

ITEM 1: COVER PAGE



Part 2A of Form ADV: Firm Brochure

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Ermitage Asset Management Jersey Limited is registered with the Jersey Financial Services Commission ("JFSC") and the United States Securities and Exchange Commission ("SEC"). This brochure provides information about the qualifications and business practices of Ermitage. If you have any questions about the contents of this brochure, please contact us at +44 1534 615500 or allincompliance@ermitagegroup.com. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Registration with the SEC does not imply a certain level of skill or training.

ITEM 2: MATERIAL CHANGES

On February 16, 2012, shareholders of Ermitage Asset Management Jersey's ultimate parent company, Nexar Capital Group SCA ("Nexar Parent"), signed an agreement with Union Bancaire Privee, UBP SA ("UBP") to sell 100% of Nexar Parent's equity to UBP (the "Transaction"). The Transaction closed effective 30 April 2012.

Other than the above there have been no material changes to the business of Ermitage Asset Management Jersey Limited.

It is worth noting that this document and all subsequent amendments/updates are also available online through the IARD website.

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ITEM 4: ADVISORY BUSINESS

Ermitage Asset Management Jersey Limited (the “Investment Adviser” or the “Applicant”) is a limited company incorporated under the laws of Jersey, Channel Islands, on 18 March 1996. The Applicant is a wholly-owned subsidiary of Ermitage Limited, a member of the Ermitage Group. Ermitage Limited is wholly owned by Nexar Capital Group SCA, which in turn is wholly owned by Union Bancaire Privée, UBP SA.

The Investment Adviser provides investment management services to private pooled investment vehicles some of which are offered to investors on a private placement basis and others which are vehicles created for the benefit of specific individual clients. The investment vehicles are structured as limited companies which, with the exception of the US partnership noted below, are organised under the laws of jurisdictions other than the US (the “Offshore Funds”).

The Applicant has been appointed as General Partner and CalPERS the Limited Partner in relation to a US partnership, Ermitage Highbury Fund LP. The only investors will be the Applicant and CalPERS, the partnership is not an investment company within the meaning of the Investment Company Act (1940).

In addition the Applicant has been appointed to manage a fund of funds mandate for a UK Insurance Syndicate which parallels an existing offshore fund (the “Managed Account”).

The Applicant also manages the Global Dynamic Trading Programme, trading exchange traded futures, options and currencies. The current programme participants are two offshore funds, and one managed account, managed on behalf of a US financial institution. Assets for each participant are segregated into separate accounts.

The Investment Adviser has full discretionary authority with respect to investment decisions for the majority of clients, and its advice with respect to the US Partnership, the Managed Accounts, the Global Dynamic Trading Programme and the Offshore Funds (collectively the “Funds”) is made in accordance with the investment objectives and guidelines as set forth in their respective Prospectus, Mandate, LP Agreement and/or Management Agreements.

The Offshore Funds generally have the authority to enter into letter agreements or other similar agreements with one or more shareholders including in connection with due diligence reviews which provide such shareholders with rights which are additional and/or different (including, without limitation, with respect to access to information, fees, minimum investment amounts, and liquidity terms) to those of other shareholders.

As a natural progression of the existing business model of providing investment management services to private funds the Applicant has developed an additional business unit whose purpose is to provide clients with analytical models to create, control, risk assess and stress test their investment portfolios using “Optics”. Optics is the Investment Adviser’s proprietary system for constructing portfolios designed to meet client specific requirements with respect to risk, return and other constraints and preferences across different investment regimes. The system integrates comprehensive investment research and data analysis in several forms, making it possible for the user to design portfolios that have a high probability of meeting their specified objectives across a range of market environments. The first client to licence this system, following a successful trial phase, was CalPERS who signed up in November 2010.

As of 31 March, 2012 the Applicant managed USD819m on a discretionary basis with combined Group assets (including Nexar) of USD3.5bln.

ITEM 5: FEES AND COMPENSATION.

Investment Advisory Fees

All Investment Advisory fees are subject to negotiation.

The Investment Adviser receives asset-based advisory fees from the Funds, and in some cases also receives performance based incentive fees. For additional information on performance-based compensation refer to Item 6 of this brochure, "Performance-Based Fees and Side-by-Side Management".

Advisory and performance fees applicable to each Fund are set forth in detail in each of the Fund's respective Prospectus, Term Sheet, Mandate and/or Management Agreement. A detailed schedule of fees has not been presented by the Applicant because this brochure is only being delivered to qualified purchasers as defined in the Investment Company Act (1940) however a brief overview of those fees is provided below.

The Investment Advisers annual fees are between 0.5% - 2.25% of net asset value plus performance fees where applicable. The performance fees range from 10% – 20% depending on the mandate. The Investment Advisers fees are payable monthly in arrears, the performance fees are payable either quarterly or annually in arrears depending on the mandate.

The Investment Adviser may, at its sole discretion, rebate fees to shareholders or pay a portion of such fees to a third party.

The Board of Directors for each Offshore Fund reserves the right to waive or reduce these fees.

Tiered Fee Structure

The Funds, with the exception of the Global Dynamic Trading Programme and the Ermitage Money Market Funds, utilise a fund-of-funds investment strategy, pursuant to which their assets will be invested with portfolio managers, generally by way of investment in portfolio funds. Investment management fees will be charged to the Funds by both the Investment Adviser and the underlying investment managers. As a result the Funds, and indirectly an investor in the Funds, will bear multiple investment management fees, which may include performance based fees, which in aggregate will exceed the fees that would typically be incurred in respect of an investment with a single portfolio manager.

