

## **Firm Brochure**

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Saguenay Strathmore Capital, LLC. If you have any questions about the contents of this brochure, please contact us at: (914) 729-2411, or by email at: FundInfo@sscinvest.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.

Additional information about SAGUENAY STRATHMORE CAPITAL, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

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#### **Item 4. Advisory Business**

Saguenay Strathmore Capital, LLC, ("SSC") is a Securities and Exchange Commission registered investment adviser registered in January 2006 and specializing in alternative assets with its principal place of business in Purchase, NY. Founded in 2002 as a family office investment adviser, SSC advises an expanded base of clients who now include family offices, high net worth individuals and institutional investors. Until September 2011, SSC conducted operations under the name "Saguenay Capital, LLC."

SSC's focus is on private investment funds, more commonly known as "hedge funds", and its first priority is the preservation of capital followed by the pursuit of long term, absolute risk adjusted returns irrespective of the market direction of traditional asset classes such as stocks and bonds.

SSC's management believes that the hedge fund market has become "institutionalized" and that superior returns will be generated by firms who pursue active asset allocation and disciplined manager selection. SSC has a nine year track record and is positioned to achieve our clients' investment objectives in this challenging environment.

SSC's principals have over 100 years of experience derived from prior positions at senior levels in global capital markets, corporate finance and investment management. Such experience supports a seasoned, balanced perspective that is essential to understanding and assessing the market and business risks of the wide array of hedge fund strategies deployed around the world.

The sole member of SSC is Saguenay Strathmore Holdings Limited, a limited liability company incorporated in Jersey, Channel Islands ("SSHL"). A substantial majority of SSHL is owned by Brian Walsh, John Murphy, Dave Dobell, Lucien Burnett, Stephen Harper and Emlyn Palmer.

SSC provides investment advisory services with respect to portfolios of hedge funds on a discretionary and non-discretionary basis, to clients on a managed or advised account basis or through commingled vehicles (i.e., funds of hedge funds) intended for institutional investors and other sophisticated investors. The commingled vehicles are private investment funds that are offered to high net worth, financially sophisticated individuals and institutional investors (the "Funds"). SSC also serves as a sub-advisor to a fund of hedge funds, and also provides non-discretionary investment advisory services for eight clients for portfolios of hedge funds that they own.

As of January 1, 2012, SSC managed \$615,277,678 in assets for 17 clients. \$367,706,983 is managed on a discretionary basis, and \$247,570,695 is managed on a non-discretionary basis.

The goals and objectives for each client are discussed with the client. Investment policy statements are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain hedge funds or types of hedge funds.

## **Item 5. Fees and Compensation**

The basic management fee ("Management Fee") for both discretionary and non-discretionary advisory services is as follows: SSC receives a Management Fee from each Fund and from its other clients ranging from .50% to 1.20% annually based on the size of the client's portfolio. SSC has waived fees for its employees. Fees are negotiable.

The Management Fee for certain Funds are payable in advance at the beginning of each quarter based on the market value of the assets in such Fund on the first day of such quarter. The Management Fee will be pro-rated for any period that is less than a full fiscal quarter if an investor in such Fund withdraws. The Management Fee for certain other Funds is payable in advance based on the net assets of the Fund at the beginning of each month. For Management Fees payable in advance, the fee is prorated and adjusted for contributions and withdrawals made during a period. The Management Fee for one Fund is payable in arrears at the end of each quarter based on the market value of the assets in such Fund on the last day of such quarter.

The Management Fee for the other clients is generally charged quarterly in advance, on the first business day of each calendar quarter based on the net value of the client's assets as of the last business day of the immediately preceding quarter, adjusted for the current quarter's subscriptions and redemptions. For any new subscriptions or redemptions which take place within a quarter, the Management Fees will be pro-rated for any period that is less than a full fiscal quarter.

SSC, in its sole discretion, may waive or reduce the Management Fee.

SSC may be paid a performance-based fee, which is compensation that is based on a share of capital gains on or capital appreciation of the assets of a client. This compensation may range from 5 – 10%. Under certain circumstances, receipt of performance-based compensation may be subject to a hurdle rate of up to 6%.

Management and performance fees for Funds are deducted from Fund accounts by instructing the Fund's administrator. Fees for other clients may be deducted or billed as negotiated with the client.

