

Highland Good Steward Management, LLC

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This brochure provides information about the qualifications and business practices of Highland Good Steward Management, LLC. If you have any questions about the contents of this brochure, please contact us at (205) 933-8664. 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 Highland Good Steward Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

March 29, 2012

Material Changes

Annual Update

Highland Good Steward Management, LLC is providing this information as part of our annual updating amendment which contains material changes from our last annual update. This section discusses only material changes since the last annual update which most recently occurred on March 28, 2011.

Material Changes since the Last Update

This brochure does not contain any material changes from our last annual update.

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Advisory Business

Firm Description

Highland Good Steward Management, LLC (“HGSM”) was founded in 2003 in Birmingham, Alabama. HGSM is affiliated with Highland Associates, Inc., an independent, fee-based consulting firm organized specifically to assist not-for-profit health care organizations develop, implement and maintain treasury and investment management programs, including asset/liability analysis, policy development, asset allocation, manager search/selection and performance monitoring.

Principal Owners

The principal owners of HGSM are William T. Mills III, Charles D. Perry, Jr., William A. Terry and John R. Doody, Jr. Mr. Mills owns his interest through The Mills Family, LLC. Mr. Perry owns his interest through The Perry Family, LLC. Mr. Terry owns his interest through Haybrook Investments, LLC. Mr. Doody owns his interest through JRD Investment Company, LLC.

Types of Advisory Services

HGSM provides certain services to The Good Steward Enhanced Fund Ltd., a Cayman Islands exempted company (the “Enhanced Fund”) and The Good Steward Global Bond Fund, Ltd., a Cayman Islands exempted company (the “Bond Fund”). Each of the Enhanced Fund and the Bond Fund are sometimes referred to in this Brochure individually as a “Fund” and collectively as the “Funds”. Each Fund is a socially-responsible private investment fund.

HGSM acts as the fund manager for each Fund. In such capacity, HGSM is responsible for: (i) investor relations, (ii) marketing and distributing each Fund, (iii) developing and overseeing compliance with each Fund’s socially responsible investment principles, and (iv) appointing and liaising with each Fund’s Consulting Board. In its capacity as fund manager of each Fund, HGSM also holds all of the voting shares of each Fund, which entitles HGSM to elect the Fund’s directors.

The relationship between each Fund and HGSM is set forth in a Fund Management Agreement entered into between HGSM and each Fund (the “Fund Management Agreement”).

The investment activities of each Fund are managed by a third-party investment advisor (each, an “Investment Advisor”), neither of which is affiliated with HGSM. The relationship among HGSM, the applicable Investment Advisor, and the applicable Fund is set forth in a Subadvisory Agreement (the “Subadvisory Agreement”).

The purpose of this Brochure is to disclose information about HGSM to HGSM’s clients (which are the Funds). In connection with the offering of shares in each Fund, HGSM has separately prepared a Confidential Private

Placement Memorandum (the “PPM”) for each Fund. Persons considering whether to invest in either or both of the Funds should have received and reviewed the applicable PPM, which sets forth in much greater detail specific information regarding the operation of, and the terms of an investment in, each Fund.

Tailored Relationships

The services provided by HGSM to each Fund are described in the applicable PPM and in the applicable Fund Management Agreement. While each Fund is initially structured in a manner intended to be compatible with the requirements of its possible investors, such investors do not have the ability to impose restrictions on the Fund’s investing in certain securities or types of securities.

Asset Management

As of January 31, 2012, HGSM manages \$0 of client assets on a discretionary basis and \$115,498,000 of client assets on a non-discretionary basis. Assets managed on a discretionary basis *and* assets managed on a non-discretionary basis are included in computing “assets under management” required for Item 5.F in Part 1A of HGSM’s Form ADV. With respect to assets managed on a non-discretionary basis, these assets are included in computing “assets under management” because HGSM has continuing or regular supervisory or management responsibility.

Fees and Compensation

General Note Regarding Fees

This section of the Brochure is intended to summarize the fee structure that HGSM charges its clients (the Enhanced Fund and the Bond Fund). This summary is less detailed than the summary set forth in each PPM. An investor in each Fund should review the applicable PPM in detail.

