

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page



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This Part 2A of Form ADV, otherwise referred to as the “Brochure,” provides prospective clients with information about the qualifications and business practices of Kinetics Advisers, LLC (hereinafter occasionally referred to as “Kinetics,” the “Firm or the “Adviser”) that should be considered before or at the time of obtaining advisory services from Kinetics. This information has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or any state securities authority. Any reference to Kinetics being registered with the U.S. Securities and Exchange Commission (“SEC”) does not imply that the company or any of its management persons have achieved a certain level of skill or training.

Please review this information and acknowledge receipt of this Brochure where indicated. This document is not, and is not intended to be, a marketing brochure, nor is it designed to provide detailed information about all aspects of Kinetics’ business.

If you have any questions about the contents of this Brochure, please contact the Legal and Compliance Department of the Firm at (914) 703-6900 or at compliance@horizonkinetics.com. Additional information about Kinetics is also available on the SEC’s website at www.adviserinfo.sec.gov.

Please print a copy of this Brochure and retain it for future reference.

Item 2 Material Changes

The Firm's last annual update occurred on June 14, 2011. There have not been any material changes since the Firm's last version of its Brochure.

The Firm will update this Brochure at least annually, or sooner, as required to ensure the material accuracy of the information contained herein. The Firm will provide a copy of this Brochure upon request, and as required by applicable law. To the extent a summary of material changes to this Brochure is provided, the summary will include an offer to provide a full Brochure upon request.

Whenever you would like to receive a copy of our Firm Brochure, please contact us at (646) 291-2300 or by email at compliance@horizonkinetics.com; or you may also download a copy of it from the SEC's website: www.adviserinfo.sec.gov.

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Item 4 Advisory Business

Kinetics is a New York limited liability corporation formed in 2000. On May 1, 2011, the Firm and its affiliated companies, including Kinetics Asset Management LLC (“KAM”), KBD Securities, LLC (“KBD”) and Kinetics Funds Distributor LLC (“KFD”) merged with Horizon Asset Management LLC (“HAM” or “Horizon”), a U.S. registered investment adviser, and as a result came under the common ownership of Horizon Kinetics LLC (“Horizon Kinetics”), a newly formed holding company. There are no principal owners that have beneficial ownership of over 25% or more of Horizon Kinetics, as indicated on Schedule A of Part 1A of Form ADV, which is available on the SEC’s website. The Firm does not have any publicly held intermediate subsidiaries.

Since the Firm’s founding, we have had consistency in our investment teams, supported by stability in our organization. Murray Stahl, Steven Bregman and Peter Doyle comprise Horizon Kinetics’ Investment Oversight Committee, which is responsible for the Firm’s investment philosophy and process. The Firm’s research team has worked closely together for over ten years under the direction of the Investment Oversight Committee.

Prior to the formation of Horizon Kinetics in May 2011, the Firm and KAM operated as affiliated investment advisors, independent from Horizon. The Firm was formed in 2000 by Peter Doyle, Larry Doyle and Leonid Polyakov. KAM was founded in 1996 by the same group. Horizon was formed in 1994 by Murray Stahl, Steven Bregman, Peter Doyle, Tom Ewing and John Meditz. Horizon Kinetics also publishes research reports to a number of institutional and high net worth individuals. Certain of these reports are available to the public on the Firm’s website, www.horizonkinetics.com. We believe that writing research is a key component of our investment philosophy and process.

The Firm offers general discretionary investment advisory services to five (5) pooled investment vehicles, which are structured as private funds (as defined under the Dodd-Frank Wall Street Reform and Consumer Protection Act) and may also provide the same or similar services to investors invested in separate institutional accounts. The Firm’s clients include four U.S. private funds operating as Delaware limited partnerships and one Cayman-Island based private fund operating as a corporation (individually, a “Fund”, and collectively the four U.S. private funds and one Cayman-Island fund are referred to as the “Private Funds”).

The Firm’s management of pooled products is consistent with the strategies and objectives outlined in the written offering documents for each Fund.