Administration and Custody Fees

The Administrator and Custodian of each of the Funds receives a monthly fee for their services based on a percentage of the relevant fund's net asset value, at normal commercial rates. The fee is calculated as at each valuation day and payable monthly in arrears. Each is also reimbursed all out-of-pocket expenses incurred for the account of each fund.

Operating Expenses

In addition to the fees noted above, each of the Funds bear all of their own ongoing direct offering, investment, administrative and operating expenses. These expenses may include, but are not limited to:

- investment expenses, including but not limited to, all commissions, clearing fees and other costs associated with executing transactions, interest charges and financing charges;
- charges and expenses of legal advisers, auditors, tax advisers and consultants including in relation to due diligence on potential investments and negotiations in respect thereof;
- all taxes and corporate fees payable to governments or agencies;
- Directors' fees (if any) and expenses;
- Communication expenses with respect to investor services and all expenses of meetings of shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectus and similar documents;
- The cost of insurance (if any) for the benefit of the Directors;
- Litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business;
- Listing fees and charges; and
- All other organisational and operating expenses as approved by the Directors (where applicable).

ITEM 6: PERFORMANCE-BASED FEES; SIDE-BY-SIDE MANAGEMENT

Some but not all of the Funds have in place a performance based fee. These fees are structured in accordance with the requirements of the Investment Advisors Act (1940) ("Advisors Act"), including Section 205(a)(1) and/or the exemption set forth in Rule 205-3. Performance fees are charged on any new appreciation of the Fund during the calculation period and calculated following the equalisation method, incorporating a high water mark, to ensure that all investors pay an equitable share of fees and also to ensure that any losses in prior periods are fully recouped before any fees are charged in the current period. The new appreciation on which the fees are charged includes unrealised capital gains and losses as well as realised.

Performance based fee arrangements may create an incentive for the Investment Adviser to make investments which may be riskier or more speculative than those which would be made under a different fee arrangement. Such fee arrangements also create an incentive to favour higher fee paying accounts over other accounts in the allocation of investment opportunities. The Applicant has designed and implemented procedures to ensure that investments follow the strategy as outlined in the Fund's documents/mandates and to ensure that all clients/Funds are treated fairly and equally. Specific policies have also been implemented to prevent this conflict from influencing the allocation of investment opportunities between the Funds refer to the Allocation and Aggregation Policy in Appendix I to this document

ITEM 7: TYPES OF CLIENTS

The Adviser provides discretionary investment advice to the Funds which, as stated above in ITEM 4, constitute pooled investment vehicles the majority of which are offered on a private placement basis to qualifying investors and a number of client specific mandates being a European Pension Fund, a US financial institution, a US State Pension Fund and a UK insurance syndicate.

The relative percentage each client type currently represents is available on our Form ADV Part 1. The actual mix of types of clients may change over time based upon market conditions, business plans and other factors.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Summary of analysis employed by the Applicant

The Applicant generally provides management and advisory services to fund of fund structures. The Applicant's primary investment process is focused on delivering fund of fund portfolios capable of consistent risk-adjusted performance, by understanding how hedge funds interact and adapt to market conditions – and using that knowledge to combine talented managers within all-weather portfolios.

The Investment process is highly structured with both Risk Management and Portfolio Construction teams reviewing and supporting each manager selection and on-going assessment of those selections. The multi-layered approach gives complete transparency in how the ultimate portfolio of underlying funds is created from an initial universe of thousands of hedge funds, and how that ultimate portfolio is monitored and reshaped as the portfolio and the markets evolve.

The four key phases from initial review to manager selection are as follows:

- Hedge Fund Manager Research: A comprehensive programme of qualitative and quantitative manager research is adopted to identify talented managers within each strategy with all details being stored and analysed in LEWIS – the Applicant's purpose built "leading edge" proprietary database. This database contains analysis for over 5,400 hedge funds and profiles for over 600 managers globally.
- Operational Due Diligence: The business, financial, regulatory and operational risks associated with new and existing managers is analysed, documented and reviewed on an annual basis with details stored in LEWIS. All new managers must be approved by this team prior to investment. In addition, they have right of veto over any existing investment.
- Investment Management Committee: The key decision making body within the investment process this Committee formulates the "house" top down view. This Committee evaluates where performance has been derived, identifies potential risks and opportunities and adjusts strategy allocation accordingly. This Committee is also responsible for manager approval and de-selection.
- Portfolio Construction Committee: This committee translates the views of the IMC into Manager selections. Using a sophisticated proprietary tool ("OPTICS") the Committee constructs and stress tests the Funds' portfolios. Each underlying fund is assigned a specific role within the portfolio, which when combined, aligns the portfolio with its overall objectives.

In addition to investing in other investment vehicles the Funds may use derivatives to hedge risks inherent in their portfolios, to enhance the potential return of the portfolio, to diversify the portfolio, or as a substitute for taking a position in an underlying asset. Derivatives the Funds may use include (but will not be limited to) futures contracts, purchasing and/or writing (selling) put and call options on securities, securities indexes, futures contracts, swaps and foreign currencies. Any derivative trades are always employed within a tight risk framework whereby, for example, futures trades are only ever entered into with a simultaneous stop loss.

