, may

involve duplication of advisory fees and certain other expenses. Client portfolios will typically incur brokerage costs when purchasing and selling shares of exchange traded funds.

Derivatives Risk

Derivatives include instruments and contracts that are based on, and are valued in relation to, one or more underlying securities, financial benchmarks or indices. The value of a derivative depends largely upon price movements in the underlying instrument. Therefore, many of the risks applicable to trading the underlying instrument are also applicable to derivatives trading. However, there are a number of additional risks associated with derivatives trading. For example, a small investment in derivatives could have a potentially large impact on a portfolio's performance.

Counterparty Credit Risk

Many purchases, sales, financing arrangements, and derivative transactions in which portfolios may engage involve instruments that are not traded on an exchange. Rather, these instruments are traded between counterparties based on contractual relationships. As a result, the portfolio would be subject to the risk that a counterparty will not perform its obligations under the related contract. The Adviser intends to use counterparties it believes to be creditworthy but there can be no assurance that a counterparty will not default and that a portfolio will not sustain a loss on a transaction as a result.

Leveraging Risk

The use of leverage, such as entering into futures contracts, margin borrowing, options, and short sales, may magnify a portfolio's gains or losses. Because many derivatives have a leverage component, adverse changes in the value or level of the underlying instrument can result in a loss substantially greater than the amount invested in the derivative itself. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment. Borrowings will usually be from broker-dealers and will typically be secured by a client's securities and other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures portfolio obligations and if the portfolio were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the portfolio's obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the portfolio's profitability.

Securities investments are not guaranteed and you may lose money on your investments.

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 QES or the integrity of QES' management. QES has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Benjamin Warwick, managing member and chief investment officer of QES, is a registered representative of Frontier Solutions, LLC, a non-affiliated registered broker-dealer.

QES is a member of the National Futures Association ("NFA") and a registered Regulation 4.7 exempt Commodity Trading Advisor with the NFA.

QES has a significant advisory relationship with Aspen Partners, LTD., ("Aspen"). Aspen is a registered investment adviser and a NFA registered commodity pool operator. Aspen is the managing member to certain private investment funds and the Investment Adviser to the Aspen Managed Futures Strategy Fund (MFBTX), a mutual fund ("Fund"). QES provides investment advisory services and consulting to Aspen in regards to these private investments funds and other potential investment products. QES is the Index Provider for MFBTX, the Fund. As the Index Provider we are not affiliated with the Fund or the Investment Adviser (Aspen). Pursuant to an agreement between QES and Aspen, QES and Aspen jointly own the Index, and QES has granted to Aspen exclusive rights to use the Index for the operation of the Fund. QES acts as a consultant to Aspen on the Fund and on other investment products offered by Aspen, but each is a separate company. Mr. Warwick, managing member and chief investment officer of QES, has been appointed by Aspen to serve as Co-Chief Investment Officer of the managing member and private funds and Co-Chairman of its investment committee. QES and/or Mr. Warwick will receive a portion of the investment advisory fees Aspen receives from clients introduced by QES and/or Mr. Warwick to Aspen. To limit the conflict of interest here under, QES and/or Mr. Warwick will act as a solicitor only after it has entered into a Written Solicitation Agreement with the potential client. QES and/or Mr. Warwick will provide to the potential client Aspen's ADV Part 2A and a separate written disclosure statement describing the compensation arrangement between both parties, any amount the client is being charged in addition to the advisory fee if any, and the nature of the relationship between both parties.

Mr. Warwick is the sole owner of Sovereign Hedge Fund Management, LLC. As such, Sovereign Hedge Fund Management, LLC is considered to be a related person of QES. Sovereign Hedge Fund Management, LLC is also the general partner in the Sovereign Inherent Return Fund, L.P., a partnership which was only offered to "accredited investors", as such term is defined in Rule

501, adopted pursuant to the Securities Act of 1933. The Sovereign Inherent Return Fund, L.P., in turn, invested in various other partnerships (hedge funds) that were only offered to “accredited investors”. As the Sovereign Inherent Return Fund, L.P. is currently closed to investors and is in the process of winding down and returning investor capital, QES currently serves solely in an administrative role during this process. QES previously served as a sub-advisor to the general partner but currently serves in a purely administrative role as the Funds no longer receive investment advisory services. No advisory fees are being charged to the Sovereign Inherent Return Fund, L.P. QES will only receive an administration fee for its services.