The Management Fee paid to SSC is in addition to the management and performance fees paid by the clients to the underlying fund managers of the funds that make up the client portfolio (the "Portfolio Managers"). The fees earned by the Portfolio Managers may involve both management fees (generally from 1% to 2%) based on the value of the fund or the other clients assets allocated to such Portfolio Manager and performance fees based on profits generated by such Portfolio Manager (generally 20% of such profits).

With respect to the Funds, SSC will be responsible for and will pay, or cause to be paid, all its ordinary office overhead expenses, which include rent, supplies, secretarial expenses, printing and stationery, charges for furniture and fixtures and compensation of administrative, research and investment personnel. All other expenses will be borne by the Funds, including legal, accounting (including outsourced accounting), auditing and other professional expenses, director fees and expenses (including Directors and Officers insurance), administrator fees and expenses, organizational expenses, investment expenses such as commissions, research expenses (including research-related travel), interest on margin accounts and other loans, custodial fees, fees paid to Portfolio Managers, the pro rata share of the expenses of any investment entities or accounts in which the Funds may invest and other reasonable expenses related to the purchase, sale or transmittal of the Funds' assets. Expenses with respect to the other clients are separately negotiated.

#### **Item 6. Performance-Based Fees**

SSC and its investment personnel provide investment management services to multiple portfolios for multiple clients. SSC is entitled to be paid performance-based compensation by certain Funds and certain other client accounts. In addition, certain client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. When SSC and its investment personnel manage more than one client account a potential exists for one client account to be favored over another client account. SSC and its investment personnel may have a greater incentive to favor client accounts that pay SSC (and indirectly SSC's portfolio manager) higher fees. SSC's procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities based on account liquidity, account requirements for liquidity and timing of cash flows, as well as other factors set forth in Item 16.

#### **Item. 7 Types of Clients**

SSC advises a base of clients who include the Funds, other funds of hedge funds, family offices, private investment funds, high net worth individuals and institutional investors. With respect to the Funds, the initial and additional subscription minimums are disclosed in the offering memorandum for the pooled investment vehicle; the initial minimum is generally \$1 million. SSC, in its sole discretion, may modify the initial and

additional investment minimums. The minimum size of a separately managed account is negotiable.

#### **Item. 8 Methods of Analysis, Investment Policy, Investment Strategies and Risk of Loss**

SSC utilizes a combination of top-down (macro) analysis and bottom-up fund selection to select and allocate assets among its portfolios of hedge funds. SSC's research and manager evaluation process aims to select only those Portfolio Managers whose investment styles and strategies have previously earned, or are designed to earn, consistent, above-average, risk-adjusted, long-term returns.

SSC has developed knowledge of the universe of hedge funds, other private investment funds and similar accounts sponsored by Portfolio Managers and has developed a disciplined procedure for evaluating, selecting and monitoring performance of such Portfolio Managers. While Portfolio Managers inherently have a degree of opaqueness because they do not disclose details of their portfolios and only report their performance on a periodic basis, SSC seeks to mitigate this opaqueness by adhering to its due diligence process.

Top-down macro analysis incorporates an assessment of various factors to determine which asset classes, investment strategies and styles SSC believes should experience a favorable investment climate for the foreseeable future. These factors include general market conditions and the outlook for the global economy and key asset classes, including valuation and technical factors; capital inflows or outflows to the various asset classes and investment styles; and geopolitical events.

Bottom-up fund selection involves screening and ongoing monitoring of the universe of Portfolio Managers, and selection of Portfolio Managers which meet SSC's due diligence standards. Once a Portfolio Manager has been selected, its impact on a client portfolio is evaluated from the perspective of the portfolio's resulting asset allocation and risk concentrations. In addition, SSC will evaluate and assess each client portfolio's key risk factors in combination with the key risk factors of other Portfolio Managers in order to prevent risk concentrations, including the impact on the client portfolio's diversification of assets and the expected impact on the portfolio's volatility. Once a Portfolio Manager is included in the portfolio of a Fund, its performance will be monitored on an ongoing basis.

The identity and number of Portfolio Managers for each Fund is likely to change over time. SSC may remove a Portfolio Manager or appoint new Portfolio Managers without prior notice to or the consent of the investors in the Funds.

SSC reserves the right to alter or modify the investment strategies of each Fund in light of available investment opportunities or to take advantage of changing market conditions, where SSC concludes that such alterations or modifications are consistent with the goal of maximizing returns to investors.