Leverage used by the Funds is expected to be temporary in nature and used solely for the purposes of short term liquidity requirements (i.e. for efficient portfolio management). The Funds may also use leverage inherent in derivative positions (albeit subject to the strict risk procedures as described above) and the Underlying Funds may use leverage extensively.

An investment in the Funds involves a high degree of risk, including the risk that the entire amount invested may be lost, a loss that investors should be prepared to bear. Prospective investors are urged to carefully consider risk warnings and disclosures in the relevant fund prospectus and to consult with their professional advisors regarding the suitability or appropriateness of any transactions contemplated. Past performance is not a guarantee of

future performance. The price of units or shares can go down as well as up and can be affected by changes in rates of exchange.

Core Investment Strategies

The Funds are divided across three core investment strategies and separate Portfolio Construction Committee meetings are held for each strategy with an additional meeting for the Multi-Strategy Funds. The strategies are as follows:

Long Short Equity – geographical focus – Global, North American, Europe, Asia/Japan, emerging markets. Managers are further broken down into four sub-strategies being traditional, market neutral/contrarian, top-down dynamic and niche.

Relative Value – covering volatility strategies (convertible arbitrage and volatility arbitrage), event driven (e.g. merger arbitrage), distressed debt, fixed income & credit arbitrage, multi-strategy arbitrage and equity market neutral.

Directional – covering Macro & CTA and their sub-strategies – discretionary, systematic trend following and systematic non-trend following. And commodities & resources.

Risk Management

Financial markets are highly dynamic and therefore risk must be actively managed. The applicant addresses risk through many procedures and policies which have been implemented, including:

- the use of investment management and portfolio construction committees to dictate the overall strategy of the applicant and the interpretation of that strategy into portfolio holdings, thus avoiding over-reliance on specific individuals;
- a dedicated operational due diligence team who perform detailed reviews, including physical visits, of potential managers and their funds and additionally on-going reviews of the underlying funds which are held by the Ermitage Funds and the managers of these funds;
- a team of analysts who use proprietary software to track thousands of hedge funds, who maintain a regular dialogue with potential and invested managers;
- use of proprietary “Optics” software to stress test Fund portfolios in current and potential market situations to attain optimum performance in comparison with objectives;
- diversification of exposure to underlying funds and managers;
- monitoring of % of each portfolio which is exposed or potentially exposed to funds with more restricted liquidity terms and potential for redemption capping and imposing redemption fees;
- performance of in-depth due diligence of all Fund counterparties such as prime brokers, administrators, custodians.

Risk management policies and procedures do not imply low risk and there can be no assurance that even robust risk management will mitigate or prevent the Funds’ portfolios from experiencing significant losses.

Material Risks of the Funds’ Investment Strategies

The following is a summary of some of the material risks associated with the investment strategies employed by the Applicant in providing investment advice to the Funds and therefore an investment in the Funds. This summary does not attempt to describe all of the risks involved, a more complete description of these risks can be found in the relevant Private Placement Memoranda of the individual Funds.

Specific nature of a Fund of Funds and related risks

As detailed above the majority of the Funds follow the Fund of Funds structure which has its own specific features and risks. Although the Investment Manager will seek to monitor investments and trading activities of the underlying funds to which assets have been allocated, investment decisions are made at the level of that underlying fund which is out of the control of the Applicant. It is possible that the investment managers of the underlying funds will take positions or engage in transactions in the same securities or in issues of the same asset class, industry, country, currency or commodity at the same time. Consequently it is also possible that one underlying fund may purchase an asset at about the same time as another may sell it.

There can be no assurance that the selection of the investment managers of the Underlying Funds will result in an effective diversification of investment styles and that positions taken by the Underlying Funds will always be consistent.

Certain of the Underlying Funds may operate with a substantial degree of leverage and are not limited to the extent to which they may borrow or engage in margin transactions. The positions maintained by such Underlying Funds may in aggregate exceed the net asset value of the Investment Fund. This leverage presents the potential for a higher rate of total return, but also increases the volatility of the Underlying Fund, including the risk of a total loss of the amount invested.

The Underlying Funds may engage in particular investment or trading techniques, including short-selling of securities which, for example, may expose the Underlying Funds to unlimited risk due to the lack of an upper limit on the price to which a security may rise. However, to the extent that the Fund indirectly participates in short-selling activities through its investment in an Investment Fund, the Fund's losses should generally be limited to the amount invested in the relevant investment fund.

Due to investments in futures contracts and options at the Underlying Fund level, leverage will be achieved as a result of which the financial results for such transactions are subject to significant fluctuations. Insofar as the Funds may only participate indirectly through investments in Underlying Funds, in such futures or options contracts, its possible losses are generally limited to the amount which has been invested in the relevant investment fund. The Underlying Funds are only subject to the investment restrictions as described in the information memoranda of the relevant Underlying Fund.

Limited redemption rights

An investment in any of the Funds is suitable only for certain sophisticated investors who have no need for immediate liquidity in their investments. An investment in the Funds provides limited liquidity because the redemption rights of shareholders are restricted and Shares may only be redeemed on a monthly or sometimes quarterly basis provided due notice has been given. Redemptions may be subject to significant deferral.

