

## Item 1 – Cover Page

# Great Gable Partners, LP

301 Battery Street

San Francisco, CA 94111

415-986-1116

[www.greatgable.com](http://www.greatgable.com)

March 15, 2012

Form ADV, Part 2, our “Disclosure Brochure” or “Brochure” is required by the Investment Advisers Act of 1940. This Brochure provides information about our qualifications and business practices.

If you have any questions about the contents of this Brochure, please contact us at [info@greatgable.com](mailto:info@greatgable.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 Regulatory Authority.

We are a registered investment adviser with the Securities and Exchange Commission. Our registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, is information you use to evaluate us, and other advisers, which are factors in your decision to hire us.

Additional information about our firm and our employees is available to you for free, by using the Securities and Exchange Commission “public disclosure” website. This site is called “Investment Adviser Public Disclosure” and is available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). To use Public Disclosure, click the link, type in our Firm Name and search. Click on our name in the search results and you will find our Part 1 and this Part 2.

## Item 2 – Material Changes

Great Gable updates this document annually, or more frequently in the event of certain material changes.

This section addresses only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Pursuant to new SEC Rules, we will ensure that you receive a summary of any material 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.

This disclosure document, dated March 15, 2012, includes material changes since the last annual update on March 25, 2011. If you would like another copy of this Brochure, please download it from the SEC website or contact our Chief Compliance Officer, Stacey Kruus at 415-986-1116 or [sk@greatgable.com](mailto:sk@greatgable.com)

### Amendment to Item 4 – Advisory Business

1. Assets under management have been amended to \$49.2m.
2. Portfolio services are now provided to only one fund, Great Gable Fund II, LP as opposed to many funds. Services to separately managed accounts have not been amended.
3. Qualified Client definition has been updated to reflect new SEC definitions. Specifically, a Qualified Client must have either \$1m under management (up from \$750K) with the adviser or have a net worth of at least \$2m (up from \$1.5m). The Qualified Purchaser definition was updated to include the criteria for institutional investors.
4. The sub-advised product “Active Long/Short” has been replaced with a different sub-advised strategy, “Small Mid-Cap”.

### Amendment to Item 5 – Fees and Compensation

1. Reference to any performance fee on sub-advised accounts has been removed. Great Gable (and Baker Avenue as the primary adviser) no longer charges a performance fee on its sub-advised strategies.

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

1. Reference to any performance fee on sub-advised accounts has been removed. Great Gable (and Baker Avenue as the primary adviser) no longer charges a performance fee on its sub-advised strategies.

#### Amendment to Item 7 – Types of Clients

1. Reference to Great Gable Master Fund, Ltd, Great Gable Offshore Fund Ltd and Great Gable Capital Fund, LP were removed. As of the end of 2011, those funds were consolidated into Great Gable Fund II, LP.
2. The requirement that clients in the sub-advised strategy be Qualified Clients has been removed.

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## Item 4 – Advisory Business

**Great Gable Partners, LP** (“GGP”) is an SEC-registered investment advisor founded in 2004. Principal owners are Simon Baker, Kevin Goldstein and Jacques Soenens.

As of February 29, 2012, Great Gable Partners managed a total of \$49.2, all on a discretionary basis.

The portfolio management services provided by GGP include the purchase and sale of securities (which may include private security offerings) on behalf of the Great Gable Fund II, LP and their investors and the selection of brokers and the commissions to be paid. Typically, the Funds offer broad investment guidelines meaning that investor restrictions are not factored into the purchase or sale decisions. As private security offerings, the interests in the funds are subscribed to by each investor. In addition to the purchase and sale of securities, GGP also provides directly (or through third party providers to each Fund) performance monitoring and reporting.

### Adviser Services to Separately Managed Accounts

GGP also acts as investment adviser to a separately managed account outside of the hedge fund structure. GGP provides discretionary portfolio management services for the separately managed account in a strategy consistent with hedge fund.

Great Gable will only accept Qualified Clients (and/or Qualified Purchasers), as defined below, as clients on their separately managed account platform.

A Qualified Client is defined as a Natural Person (individual) or Company:

1. With at least \$1,000,000 under management with GGP; or
2. A net worth of \$2.0 million (individually or jointly).

A Qualified Purchaser is defined as a Natural Person (individual) or Company:

1. A net worth of \$5 million (individually or jointly); or
2. An institutional investor with over \$25 million in investments.