The following is a general description of the various core investment styles which Saguenay generally represent SSC's main, but not exclusive, focus for its Funds and other clients:

- **Long / Short Equity.** Portfolio Managers who employ the long/short equity style typically take long and short positions in publicly traded equity securities. Various derivative strategies may also be employed by long/short Portfolio Managers. The resulting portfolio may be either long-biased or short-biased depending on the market view of the Portfolio Manager. Because of the long/short bias, returns will not be completely independent of market moves. Security selection is typically based on fundamental research.
- **Fixed Income Arbitrage.** Portfolio Managers who employ fixed income arbitrage strategies attempt to capture mispricing within and across global fixed income markets and their associated derivative markets. The markets where anomalies may exist from time to time include government bond markets, corporate debt markets and mortgage and other asset-backed markets. Typically these strategies attempt to capture trading anomalies within and between, rather than outright predictions of the directions in interest rates. Identified anomalies are usually small and Portfolio Managers utilize leverage to enhance their returns.
- **Event Driven:** including distressed securities, risk arbitrage, and multi-strategy.

Portfolio Managers who employ distressed securities/event driven strategies take long and short positions in the equity, debt and derivative securities of companies which are in financial distress, in a bankruptcy proceeding or in a major restructuring. Investment ideas in the distressed sector may be implemented in any one of, or combination of, financial instruments including, but not limited to, bank loans, secured or unsecured bond obligations, equities and derivatives on the underlying securities. Style of investment may range from directional long, where the Portfolio Manager expects the investment to appreciate, to directional short, where the Portfolio Manager expects the investment to depreciate, to capital structure arbitrage, where the Portfolio Manager expects one portion of the capital structure of a specific company to outperform another portion of the capital structure. In general, the distressed debt market is less liquid than other markets.

Portfolio Managers who employ risk or merger arbitrage usually invest in the securities of companies involved in mergers or acquisitions. Risk arbitrageurs are typically long the stock of the company being acquired and short the stock of the acquirer. The major risk is deal risk, or the possibility that the merger or acquisition will not go through.

- **Convertible Arbitrage.** Portfolio Managers who employ convertible arbitrage strategies seek to profit from the mispricing of the imbedded option in a convertible security. Frequently, this strategy is characterized by a long

convertible position and a corresponding short position in the underlying equity.

- **Quantitative/Volatility/Statistical Arbitrage.** Portfolio Managers employing quantitative strategies generally use sophisticated computer models to identify market anomalies or to predict price movements in various securities markets. Typically, the Portfolio Manager does extensive testing of its model on historical price series to validate the model. Quantitative strategies can have significant diversification benefits because they often generate returns that are counter-cyclical to major security trends.

Volatility strategies are usually designed to generate good returns during periods of market dislocation. The volatility strategies SSC will focus on will typically be long volatility, which implies that the strategy will benefit during periods of distressed markets. As such, like quantitative strategies, Portfolio Managers employing volatility strategies can have significant diversification benefits.

- **Global Macro.** Portfolio Managers employing global macro strategies seek to profit from changes in global financial markets and take positions to exploit changes in interest rates, exchange rates, liquidity and other macro-economic factors. Investment ideas may be executed through a variety of financial instruments including long or short cash securities, futures contracts, derivative contracts or options. Global macro funds may employ a variety of asset classes including equities, fixed income, currencies or commodities and typically employ leverage in their portfolios.

- **Emerging Markets.** Portfolio Managers employing emerging market strategies seek to profit from changes in the value of fixed income and equity securities in emerging markets around the world. Although Portfolio Managers employing emerging market strategies may invest in any asset class and construct their portfolio on any basis, many emerging markets do not allow short selling, nor offer viable futures or other derivative products with which to hedge. Accordingly, emerging market Portfolio Managers often employ a long-only strategy.

- **Other.** Some Portfolio Managers deploy market strategies that do not conform to the above classifications. Such strategies may be too diversified to fit in any of the above classifications or they could be involved in other markets such as commodities or energy or volatility.

All investment programs have certain risks that are borne by the investor. An investment in a hedge fund would be suitable for an investor only if they have adequate means of providing for their current and future needs, have no need for liquidity in such investment and can afford to lose the entire amount of the investment. Some hedge funds use leverage and shorting techniques, which can increase the risk of losses. An investment in a hedge fund should be considered speculative and may only be



appropriate for part of an investor's portfolio. Hedge funds are not subject to the same regulatory requirements as mutual funds and may involve complex tax structures; as a result, investors may experience delays in receiving tax information. In addition, investors in hedge funds that employ the following strategies may also face the following investment risks:

*Arbitrage Transaction Risks.* If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the Portfolio Managers employ leverage. Moreover, arbitrage strategies often depend upon identifying favorable "spreads", which can also be identified, reduced or eliminated by other market participants.

