

**Part 2A of Form ADV: Firm Brochure**

Item 1 Cover Page

**SELECT OFFSHORE ADVISORS, LLC**

**March 30, 2012**

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**This brochure provides information about the qualifications and business practices of Select Offshore Advisors, LLC, (or “We” or “Our” or “Us” or “the Firm”). If you have any questions about the contents of this brochure, please contact us at (212) 475-8335 or [clients@selectequity.com](mailto:clients@selectequity.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.**

**We will provide you with a new Brochure at any time, without charge. Additional information about Select Offshore Advisors, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2 Material Changes**

The Firm would like to advise of the following material change that has occurred since our last annual update of our brochure on March 31, 2011:

In August 2011, Select Equity Group, Inc. (“SEG”) and Latigo Partners, LP mutually agreed to separate from their joint ownership of SEG Latigo Advisors, LP and the SEG Latigo management and related general partner entities.

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#### Item 4 Advisory Business

##### Generally

The Firm is a New York limited liability company formed in 2001. We provide investment management services to private fund clients. The Firm is employee owned and George S. Loening is the controlling member of the Firm. We have been registered with the U.S. Securities and Exchange Commission (the “SEC”) since 2006. You should note that the mere fact we are registered with the SEC does not imply any level of skill or training.

##### The types of advisory services that we offer:

The Firm serves as investment manager to certain funds not publicly offered in the United States each a (“Private Fund”), which seek to achieve maximum total return by investing generally in equity securities and utilizing various techniques, which in some cases may include leverage, in accordance with the methodology described in its confidential private offering memorandum (“Offering Memorandum”). Each Private Fund may have multiple classes of shares. The classes may differ in terms of fees, liquidity rights or other features as described in the Offering Memorandum for the Private Fund. An affiliate serves as investment manager to other private funds organized in the United States as well as individual accounts.

The Private Funds may, without notice to other investors, enter into “side letter” agreements with certain prospective or existing investors granting them, among other things, special liquidity rights, performance compensation waivers or reductions, hurdle rate modifications, redemption fee waivers or reductions, and/or other more favorable investment terms than the terms that are described in the applicable Offering Memorandum. The granting of preferred terms to certain investors is solely at the discretion of the Firm and the Board of Directors of the Private Funds, and the Private Funds shall have no obligation to offer such differing or additional rights, terms or conditions to all investors.

The fees charged to such Private Funds are discussed in Item 5 below.

All Private Funds are managed on a discretionary basis. As of February 1, 2012 we manage \$2,641,766,336 (gross) on a discretionary basis and \$0.00 on a non-discretionary basis.

## Item 5 Fees and Compensation

We receive an asset based management fee and/or performance based compensation, discussed below, for our advisory services. Please note that we reserve the right to enter into alternative fee arrangements with institutional clients or other clients that meet specific minimum size or other characteristics.

### Fee Schedule

Certain Private Funds pay a management fee in an amount equal to 0.0% to 2.0% per annum of net asset value. Each Private Fund may have multiple classes of shares (“Shares”). The classes may differ in terms of fees, liquidity rights, currency denomination or other features as described in the Offering Memorandum for the Private Fund. Each class of Shares of a Private Fund that is subject to an asset based fee of 0.0% to 2% (depending on the strategy and/or class of Shares) may also be subject to an incentive allocation (“Performance Compensation”) equal to 10% to 30% of net gains; in certain cases, the Performance Compensation is subject to a 10% net performance hurdle. In most cases these Performance Compensation only applies to net gains that bring the investor to a “new high water mark.” In other cases, the Performance Compensation is subject to the outperformance of a particular index. Because the Performance Compensation is determined based on the outperformance of an index, it is possible that a Performance Compensation would apply even if such investor’s per share net asset value, had depreciated in value or that the Performance Compensation could exceed the appreciation in the value of such investor’s shares.

Our employees and principals are generally not charged asset based fees or Performance Compensation in connection with any investment they may make in the Private Funds.

The Firm has the discretion to modify its fees on a case by case basis and has done so on occasion in the past. We, from time to time, may offer other strategies with different or negotiated fee schedules and other terms, including managed accounts and/or private funds that are similar in strategy to certain of the Private Funds.

For Private Funds, management and performance compensation are deducted from the custodial account of the Private Fund. Generally, a Private Fund’s management fee is charged monthly in arrears and Performance Compensation is allocated at the end of the calendar year based on the portfolio’s fair market value as of December 31 of the applicable year, or the termination or withdrawal date, as appropriate.

In addition to the fees outlined above and brokerage and other transactional costs discussed more fully in Item 12 below, the Private Funds, and not the Firm, will bear their own operational expenses, including custodial fees, administration expenses, insurance, legal and accounting expenses, taxes, brokerage fees, and research expenses.

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

As discussed above in Item 5, we charge management fees and/or performance-based compensation for the Private Funds. You should be aware that performance-based compensation may create an incentive for us to make investments that are riskier or more speculative than would be the case in the absence of such arrangement. Additionally, other conflicts of interest may arise, including that we have an incentive to favor Private Funds or classes of Shares in Private Funds that charge higher management or performance fees. Furthermore, in certain Private Funds not all classes of Shares are subject to the same performance compensation arrangement. Classes of Shares that are subject to a higher performance compensation rate may create an additional incentive for us to take greater risks for the Private Fund as a whole than otherwise would be the case with a Private Fund offering only a single class of Shares subject to a lower performance compensation rate. It is our policy, to the extent practicable, to allocate investment opportunities among our clients, over a period of time, on a fair and equitable basis. We, and our affiliates have adopted a Trade Allocation Policy that we believe will realize that objective and mitigate the conflicts discussed above. Additionally, purchases or sales of investments for a particular Private Fund are generally made without regard to class of shares unless subject to regulatory or contractual investment limitations.