### Sub-Adviser Services to an Affiliate Registered Investment Adviser (Separately Managed Accounts)

GGP also acts as a Sub-Advisor to an affiliated SEC-registered Investment Advisors (and may do so for other, non-affiliated investment advisers in the future). As of the date of this

Form ADV, Part II, GGP acts as a sub-adviser to Baker Avenue Asset Management, LLC (an affiliate with whom we share an executive officer). GGP provides investment discretionary portfolio management services for the Small Mid-Cap product (investment strategy) for certain of Baker Avenue's clients for whom the strategy is determined to be suitable. GGP manages the strategy consistent with the instructions from the "primary" adviser Baker Avenue based on the needs of each client for whom GGP is assigned an account or portfolio. The terms, conditions and other contractual provisions of the contract (advisory agreement) between Baker Avenue and the client are communicated to and known by GGP when managing the portfolio(s).

Services available from other sources: Clients should also be aware that similar advisory services may be available from other sources at fee levels higher or lower than those charged by GGP. In addition, Clients do not need to hire GGP to invest in securities (including ETFs or Mutual Funds); however, you would not receive the value of GGP's proprietary analysis if you did not hire us to manage your assets.

Services to Family and Friends of GGP (and BAAM): Certain family members or friends of GGP's principals (please see Item 6 Disclosure, below) and other employees may receive the same or similar advisory services as Clients for advisory fees and/or performance fees that are zero or negotiated at a rate lower than available to our Clients. These lower advisory fees charged to family or friends are not available to Clients. In addition, GGP employees may invest in the Funds or the Active Long/Short strategy without having to qualify as a Qualified Client due to their employment with the firm. Employees may not be charged the performance fee.

## **Item 5 – Fees and Compensation**

### **Fee Schedule for Hedge Funds**

For complete and specific details, please see the Private Offering Memorandum and Subscription Agreement for the Fund. The Fund, through its General Partner has entered into an agreement with GGP, the investment adviser to the Fund. Pursuant to the agreement with GGP, the compensation is payable as follows:

#### **Asset Based Fee:**

An annual, asset based fee is charged on the aggregate assets under management; the fee is billed monthly in advance (charged on the first day of the month). Although calculated on the total net asset value of the fund, each Limited Partner investor is charged their pro-

rated amount of the fee by the administrator of the Fund (and debited for payment to the Adviser by the Fund Custodian). The asset based fee is:

1.5% per year or 0.125% per month

No part of the Management Fee will be refunded in the event that an investor withdraws all or any of the value in the investor capital account during a month, whether on a voluntary or involuntary basis.

GGP, in its sole discretion, may waive or reduce the Management Fee with respect to one or more investor for any period of time, or agree to apply a different Management Fee for that limited partner investor.

**Additional Partnership Fee Disclosures:**

As described in the Offering Document or Subscription Agreement for the Fund the following apply:

- No part of the base management fee will be refunded in the event that a limited partner withdraws all or any of the value in the limited partner's capital account during a calendar month, whether on a voluntary or involuntary basis;
- The advisory fee may be waived or reduced with respect to one or more limited partners for any period of time, or agree to apply a different management fee for that limited partner, except the base fee may not exceed 1.5% per annum;
- Generally, new investors will be admitted on the first day of each month and withdrawals may be made on a quarterly basis upon at least 45 days written notice to the General Partner, subject to a withdrawal fee of 5% of the withdrawn amount if such withdrawal occurs before the first anniversary of the investment and certain other restrictions.

**Fee Schedule for Separately Managed Account**

**Asset Based Fee:**

An annual, asset based fee is charged on the aggregate assets under management; the fee is billed quarterly in advance (charged on the first day of the quarter). For accounts opened during a calendar quarter, the fee due and payable will be calculated on a pro-rated basis for the balance of the quarter.

For additions at or above 5% of the current account value, GGP will charge a pro-rated advisory fee for the balance of the quarter. For withdrawals from the account (or portfolio) the advisory fee due and payable to GGP (or due to Client in the form of refund of un-

earned and pre-paid fees) will be pro-rated for the number of days within a calendar quarter that the service(s) were not provided.

Fees are subject to negotiation.

GGP, in its sole discretion, may waive or reduce the Management Fee with respect to one or more investor for any period of time, or agree to apply a different Management Fee for that limited partner investor.

**Sub-Adviser Services Fee Schedule (Separately Managed Accounts):**

For Clients who invest in the Baker Avenue Asset Management (BAAM) Small Mid-Cap Strategy, BAAM charges an annual asset based management fee of 1.25% of AUM (see BAAM ADV for details). This is charged quarterly in advance and debited directly from client accounts. GGP receives a substantial portion of this management fee.