No partial redemptions will be permitted if, immediately thereafter, the value of a redeeming shareholder's holding would be less than the Minimum Holding as described in the particular Fund's prospectus, unless approved by the Board of Directors in its sole and absolute discretion.

For client specific mandates redemption rights may differ from those of the Offshore Funds. Redemption rights within the Global Dynamic Programme and Money Market Funds are less limited due to the highly liquid nature of the portfolio which underlies that programme.

Liquidity of Underlying Funds and Special Investment Pockets/Share Classes

Although the Investment Adviser seeks to select Underlying Funds, a substantial majority of which offer the opportunity to have their shares or units redeemed within a reasonable time frame, there can be no assurance that the liquidity of the investments of such Underlying Funds will always be sufficient to meet redemption requests as, and when, made. Any lack of liquidity may affect the liquidity of the Shares of the Fund and the value of its investments. For such reasons the treatment of redemption requests may be deferred or suspended in certain circumstances including if a lack of liquidity may result in difficulties in determining the Net Asset Value.

A significant portion of the Fund may be invested in Underlying funds which are less liquid than other Underlying Funds in which the Fund has invested, and in which the Fund may not be able to readily realise its investment. In such circumstances, a pro rata portion of redemption proceeds may be withheld until such time as there is sufficient liquidity within the Fund's portfolio to permit payment of the balance. There is often, in practice, no effective secondary market for closed-end funds and, to the extent that there is a secondary market, interests in such funds often trade at a discount, which may be substantial, to their net asset value.

Limited oversight

Even if an Underlying Fund meets the standard tests of due diligence employed by the Applicant, the Manager of an Underlying Fund is subject to only limited oversight by the Applicant. The Manager of the Underlying Fund maintains its own compliance and control infrastructure and employs staff without reference to the Applicant on a day to day basis. There have, in the past, been substantial failures of hedge funds which have been attributed to break downs in controls or the improper actions of individuals. It is probable that such failures will occur in the future. In such a case, where the Funds were invested in the Underlying Fund, the Funds may suffer a near total loss of its investment and may have its ability to redeem that investment suspended for a substantial period of time.

Although the Applicant will conduct appropriate due diligence, the Applicant will have no control over the structure of the Underlying Funds in which the Funds invest, choice of domicile or choice of service provider. Custodial and administration arrangements may differ from one Underlying Fund to another and different regulatory standards may apply. Further, different Underlying Funds will have different abilities to negotiate financing, credit and other terms of service providers and counterparts with whom they transact. Underlying managers may be influenced in their choice of brokers by factors unrelated to execution ability, including capital introduction services, commission sharing arrangements and other services.

Transparency

Any of the Underlying Funds in which the asset of the Funds will be invested, despite meeting other due diligence criteria, may not provide comprehensive information regarding their underlying investments and transactions. It is the nature of such Underlying funds that this degree of transparency will vary considerably.

Valuations of Underlying Funds

The valuation of the Funds' investments in Underlying Funds will ordinarily be determined based upon valuations provided by the administrators of such Underlying Funds. To the extent that the underlying investment manager is involved in the valuation of the assets thereof, conflicts of interest may exist. The Directors, the Administrator, the Sub-Administrator and the Investment Adviser to the Funds may not be able to confirm the accuracy of valuations provided by any such administrator. In the event of an error or fraud in the determination of the value of an investment in an Underlying Fund, the net asset value of the Funds may be adversely affected.

Global Dynamic Trading Program

The program will invest in and actively trade financial instruments using a variety of strategies and investment techniques with significant risk characteristics. The Platform is only suitable for investors who fully understand the nature of this trading and the potential inherent risks. Some of these inherent risks specific to this strategy are as follows, more detailed risks can be found in the Global Dynamic Fund's Term Sheet.

Commodity Interest Trading is Speculative and Volatile

The prices of financial instruments in which the Program may invest can be highly volatile. Price movements of contracts are influenced by, among other things: changing supply and demand relationships; trade, fiscal, monetary and exchange control programmes and policies of Governments; political and economic events and policies; changes in interest rates and rates of inflation; currency devaluations and revaluations; and emotions of the marketplace. Governments from time to time intervene, directly and by regulation, in certain markets, particularly those dealing in precious metals. Such intervention is often intended to influence prices directly. The Program is subject to the risk of failure of any of the exchanges on which its positions trade or of their clearing houses.

The risk of loss in trading commodities can be substantial. If the Program purchases a commodity option, it may sustain a total loss of the premium and all the transaction costs. If the Program purchases or sells a commodity futures contract or sells a commodity option, it may sustain a total loss of the initial margin funds and any additional funds that it deposits with its broker to establish or maintain its position. If the market moves against its position the Program may be called upon by its broker to deposit a significant amount of additional margin funds, on short notice, in order to maintain its position. If it does not provide the requested funds within the prescribed time, its position may be liquidated at a loss, and it will be liable for any resulting deficit in its account.

A "spread" position may not be less risky than a simple "long" or "short" position.

Commodity-related Instruments

The production and marketing of commodities may be affected by actions and changes in governments. In addition, commodity-related instruments may be cyclical in nature. During periods of economic or financial instability, commodity-related instruments may be subject to broad price fluctuations, reflecting volatility of energy and basic material prices and possible instability of supply of various commodities. Commodity-related instruments may also experience greater price fluctuations than the relevant commodity. In periods of rising commodity prices, such instruments may rise at a faster rate; and conversely, in times of falling commodity prices, such instruments may suffer a greater price decline.