Item 7      Types of Clients

The clients of the Firm are offshore pooled or single investor investment funds that are not publically offered in the United States. Generally, there is a minimum investment between \$500,000 and \$5,000,000 in our Private Funds (though we reserve the discretion to accept lesser amounts).

We use fundamental securities analysis to select investments for our clients' portfolios. Please note that investing in securities involves risk of loss that you should be prepared to bear.

We employ four principal investment strategies. Assets under management are predominantly (typically over 85%) U.S. and foreign equities, though this may vary from strategy to strategy. Our investment strategies are generally driven by a research-intensive, fundamental bottom-up process and draw upon a centralized research department. The following is brief description of each strategy:

**Small-Mid Cap Strategy/Long Only.** Our Small-Mid Cap strategy invests primarily in US-based small-mid cap companies (less than \$10 billion market cap at time of investment). The Small-Mid Cap portfolio generally has 25-40 long positions which are typically held for a multi-year time frame.

**Concentrated Large Cap Strategy:** This is a long-only, concentrated, large cap (greater than \$10 billion market cap at time of investment) equity portfolio which can invest globally. The strategy targets having all the equity in ten to fifteen stocks.

**Concentrated Multi-Cap Long/Short Strategy:** This is a long/short (principally long), concentrated opportunistic portfolio, primarily invests in equities, and can invest globally. The strategy targets having the majority of the equity in fewer than ten equity investments. The Concentrated Multi-Cap Long/Short Strategy generally has between 15-30 long and short positions.

**Multi-Cap Long/Short Strategy:** This is a long-biased long/short portfolio without geographic or market capitalization restrictions which primarily invests in equities (typically between 65-110 long and short positions) generally held for a multi-year time frame.

We currently have, and may, from time to time offer, other customized strategies with different or negotiated fee schedules and other terms, including accounts and/or private funds that are similar in strategy to our principal strategies above.

We obtain exposure to particular issuers or securities through various types of derivatives transactions, including, without limitation, swaps and contracts for differences. Additionally, we may hedge exposure to currency fluctuations for foreign securities owned by the Private Funds by entering into currency forward or option transactions. Risks with respect to such transactions are more fully described in Item 8 below.

We may purchase, on behalf of the Private Funds certain securities that are considered "new issues" under Rule 5130 of the Financial Industry Regulatory Authority, Inc. ("FINRA"). "New issues" are equity securities sold in an initial public offering ("New Issues"). Under Rule 5130, FINRA member broker-dealers are prohibited from selling New Issues to accounts where the beneficial owners include certain types of investors, including affiliates of broker-dealers. If any client or investor is prohibited from investing in any security by virtue of Rule 5130(a "Restricted Person") and the Firm on behalf of a Private Fund, chooses to invest in that security, the Restricted Person may not share in the profits or losses resulting from the Private Fund or strategy's investment in such securities. Specifically, any New Issue profits or losses of a Private Fund will be allocated to a segregated account in which the Restricted Person will not have an interest. Notwithstanding the foregoing, the Firm, in its sole and absolute discretion, may allocate a de minimis portion (no more than 10%) of the returns associated with New Issues to the Restricted Persons, as permitted by Rule 5130.

In addition, FINRA Rule 5131 prohibits FINRA member broker-dealer firms from selling a New Issue to an account which is more than 25% beneficially owned by executive officers or directors of any single public company (or any single non-public company meeting certain size criteria) that the FINRA member firms have or may in the future have certain relationships with, or by persons materially supported by such persons. ("Covered Persons"). Because the Firm may wish to purchase New Issues from many different FINRA members that may have such relationships with companies that Covered Persons are affiliated with, any New Issue profits or losses of a Private Fund which is more than 25% collectively owned by Covered Persons of any single public company (or any single non-public company meeting certain size criteria) will be allocated to a segregated account in which Covered Persons will not have an interest.



This brochure and the material contained herein are not meant to be, nor shall it be construed as, an offer or solicitation of an offer for the purchase or sale of any of the Private Funds described.

An investment in a Private Fund involves a high degree of risk. Accordingly, an investment in such products is suitable only for persons of adequate financial means who have no need for liquidity with respect to their investment and who can bear the economic risk, including the possible complete loss of their investment. Depending on the investment strategy of each Private Fund, the investment risks associated with such strategy may include some or all of the factors listed below. Investors should also review the offering materials, for the Private Funds which have additional discussion or detail concerning applicable risks including, but not limited to those summarized herein. We urge all prospective investors to discuss such risks and other potential risks, in detail with their professional advisors prior to making an investment decision. The following is a non-exhaustive list of some of the risks that a client should consider carefully before investing in any of our investment products.

#### Risks Associated with Our Investment Products

*Past Performance.* There can be no assurance that a Private Fund will achieve its investment objectives. The past investment performance of the Private Fund is not necessarily indicative of the future results of the Private Fund or of an investment in the Private Fund. The Firm's investment program should be evaluated on the basis that there can be no assurance that its assessments of the short-term or long-term prospects of investments will prove accurate.