Termination and Refunds of Pre-Paid and Un-Earned Advisory Fees: All contracts with Clients may be terminated at any time by either party (you or us) by delivering written notice to the other party.

For accounts sub-advised for BAAM, the termination of the sub-advisory agreement is driven by the separate agreement between BAAM and the underlying Client. In addition, BAAM and GGP may terminate their sub-advisory agreement as stipulated in the contract between the parties (written notice delivered to the other). Upon notification to GGP by BAAM that a Client has terminated the Small Mid-Cap account, all transactions placed at your Custodian up to GGP's receipt of the termination notice will be completed by your broker custodian; no other transactions will be placed by GGP after receipt of the termination notice.

For sub-advised accounts in the Small Mid-Cap Strategy, all un-earned, pre-paid advisory fees will be promptly refunded to the Client by BAAM upon termination. Termination of our advisory relationship is completed as soon as practically possible.

Additional Expenses: The portfolio management services provided by GGP may include the investment in ETF and Mutual Fund securities in the portfolios. In addition to transaction costs borne by you (the Investor in a Fund or a Client in the Small Mid-Cap), these securities may also charge additional fees and expenses to their shareholders. These are in the form of advisory / management fees, distribution fees (in the case of Mutual Funds), administrative and operational expenses, among others. Therefore, in evaluating GGP's portfolio management services, please take into consideration not only our advisory fee, but also the fees and expenses of the securities (ETF and Mutual Funds) that we may purchase on your behalf. This information is available from the Mutual Fund Prospectus

and other information on the securities, or, you may contact GGP to discuss these additional expenses or costs.

Other Items in this Brochure provide additional information and disclosure related to “other costs” you may incur. Please see Item 12.

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

### Performance or Incentive Fee:

A portion (usually 20%) of the Fund investor’s annual or quarterly net profit (including realized and unrealized gains and losses, and net of the asset base fee); attributed on the gross performance of the fund shall be paid out to the Fund’s General Partner. The performance fee is charged to each investor at the close of the month or year. Performance fees are subject to high water mark provisions (as described in the offering document and subscription agreement).

The General Partner, in its sole discretion, may waive or reduce the Performance Allocation with respect to any investor for any period of time, or agree to modify the Performance Allocation for that limited partner investor. The General Partner may, in its discretion, reallocate a portion of the Performance Allocation to certain investors. The performance fee charged to the fund by the General Partner is not received by or retained by GGP.

Great Gable Ventures, LLC (“GGV”), the General Partner of the Fund receives the annual or quarterly performance allocation at the close of each fiscal year or quarter equal to 20% of the portion of the Partnership’s annual or quarterly net profit (including realized and unrealized gains and net of the base management fee) attributable to each limited partner as of the close of such year or quarter. The performance allocation shall be subject to a high water mark provision at the limited partner level.

GGV shall also receive the performance allocation upon any withdrawal by a limited partner, whether voluntary or involuntary, and upon dissolution of the Partnership. The performance allocation shall be in addition to the proportionate allocations of the income and profits, or losses, to the General Partner and/or its affiliates based upon their capital accounts relative to the capital accounts of all partners. The General Partner, in its sole discretion, may waive or reduce the performance allocation with respect to any limited partner for any period of time, or agree to modify the performance allocation for that limited partner. The General Partner may, in its discretion, reallocate a portion of the performance allocation it receives (or is scheduled to receive) to certain limited partners.

### **Separately Managed Accounts:**

For Separately Managed Accounts, in addition to the annual asset based fee, GGP charges a performance based fee, on an annual basis, which is the 20% of the net gain in the portfolio (realized and unrealized gains and losses; net of the asset based fee). This annual performance or incentive fee is charged annually, in arrears.

The performance fee is subject to high water marks and is also subject to qualification standards by Clients prior to entering into the agreement.

For separately managed accounts that are closed prior to the end of a calendar year, the performance or incentive fee due to GGP will be charged (subject to high-water marks) at the date of termination.

While all accounts (except those for certain family, friends and employees) managed by Great Gable are subject to management and performance fees but some accounts may be paying different rates than others, Great Gable Partners faces certain conflicts of interest, including the incentive to allocate potentially more favorable investments opportunities to accounts paying higher performance fees because Great Gable shares in the potentially superior performance of such investment opportunities. Please see Item 12 for a discussion of how trade aggregation and allocation addresses the issues raised by Side-By-Side Management.

