

Basel Asset Management, LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of Basel Asset Management, LLC (“BAM, us, we, or the Company”). If you have any questions about the contents of this brochure, please contact us at 212-332-4180. 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.

Additional information about BAM is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

This brochure has been updated since its filing in January of 2012. ‘Basel Traders’ was closed at year-end 2011. The previous Compliance Officer Carl Pampolina left the firm in February 2012. BAM has relocated its address from New York, NY to Jersey City, NJ on March 29, 2012.

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Advisory Business

The Company was founded in November 2003 by Mr. Roland Eberhard and registered as an investment adviser with the United States Securities and Exchange Commission in May of 2005. The principal owners of the Company are Andre Stern and Roland Eberhard, however Mr. Eberhard’s share in BAM are held by another company he owns, Andani, LLC. As of February 29, 2012 the Company managed \$221,697,083 on behalf of discretionary clients and \$208,761,215 on behalf of non-discretionary clients.

BAM primarily serves as “fund-of-hedge funds” adviser to related collective investment vehicles that we have formed (“Funds”), and to high net worth individuals and charitable organizations (“Clients”) (Clients and Funds are collectively referred to as “Accounts”).

Account assets are allocated to private investment funds (“Underlying Funds”) and, to a lesser extent, to managed accounts (“Managed Accounts” and, together with Underlying Funds, “Underlying Accounts”) managed by money managers (“Underlying Managers”) selected by us. We believe that, by investing through a diversified group of Underlying Managers, we will offer our Accounts access to the varied skills and expertise of a number of Underlying Managers while

at the same time lessening the risks and volatility associated with investing through any one private investment fund or managed account. We are able to provide a number of important benefits to Accounts seeking access to private investment fund investing, including: (i) diversification among investment styles and investment strategies of Underlying Managers that is greater than an individual investor could achieve himself; (ii) access to professional management with expertise in selecting strategies and allocating assets among Underlying Managers; and (iii) ongoing review and monitoring of Underlying Managers and their performance. Generally, we use our experience and expertise in the industry in conducting due diligence on the Underlying Managers and evaluating the risks associated with Underlying Managers.

In addition, BAM may from time to time directly invest the capital of Accounts in cash, fixed income securities, exchange traded funds, and short-term investments including, but not limited to, interest-earning money market accounts, government obligations, commercial paper, or short-term certificates of deposit. BAM will also use currency forwards for hedging purposes.

Fees and Compensation

For Clients we generally charge a fee of 1% of assets under management, which amount is payable in advance on a monthly or quarterly basis, as negotiated with the client. Account value is based on the net market value of the Client's account at the beginning of the period. BAM has negotiated lower annual fees with Clients, and some may pay management fees in arrears. We also typically receive a performance fee equal to 10% of net profits of the account (including both realized and unrealized gains and losses), assessed in arrears at the end of each year. Certain accounts may pay a performance fee that is less than this amount or that is subject to a hurdle rate.

BAM's services may be terminated by either party upon written notification in accordance with the applicable contractual notice of termination. If a client terminates the investment management agreement BAM shall refund any pre-paid fee for services that were not rendered. The management and performance fee we charge to clients is separate and distinct from the fees that Underlying Funds or Managers will charge. In addition, as investors in the Underlying Funds, Clients will incur other fees and expenses charged to the Underlying Fund.

Compensation charged to the Funds is comprised of fees based on a percentage of assets under management and incentive fee. Fees are deducted from the investor's capital account. Detailed information regarding the fees charged to the Funds is provided in each Fund's Confidential Information Memorandum and other governing documents. In addition to management and incentive fees, investors will bear indirectly the fees and expenses charged to the Fund. Those fees and expenses will vary, but typically will include fees associated with making or selling portfolio investments, legal and accounting fees, taxes, commissions and brokerage fees, registration expenses, fees to government regulatory agencies, the cost of directors' and officers' liability insurance and other expenses such as litigation expenses. Investors should review all fees charged by BAM and the Funds to fully understand the total amount of fees to be paid by the Funds and, indirectly, the investors.

Depending on the class an investor subscribes to, an investor may be subject to lower or higher advisory fees. In all cases, expenses, the management fee and the performance fee through the date of termination are charged to the investor. All prepaid but unearned advisory fees are refunded to the investor.

Performance Based Fees and Side-by-Side Management

Performance based or incentive fees are fees based on a share of capital gains on or capital appreciation of the assets of a client. An adviser charging performance fees to some accounts faces a variety of conflicts because the adviser can potentially receive greater fees from its accounts having a performance-based compensation structure than from those accounts it charges a fee unrelated to performance (e.g., an asset-based fee). As a result, the adviser may have an incentive to direct the best investment ideas to, or to allocate or sequence trades in favor of, the account that pays a performance fee.