*Overall Investment Risk.* All securities investments risk the loss of capital. The nature of the securities to be purchased and traded by the Private Fund and the investment techniques and strategies to be employed by the Firm may increase such risk. The identification of investment opportunities is a difficult task, and there can be no assurance that such opportunities will be successfully recognized. While the Firm will devote its best efforts to the management of the Private Fund's portfolio, there can be no assurance that the Private Fund will not incur losses. Returns generated from the Private Fund's investments may not adequately compensate investors for the business and financial risks assumed. An investor should be aware that it may lose all or part of its investment in the Private Fund. Many unforeseeable events, including actions by various government agencies and domestic and international economic and political developments, may cause sharp market fluctuations which could adversely affect the Private Fund's portfolio and performance.

*Investment Concentration.* A Private Fund may invest a high concentration of its assets in the securities of a limited number of issuers. Such lack of diversification will generally magnify the effect of potential losses (or gains) on the Private Fund in comparison to the effect of such losses (or gains) on a more diversified Private Fund. Accordingly, the investment portfolio of the Private Fund may be subject to more rapid change in value than would be the case if the Private Fund were subject to more stringent requirements with respect to diversification among companies, securities and types of securities, as well other types of investments.

*Leverage.* A Private Fund at times may, as described herein, trade securities on a leveraged basis, i.e., where the security can be purchased by putting up only a portion of the instrument's value and borrowing the remainder. As a result, a relatively small downward price movement in a security may result in immediate and substantial losses to the Private Fund. In addition, trading on margin will result in interest charges to the Private Fund which may be substantial. Leveraged investments, including any purchase or sale of securities on margin, may result in losses in excess of the amount invested.

*Short Selling.* A Private Fund may engage in short selling. Selling securities short runs the risk of losing an amount greater than the amount invested. Short selling is subject to theoretically unlimited risk of loss because there is no limit on how much the price of the stock may appreciate before the short position is closed. A short sale may result in a sudden and substantial loss if, for example, an acquisition proposal is made for the subject company at a substantial premium over market price.

*Reverse Repurchase Agreements.* A Private Fund may enter into reverse repurchase agreements with brokers, dealers, domestic and foreign banks or other financial institutions that have been determined by the Firm to be creditworthy. In a reverse repurchase agreement, the Private Fund sells a security and agrees to repurchase it at a mutually agreed upon date and price, reflecting the interest rate effective for the term of the agreement. It may also be viewed as the borrowing of money by the Private Fund. The Private Fund's investment of the proceeds of a reverse repurchase agreement is the speculative factor known as leverage. Reverse repurchase agreements involve the risk that the market value of the investment of the proceeds may decline below the price of the securities the Private Fund has sold but is obligated to repurchase under the agreement. In the event that the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, the Private Fund's use of the proceeds of the agreement may be restricted pending a determination by the other party, or its trustee or receiver whether to enforce the Private Fund's obligation to repurchase the

securities.

*Illiquid Securities.* A portion of a Private Fund's assets may from time to time be invested in securities and other financial instruments or obligations for which no market exists and/or which are restricted as to their transferability under federal or state securities laws. Because of the absence of any trading market for these investments, the Private Fund may take longer to liquidate these positions than would be the case for publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized on these sales could be less than those originally paid by the Private Fund. Further, companies whose securities are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

*Fixed Income Securities.* The market values of fixed income securities tend to vary inversely with the level of interest rates -- when interest rates rise, their values will tend to decline; when interest rates decline, their values generally will tend to rise. Long-term instruments are generally more sensitive to these changes than short-term instruments. The market value of fixed income securities and therefore their yield is also affected by the perceived ability of the issuer to make timely payments of principal and interest.

*Competition.* The varied investment strategies and techniques engaged in by the Firm are not unique and involve a degree of risk. The Private Fund will compete with many firms, including firms which have substantially greater financial resources and research staffs.

*Market Volatility.* The profitability of the Private Fund depends upon the Firm correctly assessing the future price movements of stocks. There can be no assurance that the Firm will be successful in accurately predicting such price movements.

*Foreign Securities.* A Private Fund may invest in securities of companies domiciled or operating in one or more non-U.S. countries. Investing in non-U.S. securities involves considerations and possible risks not typically involved in investing in securities of companies domiciled and operating in the United States, including instability of some governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. The application of local tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect investment in non-U.S. securities. Relatively higher expenses may also result from investment in non-U.S. securities because of the costs that must be incurred in connection with conversions between various currencies and brokerage commissions that may be higher than in the United States. Non-U.S. securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States. Such investments could be affected by other factors not present in the United States, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

*Emerging Markets.* A Private Fund may invest in markets worldwide, including emerging markets. Investment in emerging market securities involves a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, emerging market securities investments may be subject to the following risks: less publicly available information; more volatile markets; less liquidity or available credit; political or economic instability; less strict securities market regulation; less favorable tax or legal provisions; price controls and other restrictive governmental actions; a greater likelihood of severe inflation; unstable currency; and war and expropriation of personal property.

Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. The quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported. The issuers of some non-U.S. securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and, therefore, potentially carry greater risk. In addition, a Private Fund's investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities or restrictions on the ability to convert currency or to take currencies out of certain countries.