## **Item 7 – Types of Clients**

### **Services to Domestic and Off-Shore Private Funds (Hedge Funds):**

Great Gable Partners, LP (Great Gable, GGP, us, we our) provides investment advisory services to investment limited partnerships (the Partnerships):

- Great Gable Fund II, LP, a Delaware private limited partnership;
  - The General Partner is Great Gable Ventures, LLC (the sole members of the GP are Simon Baker and Jacques Soenens,);

Great Gable may provide investment advice and advisory services to other clients, including other partnerships.

Investors of each Fund may include:

- Qualified (high net worth) individuals;
- Pension and profit sharing plans;

- Trusts or estates;
- Charitable organizations;
- Institutional investors; and,
- Corporations (all qualified client investors).

The Fund dictates the minimum initial investment for a Limited Partner investor (please see the offering documents for the Fund); these minimums are subject to negotiation by the General Partner. Minimum investments suggested by GGP:

- Individual investors: \$250,000;
- Corporate investors: \$500,000.

**Services as a Sub-Adviser (Separately Managed Accounts):**

GGP also acts as a Sub-Adviser to an affiliated SEC-registered Investment Advisors (and may do so for other, non-affiliated investment advisers in the future). As of the date of this Form ADV, Part II, GGP acts as a sub-adviser to Baker Avenue Asset Management, LLC (an affiliate with whom we share an executive officer).

For the sub-advised accounts managed by GGP for Baker Avenue, GGP does not, itself impose a minimum account size; Baker Avenue recommends a minimum account of \$100,000 for the Small Mid-Cap strategy although this is subject to negotiation (please see the Form ADV Part II for Baker Avenue Asset Management).

**Services to Separately Managed Accounts:**

Great Gable provides discretionary investment management services to high net worth individuals and entities. Minimum account size is \$5m and is negotiable.

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

The Fund's investment objectives are to seek consistent above-average returns primarily through capital appreciation, while also attempting to preserve capital and mitigate risk through hedging activities. In carrying out the Funds' investment objectives, GGP will target the price inefficiencies in equities by primarily focusing on:

- 1) Free cash flow analysis;
- 2) Value-based analysis; and,
- 3) Assessing a company's competitive advantage.

GGP anticipates that most of the Fund's assets will be invested in publicly traded securities. The Fund seeks to provide its investors with superior and sustainable returns combined with effective risk management. GGP intends to follow a flexible approach in order to place the Fund in the best position to attempt to capitalize on opportunities in the financial markets. Accordingly, GGP may take advantage of opportunities in other asset classes if they meet the Investment Manager's standards of investment merit.

Investing in securities involves risk of loss that clients should be prepared to bear. An investment in the Fund should be viewed as a non-liquid investment and involves a high degree of risk. You should consider a subscription to purchase Interests only if you have carefully read the Private Placement Memorandum of the Fund. Risk factors associated with an investment in any of the GGP-managed funds include, but are not limited to:

Partnership Risks: Dependence on the Investment Manager, Limited Liquidity of Investments, Lack of Registration of Fund Interests, and Withdrawal of Capital Limitations, Concentration of Investments.

Market Risks: Competition, Market Volatility, Investments in Small Companies, and Use of Leverage, Short Sales and Options.

Great Gable employs the same methods of analysis and investment strategies for its separately managed accounts (sub-advised and otherwise).

## **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 Great Gable Partners, LP or the integrity of its management. Great Gable Partners, LP has no information applicable to this Item.

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

A Managing Partner, Simon Baker, is a Managing Member of Great Gable Investments, LLC, the general partner to Great Gable Partners, LP. Mr. Baker and the other Managing Partner of GGP, Jacques Soenens, are both the sole members to the General Partner of Great Gable Fund II, LP.

Mr. Baker is also the Managing Member of BAAM GP, LLC the general partner of Baker Avenue Asset Management, LP. As such, Mr. Baker may spend as much as 20% of his time on activities other than GGP or he may spend as much of 20% of his time on non-advisory activities on behalf of GGP's clients and limited partner investors.

GGP believes that although Mr. Soenens is a member of the GP to the fund, the time allocated to non-advisory or portfolio management services is de minimus and not material.

Other investment adviser: GGP is under common control and ownership with Baker Avenue Asset Management, LP an investment adviser registered with the Securities and Exchange Commission (SEC). As disclosed above, GGP acts as sub-adviser for the Small Mid-Cap strategy for Baker Avenue and its clients; GGP retains a portion of the fee charged to Baker Avenue's clients.

Entity that packages Limited Partnerships: As disclosed under Item 4, the primary business of GGP is providing portfolio management services to hedge funds for which GGP acts as adviser and its principals act as members of the General Partnership of the fund.

## **Item 11 – Code of Ethics**

Great Gable Partners, LP 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, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Great Gable Partners, LP must acknowledge the terms of the Code of Ethics annually, or as amended.