Certain accounts managed by BAM pay an incentive fee, thus BAM may have an incentive to favor certain accounts over others because of the fee structure. The fact that BAM is compensated based on trading profits may create an incentive for BAM to make investments on behalf of certain clients that are riskier or more speculative than would be the case in the absence of such compensation. In addition, the incentive fee received by BAM is based primarily on realized and unrealized gains and losses. As a result, the performance based fee earned could be based on unrealized gains that clients may never realize.

Types of Clients

Currently we serve as an investment adviser to Basel Holdings International, Ltd. (“BHI”), which is a fund of hedge funds domiciled in the Cayman Islands. BHI provides investors the opportunity to allocate their assets into several portfolios within BHI. Each portfolio corresponds to different objectives and strategies which are as follows:

- Basel Equities: The objective of this portfolio will be absolute return through investments in funds managed by Underlying Managers following equity long/short strategies or equity related strategies in equity markets in the United States, Europe and Asia/Emerging Markets.
- Basel Continuity: The objective of this portfolio is absolute return through investments in Underlying Funds following arbitrage strategies and through investments in Underlying Funds following income (fixed and floating) related strategies, including distressed and high yield investing.

We also serve as investment adviser to Basel Holdings Distressed Value Ltd. (“BHDV”), a Cayman Islands exempted company. BHDV is a global fund of funds that invests primarily all of its assets in Underlying Accounts that invest primarily, without limitation, in (1) distressed equity/debt, (2) general credit opportunities across the capital structure, (3) event driven special

situations, (4) leveraged loans and bank loans, (5) high yield instruments, and (6) structured products.

In providing services to the Funds, we manage the assets in accordance with the terms of the Confidential Offering Memorandum for each Fund.

We also provide advice to Clients and serve as a co-adviser for one institutional account whereby in its capacity as co-advisor, we provide advice to the institutional client but is not authorized to cause the institutional client to engage in any particular transaction without the approval of the co-adviser.

The Funds generally require investors to contribute a minimum of \$1 million along with a net worth of at least \$1,500,000. We generally require Clients to have a minimum investment of \$100,000,000 to open an individually managed account. These minimums may be waived by BAM in its sole discretion. BAM requires investors and individual accounts to make representations concerning their sophistication as investors and their ability to bear the risk of loss of their entire investment under BAM's management.

Methods of Analysis, Investment Strategies and Risk of Loss

BAM uses proprietary methods to determine appropriate asset classes for client investment. BAM follows a disciplined, documented investment process which involves a qualitative and quantitative method of analysis to evaluate and monitor investment management organizations. BAM analyzes, in detail, the investment management organization, ownership structure, assets under management, products, client base, capacity issues, the backgrounds of key investment professionals, the firm's investment philosophy, investment process, style, performance, and risk management. On site due diligence is a key component of this analysis. Quantitative analysis includes reviewing performance against objectives, historical and expected performance, benchmarks and peers, analyzing risk/return ratios, understanding key drivers of performance returns, alpha generations versus style or benchmark contributions and correlations with other funds in the portfolio.

BAM will use published databases of investment manager performance, personal contacts, other hedge fund managers, regulatory filings, private placement memoranda, annual reports and industry publications. BAM does not independently audit or verify the performance figures reported by the Underlying Funds or Managers that appear in databases relied upon by BAM.

BAM employs a multi-manager investment strategy in giving investment advice to clients. The Underlying Managers with which BAM makes investments on behalf of the Accounts may employ a variety of investment strategies.

The description provided above is a brief overview of the investment strategy and is not intended to be complete. All investing involves a risk of loss and the investment strategy offered by BAM could lose money over short or even long periods. The description contained below is a brief overview of different investment risks related to BAM's investment strategy:

Funds-of-funds generate multi-level fees and expenses. In addition to the fees charged by BAM, Accounts will pay fees charged by the Underlying Funds/Managers. Thus, accounts are subject to higher operating expenses.

Underlying Funds are illiquid. BAM may make additional investments in or affect withdrawals from an Underlying Fund only at certain times pursuant to limitations set forth in the governing documents of the Underlying Fund. The redemption or withdrawal provisions regarding the Underlying Funds vary from fund to fund. Therefore, Accounts may not be able to withdraw its investment in an Underlying Fund promptly after we have made a decision to do so. Some Underlying Funds may also impose early redemption fees.