*Currency Exposure.* A portion of a Private Fund's assets may be invested in investments denominated in various currencies and in other financial instruments the prices of which are determined with reference to such currencies. A Private Fund will, however, value its investments and other assets in U.S. Dollars. Accordingly, the value of such investments and

assets may be affected favorably or unfavorably by fluctuations in exchange rates. A Private Fund may seek to hedge its foreign currency exposure but will necessarily be subject to foreign exchange risks. To the extent unhedged, the value of a Private Fund's Net Asset Value will fluctuate with the U.S. Dollar exchange rate as well as with price changes of the Private Fund's investments in the various local markets and currencies. Forward foreign exchange contracts and options may be utilized to hedge against currency fluctuations. There can be no guarantee that instruments suitable for hedging currency or market shifts will be available at the time when a Private Fund wishes to use them or will be able to be liquidated when a Private Fund wishes to do so. Moreover, in most emerging market countries the markets for certain of these hedging instruments are not highly developed and in many emerging market countries no such markets currently exist. In addition, a Private Fund may choose not to enter into hedging transactions with respect to some or all of its positions. Currency exchange costs will be incurred when a Private Fund changes investments from one country to another.

*Illiquidity of Markets.* At various times, the markets for securities purchased or sold by a Private Fund, although organized and active, may nevertheless be "thin" or illiquid, making the purchase or sale of securities at desired prices or in desired quantities difficult or impossible.

*Derivatives.* A Private Fund may purchase derivatives or enter into derivative transactions ("Derivatives"). Derivatives are financial instruments which derive their performance, at least in part, from the performance of an underlying asset, index or interest rate. Derivatives can be volatile and involve various types and degrees of risk, depending upon the characteristics of the particular Derivative and the portfolio as a whole. Derivatives permit a Private Fund to increase or decrease the level of risk, or change the character of the risk, to which its portfolio is exposed in much the same way as a Private Fund can increase or decrease the level of risk, or change the character of the risk, of its portfolio by making investments in specific securities. Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in Derivatives could have a large potential impact on a Private Fund's performance. If a Private Fund invests in Derivatives at inopportune times or the Firm judges market conditions incorrectly, such investments may lower a Private Fund's return or result in a loss. A Private Fund also could experience losses if its Derivatives were poorly correlated with its other investments, or if the Private Fund were unable to liquidate its position because of an illiquid secondary market. The market for many Derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for Derivatives.

*Swaps.* A Private Fund may utilize swaps. A swap is a contract under which two parties agree to make periodic payments to each other on the basis of the value of a security, specified interest rates, an index or the value of some other instrument, applied to a stated or "notional" amount. Engaging in swaps entails certain risks. A Private Fund will be subject to the risk of counterparty default on its swaps. Since swaps do not generally involve the delivery of underlying assets or principal, any loss would likely be limited to the net amount of payments required by the contract. However, in some swap transactions, the counterparty may require a Private Fund to deposit collateral to support its obligation under the swap agreement. If the counterparty to the swap defaults, a Private Fund would lose the net amount of payments that it is contractually entitled to receive, as well as any collateral deposits made with the counterparty. Swaps expose a Private Fund to the credit risk of the counterparties with which it deals, which exposure and risk at times may be substantial. Non-performance by counterparties of the obligations or contracts underlying the swaps could expose a Private Fund to losses, whether or not the transaction itself was profitable. Such "counterparty risk" is present in all swaps and is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Private Fund has concentrated its transactions with a single or small group of counterparties. Swaps may expose a Private Fund to additional liquidity risks as there may not be a liquid market within which to close or dispose of outstanding obligations or contracts. Swaps are not traded or cleared by an exchange or clearinghouse.

*CFDs.* A Private Fund may enter into contracts for differences (previously defined as "CFDs"). In CFD transactions, each party assumes price positions in reference to an underlying security or other financial instrument. The "difference" is determined by comparing each party's original position with the market price of such securities or financial instruments at a pre-determined closing date. Each party will then either receive or pay the difference, depending on the success of its investment. CFDs are subject to certain risks. Financial markets for the securities or instruments which form the subject of a CFD can fluctuate significantly. Parties to a CFD assume the risk that the markets for the underlying securities will move in a direction unfavorable to their original positions. Parties to a CFD may require a deposit of 10% to 20% of the contract value as security. CFDs often involve considerable economic leverage due to the modest upfront investment relative to the overall contract value. As a result, such contracts can lead to disproportionately large losses as well as gains and relatively small market movements can have large impacts on the value of the investment. In addition, because CFDs involve contracting with a counterparty, a Private Fund will be subject to the risk that the counterparty will

be unable to, or will refuse to, perform with respect to the underlying contract.

*Investment in Small Companies.* There is no limitation on the size or operating experience of the companies in which a Private Fund may invest, though a Private Fund will generally not invest in companies with market values less than \$500 million at the time of initial investment. Some small companies in which a Private Fund may invest may lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Further, such companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Such companies may be small factors in their industries, may face intense competition from larger companies and typically entail a greater risk than investment in larger companies.

*Options; Hedging.* A Private Fund may employ techniques whereby investments will be made in an effort to offset exposure to a particular source of risk (hedging) or to enhance returns. The various techniques may include, but are not limited to, the purchase and sale of stock options and options on stock market indices or market segments and writing stock options against existing holdings. To the extent that a Private Fund invests in foreign securities, it may elect to hedge fluctuations in currency exchange rates. Hedging is a means of offsetting, or neutralizing, the price movement of an investment by making another investment, the price of which should tend to move in the opposite direction from the original investment. The imperfect correlation in price movement between a security and an investment purchased as a hedge for that security may limit the effectiveness of the hedging strategy.