Highly Leveraged Instruments

In the futures markets, margin deposits are typically low relative to the value of the futures contracts purchased or sold. In the forward, currency and certain other derivative markets, margin deposits may be lower or may even not be required at all. Such low margin deposits are indicative of the fact that any commodity futures contract trading typically is accompanied by a high degree of leverage. Low margin deposits mean that a relatively small price movement in a futures contract may result in immediate and substantial losses to the investor. For example, if at the time of purchase, 5% of the price of a futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for the brokerage commission. Thus, like other leveraged instruments, any purchase or sale of a commodity futures contract may result in losses in excess of the amount invested.

Short Selling

Short selling involves selling securities which are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the program engages in short sales will depend upon the Investment Manager's strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could increase without limit, thus increasing the cost to the Program of buying those securities to cover the short position. There can be no assurance that the Program will be able to maintain the ability to borrow securities sold short. In such cases the Program can be "bought in" (i.e. forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase or at near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Risks linked to Investment Funds in General

Reliance on the knowledge of key individuals of the Applicant

The operations of the Funds are dependent upon the Applicant, and the trading operations of the Applicant are dependant on the Applicant's Chief Executive Officer and the Applicant's Chief Investment Officer along with certain other key individuals. Should any of these individuals become unavailable at short notice there could be a short term impact to the trading strategies of the Funds.

Hedging transactions

The Funds may utilise financial instruments, both for investment purposes and for risk management purposes in order to

- (i) protect against possible changes in the market value of the Funds' investment portfolio resulting from fluctuations in the securities markets and changes in interest rates;
- (ii) protect the Funds' unrealised gains in the value of the Funds' investment portfolio;
- (iii) facilitate the sale of any such investments;
- (iv) enhance or preserve returns, spreads or gains on any investment in the Funds' portfolios;
- (v) hedge the interest rate or currency exchange rate on any of the Fund's liabilities or assets;
- (vi) protect against any increase in the price of any securities the Funds anticipate purchasing at a later date; or
- (vii) for any other reason that the Applicant deems appropriate.

For a variety of reasons, the Investment Adviser may not seek to establish a perfect correlation between the hedging instruments utilised and the portfolio holdings being hedged.

The success of the Funds' hedging strategy will depend, in part, upon a correct assessment of the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities changes as markets change or time passes, the success of the Funds' hedging strategy will also be subject to the Investment Adviser's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if they had not engaged in such hedging transactions.

Counterparty risk

Some of the markets in which the underlying Funds may effect transactions are “over the counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes the Underlying fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing the Underlying Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Underlying Fund has concentrated its transactions with a single or small group of counterparties. Subject to the investment restrictions contained in its offering document, the Underlying Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, the Underlying Fund is unlikely to have an internal credit function dedicated to the creditworthiness of its counterparties. The ability of the Underlying Fund to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

Risks specific to the strategies employed

Long short.

Basis risk

Long short equity strategies typically involve the buying of shares in some companies versus selling short shares in other companies. Leverage is an inherent part of most hedge fund strategies and during times of ‘irrational’ market behaviour, this can create a ‘basis’ risk whereby either or both sides of the trade can lose money.

Liquidity risk

Investing in equities can include investments in smaller companies which can create liquidity risk as a result of changes in liquidity in times of market stress. In addition, some managers are able to invest in unlisted or private issues, which can further expose investors to illiquidity risk should the manager be unable to exit these issues at times of poor market liquidity.

Regulatory risk

Equity hedge funds typically operate within strict compliance guidelines in terms of the use of ‘private networks’ of information collection and the overall use of privileged or inside information. From time to time, managers can breach these rules and this can represent a risk at our portfolio level.

Relative Value (‘RV’) strategies.

Leverage

Typically, RV strategies utilise the highest amounts of leverage within the hedge fund space. These strategies typically involve seeking to make money from small anomalies between instruments or assets based on a differential in relative valuation. Under normal circumstances, the relative trade has the effect of reducing exposure to market directional risk, such that returns are more consistent and less market dependent. However, the use of leverage can create high losses during times of market stress if the anomaly being traded continues to widen as seen during 2008.

Financing risk

As detailed above, these strategies require the use of leverage to achieve returns. As seen during 2008, the providers of leverage can find it necessary to restrict access to this leverage thereby requiring the hedge fund manager to close out positions at an inopportune time, thereby causing losses.

Complexity risk

Many of the RV strategies are extremely complex, which can cause risks in itself, either because the manager's own assessment of risk or opportunity prove incorrect, or because the ability for the investor to monitor and independently assess the investments proves difficult.

Directional strategies

Beta risk

By definition, many of these strategies involve the manager taking deliberate directional exposure to various asset classes, including commodities, equities, bonds, interest rates and FX rates. Typically this exposure is taken via index futures and options, though can be taken via exposure in individual underlying positions (especially in the case of commodity trading funds). This directional exposure can lead to losses in situations where markets change direction quickly against the positioning of the manager.

Leverage

As with other hedge fund strategies, the use of leverage can bring additional risk during times of increased volatility in the assets traded.