Fees – The Good Steward Enhanced Fund, Ltd.

Management Fee. The Enhanced Fund pays HGSM, on a monthly basis in arrears, an asset-based management fee at an annual rate of 1.0% of net asset value of the Enhanced Fund (the “Enhanced Fund Management Fee”). The Enhanced Fund Management Fee is computed as of the last business day of each calendar month and is payable by the Enhanced Fund within fifteen business days after computation.

Pursuant to the Subadvisory Agreement for the Enhanced Fund, HGSM pays a portion of the Enhanced Fund Management Fee to the Investment Advisor for the Enhanced Fund.

Incentive Fee. At the end of each incentive period (generally a calendar year), the Enhanced Fund pays HGSM an incentive fee equal to 10.0% of the net capital appreciation during the incentive period (the “Incentive Fee”).

Pursuant to the Subadvisory Agreement for the Enhanced Fund, HGSM pays a portion of the Incentive Fee to the Investment Advisor for the Enhanced Fund.

Fees – The Good Steward Global Bond Fund, Ltd.

Management Fee. The Bond Fund pays HGSM, on a monthly basis in arrears, an asset-based management fee at the annual rate of 0.15% of the first \$100,000,000 of the net asset value of the Bond Fund, 0.20% of the next \$100,000,000, and 0.25% thereafter (the “Bond Fund Management Fee”). The Bond Fund Management Fee is computed as of the last business day of each calendar month and is payable by the Bond Fund within fifteen business days after computation.

Investment Subadvisory Fee. The Bond Fund pays its Investment Advisor, on a monthly basis in arrears, an asset-based investment subadvisory fee at the rate of 0.35% per annum of the first US\$100,000,000 of the net asset value of the Bond Fund, 0.30% per annum of the next US\$100,000,000, and 0.25% per annum thereafter (the “Bond Fund Investment Subadvisory Fee”). The Bond Fund Investment Subadvisory Fee is computed as of the last business day of each calendar month and is payable by the Bond Fund within fifteen business days after computation.

Negotiability of Fees

HGSM may charge the Enhanced Fund a lower (or no) management fee and incentive fee, and may rebate all or any portion of such fees to certain shareholders. HGSM and the Investment Advisor for the Bond Fund may charge a lower (or no) management fee and/or subadvisory fee, and may rebate all or any portion of such fees to certain shareholders. In addition, HGSM may receive compensation for other services it provides to each Fund.

Termination of Advisory Agreement

HGSM renders services to each Fund pursuant to a Fund Management Agreement. Under the terms of each agreement, HGSM is engaged by each Fund for successive one-year periods. HGSM can terminate the agreement on 90 days’ notice, and each Fund (and, in the case of the Enhanced Fund, the Trading Company of the Enhanced Fund) can terminate the agreement on 30 days’ prior notice. Additionally, each agreement will terminate if the applicable Fund is dissolved and wound up in accordance with its governing documents.

Other Fees

Each Fund will pay certain additional fees and expenses, including but not limited to (i) organizational and offering costs; (ii) marketing and offering expenses including, without limitation, marketing-related travel expenses; (iii) costs associated with each Fund’s use of borrowings, if any; (iv) each Fund’s direct transaction charges (including, in the case of the Enhanced Fund, charges incurred by the Trading Company); (v) operational costs (such as, in the case of the Enhanced Fund, portfolio manager asset-based management fees and performance charges), custodial costs and brokerage and exchange-related expenses; (vi) routine legal, accounting, auditing, tax preparation, and related fees and expenses; (vii) expenses of government registration, licensing and filing fees, and equivalent

expenses; (vii) fees payable to each Fund's administrator, custodian and other third-party service providers; (viii) fees and expenses related to the each Fund's socially responsible investing principles (e.g., fees payable to the Research Consortium, the Proxy Voting Service Provider (for the Enhanced Fund) and the Engagement Agent, fees payable to the administrator related to generating the Exceptions Reports, travel expenses of the Consulting Board); (viii) the costs associated with the Trading Company, in the case of the Enhanced Fund; (ix) withholding and capital taxes, if any; and (x) extraordinary expenses (e.g., litigation costs and indemnification obligations), if any. For more information regarding brokerage fees, please refer to the section of this Brochure entitled "Brokerage Practices."