Additionally, Mr. Warwick is also the owner and managing member of QES Private Equity, LLC, which is the managing member of Sovereign Private Equity Management, LLC. As such, QES Private Equity, LLC and Sovereign Private Equity Management, LLC are considered to be related persons of QES. Sovereign Private Equity Management, LLC is also the general partner of the Sovereign Lee Hybrid Fund, L.P., a partnership which is only offered to “qualified purchasers”, as such term is defined in Rule 2a51-1 of the Investment Company Act of 1940, as amended. The Sovereign Lee Hybrid Fund, L.P., in turn, invests in various other partnerships (hedge funds and private equity funds) that are only offered to “qualified purchasers”.

Sovereign Private Equity Management, LLC, as a related party to QES and as sub-advisor to the Sovereign Lee Hybrid Fund, L.P., may, when it deems it to be in the best interest of its clients, invest a substantial portion of the partnership's assets with other limited partnerships or hedge funds whose partners, investment advisers or affiliates may have significant business arrangements such as contractual obligations to provide research, solicitation fees, or other potentially related investments with QES, its owners or affiliates. This may create a conflict of interest as described further in the Confidential Private Offering Memorandums of the Sovereign Le Hybrid Fund, L.P. In addition, the specifics of these arrangements will be disclosed in the notes to the Sovereign Lee Hybrid Fund, L.P.’s annual audited financial statements, delivered to all investors in the Partnership.

QES may recommend to individuals other investment advisers in which QES has a current business relationship for which it receives compensation. For introducing the individual to the advisor, QES may receive a portion of the investment advisory fees that the advisor charges the individual. To limit the conflict of interest here under, QES will act as a solicitor only after it has entered into a Written Solicitation Agreement with the potential client. QES will provide to the potential client the advisor’s ADV Part 2A and a separate written disclosure statement describing the compensation arrangement between both parties, any amount the client is being charged in addition to the advisory fee if any, and the nature of the relationship between both parties.

Item 11 – Code of Ethics

QES 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. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts, and personal securities trading procedures, among other things. All supervised persons at QES must acknowledge the terms of the Code of Ethics annually, or as amended.

The officers and employees of QES are permitted to maintain separate outside security accounts in which they may buy or sell securities which QES is recommending to its clients. QES' Code of Ethics sets forth standards for the firm, including the monitoring of employees' security transactions. Officers and employees whose functions relate to the making of recommendations with respect to client purchases or sales of securities; and any natural person in a control relationship to QES who obtains information concerning recommendations made, with regard to the purchase or sale of any security are considered to be Access Persons. Access persons are required to obtain pre-approval from the chief compliance officer for non-exempt security transactions and regularly report on their holdings. Purchases of initial public offerings by Access Persons are prohibited without prior written approval. These policies are intended to mitigate the potential for conflicts of interest. QES' Code of Ethics also contains written policies reasonably designed to prevent the misuse of material, nonpublic information by QES, or any person associated therewith, in violation of the Advisers Act or the Securities Exchange Act of 1934, or the rules or regulations there under.

QES anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will recommend to investment advisory clients or prospective clients, the purchase or sale of securities or other investment products in which QES, its affiliates and/or clients, may have a position of interest in which to gain from financially. QES' officers and employees are required to follow QES' Code of Ethics. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of QES will not interfere with making decisions in the best interest of advisory clients and implementing such decisions. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of QES' clients. In addition, the Code requires pre-clearance of certain transactions, and restricts trading in close proximity to client trading activity or recommendations. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. The Compliance Officer reviews all reported transactions for appropriateness, conflicts of interest, and compliance with the QES Code of Ethics.

It is QES' policy that the firm will not affect any principal or agency cross securities transactions for client accounts. QES will also not cross trades between client accounts.