### Personal and Proprietary Trading:

At GGP, like many investment advisers, we follow our own advice. However, we recognize our fiduciary duty to you, our client (separately managed account, sub-advised or limited partner investors of the Fund) and we are obligated to follow the Regulations, Rules and interpretations under the Investment Advisers Act of 1940. Our fiduciary obligations to you require us to place your interests first.

When we purchase or sell securities for our own accounts or those of a beneficial nature to us (family and other accounts), we recognize the potential conflict of interest that is

inherent in this activity. To meet both our fiduciary and regulatory obligations to you, we have developed and implemented the following controls to address this potential conflict of interest with you. Our controls include:

1. Code of Ethics
  - a. Restrictions and limitations on the personal trading of *all employees*;
  - b. Disclosure of brokerage accounts, security holdings;
  - c. Restrictions and limitations on the receipt of or providing gifts, entertainment and political contributions;
2. Prevention and restrictions on activity when in possession of material, non-public, inside information.

In summary, our Code:

- Allows for employees to trade in the same securities recommended to Clients;
- Allows employees to own securities that may be subsequently purchased for the Clients;
- Allows employees to purchase securities that would otherwise not be suitable for, or purchased by GGP Clients;
- Prohibits giving preference to orders for employees (over the orders for the Clients);
- Requires, when Client and personal trades are aggregated (blocked together) that the shares purchased over time will be “average priced” so all participants receive the same price;
  - If partial fills are completed, Client orders are completely filled before employee or related accounts.

Additional Requirements Include:

- Act with integrity, competence, diligence, respect in an ethical manner with the public, Clients / Limited Partner Investors, Prospective Clients / Investors, GGP and affiliates, employees, colleagues, vendors, suppliers and other investment professionals encountered in day-to-day activity;
- Place the integrity of the investment profession, the interests of the Fund investors and all Clients ahead of our own (or the employee’s) interests;
- Prohibits the use of an employee’s position at GGP (or affiliates) to enrich the employee (or family) or GGP and affiliates;
- Identify potential conflicts of interest and engage our Chief Compliance Officer;

- Conduct all personal securities trading in compliance with our Code, Policies and Procedures;
- Use reasonable care and prudence, including sound judgment, when conducting investment analysis, making investment recommendations or engaging in other professional activities on behalf of GGP (or affiliates);
- Promote the integrity of GGP and the profession while encouraging (by example) these standards.

Specific Requirements Related to Personal Securities Trading required by GGP:

- Pre-Clear certain personal securities transactions;
- Report personal securities accounts, holdings and members of the employees household (and beneficial ownership accounts) initially (at time of employment) and annually thereafter;
- Report all reportable securities transactions on a quarterly basis to the Chief Compliance Officer.

You may request a copy of the GGP Code of Ethics by contacting Stacey Kruus, Chief Compliance Officer at 415.986.1116 or via email at [sk@greatgable.com](mailto:sk@greatgable.com).

## **Item 12 – Brokerage Practices**

Brokerage Discretion – Funds and Separately Managed Accounts: GGP is responsible for the placement of the portfolio transactions of the Fund and SMA's and the negotiations of any commissions paid on such transactions. Securities transactions are executed through brokers selected by GGP. Portfolio securities normally are purchased through brokers on securities exchanges or directly from the issuer or from an underwriter or market maker for the securities. Purchases of portfolio securities through brokers involve a commission to the broker. Purchases of portfolio securities from dealers serving as market makers include the spread between the bid and the asked price. GGP does not commit to provide any level of brokerage business to any broker. GGP may utilize the services of one or more introducing brokers who will execute the brokerage transactions through the clearing broker / custodian which will clear the Fund's and the SMA's transactions.

Securities transactions are executed through brokers selected by GGP in its sole discretion and without the consent of the Fund or the SMA. In placing Portfolio transactions, GGP will seek to obtain the best execution for each Client, taking into account the following factors:

- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- The operational efficiency with which transactions are effected, taking into account the size of the order and the difficulty of the transactions;
- The financial strength, integrity and stability of the broker; the broker's risk in positioning a block of securities;
- The quality, comprehensiveness and frequency of available research services considered being of value and the competitiveness of commission rates in comparison with other brokers satisfying GGP's other selection criteria.

GGP is authorized to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with such investment and research information or to pay higher commissions to such firms if GGP determines such prices or commissions are reasonable in relation to the overall services provided. Research services furnished by brokers may include:

- Written information and analyses concerning specific securities, companies or sectors;
- Market, financial and economic studies and forecasts;
- Statistics and pricing or appraisal services;
- Discussions with research personnel;
- Invitations to attend conferences or meetings with management or industry consultants.