Performance-Based Fees

As described above under the heading "Fees – The Good Steward Enhanced Fund, Ltd." in the section of this Brochure entitled "Fees and Compensation", HGSM is entitled to receive a performance-based fee from the Enhanced Fund. HGSM does not receive a performance-based fee from the Bond Fund. As a result, HGSM may have an incentive to favor the Enhanced Fund over the Bond Fund. However, investors have the ability to choose whether to invest in each of the Bond Fund and the Enhanced Fund, based on such investors' own criteria including, but not limited to, the investment strategy of each Fund.

Types of Clients

Description

Highland Good Steward Management provides services to The Good Steward Enhanced Fund Ltd., a Cayman Islands exempted company, and to The Good Steward Global Bond Fund, Ltd., a Cayman Islands exempted company. Each Fund is a socially-responsible private investment fund.

Account Minimums

While HGSM does not have minimum account size requirements for its clients, the minimum investment in each Fund is \$5,000,000, provided that each Fund's Board of Directors may approve subscriptions of lesser amounts. In no case, however, will a Fund accept a minimum initial subscription of less than \$100,000.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

HGSM seeks to uphold and promote a socially responsible investment policy consistent with certain values including, but not limited to, environmental, social and corporate governance issues.

HGSM's main source of information is a "Research Consortium" that consists of a group of "Securities Screeners" and researchers who evaluate issuers according to each Fund's socially responsible policies. At the discretion of HGSM, each member of the Research Consortium researches on an ongoing basis a universe of issuers, which is separately determined by each such Securities Screener. The Research Consortium is more fully described in each PPM.

Investment Strategies – The Good Steward Enhanced Fund, Ltd.

The Enhanced Fund's overall investment objective is to seek attractive long-term risk-adjusted absolute returns in a variety of capital market conditions, generally in accordance with the socially responsible investment principles established from time to time by HGSM with input from a consulting board for the Enhanced Fund (the "Consulting Board").

The Enhanced Fund pursues its investment objective by allocating its assets among independent professional advisors that utilize a broad range of alternative investment strategies (the "Portfolio Managers").

The Enhanced Fund allocates its assets to individual managed accounts managed by the Portfolio Managers ("Managed Accounts") and by investing in private investment vehicles managed by the Portfolio Managers ("Hedge Funds"). Each Portfolio Manager trades the assets allocated to it (a "Portfolio") pursuant to (i) a managed account agreement, with respect to a Managed Account, or (ii) a side letter (as well as its organizational and offering documents), with respect to a Hedge Fund (collectively, "Advisory Agreements"). Each Advisory Agreement is separately negotiated and may provide for somewhat different terms and provisions.

Through quantitative and qualitative oversight of the Enhanced Fund's investment program, the Investment Advisor aims to build a portfolio that consists of what it believes is an optimal blend of strategies, Portfolio Managers, investment styles, and geographical diversification with the intent of capturing unique opportunities while preserving the Enhanced Fund's capital.

The Portfolio Managers of the Hedge Funds and Managed Accounts in which the Enhanced Fund invests its capital may utilize a wide variety of investment strategies, including, but not limited to, long/short equity, equity market neutral, catalyst driven equity, short selling, non-U.S. securities, arbitrage trading, distressed and hedged distressed

investing, convertible arbitrage, equity volatility arbitrage, diversified credit, bank debt and high yield investing, and event driven investing.

The Portfolio Managers to whom the Enhanced Fund had allocated its assets as of September 1, 2009 were selected by the Enhanced Fund's previous Investment Advisor pursuant to an investment strategy and guidelines which may have been different than the investment strategy and guidelines discussed above. The current Investment Advisor is in the process of re-balancing the portfolio consistent with the investment objectives, investment strategies and investment guidelines discussed herein. However, this re-balancing process is expected to take time and will be subject, among other things, to the liquidity of the Hedge Funds and Managed Accounts that the Enhanced Fund is invested in as of the date hereof.