ITEM 9: DISCIPLINARY INFORMATION

As an SEC registered investment adviser, we are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. Neither Ermitage Asset Management Jersey Limited nor any of its affiliates have been the subject of any legal or disciplinary events in any jurisdiction.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Applicant's business is providing investment advice, and as detailed above in ITEM 4, as a natural extension of that business the Applicant also licences its proprietary portfolio construction software. This provides clients with analytical models to create, control, risk assess and stress test their investment portfolios. Outside of these activities the applicant it is not engaged in any other business endeavour. None of the applicant, its affiliates or any of its management persons are registered have been or have an application pending to register as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading adviser, or associated person of a futures commission merchant, commodity pool operator or commodity trading adviser.

The Adviser has two affiliated companies as follows who also provide investment advice but who are not currently registered with the SEC and for whom future registration is not envisaged. The Adviser also has two affiliated companies who provide research and analysis and some back office services to the Investment Adviser companies. All are affiliates due to being wholly owned by Ermitage Limited.

Ermitage Global Wealth Management Jersey Limited ("EGWMJ") is regulated by the Jersey Financial Services Commission for the provision of Financial Services and as an Investment Business Company. EGWMJ provides a Wealth Management service for fiduciaries, intermediaries and private clients who are seeking long-term capital growth and wealth preservation. EGWMJ specialises in alternative investment strategies using a dynamic and active management approach to achieve attractive returns. The service offers clients the ability to select an absolute or balanced portfolio which is delivered through a unitised fund structure which in turn primarily invests in funds managed by its affiliates Ermitage Asset Management Jersey Limited and Ermitage Management Bermuda Limited. Where sufficient sums are available for investment clients also have the possibility to request a fully bespoke portfolio approach. EGWMJ uses the systems and investment analysis tools of Ermitage Asset Management Jersey Limited.

Ermitage Management (Bermuda) Limited ("EMBL") is registered with the Bermuda Monetary Authority and has been appointed as Fund Manager to many of the investment funds for which the applicant acts as investment adviser. In these instances the Investment Adviser's fees are paid by the Fund Manager out of the fee they charge to the Fund which may include performance fees. In only one instance EMBL has appointed an external Investment Adviser, this in relation to the Ermitage Selz Fund. In this instance the investment activity and objectives of the Fund differ from the usual investment adviser activities adopted by the Applicant and a specialist Investment Adviser, Selz Capital LLC was appointed in January 2004. Selz Capital LLC is registered as an Investment Adviser with the SEC.

Due to the nature of the affiliated companies and the fact that they are part of the same group and under common control the above arrangements are not considered to give rise to any material conflicts of interest except as disclosed in Item 11 below.

In addition to affiliated companies EAMJ has appointed Insight Investment Management (Global) Limited as investment manager and investment adviser to the Ermitage Money Market Funds, funds for which EAMJ acts as Investment Manager. Insight manages some £96 billion for its more than 60,000 retail, corporate and institutional clients and is regulated by the UK's Financial Services Authority.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

As an SEC registered adviser, Ermitage Asset Management Jersey Limited has adopted a Code of Ethics pursuant to SEC Rule 204A-1. In order to ensure consistency in approach, clarity to staff and clients in terms of requirements, and as a matter of good corporate governance this Code of Ethics (the "Code") applies to all affiliated entities within the Ermitage Group and not just the applicant. The Code dictates the basis upon which all personal trading by personnel of the applicant and its affiliates within the Ermitage Group may be conducted and the disclosure requirements for same.

Generally, the Code establishes the standards of conduct required by all personnel and imposes specific requirements aimed at preventing, detecting and correcting fraudulent activity or activities that would pose a conflict of interest in connection with personal securities transactions. The Code prohibits personnel from engaging in conduct commonly known as "insider trading" or dealing against the overall interests of the Group or any of its clients.

In addition to the summary of the Code below, Investors and prospective Clients may obtain a copy of the Code of Ethics by contacting the Compliance Team on allincompliance@ermitagegroup.com or on +44 1534 615 500 or requesting through their regular business contact.

The Code requires all personnel to be fully aware of their fiduciary duty towards clients and therefore their duty to place the interests of clients before the interests of the Group or any of its officers and employees.

Related Accounts

The personal account dealing provisions of the Code are extended to:

- dealing for a spouse, (including unmarried partners), parent, sibling, child, controlled company or trust;
- dealing as a personal representative of an estate or as a trustee of a trust;
- dealing for the account of another person unless done in the course of employment and in the name of Ermitage or any of its companies.

Restricted Securities

The Code details securities dealing which requires prior approval as follows:

- units of all Ermitage Group Funds with the exception of the Money Market Funds;
- individual investments held within any fund or managed account portfolio to which any company within the Ermitage Group provides services as Investment Manager or Investment Adviser;
- individual investments which have been “flagged” as approved for investment by any fund or managed account portfolio to which any company within the Ermitage Group provides services as Investment Manager or Investment Adviser even though there is no current investment;
- any IPO or private placement.

For Executive Directors of any Ermitage Group company the above-mentioned approval must be given by the Chief Executive Officer or in his absence by the Chief Operating Officer. For all other personnel the prior approval must be given by the Chief Compliance Officer or in her absence the Chief Operating Officer.

All other dealing requires notification to the Compliance Team as per the reporting requirements below.

Reporting

All personnel are required to report for their own account and those related accounts as detailed above by:

- (i) Submitting initial and annual reports disclosing all personal securities holdings; and
- (ii) Submitting a quarterly report of all personal securities transactions within 30 days of quarter end to the Compliance Team.