If an option purchased by a Private Fund were permitted to expire without being sold or exercised, its premium would be lost by the Private Fund. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying security. If this occurred, the option could be exercised and the underlying security would then be sold to the Private Fund at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying security. If this occurred, the option could be exercised and the underlying security would then be sold by the Private Fund at a lower price than its current market value. Purchasing and writing put and call options and, in particular, writing “uncovered” options are highly specialized activities and entail greater than ordinary investment risks. The Firm does not expect such investments to represent a significant part of its strategy.

*Counterparty Creditworthiness.* A Private Fund may engage in securities and financial instruments that involve counterparties. Under certain conditions, a counterparty to a transaction could default or the market for certain securities or financial instruments may become illiquid. In any case, the Private Fund could experience liquidity problems.

*Securities Lending.* Consistent with its investment objective and policies, a Private Fund may lend its portfolio securities in order to realize additional income. It is anticipated that any such loan will be continuously secured by collateral at least equal in value to the value of the securities loaned. The risk of loss on such transactions is mitigated because, if a borrower were to default, the collateral should satisfy the obligation. However, as with other extensions of secured credit, loans of portfolio securities involve some risk of loss of rights in the collateral should the borrower fail financially.

*Systemic Risk.* World events and/or the activities of one or more large participants in the financial markets and/or other events or activities of others could result in a temporary systemic breakdown in the normal operation of financial markets. Such events could result in the Private Fund’s losing substantial value caused predominantly by liquidity and counterparty issues (as noted above) which could result in the Private Fund incurring substantial losses.

*Trading Limitations.* For all securities, including options, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete *or continue and subject the Private Fund to loss.*

*Speculative Investment Program and No Current Income.* A Private Fund’s investment program should be considered speculative, as there can be no assurance that the Firm’s assessments of the short-term or long-term prospects of various investment strategies or investments will generate a profit. In view of the fact that the Private Fund likely will not make distributions, an investment in a Private Fund is not suitable for investors seeking current income.

*Turnover.* A Private Fund’s capital may be invested on the basis of short term market considerations. The portfolio turnover rate of those investments may be significant, potentially involving substantial brokerage commissions and fees. These commissions and fees will, of course, reduce the Private Fund’s net profits or increase the Private Fund’s net loss.

*Risk Relating to Prime Brokers, Brokers, Custodians and Counterparty Insolvencies.* A Private Fund is subject to a number of risks relating to the insolvency, administration, liquidation or other formal protection from creditors of a prime broker, broker and custodian providing prime brokerage, brokerage or custodian services to the Private Fund and other counterparties that may have possession of assets of the Private Fund. These risks will vary based on the relevant jurisdiction and legal regime governing the prime broker, broker, custodian or relevant counterparty (each, a “custodian entity”) and the specific contractual terms negotiated with each such custodian entity and may include, without limitation: the loss of all cash held with the relevant custodian entity which is not being treated as client money subject to the applicable customer protection laws or otherwise segregated or protected by the rules of the applicable jurisdiction; the loss of all cash which the relevant custodian entity has failed to treat as client money in accordance with applicable procedures; the loss of all securities in respect of which the relevant custodian entity has exercised its contractual rights to borrow, lend, take legal and beneficial ownership of or otherwise use for its own purposes whether exercised in compliance with or in breach of any agreed limits on such rights of use or applicable regulatory restrictions; the loss of some or all of any securities held on trust or client money held by or with the relevant custodian entity in connection with a reduction to pay for administrative costs of the insolvency of the custodian entity and/or the process of identifying and transferring the relevant trust assets and/or client money or for other reasons according to the particular circumstances of the custodian entity’s insolvency; losses of some or all assets due to the incorrect operation of the brokerage, custody or other accounts by the relevant custodian entity; and losses caused by prolonged delays in receiving transfers of balances and regaining control over the relevant assets. In addition, where securities are held with a sub-custodian of a custodian entity or are held in the name of a sub-custodian, such securities may not be as well protected as they would be if they were held directly by the custodian entity.

An insolvency of a custodian entity or sub-custodian could cause severe disruption to the trading of a Private Fund. In some circumstances, this could cause the Private Fund to declare a suspension of net asset value calculations and/or suspend or limit redemptions. While the Firm monitors the Private Fund’s counterparties and seeks to manage such insolvency risks, no assurance can be given that the risks and adverse events described above will not occur.

*Off-Balance Sheet Risk.* In the normal course of business, a Private Fund may invest in financial instruments with off-balance sheet risk. These instruments include forward contracts, swaps and securities and options contracts sold short. An off-balance sheet risk is associated with a financial instrument if such instrument exposes the investor to an accounting and economic loss in excess of the investor’s recognized asset carrying value in such financial instrument, if any; or if the ultimate liability associated with the financial instrument has the potential to exceed the amount that the investor recognizes as a liability in the investor’s statement of assets and liabilities.

*Market Risks and Lack of Liquidity.* The success of a Private Fund’s investment program depends to a great extent upon the ability of the Firm to assess correctly the future course of price movements of the securities and other instruments in which the Private Fund invests. There can be no assurance that the Firm will accurately predict such movements. In addition, certain of the investments in which a portion of a Private Fund’s capital may be invested, from time to time, may have limited liquidity. This lack of liquidity, together with a failure to accurately predict market movements, may adversely affect the ability of the Firm to execute trade orders at desired prices. Moreover, because illiquid investments may be difficult to value, a Private Fund’s net asset value may fluctuate widely from one period to the next, and may not correspond to the proceeds ultimately received by a Private Fund upon the disposition of such investments.