GGP is not required to weigh any of these factors equally. Information so received is in addition to and not in lieu of services required to be performed by GGP and/or the General Partner of the Fund. The base management fee and performance fees are not reduced as a consequence of the receipt of such supplemental research information. Research services provided by broker-dealers may be utilized by GGP and its affiliates in connection with their investment services for any Fund. Since commission rates in the United States are negotiable, GGP's selection of brokers on the basis of considerations which are not limited to applicable commission rates may at times result in each Client being charged higher transaction costs than it could otherwise obtain.

Brokerage Discretion – Sub Advised Clients (Small Mid-Cap): GGP does not have the brokerage discretionary authority to pick the broker or negotiate commissions for sub-advised accounts. GGP will follow the instructions of the client and Baker Avenue by directing transactions for sub-advised Clients to the client's broker dealer custodian. Commission charges as determined by the client custodian are charged for the specific transactions to the client.

Trade Allocations / Block Trading: GGP may, but is not obligated to, aggregate trades for more than one Client (Fund, SMA or sub-advised Small Mid-Cap) with transactions in the same securities at the same time. The benefit to block trading is the ability for GGP to negotiate price and commission and achieve better (best) execution versus placing the transactions separately. This also allows GGP to allocate limited investment opportunities across the client accounts in a fair and equitable manner. GGP:

- Will identify the aggregate amount of the security needed for a complete fill;
- Will ensure that each participating Client is identified prior to the trade being placed (pre-allocation);
- Will average the prices of multiple transactions executed on a given day to obtain the full amount of the security (the average price of all transactions which is provided to each participating Client);
- For partial fills GGP will utilize a proportional or random allocation across all participating Client Accounts;
- If a pre-execution allocation was not completed, GGP will allocate as follows:
  - Random or proportional (pro-rated) allocation will be made based on a number of factors such as account suitability, cash available, size of the portfolio, etc.
- GGP permits the aggregate blocking of Personal Securities Transactions with those of Clients if the block is filled on the same day (average price for all participants);
  - If the order is partially filled or takes multiple days to fill, shares for Employee accounts are allocated on a prorated or random basis along with Clients (thus, employee accounts could be allocated shares Client accounts could not or vice-versa) or else the Employee accounts are excluded from the allocation and Clients are allocated on a prorated or random basis.
  - Under no circumstance will a partial fill be allocated solely to an Employee account.
- Allocation Exceptions: if the executed amount is deemed by the PM to be de minimus, shares may be allocated to the participating Client Accounts that are the smallest (i.e., complete fills, for example share allocations of 150 or less) or allocated to an account that is out of line with the desired allocation or sector weighting);
  - For sale transactions, allocations may be given to accounts in need of cash.

When block trading occurs that includes the Fund, SMA's and sub-advised (Small Mid-Cap) Clients the blocked transactions are placed at Fidelity Investments, the broker dealer / custodian for the sub-advised Client Accounts, the SMA's and the Fund.

Soft Dollars:

For Fund: The term "soft dollars" refers to the receipt by GGP of products and services provided by brokers, without cash payment by GGP, based on the volume of brokerage

commission revenues generated from securities transactions executed through those brokers on behalf of GGP's clients.

GGP engages in two types of soft dollar transactions / services; each is described below:

1. Those that are in compliance with Sec 28e of the Securities and Exchange Act of 1934 (the Exchange Act) as amended, the so-called "safe harbor" for investment managers to receive research and execution services that provide lawful and appropriate assistance to GGP in the performance of our investment decision making responsibilities; and,
2. Soft dollar credits (or commission sharing arrangements) that are not within the safe harbor afforded by Section 28 e.

Safe Harbor Soft Dollars (Sec 28e): In addition to research services, GGP may be offered other benefits by broker-dealers that it may engage to execute securities transactions on behalf of the Funds. These benefits may take the form of special execution capabilities which are critically important to GGP (and the types of securities purchased or sold for the Funds):

- Clearance and settlement;
- Online pricing;
- Block trading and block positioning capabilities;
- Willingness to execute related or unrelated difficult transactions in the future;
- Order of call;
- Online access to computerized data regarding Fund or Limited Partner Investors' accounts;
- Performance measurement data;
- Consultations;
- Economic and market information;
- Periodical subscriptions (e.g., the Financial Times, Investor's Business Daily, etc.);
- Portfolio strategy advice;
- Industry and company comments, technical data, recommendations, general reports;
- Efficiency of execution and error resolution;  
The availability of stocks to borrow for short trades;
- Custody;
- Record keeping and similar services.