*Distressed Situation Risk.* Investment in distressed situations exposes the hedge fund to significant risks, including: the difficulty in obtaining information as to the issuer's true condition; regulatory risk, including laws relating to fraudulent conveyances, voidable preferences, lender liability and bankruptcy; litigation risk; liquidity risk; and collection risk (especially, when dealing with sovereign debt). Moreover, to the extent a hedge fund is invested in sovereign debt obligations, those investments will be subject to additional risks and considerations not present in private distressed situations, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which are affected by world events, changes in U.S. foreign policy and other factors outside of the control of the Portfolio Managers.

*Hedging.* There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Portfolio Managers may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Portfolio Managers investment portfolios than if the Portfolio Managers did not engage in any such hedging transactions.

*Interest Rate Risks.* Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.

*Issuer-Specific Changes.* Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

*Lack of Diversification.* The underlying funds in which client accounts are invested will not be diversified among a wide range of types of securities,

countries or industry sectors. Accordingly, client portfolios are subject to more rapid change in value than would be the case if the Portfolio Managers were required to maintain a wider diversification among types of securities and other instruments.

*Leverage.* Performance may be more volatile if the underlying fund in which a client's account is invested employs leverage.

*Relative Value Risk.* In the event that the perceived mispricings underlying the Portfolio Managers' relative value trading positions were to fail to converge toward, or were to diverge further from, relationships expected by the Portfolio Managers, client accounts may incur a loss.

*Short Selling Risk.* The Portfolio Managers' investment programs may include a significant amount of short selling. Short selling transactions expose the Portfolio Managers to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by a Portfolio Manager in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Portfolio Manager might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Portfolio Managers whose strategies utilize the following types of securities may also face the risks set for below which are specific to the type of security:

*Asset-Backed Securities.* Asset-backed securities are subject to interest rate risk and, to a lesser degree, prepayment risk. Asset-backed securities are subject to additional risks in that, unlike mortgage-backed securities, asset-backed securities generally do not have the benefit of a security interest in the related collateral. Each type of asset-backed security also entails unique risks depending on the type of assets involved and the legal structure used. In addition, asset-backed securities experience credit risk. There is also the possibility that recoveries on repossessed collateral may not be available to support payments on these securities because of the inability to perfect a security interest in such collateral.

*Commodity Futures and Options.* Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a pooled investment vehicle engaging in commodity futures trading. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to such a pooled

investment vehicle. Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted, and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

*Derivatives.* Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or the Portfolio Managers. Further, transactions in derivative instruments are not undertaken on recognized exchanges, and will expose the client's account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

*Distressed Securities.* Investments in unrated or low grade debt securities of distressed companies are subject to greater risk of loss of principal and interest than higher-rated debt securities. Also, securities of distressed companies are generally more likely to become worthless than the securities of more financially stable companies. In addition, evaluating credit risk for foreign debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

*Emerging Markets.* The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

*Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism

and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

*Fixed-Income and Debt Securities.* Investment in fixed-income and debt securities such as bonds, notes and asset-backed securities, subject a client's portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly, investments in debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

*Hard Assets.* The production and marketing of hard assets may be affected by actions and changes in governments. In addition, hard assets and hard asset securities may be cyclical in nature. During periods of economic or financial instability, hard asset securities may be subject to broad price fluctuations, reflecting volatility of energy and basic materials prices and possible instability of supply of various hard assets. In addition, hard asset companies may also be subject to the risks associated with extraction of natural resources as well as the risks of the hazards associated with natural resources, such as fire, drought, and increased regulatory and environmental costs. Hard asset securities may also experience greater price fluctuations than the relevant hard asset.

*Illiquid Instruments.* Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the Portfolio Managers' ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Portfolio Managers to obtain market quotations based on actual trades for the purpose of valuing a fund's portfolio.

*Mortgage-Backed Securities.* Mortgage-backed securities are subject to credit risk associated with the performance of the underlying mortgage properties. Factors such as consumer spending habits, local economic and competitive conditions, tenant occupancy rates and regulatory or zoning restrictions, or the loss of a major tenant may adversely affect the economic viability of a mortgaged property. In addition, these securities are subject to prepayment risk. Some securities have a structure that makes their reaction to interest rates and other factors difficult to predict, making their value highly volatile.