Underlying Funds may not allow withdrawals and may distribute securities instead of cash. Underlying Funds are permitted to redeem their interests in-kind. Thus, upon the Account's withdrawal of an interest in an Underlying Fund, it may receive securities that are illiquid or difficult to value.

Underlying Funds may be difficult to value. The valuation of the Account's investments in Underlying Funds is based on information provided by the Underlying Funds and their auditors. Although BAM reviews the valuation procedures used by the Underlying Funds, BAM may not be able to confirm or review the accuracy of such valuations.

The investment strategy offered by BAM is designed for sophisticated investors who fully understand and are capable of bearing the risk of investing in this strategy. BAM's investment strategy is speculative and involves a high degree of risk. Also, the investments are illiquid, and some of the Underlying Funds may be highly leveraged. Account performance can be volatile which could result in Accounts losing all or a substantial amount of any investment it made. No guarantee or representation is made that the Account will achieve its investment objective.

Disciplinary Information

BAM and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

Employees may serve as outside directors or member of an advisory board for various organizations. These organizations include private corporations, charitable foundations and other not-for-profit institutions. Employees do not receive any compensation for serving as a director or member of an advisory board and responsibilities are limited to meeting with other board members or management to discuss the organization of the business and other routine corporate or business matters. Organizations for which employees of BAM serve on the board may retain BAM to provide investment advisory services. To the extent that an organization retains BAM for advisory services, BAM may offer terms that are more favorable than those otherwise available to other clients of BAM.

BAM has an investment committee comprised of the principal owners of the Company and the principal owners are also associated with other companies including investment advisers. Mr. Eberhard controls B.A.M Investments Ltd. (“BAM Investments”) and Eberhard & Associates AG. BAM Investments solicits non U.S. investors for the funds offered by BAM. BAM has an agreement with BAM Investments and will compensate the company for the sale of fund shares out of its own revenues. The payments create a conflict of interest by influencing BAM Investments to recommend funds offered by BAM.

While the companies listed above are under common control they operate independently from BAM. In addition, Mr. Eberhard spends most of his time managing the day-to-day business activities of BAM.

Since October of 2007 Mr. Eberhard has been a Director of ALPS Funds SPC managed by ALPS Asset Management Limited (together “ALPS”). ALPS’ is a multi-family office with its principal place of business in Hong Kong. BAM and ALPS share investment research via a proprietary database of third-party managers. ALPS compensates BAM \$20,000 annually for access to BAM’s proprietary research database. ALPS will also receive up to 50% of the advisory fee for any client or investor it refers to BAM. In addition, BAM receives 50% of the advisory fees paid to ALPS from clients or investors referred to ALPS by BAM.

Dr. Stern is an owner and Chief Executive Officer of Oxford Asset Management which is registered as an investment adviser with both the United States Securities and Exchange Commission and the Financial Services Authority in the United Kingdom. Dr. Stern is not involved with the day-to-day management activities of BAM, however he does serve on BAM’s investment committee which meets periodically and is responsible for reviewing investment decisions. BAM does not have a business arrangement with Oxford Asset Management. BAM intends to avoid conflict of interest by not making investments in private investments funds that are affiliated with Dr. Stern.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

BAM is the investment manager to BHI, BHDV, and individually managed accounts. As investment manager BAM receives a management fee and receives a performance-based fee for managing these assets. As a result, BAM has an interest in recommending to clients that they invest in BHI, BHDV, or BAM managed accounts.

BAM or its employees may invest in the same Underlying Funds in which BHI, BHDV, or the managed accounts invest. However, in no cases will BAM or its employees receive better terms when investing in the same Underlying Funds as Clients.

To avoid any potential conflicts of interest involving personal trades, BAM has adopted a Code of Ethics that requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;

- Place the integrity of the investment profession, the interests of clients, and the interests of Registrant above one's own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid or disclose any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals; and
- Comply with applicable provisions of the federal securities laws.

BAM's Code of Ethics also requires that employees: 1) pre-clear certain personal securities transactions including investment in private investment funds, 2) report personal securities transactions on at least a quarterly basis, and 3) provide BAM with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such Employees have a direct or indirect beneficial interest.

A copy of BAM's Code of Ethics is available upon request.