A copy of QES' Code of Ethics is available to any client or prospective client upon request by contacting Joe Leigh, Chief Compliance Officer, at (303) 471-0244 and/or email at joe@qesinvest.com.

Item 12 – Brokerage Practices

Generally, clients of QES give complete discretion with no limitations, regarding the selection of prime brokers, brokers, dealers, and custodians and the commissions, fees, and any other compensation paid for the supervision of their respective accounts. Should clients have preferences regarding the selection of specific prime brokers, brokers, dealers, or custodians, or the commissions, fees, or any other compensation paid to supervise their accounts, QES would be willing to accommodate such preferences, provided they don't hinder our ability to perform investment supervisory services satisfactorily. In the event that the client directs QES to use a particular broker in executing its transactions, there can be no assurance that the most favorable price or execution will be achieved when compared to non-directed brokerage transactions.

QES seeks to select brokers that provide the best execution in light of the circumstances involved in the transactions employed for clients' accounts. In evaluating brokers, dealers, custodians, and their respective execution, clearance, error resolution and settlement capabilities with regard to securities needed to be purchased or sold; their willingness to commit capital; the reliability of their personnel; and their technological platforms for transaction execution and reporting are all taken in to consideration. QES will not obligate itself to obtain the lowest commissions, transaction fees, or custodial fees on any particular transaction or overall agreement if doing so could cause other important execution criteria to be compromised.

In addition to execution provision characteristics, QES may consider the value of products or services that brokers, dealers, or custodians may provide. Such "soft-dollar" compensation could provide benefit to QES and could be considered to present a conflict of interest in allocating client brokerage and custodial business, as it could theoretically cause QES to select broker/dealers or custodians who do not offer the best available execution for transactions within client accounts. Products and services provided to QES by brokers and custodians might include financial database software and services; computerized news and pricing services; quotation equipment and associated hardware for use in running software used in investment

decision making; and research services relating to securities or potential securities to be purchased or sold in client accounts. Presently, QES does not allocate client assets to broker/dealers or custodians in exchange for “soft-dollar” compensation.

QES has adopted a policy to enter into “soft dollar” arrangements only when the brokers and custodians with whom it enters into these arrangements with are charging fair and competitive transaction and custodial fees and that when considering all factors including costs, execution, services and products provided, that its clients are best served with regard to their investment objectives. In the event that QES receives some form of additional compensation through these arrangements with respect to a clients account, we will annually prepare a report for each affected client detailing the amount and nature of compensation received and noting that said compensation may benefit all of our clients.

QES believes that the current brokers/custodians holding clients’ assets and executing their securities transactions are charging fair and competitive fees and that when considering all factors including costs, execution, and services and products provided, that clients are best served with regard to their investment objectives by current existing broker/dealers or custodians.

QES may recommend brokers or custodians to clients. Although QES may recommend brokers to clients, QES does not direct brokerage for its clients. Clients may select any broker/custodian they would like; however, it must meet the requirements of a Qualified Custodian. A Qualified Custodian delivers to each client or their independent representative and account statement, no less than quarterly, which identifies the amount of the funds and each security in the account, at the end of the statement period, and shows all transactions in the account during the statement period.

Item 13 – Review of Accounts

Generally, separately managed accounts are reviewed daily to ensure compliance with a predefined set of investment parameters, to monitor conformance to investment goals, and to ensure compliance within fiduciary guidelines. Review of clients’ accounts at each individual security level is necessary to monitor profitability, daily risk exposure, accuracy of third-party custodian reporting, and transaction costs as they all pertain to clients’ accounts. Because the accounts are under regular supervision, there are no specific factors which trigger reviews.

There are usually three reviewers of the separately managed accounts. Generally, each day, prior to the opening of the New York Stock Exchange, a Staff Accountant reviews each client’s account at the individual security level and at the aggregate account level to determine appreciation, balances, accuracy of third-party custodian reporting, and to monitor transaction costs for each account. Simultaneously, QES’ Senior Mathematician (SM) reviews each account at the individual security level and at the aggregate account level to assess what risk factors

exist in comparison to what risk factors should ideally exist, and if adjustments in security positions should be recommended. Additionally, before placing security orders, the Chief Investment Officer (CIO) and the SM review each account at the individual security level and at the aggregate account level to assess what profit and risk factors exist in comparison to what profit and risk factors should ideally exist, and if adjustments in security positions should be executed to adjust accordingly.