*Non-U.S. Securities.* Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

*REITs.* REITs in which the Portfolio Managers invest the hedge funds are affected by underlying real estate values, which may have an exaggerated effect to the extent that REITs in which the Portfolio Managers invest concentrate investments in particular geographic regions or property types. Investments in REITs are also subject to the risk of interest rate volatility. Further, rising interest rates will cause investors in REITs to demand a higher annual yield from future distributions, which will in turn decrease market prices for equity securities issued by REITs. REITs are subject to risks inherent in operating and financing a limited number of projects because they are dependent upon specialized management skills, and have limited diversification. REITS depend generally on their ability to generate cash flow to make distributions to investors.

*Risk Arbitrage Securities.* A merger, other restructuring, tender, or exchange offer proposed at the time the Portfolio Managers invest in risk arbitrage securities may not be completed on the terms or within the time frame contemplated, resulting in losses.

*Security Futures and Options.* In connection with the use of futures contracts and options, there may be an imperfect correlation between the change in market value of a security and the prices of the futures contracts and options in the *client's* account. In addition, the Portfolio Managers' investments in security futures and options may encounter a lack of a liquid secondary market for a futures contract and the resulting inability to close a futures position prior to its maturity date.

## **Item 9. Disciplinary Information**

This item inapplicable.

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

Brian Walsh is a member of the Board of Directors of Great West Life & Annuity Insurance Company and Great West Lifeco Inc. These firms provide insurance and annuity products to the general public. In addition he is a member of the Board of

Directors of Putnam Investments, LLC. Putnam provides mutual fund services to the general investing public. SSC provides services on a private placement basis only to family offices, high net worth individuals and institutional investors, and therefore, the relationship should not be a source of conflict.

As previously mentioned, the sole owner of SSC is SSSL. SSSL is also the owner of Saguenay Strathmore Capital Inc. (formerly "Strathmore Capital Inc."), a limited liability company registered in Ontario, Canada, and Saguenay Strathmore Holdings (UK) Limited, a limited liability company incorporated in England and Wales, which in turn owns Saguenay Strathmore Capital LLP (formerly "Strathmore Capital LLP"), a limited liability partnership incorporated in England and Wales. Saguenay Strathmore Capital Inc. is a registered Portfolio Manager in Canada that provides investment advisory, research and marketing support to SSC and to Saguenay Strathmore Capital LLP. Saguenay Strathmore Capital LLP is authorized and regulated by the Financial Services Authority and provides investment management services to institutional investors. SSC does not believe that these affiliations create any conflict of interest.

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

SSC has adopted a Code of Ethics governing personal trading by its personnel. Among other requirements, the Code of Ethics requires all employees to report their personal securities transactions and holdings to the Chief Compliance Officer, and the Chief Compliance Officer is required to review such reports. Clients and prospective clients may obtain a copy of the Code of Ethics by contacting Gordon S. Calder, Jr., Chief Compliance Officer, by email at [gcalder@sscinvest.com](mailto:gcalder@sscinvest.com), or by telephone at (914) 729-2420.

SSC recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of its clients; (ii) its long-term business interests are best served by adherence to the principle that the interests of clients come first; and (iii) it has a fiduciary duty to its clients to act solely for their benefit. All personnel of SSC must put the interests of SSC's clients before their own personal interests and must act honestly and fairly in all respects in dealings with clients. All personnel of SSC must also comply with all federal securities laws.

SSC's related persons may invest their personal funds in the Funds, and, therefore, such persons may hold the same securities as other investors in the Funds. In addition, certain employees of SSC may own hedge funds in their personal accounts that are also recommended by SSC to its advisory clients including the Funds. SSC or a related person from time to time recommends hedge funds to clients, or buys or sells hedge funds for client accounts, at or about the same time that a related person may buy or sell the same hedge fund for its own account. SSC has established procedures intended to limit conflicts of interest in cases where employees buy or sell hedge funds recommended by SSC to its clients. Such employee may not purchase any such hedge fund if there is insufficient capacity in such hedge fund for SSC's clients. In addition, the

Chief Compliance Officer must pre-approve all purchases of hedge funds by the employees of SSC.