The Firm had discretionary investment authority for approximately \$180,079,000 in assets under management as of February 29, 2012. Horizon and KAM, affiliates of the Firm and further described under Section 10 of this Brochure, had discretionary investment authority for approximately \$4,368,000,000 and \$2,857,000,000 in assets under management as of February 29, 2012, respectively.

The Firm’s management of client assets is made considering potential tax consequences, but the Firm does not manage assets with regard for each underlying investor’s specific tax objectives. Investors are responsible for any tax liabilities resulting from transactions (including any arising from, the addition of assets to, or withdrawal of assets from the investor’s capital account). Kinetics makes no representation regarding the likelihood or probability that any proposed investment will in fact achieve a particular investment goal. Each client must carefully consider the appropriateness of the proposed investments in light of the client’s own personal financial circumstances, including cash flow needs, unusual tax circumstances or other concerns. Clients are urged to seek the advice of tax professionals and to use all available resources to educate themselves about investments in general, as well as the investments made by Kinetics.

Kinetics’ investment services are intended for long-term investors. Accordingly, Kinetics reserves the right to impose such restrictions as it may deem necessary or appropriate to discourage or prevent short-term trading activity in connection with its advisory services. Such restrictions could include, without limitation, a fee imposed on the redemption or transfer of assets made within a certain time period or suspension of a redemption for any reason, in the sole determination of the Firm.

Item 5 Fees and Compensation

The Firm receives a management fee of 1.00% of the assets under management and a 20% incentive allocation (also referred to as a performance-based fee) for the U.S. private funds and a management fee of 1.25% of the assets under management and a 20% incentive allocation for the offshore Fund. An incentive fee is defined as a fee based on a share of capital gains on or capital appreciation of the assets of a client. These incentive allocations are subject to a high water mark, pursuant to the offering memorandum or certain other investment advisory agreements. The management fee for the Private Funds is deducted from client accounts on a monthly basis, in arrears. The incentive fee for the U.S. private funds is deducted from a client's account annually, at the end of every calendar year. The incentive fee for the offshore private fund is deducted from a client's account quarterly, in arrears. Incentive fees are further described under Section 6 of this Brochure. Employees and owners of the Firm are generally not charged either management or incentive fees for investments made into the Private Funds. Clients who contract with the Firm for the management of separately managed accounts are charged fees on a negotiated basis. The fees negotiated for separate accounts may be more or less than those charged by the Private Funds, and depend on several factors, including, but not limited to, the size of the investment, the complexity of the investment strategy, the resources required to adhere to certain investment restrictions and to build out information technology systems to support the account, whether economies of scale will be achieved, whether special reporting or regulatory filings will be required and the extent of client support that will be necessary.

The Firm adheres to the following fees for the Private Funds it manages:

Private Funds		
<u>Fund Strategy</u>	<u>Management Fee</u>	<u>Incentive Fee</u>
U.S. Private Fund – All Cap Strategy	1.00%	20%
U.S. Private Fund – Small Cap Strategy	1.00%	20%
U.S. Private Fund – Fixed Income Strategy	1.00%	20%
Cayman Based Private Fund – All Cap Strategy	1.25%	20%

Clients will incur brokerage and other transaction costs as noted below and under Section 12 of this Brochure. Supervised persons (defined as any officers, partners, directors or other persons occupying a similar status or performing similar functions, or employees, or other persons who provide investment advice on the Firm's behalf and are subject to the Firm's supervision and control) are not compensated on the sale of securities or other investment products, however, as noted under Section 10, KBD, an affiliate of the Firm, has a contractual agreement with the Firm for the payment of fees for the referral of investors to the Private Funds. Similarly, the Firm has contractual agreements with other third party marketers as further described under Section 10 of this Brochure. KBD is a broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority ("FINRA"),

Clients are also subject to fees or expenses charged by, and paid directly to, third parties, including broker-dealers and/or custodian banks. The Firm does not receive, directly or indirectly, any of these fees. They are generally paid to broker-dealers, custodians, mutual funds or other financial institutions that are responsible for holding or executing securities held in investor accounts. These fees include, but are not limited to, brokerage commissions, transaction fees, exchange fees, SEC fees, advisory fees and administrative fees charged by mutual fund companies and exchange-traded funds, custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund processing fees, and commissions or mark-ups/mark-downs on security transactions. Custodial fees are negotiated between the clients and the respective custodian and/or administrator.