Brokerage Practices

Ordinarily BAM will invest in Underlying Funds directly and without the involvement of any financial intermediary such as a broker-dealer. Thus commissions are not ordinarily payable in connection with such investments. To the limited extent that BAM engages in transactions other than investments in Underlying Funds, BAM has the authority to determine the financial intermediaries to be used in connection with such transactions and the commission rates paid. When executing trades BAM does not seek to obtain products, research or other services. Brokers and dealers are generally selected by BAM on the basis of obtaining the best overall terms available based on a variety of factors, including the following: the ability to achieve prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected; the financial strength, integrity and stability of the broker, the quality and comprehensiveness of related services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying the other selection criteria.

BAM does not aggregate the purchase or sale of securities for multiple Accounts. Instead all trades are executed for each Account on an individual basis. Clients do not incur any additional transaction costs when trade orders are done separately, however the execution price may vary depending on when the order gets executed and the current bid/ask.

Review of Accounts

Client accounts are reviewed on an ongoing basis by Mr. Roland Eberhard and he is supported by a team of research analysts. Mr. Eberhard and his team continually performs evaluations of Underlying Funds and monitors factors such as performance, volatility, performance attribution, correlations, adherence to investment guidelines, and portfolio management changes.

Fund investors receive annual audited financial statements prepared in accordance with generally accepted accounting principles and reports issued no less than quarterly which include a statement of the net asset value of the investor's interest in the fund.

The nature and frequency of reports to Clients are determined primarily by the particular needs of each Client. Generally, Clients receive custodial statements of all transactions no less than quarterly. In addition, BAM may provide quarterly reports that may include relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis. Clients should carefully review the statements provided by the custodian and compare it against statements that may be provided by us.

Client Referrals and Other Compensation

From time to time, BAM may compensate third parties, e.g. solicitors, for soliciting new Accounts. Compensation is paid as a percentage of the management or performance based fee BAM collects. Accounts that are referred to BAM via a solicitor may be charged higher fees versus clients that are not referred by a solicitor. BAM endeavors to comply with all relevant federal and state laws, including Rule 206(4)-3 under the Investment Advisers Act of 1940, when engaging solicitors to refer individually managed accounts. Third-party solicitors will generally be paid for the introduction out of the fees that BAM receives from the Accounts. Solicitors should be regarded as having an incentive to recommend that Accounts remain with us, since the solicitor will generally be compensated as long as Accounts continue to pay fees to BAM.

Custody

All Client assets are held in custody by unaffiliated broker/dealers or banks, however a registered investment adviser who, directly or through an affiliate, acts as the general partner or managing member to a limited partnership or other comparable pooled investment vehicle is considered to have custody over client assets. Rule 206(4)-2 under the Investment Advisers Act of 1940 imposes a number of requirements on an SEC-registered investment adviser that is deemed to have custody of its clients' funds and securities.

To comply with Rule 206(4)-2 and to provide meaningful protection to investors, each Fund is subject to an annual financial statement audit by an independent public account registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements are prepared in accordance with generally accepted accounting principles, and are distributed to each investor within 180 days of the Client Fund's fiscal year end.

Investment Discretion

There are no limitations on BAM's authority to determine the securities to be bought or sold or the amounts thereof. BAM has complete investment discretion over all Account assets. The authority to manage assets on a discretionary basis is contained in the advisory agreement signed by Clients. Regarding the Funds, the governing document provides that BAM has exclusive and absolute discretion and authority in managing and controlling the business and affairs of the Fund, subject only to specific and express limitations provided therein. Thus, BAM has discretionary authority to determine, without obtaining specific consent from the investors, the securities and amount to be bought or sold.

Voting Client Securities

BAM is rarely, if ever, requested to vote the proxies of traditional operating companies. Rather, BAM from time to time is requested to vote on behalf of its Accounts in their capacities as investors in Underlying Funds. In general, BAM divides proxies into two categories: i) those covering primarily administrative matters on which a vote is requested; and ii) non-recurring or extraordinary matters, such as a material change in business terms. Absent a particular reason to the contrary, it is BAM's general policy to vote in accordance with the recommendation of the manager of the Underlying Fund on routine matters. In the case of non-recurring or extraordinary matters, BAM votes on a case-by-case basis in accordance with the goals of maximizing value.

BAM anticipates that it will rarely be faced with a conflict when voting a proxy. However, if a material conflict of interest over proxy voting arises between BAM and an Account, BAM will appoint a committee (the "Proxy Voting Committee") composed of one or more individuals selected from time to time by BAM in its sole discretion. No member of the Proxy Voting Committee may be an affiliate of or associated with the Company (except as an investor in the Funds). If established, the Proxy Voting Committee will advise the Company on how to vote the proxy in question. Accounts may contact BAM for a copy of the policy or information with respect to a specific client proxy vote, at no cost.

Financial Information

BAM has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.