For separately managed accounts, QES generally reports aggregate account appreciation and aggregate account balances to its investment supervisory clients on days on which the New York Stock Exchange is open. Typically these figures are reported as estimates at the end of the business day, and then as actual figures at the beginning of the following business day, after the figures have been reconciled with third-party custodian information.

All client accounts are maintained with a Qualified Custodian that delivers to each client or their independent representative an account statement, no less than quarterly, which identifies the amount of funds and each security in the account, at the end of the statement period, and shows all transactions in the account during the statement period. All pooled investment accounts, where QES acts as the general partner will be audited annually and the audited financial statements delivered to each investor in the pooled investment account. Additionally, position balances and appreciation at the individual security level are provided to clients upon their request, generally within one business day. Further, aggregate account and individual security appreciation and balance figures are reported to clients on a monthly basis via third party custodian paper and electronic statements. Regular meetings and consultations with clients, either in person or by telephone, are encouraged.

Item 14 – *Client Referrals and Other Compensation*

QES may compensate persons for client referrals. From time to time QES may enter into written agreements with certain persons who may solicit investment advisory clients on behalf of QES. The solicitation fees paid by QES are made from the prospective investment advisory fee paid by the client. Any such fee will be paid in accordance with the provisions of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, and applicable state regulations. This is to be done in accordance with the terms of a written Solicitation Agreement and after execution of written Solicitor's Disclosure Statement by each client of such solicitor. Generally, those agreements provide for payment of a percentage of the investment advisory fees QES collects from advisory clients who become clients as a result of the solicitor's effort. In all events, such payments are fully disclosed to the client. The payment of a solicitor's fee will not increase the investment advisory fees paid by the client, nor will the absence of paying a solicitor's fee decrease the investment advisory fees paid by the client. The cost of any solicitor fee is borne entirely by QES. Clients will not be charged a higher fee as a result of these agreements. Such solicitor fees can be negotiated. These agreements can be cancelled by either party at any time.

Item 15 – Custody

QES, generally, does not maintain custody of client funds or securities. Clients maintain separate relationships with qualified custodians they select or have in place at their discretion. While clients receive monthly statements directly from their broker-dealer, bank or other qualified custodian, QES urges clients to carefully review such statements and compare such custodial records to any reports/statements that QES may provide.

The general partner of the Sovereign Inherent Return Fund, L.P, Sovereign Hedge Fund Management, LLC (as stated in Item 10), and the general partner of the Sovereign Lee Hybrid Fund, L.P., Sovereign Private Equity Management, LLC (as stated in Item 10), have custody of those private funds' funds and securities through the ability to access and control these assets and directly debit advisory fees. These private funds are audited annually, and investors in these private funds receive the financial statements resulting from the audits within 180 days (fund of funds) of the end of each private fund's fiscal year end.

Item 16 – Investment Discretion

Unless otherwise instructed in writing by the client, QES has full discretion to direct investments of the portfolios it manages, including decisions as to whether, when and how to buy, sell, exchange, invest, reinvest or retain assets for the portfolios. All such actions must be consistent with the investment policies that are set forth in an Advisory Agreement.

Clients of the QES may at times request certain reasonable restrictions or parameters with respect to the management of their account which QES does not believe will significantly impact the performance in a negative manner or inappropriately increase the risk profile. These Special Restrictions may be different from or in contradiction to the Investment Management Policies and Procedures adopted by QES per its compliance manual. In such instances, the Chief Compliance Officer is responsible for maintaining a copy of the written restrictions and establishing a system of monitoring the specific account to insure compliance with the Special Restrictions. Investment guidelines and restrictions must be provided to QES in writing.

Item 17 – Voting *Client* Securities

As a matter of firm policy and practice, QES does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. QES may provide advice to clients regarding the clients' voting of proxies.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about QES' financial condition. QES has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.