The Chief Compliance Officer will review all such reports to ensure compliance with the Code.

ITEM 12: BROKERAGE PRACTICES

Soft Dollars

We do not engage in the practice of “soft dollars”.

Allocation and Aggregation

Managed Accounts and Offshore Funds

If it is determined by Ermitage that it would be appropriate for more than one Fund or Managed Account to participate in an investment opportunity, Ermitage will seek to allocate such opportunity to all Clients for which such opportunity is lawful and appropriate on a fair and equitable basis. The Applicant additionally recognises that there will be occasions when limited capacity has to be allocated between a number of Offshore Funds and Managed Accounts and will seek at all times to allocate this capacity on a fair and equitable basis and has developed a specific policy to ensure this is done.

There is no aggregation of Fund trades.

Global Dynamic Trading Programme

The securities traded for the above programme are traded on an aggregated basis and then allocated to the segregated accounts of each participant. To ensure all participants are treated on a fair and equitable basis trades are allocated to each participant using the average price. However whilst the use of an average price is considered to be the most fair method it may also result in some participants receiving a less favourable price than they would otherwise have received.

ITEM 13: REVIEW OF ACCOUNTS

Ermitage has developed trading and portfolio analysis systems which enable the Investment Management Team, the Chief Investment Officer and the operations group to review and oversee trading activity on a continuous basis. These systems allow for the monitoring of trade settlement and the review of portfolio compliance with pre-determined limits and restrictions. Additionally the Middle Office Team and external service providers, under the oversight of the COO, will perform a variety of review functions on an ongoing basis, including cash management, cash reconciliation, trade confirmation and reconciliation, pricing, corporate actions and other matters.

Fund and Managed Account portfolios are reviewed on a monthly basis at both the Investment Management Committee meetings and the Portfolio Construction Committee meetings where a variety of factors, including overall market and/or sector conditions, investment selections, portfolio allocations and diversification, performance of funds and underlying investments are reviewed in order to determine the basis for future investment decisions.

For Funds which are valued on a monthly basis Ermitage provides investors with a monthly performance estimate around the 6th business day of each month and an investor letter summarising the Fund's performance for the month as well as such other information that Ermitage deems appropriate. In addition, the Administrator of each Fund or Managed Account issues a Net Asset Value per share on at least a monthly basis and provides investors with a periodic written statement at a frequency requested by the investor, which details the increase and decrease in the net asset value of such investor's investment during the preceding period.

Estimates are not provided to investors for those funds which price on a more frequent basis.

As soon as practicable after the end of each fiscal year, and no later than 6 months after that date, each Fund provides its investors with a copy of its audited annual financial statements as at the end of that fiscal year.

Reports to Managed Accounts can vary and are in accordance with the specific requirements of the underlying client but in general mirror the reporting provided to the Offshore Fund investors.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

In accordance with applicable Federal and State regulations, Ermitage may compensate persons for soliciting prospective investors for, or referring prospective investors to, the Offshore Funds. Ermitage may, and intends to, enter into arrangements with persons affiliated and not affiliated with Ermitage whereby Ermitage compensates such persons for introducing qualified persons to Ermitage as potential investors in the Funds. Such compensation may take the form of payments by Ermitage to such persons of up to 100% of the Management Fee or Performance Fees received by them from the Funds attributable to investments made in the Funds by qualified persons so introduced.

ITEM 15: CUSTODY

Under Rule 206(4)-2 of the Investment Advisers Act (1940), Ermitage is deemed to have custody of the securities and other assets of the Funds even though Ermitage does not physically hold the securities and other assets, and such securities and assets are not held or registered in Ermitage's name. Ermitage is however exempt from many of the provisions of Rule 206 (4)-2 because the Funds are audited in accordance with Generally Accepted Accounting Principals ("GAAP") which are considered equivalent to US GAAP on an annual basis by an independent audit firm that is subject to regulatory oversight. Audited financial statements are distributed to each investor in the Funds within 6 months of the Fund's fiscal year end. Audited financial statements are prepared for the Offshore Funds and Managed Accounts.

ITEM 16: INVESTMENT DISCRETION

Pursuant to the governing documents of the Offshore Funds and Global Dynamic Trading Programme, Ermitage has complete investment authority with respect to all securities owned by the Funds. There are no limitations on this authority and this authority is conveyed by investors subscribing to the Funds in their subscription agreements and in the Funds' governing documents.

Subject to any investment restrictions or limitations that the underlying client of a Managed Account may negotiate with Ermitage, Ermitage has complete investment authority with respect to all securities owned by the Managed Accounts.

ITEM 17: VOTING CLIENT SECURITIES

As a registered investment adviser with the SEC, Ermitage is required to abide by Rule 206(4)-6 of the Advisers Act and as a result has adopted proxy voting policies and procedures which are reasonably designed to ensure that Ermitage votes proxies in the best interests of its clients. Ermitage has the authority to vote proxies for securities held by the Offshore Funds. In the case of the Managed Accounts, it will be clearly stated in the pertinent investment advisory agreement whether or not Ermitage has proxy voting authority and responsibility. If Ermitage does have authority to vote securities held by Managed Accounts it will do so in a way that is consistent with Ermitage's stated proxy voting policies and procedures.