*General Economic Conditions.* The success of a Private Fund’s investment activity will be affected by general economic conditions which affect the level and volatility of prices as well as the liquidity of the markets. The prices of many securities and derivative instruments are highly volatile. The price movements of the instruments which a Private Fund holds or will acquire or sell short will be influenced by, among other things, interest rates, changing supply and demand relationships, the trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events. Governments from time to time intervene, directly and by regulation, in certain markets, thereby disrupting strategies focusing on these sectors. Unexpected changes (in either direction) in the volatility or liquidity of the markets in which a Private Fund will hold positions could cause significant losses.

*Current Market Conditions.* Beginning in September 2008, global financial markets have been experiencing a period of extreme volatility and financial stress, colloquially known as the “credit crunch,” “liquidity crisis,” and other such terms. These market events are widely believed to have originated from sub-prime related losses in U.S. investment banks, and have since broadened to encompass multiple asset classes and multiple aspects of the global financial system. The events have resulted in, among other things, increased costs of funding, inability to secure funding, illiquidity in many markets, large falls in asset prices, uncertainty concerning the valuations of assets, increased risk of, and actual observed, bank, counterparty, and issuer defaults, as well as significantly increased volatility in the markets. As of the date of this

Brochure, it is not possible to determine if events will improve or worsen, nor is it possible to determine how long this period will continue.

*Market Disruption and Geopolitical Risk.* The aftermath of the war with Iraq, the continuing U.S. presence in Afghanistan, instability in the Middle East and terrorist attacks in the United States and around the world have had a substantial impact on the U.S. and world economies and securities markets. The nature, scope and duration of the war and the occupation cannot be predicted with any certainty. Terrorist attacks closed some of the U.S. securities markets in 2001, and similar events could occur in the future. The war and occupation, terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally. These risks could also adversely affect individual issuers and securities markets, interest rates, secondary trading, rating, investor psychology, credit risk, inflation and other factors relating to the Interests and the investments made by the Private Fund.

*Limitations Due to Regulatory Restrictions.* A Private Fund may seek to acquire a significant stake in certain securities. In the event such stake exceeds certain percentage or value limits, a Private Fund may be required to file a notification with a governmental agency or comply with other regulatory requirements. Certain notice filings are subject to review that require a delay in the acquisition of the security. Compliance with such filing and other requirements may result in additional costs to the Private Fund, and may delay the Private Fund's ability to respond in a timely manner to changes in the markets with respect to such securities.

*Directorships on Boards of Portfolio Companies.* Employees or affiliates of the Firm may serve, from time to time, as directors, or in a similar capacity, with respect to companies, the securities of which are purchased or sold on behalf of a Private Fund ("Portfolio Companies"). In the event that the Firm or its affiliates (i) obtain material non-public information with respect to any Portfolio Company on whose board of directors their members serve or (ii) are subject to trading restrictions pursuant to the internal trading policies of such a Portfolio Company, a Private Fund may be prohibited for a period of time from engaging in transactions with respect to the securities of such a Portfolio Company, which prohibition may have an adverse effect on the Private Fund.

Item 9      Disciplinary Information

We have no material legal or disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Related persons to the Firm serve as general partner or investment manager of the Private Funds and other private funds in which clients of a related person may be solicited to invest. See response to Items 4 and 8. Select Equity Group, Inc. (“SEG”), serves as the investment manager to individual clients and certain Private Funds that are organized as U.S. limited partnerships. We are controlled by the same individual who controls SEG. All of our personnel are employed by SEG and render similar services to clients of behalf of SEG. In addition to the services provided by personnel of SEG, we also use other resources and administrative services of SEG, and compensate SEG accordingly. SEG is registered as an investment adviser under the Investment Advisers Act of 1940.

We also serve as the sub-adviser to a sub-fund of Serviced Platform SICAV, Luxembourg domiciled UCITS umbrella fund sponsored by Goldman Sachs International. The Sub-Fund is not open to U.S. investors. “UCITS” is an acronym that stands for Undertakings for Collective Investments in Transferable Securities.

You should also note that SEG manages or owns (through its employees) certain proprietary accounts including a private foundation for donations to qualified charitable institutions and an employee owned venture capital vehicle. The Firm or SEG, or our respective principals, affiliates or employees may from time to time have an ownership interest in one or more of the Private Funds and the Firm or SEG may have positions or interests in securities which are purchased or sold for or recommended to clients. The Firm or SEG may give advice and take action with respect to any of our other clients, or for or our principals’, affiliates’ or employees’ own accounts, which may differ from advice given or the timing or nature of action taken with respect to a client’s account. It is our policy and SEG’s policy, to the extent practicable, to allocate investment opportunities among clients and investors, over a period of time, on a fair and equitable basis. Both SEG and the Firm have adopted a Trade Allocation Policy that we believe will realize that objective and mitigate the conflicts discussed above. We do not have any obligation to purchase or sell or to recommend for purchase or sale, for a client’s account any security which the Firm or SEG, or our respective principals, affiliates or employees may purchase or sell for its or their own accounts or for the account of any other client, if in our opinion such transaction or investment appears unsuitable, impractical or undesirable for a client’s account. Employees of the Firm, SEG and a charitable foundation operated by us, from time to time, make donations to charitable organizations. Some of these donations may be given to organizations that are also clients of ours or SEG’s or are investors in the Private Funds we manage.



Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

We have adopted a Code of Ethics (the “Code”) setting forth a standard of business conduct expected of all our employees (including compliance with federal securities laws). The Code is predicated on the principle that we owe a fiduciary duty to our clients. Accordingly, under the Code, our employees must avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interests of our clients.

The Code includes our Personal Investment Policy relating to personal securities transactions by employees, their spouses and everyone living in their household. All employees, their spouses and each member of their household must, with certain limited exceptions, receive prior written approval before engaging in securities transactions. We do not generally permit employees to participate in initial public offerings. Employees only purchase securities in private placement transactions with the prior consent of our Chief Compliance Officer or her designee. Our employees also generally are prohibited from trading in futures contracts and from profiting from the purchase and sale or sale and purchase of the same security within 30 days. Employees must submit quarterly statements and annual holdings reports. The Code sets forth policies and procedures to prevent the misuse of material nonpublic information by employees. The Firm or related persons of the Firm may, from time to time, obtain or be deemed to have obtained, material non-public information about a portfolio company or other issuer that cannot be divulged or acted upon for another client of ours. This means that we may at times be precluded from buying or selling a particular security on behalf of a client.

Under the Code, our employees are generally discouraged from serving as directors, officers or trustees of publicly traded companies and must receive approval from George S. Loening to do so. In addition, we seek to eliminate any potential conflict of interest by requesting that all employees not accept any personal gifts valued at over \$250 from vendors or business associates without reimbursement. Employees may accept gifts (e.g., holiday food baskets) on behalf of the Firm in an amount of \$250 or less from vendors, provided such gifts are shared with the other employees of the Firm. Gifts of less than \$250 accepted in such fashion will not require the Firm to reimburse the vendor. Clients, prospective clients, investors or prospective investors may request a copy of the Code by contacting us at the address or telephone number listed on the first page of this document.

Please see the disclosure in the last two paragraphs of Item 10 “Other Financial Industry Activities and Affiliations” for further information.

## Item 12 Brokerage Practices

We are authorized to select brokers and dealers to execute securities transactions for our clients. Pursuant to such authority, as a general matter in executing portfolio transactions, we may employ or deal with such brokers or dealers as may, in our best judgment, provide prompt and reliable execution of the transaction at favorable security prices and reasonable commission rates. In selecting or recommending brokers or dealers, we will consider all relevant factors, including the price (including the applicable brokerage commission or dealer spread), size of the order, nature of the market for security, timing of the transaction, the reputation, experience and financial stability of the broker-dealer, the quality of service, difficulty of execution and operational facilities of the firm involved, the ability to effect the transaction where a large block or other complicating factors are involved, and the availability of the broker to stand ready to execute possible difficult transactions in the future. We have no obligation to deal with any broker or group of brokers in the execution of portfolio transactions.

We may allocate brokerage to broker-dealers that provide us with research and other services, even though such broker dealers may charge commissions which exceed those other broker-dealers may have charged for the same transactions. Such allocations may occur to the extent that we view the commissions as reasonable in relation to the value of the brokerage and/or research services provided by the broker-dealer, viewed in terms of either the particular transaction or our overall responsibilities with respect to the accounts as to which we exercise investment discretion, without any requirement to demonstrate that any such factor is of a direct benefit to a particular client. Research and other services furnished by brokers through which we effect securities transactions for a particular client may be used by us or our affiliate in advising other clients. We do not currently have in effect any third party soft dollar commitments pursuant to which we receive research or other services in exchange for commissions; however, we do receive certain trading analytics from broker-dealers and attend conferences and/or meetings with companies' management that have been sponsored or arranged by broker-dealers that receive brokerage commissions from the accounts managed by us or our affiliate and in certain limited circumstances receive research reports and/or speak with analysts at broker-dealers that receive commissions. We understand that our receipt of the research and other services is part of our overall relationship with the broker-dealers and we do not believe that we are "paying up" for such research and other services. While we endeavor to use such additional benefits to service all of our clients' accounts equitably, you should note that such arrangements provide an incentive for us to select or recommend a broker-dealer based on an interest in receiving the research or other products or services, rather than on the clients' interest in receiving most favorable execution. Furthermore, such arrangements may nevertheless cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for such benefits (known as paying-up).

In addition, we are authorized to direct commissions of each Private Fund to certain brokers who may direct or refer investment opportunities or introduce investors to such Private Fund (although there is no obligation to do so). The Firm's prime brokers Credit Suisse Securities (USA) LLC, Goldman Sachs & Co., and Morgan Stanley & Co. Incorporated provide a variety of services to the clients of the Firm, which may include clearance and settlement of securities transactions, custody of the clients' securities and cash, extending margin credit to the client, arranging for stock loans to implement short sales, lending of the clients' portfolio securities to third parties, and capital introduction services whereby the Firm may be afforded the opportunity to make a presentation regarding its services to certain qualified investors by the prime broker. While the prime broker generally provides capital introduction services to the Firm at no additional cost to the Firm, the Firm and not the client may be the principal or sole beneficiary of those services, thus presenting a potential conflict of interest between the client and the Firm, which is responsible for selecting the prime broker and negotiating such person's brokerage, margin and other fees.