Soft Dollars not subject to the 28e safe harbor:

GGP defers the expenses of the Fund or its General Partner through the receipt of commission credits which fall outside of the safe harbor. These additional credits are disclosed in the offering document for each Limited Partner Investor and include the following items. The net result is that such credits may include payment of all or a portion of a Fund's or GGP's and/or the General Partner's administrative costs and expenses of operation, and include:

- Newswire and quotation equipment and services (e.g. Reuters, Bloomberg, FactSet, etc.);
- Data processing charges;
- Registration costs for research conferences;
- Due diligence related expenses such as air fare, car service, car rentals, taxi fares, etc;
- Economic consulting services;
- Legal and accounting fees; and,
- Other reasonable expenses as determined by GGP or the Fund's General Partner.

The foregoing benefits may be available for use by GGP in connection with transactions in which the Fund did not participate. The availability of these benefits may influence GGP to select one broker rather than another to perform services for the Fund. Nevertheless, GGP's decision on which brokers to utilize will be driven by a concerted striving for "best execution." Also, GGP will attempt to assure that either the fees and costs for services provided to the Fund by brokers offering these benefits are reasonable in relation to the fees and costs charged by other equally capable brokers not offering such services or that the Fund will also benefit from the services.

Soft Dollar Broker: As of February 2012, GGP has only one soft dollar relationship in place with Merlin Securities, LLC of San Francisco, CA (Merlin is a fully disclosed, introducing broker dealer through Goldman Sachs Execution & Clearing, LP, which is also licensed as a security broker dealer) and is registered with the Securities and Exchange Commission and the Financial Industry Regulatory Authority (SEC and FINRA).

For safe harbor and non-safe harbor transactions placed at Merlin by GGP all commissions in excess of \$0.015 (or 1.5cents) per share are credited to GGP's soft dollar account.

GGP has determined itself the additional commission charges in *addition to Merlin's execution only commission schedule* to generate safe-harbor and non-safe harbor commission credits.

GGP has the option to use "soft dollars" generated by the Fund to pay for the research or brokerage services described above. The products and services available from brokers

include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment.)

The use of brokerage commissions to obtain investment research services and to pay for the administrative costs and expenses of GGP and the General Partner, including GGP's ability to set the soft dollar credits are a conflict of interest among GGP, the General Partner and the Fund. This is due to the use of Fund assets to pay for products or services that benefit GGP, or the General Partner and not exclusively the Limited Partner Investors in the Fund. The services received by the Fund may be solely and exclusively for the benefit of GGP or the General Partner. To the extent that GGP is able to acquire these products and services without expending its own resources (including the management fees paid by the Fund), GGP's use of soft dollars would tend to increase GGP's profitability. Each Partnership Agreement specifically authorizes these practices to the fullest extent permitted by law.

GGP clients should understand that our affiliate (Baker Avenue) may receive (directly or indirectly) a benefit from the Soft Dollar products and services purchased by Great Gable in the management of Fund assets (specifically the hedge funds listed under Item 7) without having to pay for a portion of the soft dollar credits generated.

For Separately Managed Accounts: Soft dollar commission credits are not generated by SMA trading or used by GGP exclusively for the benefit of any SMA. However, Separately Managed Accounts may receive directly or indirectly benefits from the Soft Dollar products and services purchased by Great Gable in the management of their Client assets (specifically the hedge funds listed under Item 7).

For sub-advised Active Long/Short Clients: Soft dollar commission credits are not generated by any sub-advised account trading or used by GGP exclusively for the benefit of any sub-advised account. All trades for the sub-advised accounts are placed at the sub-advised client's broker dealer custodian at commission rates as determined by the client, the broker custodian and Baker Avenue (please see Form ADV, Part II for Baker Avenue for complete detail).

Sub-Advised accounts may receive directly or indirectly benefits from the Soft Dollar products and services purchased by Great Gable in the management of their Client assets (specifically the hedge funds listed under Item 7).

## **Item 13 – Review of Accounts**

All accounts managed by GGP are reviewed, at least, on a monthly basis by Mr. Jacques Soenens, portfolio manager, to assure conformity with its objectives and guidelines. In addition, all accounts are reviewed in light of emerging market trends and developments as well as market volatility.

### **Reports:**

Hedge Fund: Each Limited Partner investor will receive the following:

- i) Annual financial statements of the Fund audited by an independent certified public accounting firm;
- ii) At the discretion of the General Partner, a periodic letter from the General Partner discussing the results of the Fund;
- iii) Copies of such Limited Partner's Schedule K-1 to the Partnership's tax returns, if applicable; and,
- iv) Other reports determined by the General Partner in its sole discretion.