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

The Firm charges all clients an incentive fee with the exception of owners and employees of the Firm as described in Section 5. KAM and HAM, SEC-registered investment advisers that are affiliates of the Firm, and which are described in more detail under Section 10 of this Brochure, may also charge clients an incentive fee. This side-by-side management may present a potential conflict of interest; however, the Firm, KAM and HAM all employ strict compliance policies designed to ensure that all accounts are treated fairly, and that no account is favored over another. The Firm's Chief Compliance Officer ("CCO") reviews trade allocations on a periodic basis to ensure adherence to the Firm's Allocation and Aggregation Policies (further described under Section 12 of this Brochure). Only certain sophisticated clients that meet minimum net worth and financial standards are permitted to invest in products that charge incentive fees. Incentive fee-based products also employ more complex investment strategies that are not appropriate for all investors.

Item 7 Types of *Clients*

The Firm generally provides investment advisory services to private funds, which are exempt from registration under the Investment Company Act of 1940 (the “Investment Company Act”). The four U.S. private funds that are currently managed by the Firm are incorporated in the State of Delaware as limited partnerships. The Cayman-Island based private fund that is currently managed by the Firm has been incorporated with limited liability protection in the Cayman Islands is registered under the laws of the Cayman-Islands and is listed on the Irish Stock Exchange. Investors in the Private Funds are comprised of individuals, trusts, banks, investment companies, pension and profit-sharing plans, endowments and foundations, corporations, partnerships and certain other foreign entities.

Investors in the Private Funds are required to adhere to the criteria established in the offering memorandum for purposes of maintaining an account. Generally, the minimum investment for the Private Funds is \$1,000,000, although the Firm may allow a lesser amount. The minimum investment for a separate account is generally \$10,000,000, although the Firm may allow a lesser amount. The requirements for opening and maintaining a separately managed account vary and may be negotiated on a case-by-case basis.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**INVESTMENT OBJECTIVE**

The Firm employs three investment strategies across the five private funds it manages. Three of the private funds seek to obtain superior investment returns by investing in and shorting a portfolio of securities across a broad array of industries not limited by market capitalization, geographical or sector considerations. The Private Funds (other than the Firm's fixed income fund) generally employ a long-short equity strategy, but may utilize other types of strategies to carry out their investment objectives.

The investment objective for the Firm's fixed income fund is to obtain maximum total return, with muted volatility, through a combination of income and capital appreciation. The fund seeks to achieve its objective by investing and trading primarily in fixed income securities.

METHOD OF ANALYSIS

The Firm conducts its own proprietary in-house research consisting primarily of a qualitative and quantitative, bottom-up, value-oriented analysis of a wide universe of companies operating in the U.S. and abroad. The Firm manages accounts primarily by investing and trading in public securities of all kinds and descriptions, including, but not limited to, equity, debt, convertible securities, preferred stock, options (and other types of derivatives), warrants, trade claims and money market instruments. The Firm, on behalf of its clients, may also engage in arbitrage (including options and international arbitrage), and invest in special situations, maintain both long and short securities positions and trade and invest in other financial instruments. The Firm may also cause the Private Funds to engage in transactions in order to hedge long and short positions and to also engage in margin borrowing, short sales and synthetic short sales.

RISKS

Investing in securities always involves the risk of loss, and Kinetics cannot guarantee that the investment strategies will be successful or protected against loss. Certain investment techniques, such as short sales, synthetic short sales, investments in illiquid investments and limited diversification, in some circumstances, may create heightened risks. Short sales can create the risk of unlimited loss. Additionally, short selling and other trading techniques may be subject to certain restrictions imposed by various national and regional securities exchanges, which could have a negative impact on portfolio holdings. Synthetic short selling, the practice of purchasing a security normally a candidate for a short sale and simultaneously selling call options and purchasing put options on the same underlying security, may also present increased risks of loss. At times the markets for some securities, including securities chosen by the Firm, may have or develop limited liquidity and depth. This lack of depth could have a material impact on the level and volatility of security prices and the liquidity of the investments made by the Firm on behalf of its clients. The Firm may invest an account in such a way that it is relatively concentrated in certain positions. A portfolio with fewer positions could be expected to have greater volatility from individual security price changes than would a portfolio holding a larger number of positions.