Investment Strategies – The Good Steward Global Bond Fund, Ltd.

The investment objective of the Bond Fund is to seek maximum total return, consistent with preservation of capital and prudent investment management, by investing in securities and other investments as described below.

The Bond Fund's investments are managed in accordance with the socially responsible investment policies established by HGSM with input from the a consulting board for the Bond Fund (the "Consulting Board").

The Bond Fund seeks to achieve its investment objective by investing under normal circumstances at least 80% of its assets in fixed income instruments that are economically tied to at least three countries (one of which may be the United States) which may be represented by forwards or derivatives such as options, futures contracts or swap agreements. Securities may be denominated in foreign currencies or the U.S. dollar.

The Investment Advisor selects the Bond Fund's country and currency compositions based on an evaluation of various factors, including, but not limited to, relative interest rates, exchange rates, monetary and fiscal policies, trade and current account balances. The Bond Fund may invest, without limitation, in securities and instruments that are economically tied to emerging market countries. The Bond Fund normally invests at least 25% of its net assets in instruments that are economically tied to foreign (non-U.S.) countries. The average portfolio duration of the Bond Fund is expected to vary within two years (plus or minus) of the duration of the JPMorgan GBI Global FX New York Unhedged in USD index.

The Bond Fund invests primarily in investment grade debt securities, but may invest up to 10% of its total assets in high yield securities ("junk bonds") rated B or higher by Moody's, or equivalently rated by S&P or Fitch, or, if unrated, determined by the Investment Advisor to be of comparable quality. The Bond Fund may concentrate its assets in a smaller number of issuers than a fund which pursues a more diversified strategy. To the extent that the Bond Fund invests a significant portion of its assets in a concentrated geographic area, the Bond Fund will generally have more exposure to regional economic risks associated with foreign investments.

Trading Strategy Risk and Regulatory Restriction Risk - Bond Fund

The structured finance market is largely an unregulated market and has limited transparency as to the methodologies for determining the value and price of securities. The SEC has on a continuous basis been examining the operations of this market and is currently considering additional regulation of the market and its participants. If these additional regulations are adopted, the Bond Fund's performance could be adversely impacted. In addition, it could be the case that the market and investing strategies and techniques developed by the Investment Advisor and employed by it on behalf of the Bond Fund may no longer be available or restricted due to regulatory developments.

Dependence on the Investment Advisor

The Enhanced Fund and the Bond Fund will be highly dependent upon the expertise and abilities of each Fund's Investment Advisor, which will have investment discretion over each Fund's assets. The Investment Advisor may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to each Fund. These strategies may involve risks under some market conditions that are not anticipated by the Investment Advisor. Furthermore, the death, incapacity or retirement of any key personnel of the Investment Advisor may adversely affect investment results. Each Investment Advisor will apply investment techniques and risk analyses in making investment decisions for the applicable Fund, but there can be no guarantee that these will produce the desired results.

Illiquid Investments

The Funds may invest in unregistered financial instruments. There may be no market for such financial instruments or for a substantial percentage of such financial instruments. To the extent there is a market for such financial instruments, the market may be limited to a narrow range of potential counterparties, such as institutions and investment banks. As a consequence, the Fund's ability to participate in or liquidate such investments may be restricted and the value of such investments may be subject to wide fluctuation.

Effects of the Socially Responsible Investment Principles

To the extent that each Fund's socially responsible investment principles prevent such Fund from making investments that it would otherwise have made, or require such Fund to divest an investment which would have been profitable, such Fund may earn less profit than it otherwise would have earned had it not been for such principles. In addition, each Fund's socially responsible investment philosophy results in increased expenses, including without limitation the costs of generating periodic exceptions reports, fees payable to the Research Consortium, and the Consulting Board travel expenses.

Delegation of Control – Enhanced Fund

Although the Investment Advisor carefully screens Portfolio Managers chosen for the Enhanced Fund, it has no ability to predict the investments the Portfolio Managers may select, or whether Portfolio Managers will act in

accordance with disclosure documents or descriptive materials furnished by them to the Investment Advisor and the Enhanced Fund.