Investment decisions are made for the Private Funds, other clients of the Firm and our affiliates, and proprietary accounts in light of relevant investment considerations. In certain instances, simultaneous transactions will occur. In the event that orders for the same security for more than one client are placed with the same broker, we may aggregate or "bunch" such orders. Purchases and sales are then allocated so that no account will be treated less favorably than another over time. While in some cases the aggregation of orders could have a detrimental effect upon the price or value of a security for a particular account, or upon its ability to complete an entire order, in other cases coordination and the ability to participate in volume transactions will be beneficial to the account. We will not be required or deemed to have the duty to obtain the lowest brokerage or commission rates or combine or arrange orders to obtain the lowest brokerage commission rates.

As a result of differences in investment strategies and the risk profiles associated with such strategies we may acquire or dispose of securities on behalf of certain clients at different times than transactions in the same securities are effected on behalf of other clients. Trades placed at different times may be executed at different prices.

Securities traded on an exchange or over-the-counter are traded through brokers who generally charge a stated commission for their service; however, in certain cases we may effect transactions in securities for advisory clients through a broker on a principal basis, i.e. subject to an undisclosed dealer spread. Certain agency transactions may be subject to both commissions and an undisclosed dealer spread.

On occasion, when it is in the best interest of one or more clients to buy the same security that one or more other clients are selling (e.g. monthly rebalancing or concurrent subscriptions/redemptions), we may place concurrent buy and sell orders with the same broker so that neither the buyers nor the sellers will be disadvantaged by our actions. Additionally, we may, in limited circumstances, engage in concurrent buy/sell transactions between individually managed accounts and/or the Private Funds we and our affiliate manage provided that such transactions are executed through an unaffiliated broker-dealer and printed to an exchange. Accounts that are subject to ERISA's "prohibited transactions" rules and any principal accounts of the Firm are excluded from such transactions.

Item 13      Review of Accounts

Accounts are reviewed on several different levels. Every transaction for a client account is reconciled through an electronic system that is monitored by a number of full-time analysts in the Portfolio Administration group. The reconciliation takes place daily. Investment and trading personnel will review the Firm's discretionary client accounts daily, specifically looking for irregularities and for unusual positions. Any issues will be resolved by the investment personnel or trading staff, as appropriate. In addition, performance of individual securities is compared to expectations regarding the security on a daily basis by the senior investment staff.

After the end of each calendar year, investors in the Private Funds to which the Firm serves as investment adviser will be sent financial statements audited by the Private Funds' independent accountants. Each investor will also receive such periodic performance reports as the investment manager may deem appropriate.

Item 14      Client Referrals and Other Compensation

We have, and may continue to enter into, arrangements whereby the Firm (or an affiliate) will pay cash referral fees to an individual or firm for referring advisory clients. You should be aware that this practice may lead to a potential conflict of interest as it may give the referring party who may have an incentive to recommend investment products based on the compensation received, rather than on a client's needs.

Please see also the disclosures with respect to certain brokers discussed in Item 12 above.

Item 15      Custody

The Firm arranges, where required by law or contract, for each Private Fund's financial statements to be prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and audited at least annually by an independent public accountant that is registered with, and subject to regular inspection as of the commencement of the professional engagement period, and as of each calendar year-end, by, the Public Company Accounting Oversight Board in accordance with its rules. The Firm, where required by law or contract, makes those audited financial statements available to all investors in the Private Funds within 120 days of the end of the funds' fiscal year. Investors should carefully review those financial statements. Upon liquidation of a Fund, the Firm, where required by law or contract, will distribute its audited financial statements prepared in accordance with GAAP to all Investors in the Fund promptly after the completion of such audit.

Item 16      Investment Discretion

We have full discretionary authority pursuant to an investment management agreement to manage each Private Fund. The Firm's investment management agreements will provide for discretionary authority, and limits, if any, on such authority that the Firm will have over the account.

Item 17      Voting Client Securities

As a general matter, we require that clients grant us the authority to vote the client securities that we manage.

We have adopted general proxy voting policies with respect to the election of directors, appointment of auditors, changes in the capital structure of an issuer, restructurings, mergers and acquisitions, corporate governance, anti-takeover measures, and executive compensation. Our policy is to vote clients' proxies in the interest of maximizing shareholder value - voting proxies in such a manner as to cause the issue to increase the most or decline the least - considering both the short and long term implications of the proposal to be voted.

If our Proxy Administrator determines that he or the Firm is facing a material conflict of interest in voting a client's proxy, and the proposed vote is in conflict with our stated policies on a particular issue, our procedures provide for a Proxy Voting Committee to determine the appropriate vote. Decisions of the Committee must be unanimous. If a unanimous decision cannot be reached by the Committee, a competent third party will be engaged at our expense, and the third party's recommendation will be binding.

Our written proxy voting policy and procedures are available for clients' review. In addition, our complete proxy voting record is available exclusively to its clients. A copy of the Policies and the proxy voting record relating to the respective client may be obtained by contacting us at Select Offshore Advisors, LLC, and 380 Lafayette Street, New York, NY 10003 (212) 475-8335.

We may where we deem appropriate in our sole discretion, elect to participate in a class action settlement or other litigation on behalf of Private Fund clients where we have the requisite authority to take such action.

All references to us in response to this item shall be deemed to include references to SEG.



Item 18 Financial Information

The Firm has no financial conditions that are likely to impact its ability to meet contractual commitments to clients.