Ermitage will vote proxies on behalf of the Offshore Funds and the Managed Accounts, if applicable, in the best interests of the Funds taking into account not only the economic effect of the proposal but also the impact on shareholder influence/control, related costs, liquidity and other rights, common industry practice and other issues. To that end, Ermitage will vote in a way that it believes is consistent with its fiduciary duties

Ermitage's procedures are designed to identify and address conflicts or potential conflicts that could arise between its own interests and those of the Funds. If it is determined that any such conflict or potential conflict is material and Ermitage wishes to depart from the stated policies then the client must be notified of the conflict and asked to consent to the proposed vote. If the client objects to Ermitage's proposed response, Ermitage will vote the proxy as directed by the client.

A Client may obtain a copy of Ermitage's Proxy Voting Policy and Procedures and information about proxies on their account were voted by contacting Kelly O'Donnell (CCO) at allincompliance@ermitagegroup.com or +44 1534 615 500.

ITEM 18: Financial Information

We do not have any adverse financial information to disclose. The management of Ermitage believes that we are financially sound.

APPENDIX I

Introduction

As an asset management organisation, we the Ermitage Group ("Ermitage") stand in a position of trust and confidence with respect to our clients. Accordingly we have a fiduciary duty to place the interests of our clients before the interests of Ermitage and our officers and employees (together "Employees"). We also have an obligation to provide our clients with full and fair disclosure of all material facts. This Allocation and Aggregation Policy has been prepared to ensure that Ermitage comply with these duties.

In setting out the policy on allocations, Ermitage recognizes that there will be occasions when limited capacity has to be allocated between Group products and this could give rise to a perceived conflict of interest. Ermitage will seek at all times to allocate capacity in underlying investments between its funds (and/or other products) on an equitable basis. In setting out the policy on aggregations Ermitage recognises that the most equitable way to allocate aggregated prices is to use an average although in some cases this may result in a client receiving a slightly less favourable price. The full disclosure of the aggregation policy however mitigates any potential misunderstandings.

Fund of Funds Allocation Policy

New Investments

Where the maximum capacity that can be negotiated with a **new** underlying manager is limited, the Group will allocate that capacity in accordance with the following process:

- (i) In making a recommendation to add a fund to the Approved List, the Analyst will make clear the maximum capacity available to the Group (where there is a limit);
 - (ii) The Portfolio Construction Committee ("PCC") will decide, ignoring all constraints (i.e. capacity in the underlying fund, liquidity in the Ermitage product etc.) and based purely on investment criteria, to which portfolios the investment should be added and in what position size (the "Optimum Allocation");
 - (iii) The PCC will then determine which products have the necessary liquidity to subscribe for the Optimum Allocation and can do so within the terms of the offering documentation for the underlying fund. The aggregate of these positions will be the "Total Available Allocation".
 - (iv) Where the Total Available Allocation is less than the available capacity in the underlying fund, all products will get a full allocation;
 - (v) Where the Total Available Allocation is greater than the capacity in the underlying fund, the allocation to each product will be reduced on a pro rata subject to (vi) below;
 - (vi) Where (a) the revised allocation to any Group product would be below the minimum position size for a fund (as determined by the Investment Management Committee ("IMC")/PCC) or (b) the PCC determines for other reasons that a fund should not subscribe for a smaller holding (for example because anticipated AUM growth means that the position size will become too small) or (c) the investment no longer falls within the subscription terms of the underlying fund; the Total Available Allocation will be recalculated excluding any allocation to the relevant product and steps (iv), (v) and (vi) repeated.
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Existing Investments

Where capacity in an existing fund is, or becomes, restricted, that capacity will be allocated first to those products that are already invested (the “Existing Investors”).

Thus steps (ii) to (vi) above will be followed initially in relation to the Existing Investors only.

If there remains any capacity after the allocation to the Existing Investors then the remaining capacity will be allocated to other Group products by following steps (ii) to (vi) above.

Where there is no additional capacity in an underlying fund and the investment of an Existing Investor falls below its minimum position size because of an increase in overall AUM (or for any other reason), the investment may be redeemed from the Existing Investor. The allocation of this capacity to another Group product (by way of a switch if appropriate) will be determined in accordance with this policy but will additionally require the approval of the independent directors of the acquiring fund (as required by Group policies).

Future Capacity

Ermitage will not normally reserve future capacity for a specific product. However, it may do so where there is a separate, documented arrangement between the product and an underlying fund. Any capacity not specifically reserved will be allocated in accordance with the policy above.

Securities Trades Aggregation

Clients, Funds or Managed Accounts (collective “Clients”) can be harmed if the Group fails to use the average price paid when allocating securities (other than fund investments) such as listed futures contracts, additionally failure to use the average price could also give rise to a perceived conflict of interest where certain Clients receive a more favourable price than others. Therefore, to ensure all Clients are treated on both an equitable and fair basis in circumstances where trades are aggregated the price allocated to Clients will be the average price, unless there are compelling reasons to do otherwise.

The possibility of trades being aggregated with those of other Clients and/or accounts and the subsequent application of an average price should be disclosed to all Clients in either their account opening form (GWMS) or Investment Management Agreement (funds/managed accounts). US clients will be notified by way of the disclosures required in the form ADV II brochure which will be provided to them at the commencement of any relationship. It should also be disclosed that whilst use of the average price ensures all clients are treated equitably it may also result in the client receiving a less favourable price.

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