Increased Expenses – Enhanced Fund

Rather than investing the Enhanced Fund's assets directly in financial instruments, the Investment Advisor invests the Enhanced Fund's assets with several Portfolio Managers through Hedge Funds and through Managed Accounts. This strategy may significantly increase the fees and expenses payable by the Enhanced Fund because the Portfolio Managers charge their own fees and expenses, and the Enhanced Fund also incurs its own expenses for advisory and management services, including the a management fee and incentive fee, and its own operating costs, including the Trading Company operating costs. In addition, a Portfolio Manager is usually compensated based on the performance of only the assets it manages for the Enhanced Fund. Accordingly, there may often be times when a Portfolio Manager receives incentive compensation in respect of its Portfolio for a period when the Fund's overall portfolio has depreciated.

General Risk

No assurance can be given that HGSM's methods of analysis and investment strategies will achieve favorable risk-adjusted returns in a variety of capital market conditions. The profitability of HGSM's investment strategies will depend to a great extent on correct assessments of the future course of the price movements of securities and other investments. The securities markets have in recent years been characterized by volatility and unpredictability. In addition to market risk, there is unpredictability as to changes in general economic conditions, which may affect the profitability of HGSM's investment strategies. In addition, other investment advisors may use differing or additional methods of analysis that HGSM does not use.

Risk of Loss

Investing in securities involves risk of loss that each Fund and the investors in each Fund should be prepared to bear.

Other Risks Are Disclosed in PPM

The risks described above are intended to summarize risks involved in HGSM's methods of analysis and investment strategies. However, each person making an investment in either of the Funds will receive a Confidential Private Placement Memorandum (a "PPM"). Such PPM is prepared by HGSM and contains a more complete description of certain risks associated with an investment in the relevant Fund.

Disciplinary Information

As a registered entity, HGSM is subject to routine examination by various state and federal government agencies in the ordinary course of business, including the U.S. Securities and Exchange Commission and the U.S. Department of Labor.

Other Financial Industry Activities and Affiliations

The principal owners of HGSM (William T. Mills III, Charles D. Perry, Jr., William A. Terry and John R. Doody, Jr.) are also principals of Highland Associates, Inc., an SEC-registered investment adviser that provides consulting and supervisory services to healthcare and related institutions, pensions and profit-sharing plans, deferred compensation plans, endowments/foundations, and high net worth individuals.

Mr. Mills, Perry, Terry and Doody are also members of several other entities formed to develop and manage several other private funds that pursue certain alternative investment strategies. In addition, in certain of these private funds, Mr. Mills, Mr. Perry, Mr. Terry and Mr. Doody own an interest in the fund itself. Specific information regarding their involvement with these private funds is as follows:

- **Highland Strategies, LLC:** Mr. Mills, Mr. Perry, Mr. Terry and Mr. Doody are members of Highland Strategies, LLC, an Alabama limited liability company. Highland Strategies, LLC was formed to develop certain alternative investment strategies primarily for its institutional healthcare clients. Highland Strategies, LLC is a member of Carpathia Management LLC. The managing member of Carpathia Management LLC is Solus Alternative Asset Management LP. Carpathia Management LLC is the fund manager of *Highland Sola Fund, Ltd.* Highland Strategies, LLC also is a member of K2/Highland Management Company, LLC. The managing member of K2/Highland Management LLC is K2/D&S Management Company, LLC. K2/Highland Management Company, LLC is the fund manager of *K2/Highland Overseas Fund, Ltd.* In addition, Highland Strategies, LLC is a limited partner of CMS Entrepreneurial IV-TE Associates, L.P. CMS Entrepreneurial IV-TE Associates, L.P. is the general partner and fund manager of *CMS Entrepreneurial Real Estate Fund IV – TE, L.P.*
- **Highland Fund Management Company, LLC:** Mr. Mills, Mr. Perry and Mr. Terry are members of Highland Fund Management Company, LLC. Highland Fund Management Company, LLC is the manager of *Highland Enhanced Variable Rate Fund, Ltd.*, the investments of which are managed by a third party investment manager.