The Firm may also choose to invest in smaller or medium sized capitalization companies of a less seasoned nature than large capitalization companies. As smaller and medium sized companies may face significant factors preventing them from competing against larger, better known companies, investments in "small cap" or "mid cap" securities may involve significantly greater risks than investments in larger capitalization companies.

The Firm may invest in options, which present unique risks. Should interest rates or exchange rates or the prices of securities or financial indices move in an unexpected or unanticipated manner, investments in clients' accounts may not achieve the desired benefit of the options and derivatives and may realize a loss. Such strategies may subject clients to greater fluctuations in value than would an investment in the underlying securities.

The Firm may manage certain accounts with borrowed money to purchase securities, otherwise known as using leverage or borrowing on margin. Although such practice may allow for greater capital appreciation, it also increases the client's exposure to capital risk and higher expenses. Moreover, if an account's assets are insufficient to pay the principal of, and interest on, the debt when due, clients could sustain total loss of their investment.

Additionally, when the Firm purchases securities on margin – putting up only a portion of the instrument’s face value and borrowing the remainder, a relatively small price movement may result in substantial losses. Trading on margin will also result in interest charges.

The Firm may invest in participatory notes (commonly referred to as “p-notes”), which are a derivative instrument used by investors to take positions in certain foreign securities. P-notes are generally issued by the associates of foreign-based foreign brokerages and domestic institutional brokerages. P-notes represent interest in securities listed on certain foreign exchanges, and thus present similar risks to investing directly in such securities. P-notes also expose investors to counterparty risk, which is the risk that the entity issuing the note may not be able to honor its financial commitments.

The Firm is registered and regulated by a variety of federal, regional and state regulators, including the SEC. Registered investment advisers are subject to extensive regulation, including requirements imposed by the Investment Advisers Act of 1940, as amended (the “Advisers Act”). To the extent the Firm’s registration is suspended, cancelled or otherwise revoked, its clients may be adversely affected. In addition, the Firm manages certain private funds that are not registered as investment companies under the Investment Company Act of 1940, as amended (the “Investment Company Act”) or any other similar state laws. Investors in certain Private Funds, therefore, will not be accorded the protective measures provided by such regulation. Registered investment companies (“mutual funds”) are subject to extensive regulation.

As always, past performance of any of the Firm’s investment products does not guarantee future results. The success of any investment activity is influenced by general economic conditions, which may affect the level and volatility of interest rates and the extent and timing of investor participation in the markets for both equity and interest rate sensitive securities. Unexpected volatility or illiquidity in the markets in which the Firm directly or indirectly holds positions could impair the Firm’s ability to carry out its business and could cause losses to its clients.

Item 9 Disciplinary Information

There are no legal or disciplinary events to report.

Item 10 Other Financial Industry Activities and Affiliations**BROKER-DEALER REGISTRATION**

Certain management persons of the Firm, KAM and HAM (defined as anyone with the power to execute, directly or indirectly, a controlling influence over the Firm's management or policies, or to determine the general investment advice given to the clients of the Firm) are registered with FINRA under the Firm's affiliated broker-dealers, KBD and KFD. KBD and KFD are broker-dealers registered with the SEC and are members of FINRA. The broker-dealers do not accept client money, maintain custody of client assets, execute trades, provide clearing services or engage in proprietary trading.

FUTURES COMMISSION MERCHANT, COMMODITY POOL OPERATOR OR COMMODITY TRADING ADVISOR REGISTRATION

Neither the Firm nor any of the management persons of the Firm are registered as futures commission merchants, commodity pool operators or commodity trading advisors.