Separately Managed Account: Monthly reports are received directly from their custodian. Great Gable is provided with this same information either by mail, electronically through data downloads or through access to the Custodian's website or other electronic systems.

Sub-Advised Accounts: Great Gable provides no reports directly to sub-advised clients.

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

GGP may also direct some brokerage business to brokers who refer prospective investors to the Fund. Because such referrals, if any, are likely to benefit GGP but will provide insignificant (if any) benefits to investors, GGP will have a conflict of interest with the Fund when allocating Fund brokerage business to a broker who has referred investors to GGP. To prevent Fund brokerage commissions from being used to pay investor referral fees, GGP will not allocate Fund brokerage business to a referring broker unless GGP determines in good faith that the commissions payable to such broker are reasonable in relation to those available from non-referring brokers offering services of substantially equal value to the Fund.

The General Partner may sell Interests through broker-dealers, placement agents and other persons and pay a marketing fee or commission in connection with such activities, including ongoing payments, at the General Partner's own expense (except in circumstances involving directed brokerage). In certain cases, the General Partners

reserve the right to pay a one-time fee or sales charge, on a fully disclosed basis, to a broker-dealer or placement agent based upon the capital contribution of the investor introduced to the Fund by such broker-dealer or agent. Any such sales charge would be assessed against the referred investor and would reduce the amount actually invested by the investor in the Fund.

Fidelity Prime Services: GGP receives economic benefit from Fidelity Prime Services through GGP's usage of Fidelity as a Prime Broker. Although the benefits received from Fidelity through our participation in this program provide economic benefit to us, they are not considered research services under Sec28e. There is no cost to GGP for these services; they are provided to GGP based on our usage of Fidelity as a Prime Broker for the fund.

The economic benefits provided to GGP (and the Clients who custody at Fidelity) include:

- Access to dedicated trading desks;
- Client confirmations and bundled statements for all Client Accounts;
- Block trading and prime brokerage services;
- Electronic communication networks for client information access / portfolios and trading;
- Software, tools and information relevant to independent investment advisers;
- Access to educational or due diligence programs;
- Deduction of investment advisory fees due GGP from Client Accounts (based on a wire request to Fidelity from GGP);
- Among others.

Merlin Securities: GGP receives economic benefit from Merlin Securities through GGP's usage of Merlin as an Executing Broker and the Soft Dollar Broker (please see Item 12 disclosures, above).

## **Item 15 – Custody**

Great Gable Partners has custody over the assets in the hedge funds but not for any sub-advised or separately managed accounts.

Great Gable Partners, as an investment adviser to a pooled investment vehicle, relies on the annual audit provision of the Custody Rule as we are contractually obligated to obtain an audit of the financial statements of the pooled investment vehicles for each fiscal year and deliver them to investors within 120 days of the end of each fiscal year. The audit is performed by an independent public accountant registered with, and subject to regular inspection by, the PCAOB.

Clients in the sub-advised and separately managed accounts should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Great Gable Partners urges you to carefully review such statements and compare such official custodial records to the account statements that may be provided to you.

## **Item 16 – Investment Discretion**

Investment Discretion – Funds: There are no restrictions as to the type or amount of securities to be bought or sold on behalf of a Fund.

Investment Discretion – Separately Managed Accounts: There are no restrictions as to the type or amount of securities to be bought or sold on behalf of a SMA.

Investment Discretion – Sub Advised Clients (Small Mid-Cap): The services provided by GGP are dictated by Baker Avenue, the adviser to the separately managed accounts. Any client imposed investment restrictions will be provided to GGP for the management of the portfolio(s).

## **Item 17 – Voting Client Securities (i.e., Proxy Voting)**

GGP as the investment adviser to the Fund votes the proxies and other matters on behalf of the Fund and the Limited Partner investors. The votes are cast based upon GGP's Proxy Voting Guidelines. A Limited Partner investor may request a copy of our Proxy Voting Guidelines or a record of the ballots received and cast by GGP for the Fund.

Sub-Advised and SMA Clients: Each Client retains the right (and responsibility) to vote proxies on securities held in their accounts. GGP (and its affiliate, Baker Avenue) do not vote proxies for separately managed accounts. Proxy voting retention by the Client is stated in the advisory agreement GGP has with each client and Baker Avenue has with each sub-advised Client.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Great Gable Partner's financial condition. Great

Gable Partners 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.