- **APV Fund Manager, LLC:** Mr. Mills, Mr. Perry and Mr. Terry are members of APV Fund Manager, LLC. APV Fund Manager, LLC is involved in the management of *Arlington Private Value Fund, LLC*, the investments of which are managed by a primary investment adviser and an investment sub-adviser, neither of which is affiliated with Highland Associates, Inc.

Additionally, Mr. Mills, Mr. Perry and Mr. Terry each owns approximately 32% of the equity stock of Highland Information Services, Inc., an entity formerly registered as a broker-dealer.

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

Code of Ethics

HGSM maintains a Code of Business Conduct and Ethics (the “Code of Ethics”) that addresses, among other things, compliance with laws, conflicts of interest, reports of securities transactions and holdings, discrimination and harassment, confidentiality, protection and proper use of HGSM’s company assets, payments to government personnel, and reporting of illegal activity. The purpose of this Code of Ethics is to set out basic principles to guide employees, officers and managers in making sound judgments regarding compliance with the laws and other ethical business conduct. HGSM will provide a copy of its Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

Please see the section of this Brochure entitled “Other Financial Industry Activities and Affiliations.” As described in that section, certain members of HGSM are members of several other entities formed to develop and manage several other private funds formed to pursue certain alternative investment strategies. See “Other Financial Industry Activities and Affiliations” for a detailed discussion of the conflicts of interest that result and a discussion of how Highland Associates, Inc. addresses these conflicts.

Personal Trading

HGSM and various related persons may invest in the same securities (or related securities such as warrants, options and futures) in which the Investment Advisor causes the Funds to invest. However, HGSM’s Code of Ethics (described above) requires employees, officers and directors, to report, within 10 days, all securities transactions made by such persons and their families. Such report is to be made to Mr. Terry, the Compliance Officer of HGSM.

Brokerage Practices

Selecting Brokerage Firms – The Good Steward Enhanced Fund, Ltd.

The underlying financial instruments in which the Enhanced Fund invests are principally purchased and sold through brokerage firms in the United States and throughout the world. Neither HGSM nor the Investment Advisor for the Enhanced Fund has the right to choose the brokerage firms, which are selected by the Portfolio Managers.

However, it is expected that brokers and dealers will generally be selected by the Portfolio Managers on the basis of best execution and also in consideration of such brokers' and dealers' provision or payment of the costs of research and other investment-management-related services and equipment as permitted by Section 28(e) of the Exchange Act (i.e., "soft dollar" payments).

Selecting Brokerage Firms – The Good Steward Global Bond Fund, Ltd.

The underlying financial instruments in which the Bond Fund invests are principally purchased and sold through brokerage firms in the United States and throughout the world. The brokerage firms are selected by the Investment Advisor for the Bond Fund. The following should be considered in connection with the selection of U.S. firms that are registered under the Exchange Act (as defined above) as broker-dealers and non-U.S. broker-dealers (collectively, "**Brokers**") by the Investment Advisor to execute, clear and settle the transactions of the Bond Fund.

The Investment Advisor allocates portfolio transactions to brokers. It is expected that brokers and dealers will generally be selected on the basis of best execution and also in consideration of such brokers' and dealers' provision or payment of the costs of research and other investment-management-related services and equipment as permitted by Section 28(e) of the Exchange Act (i.e., "soft dollar" payments). The commission rates or spreads charged by brokers in the foregoing circumstances may be higher than those charged by other brokers who may not offer such services. The Investment Advisor may effect transactions which cause the Bond Fund to pay a commission or "spread" in excess of a commission which another broker would have charged for the transaction if the Investment Advisor determines such commission or spread is reasonable in relation to the value of the brokerage, research, performance measurement service and other services provided by that broker, notwithstanding that the Bond Fund may not be the direct or exclusive beneficiary of such service.

Soft Dollars

HGSM does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"). Please see the previous two headings of this section of the Brochure for a summary of soft dollar benefits that may be received by the Portfolio Managers (in the case of the Enhanced Fund) and the Investment Advisor (in the case of the Bond Fund).