SSC, in the course of its investment management and other activities (e.g., board or creditor committee service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which SSC or its related persons have invested or seek to invest on behalf of clients. SSC is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. SSC maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that SSC is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, SSC may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but SSC will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, SSC will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that SSC possesses such information), or not using such information for the client's benefit, as a result of following SSC's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

## **Item 12. Brokerage Practices**

Because SSC advises clients on investments in hedge funds and not on individual securities, it does not conduct transactions where selecting a broker-dealer firm is relevant.

SSC does not conduct transactions through broker-dealers. Therefore, SSC as a matter of policy and practice does not have any formal or informal arrangements or commitments to utilize research-related products and other services obtained from broker-dealers, or third parties, in connection with client securities transactions ("soft dollar benefits").

Since SSC advises on investments in hedge funds, trade aggregation does not garner any client benefit.

## **Item 13. Review of Accounts**

Messrs. Walsh, Dobell and Murphy, principals of SSC, are generally aware of the holdings in each client's account on a continuous basis. These holdings are monitored by Messrs. Walsh, Dobell and Murphy in light of significant business and economic developments and other activities which may dictate a change in portfolio positions. Before deciding whether to purchase or sell or to recommend the purchase or sale a particular security on behalf of a client account, each client account holding such

security will be reviewed in full. In addition, client accounts are reviewed periodically from the standpoint of the specific investment objectives of the client and as particular situations may dictate.

Clients receive periodic communications on their portfolios. Investors in the Funds receive from SSC a report on general fund performance on a monthly basis with a more detailed report on a quarterly basis. Each investor in the Funds receives an annual fund audit performed by an independent auditor in accordance with auditing standards generally accepted in the United States of America. In addition, Fund investors receive a monthly individualized capital account statement from the Funds' independent administrator which shows the investors' monthly performance. Non-discretionary clients also receive monthly and quarterly reports from SSC in addition to the reports they receive directly from the administrators of the hedge fund which make up their portfolios.

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

SSC may pay fees to other persons, including employees and other affiliates, who refer clients to SSC. The fees may include a portion of SSC's advisory fee. These arrangements will be in accordance with applicable law. The fees paid by SSC for the referral of clients will not affect the amount of the fees paid by the client to SSC.

#### **Item 15. Custody**

All assets of the Funds are held at qualified custodians that SSC has chosen. Investors in the Funds will receive monthly individualized capital account statements from the Funds' independent administrator who is affiliated with the qualified custodian. This statement shows the investors' monthly performance. Managed account clients may choose their custodians. They will receive reports accordingly.

Investors in the Funds are urged to compare the account statements from the administrator to the performance report statements provided by SSC.

#### **Item 16. Investment Discretion**

In certain cases SSC accepts discretionary authority to manage hedge fund portfolios on behalf of its managed account clients. SSC has the authority to determine, without obtaining specific client consent, the hedge funds to be bought or sold, and the dollar amount of the hedge funds to be bought or sold.

The authority to trade on a discretionary basis is granted to SSC through an investment management agreement between the client and SSC. This agreement is entered into prior to any trades being placed. Clients may impose restrictions on investing in certain hedge funds or types of hedge funds.



With respect to the Funds, SSC has the authority to determine (i) the securities to be purchased and sold for the Fund (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) and (ii) the amount of securities to be purchased or sold for the Fund. Because of the differences in investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among Funds in invested positions and securities held. SSC may consider the following factors, among others, in allocating securities among Funds: (i) investment objectives and strategies; (ii) risk profiles; (iii) tax status and restrictions placed on a Fund's portfolio by applicable law; (iv) size of the Fund; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows.

#### **Item 17. Voting Client Securities**

SSC advisory clients invest solely in privately placed securities issued by private partnerships or corporations. As such, it is not confronted with traditional proxy votes.

However, in some cases funds in which it invests require votes of their members or partners (e.g. amendments, proxies or changes to fund documents--herein called "Changes to Fund Documents").

In cases where SSC acts as a non-discretionary adviser, its advice may be sought by its clients on these Changes to Fund Documents, and in cases where it is a discretionary adviser, it may be required to act upon the proposals made by the funds in which the clients are invested, in which case it will vote in the best interest of its clients, including if a material conflict of interest between SSC and a client exists.

A client may contact SSC to obtain information on how proxies were voted for a fund in which the client has invested and to request a copy of SSC's proxy voting policies and procedures by contacting Gordon S. Calder, Jr., Chief Compliance Officer, by email at [gcalder@sscinvest.com](mailto:gcalder@sscinvest.com), or by telephone at (914) 729-2420.

#### **Item 18. Financial Information**

This item is not applicable.

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