Directed Brokerage

As described above, HGSM is not responsible for selecting broker-dealers used by the Funds, and as a result, HGSM does not recommend, request or require its clients to execute transactions through a specified broker-dealer.

Review of Accounts

Periodic Reviews

HGSM periodically, on at least a monthly basis, monitors the performance results and investment activity of each Fund. In the Enhanced Fund, the Investment Advisor to the Enhanced Fund periodically reviews the investment performance of Portfolio Managers. In the Bond Fund, the Investment Advisor to the Bond Fund periodically reviews the investment performance of the Bond Fund.

Nature and Frequency of Reports

HGSM has engaged an independent, third-party administrator to provide written annual financial statements, as well as written monthly unaudited financial statements regarding each Fund's performance to investors in each Fund.

Client Referrals and Other Compensation

Incoming Referrals

HGSM may enter into written arrangements to pay cash referral fees to individuals or companies ("Solicitors") who recommend prospective clients to HGSM. In these cases, there will be a written agreement between HGSM and the Solicitor, which clearly defines the duties and responsibilities of the Solicitor under this arrangement. In addition, each Solicitor is required to provide a written disclosure document, which explains to the prospective client the terms under which the Solicitor is working with HGSM and the fact that the Solicitor is being compensated for the referral activities. The Solicitor is also required to furnish a copy of this Brochure to the prospective client and obtain a written acknowledgement from the client that both the Solicitor's and disclosure document and this Brochure have been received.

Referrals Out

No third parties compensate HGSM for client referrals.

Custody

Account Statements

Investors will receive quarterly or more frequent account statements directly from the qualified custodian for each Fund. Investors should carefully review such account statements. In addition, investors should compare the statements that they receive from such qualified custodian to the monthly reports of accounts that such investors receive from HGSM or the Administrator (which are described in the section of this Brochure entitled “Review of Accounts”).

Investment Discretion

Discretionary Authority for Trading

HGSM does not have any discretionary authority to manage securities on behalf of the Funds. The Investment Advisor of each Fund, pursuant to the applicable Subadvisory Agreement, has the authority to sell, exchange, or otherwise transfer all or any portion of the assets of such Fund, and to delegate all, or any such part as it deems appropriate, of its discretionary management authority and responsibility.

Voting Client Securities

Proxy Voting – The Good Steward Enhanced Fund, Ltd.

Pursuant to an agreement with the Enhanced Fund, an independent, third-party services provider (the “Proxy Voting Service Provider”), will be granted proxies to vote shares held in Managed Accounts as directed by HGSM in accordance with socially responsible proxy voting guidelines (the “Socially Responsible Proxy Guidelines”) developed by HGSM in consultation with the Consulting Board and the Proxy Voting Service Provider.

The Proxy Voting Service Provider uses its own proprietary social screening database, which includes information on corporate practices as they relate to specific social issues. Although the Proxy Voting Service Provider will provide HGSM with recommended actions based on the Socially Responsible Proxy Guidelines, HGSM retains decision-making authority with respect to all proxy voting for the Enhanced Fund.

With respect to Hedge Funds, Portfolio Managers will generally be required to, in good faith, consider the Socially Responsible Proxy Guidelines in determining how to vote proxies and may consult with HGSM in determining how to vote a particular proxy. However, the Portfolio Managers retain sole discretion with respect to all proxy voting and such proxies may be voted in ways inconsistent with, or opposed to, the Socially Responsible Proxy Guidelines.

The Enhanced Fund also may be required to exercise discretion with respect to proxy votes or consents with respect to the interest it holds in the Hedge Funds themselves. Such consents are likely not followed by the Proxy Voting Service Provider and therefore will be voted by HGSM in its sole discretion based on its evaluation, after consultation with the Investment Advisor, of what would be in the best interests of the Enhanced Fund and its shareholders.

Proxy Voting – The Good Steward Global Bond Fund, Ltd.

HGSM does not have the authority to vote securities held by the Bond Fund.

Financial Information

Financial Condition

HGSM is not aware of any financial condition that would impair our ability to meet contractual obligations to clients.