MATERIAL ADVISORY RELATIONSHIPS

The Firm and the Firm's management persons have relationships or arrangements that may be material to the Firm's advisory business or to the Firm's clients. This includes relationships with broker-dealers, investment advisers, pooled investment vehicles and investment companies. Specifically, the Firm or its management persons have relationships with the following entities:

- Kinetics Asset Management LLC, an affiliated SEC-registered investment adviser that has discretionary investment authority over Kinetics Mutual Funds, Inc. ("KMF"), a series of mutual funds, and separately managed accounts. KAM also serves as sub-adviser to other mutual funds and UCITS funds registered in the European Union.
- Kinetics Funds Distributor LLC, an affiliated SEC-registered broker-dealer and member of FINRA that serves as the principal underwriter and distributor for KMF.
- KBD Securities, LLC, an affiliated SEC-registered broker-dealer and member of FINRA that serves to support the promotion and sales by wholesalers of the investment products managed by KAM, Horizon and the Firm, which include KMF, separately managed accounts and the Private Funds.
- Kinetics Mutual Funds, Inc., a series of U.S. investment companies registered with the SEC that is managed by KAM.
- Private Funds, pooled investment vehicles that are referenced in Section 7.
- Horizon Asset Management LLC, an affiliated SEC-registered investment adviser that has discretionary investment authority over private funds and separately managed accounts and that also publishes investment related research. KAM, KA, KBD, KFD and HAM are all wholly owned subsidiaries of Horizon Kinetics LLC, a parent holding company. The Firm also has a contractual relationship with HAM for investment research, but no fees are paid to HAM or any other affiliated entity. KBD also supports the promotion and sales of the investment products managed by HAM.
- FRMO Corp., an unaffiliated publicly traded corporation that is partially owned by certain management persons of HAM, KAM and the Firm and which generates revenue from a percentage of earnings from HAM, KAM and the Firm.
- The Firm's affiliates, Horizon and KAM, retain a passive minority interest through an investment in Emerging Global Advisors, LLC ("EGA"), an unaffiliated, independent SEC-registered investment advisor. EGA sponsors certain emerging-market, sector-based, passively-managed exchange traded funds.

In addition to the relationships stated herein, the Firm has contractual arrangements with unaffiliated marketers who promote the sale of the Private Funds and certain separately managed accounts. The Firm may pay cash compensation to these third party marketers for their efforts in referring business to the Firm. Compensation paid to third party marketers is based on a percentage of the management and/or incentive fee (if any) earned by the Firm. Investors who become clients of the Firm through such arrangements do not pay an additional fee as a result of the Firm's agreement with the third party marketer. Each contractual arrangement the Firm enters into with third party marketers requires the marketers to adhere to Rule 206(4)-3 of the Advisers Act.

MATERIAL CONFLICTS OF INTEREST RELATING TO OTHER INVESTMENT ADVISERS

The Firm seeks to mitigate material conflicts of interest that are created as a result of the Firm's relationship with its affiliated and non-affiliated business partners. One such potential conflict of interest arises out of the Firm's relationship with KAM due to the fact that the Firm charges clients incentive fees and KAM does not. Accordingly, there may be an incentive to favor accounts for which the Firm charges incentive fees; however, the Firm, KAM and HAM all employ strict compliance policies that ensure all accounts are treated fairly, and that no account is favored over another. The Firm's Chief Compliance Officer reviews investor allocations on a periodic basis to ensure the Firm's Allocation and Aggregation Policies are followed. Only certain sophisticated clients that meet minimum net worth and financial standards are permitted to invest in products that charge incentive fees. Incentive fee-based products also employ more complex investment strategies that may not be appropriate for all investors.

Item 11 Code of Ethics, Participation or Interest in *Client* Transactions and Personal Trading**CODE OF ETHICS**

The Firm has adopted a written Code of Ethics (the “Code”), which adheres to the requirements under Rule 204A-1 of the Investment Company Act and which applies to each supervised person (defined in the Code as an “Access Person”) of the Firm. The Code requires that Access Persons of the Firm behave with the highest standard of conduct with regard to securities transactions that might result in a conflict of interest with a client of the Firm that they abide by the provisions of the Advisers Act, and other applicable laws and regulations. The Code governs conduct that includes, but is not limited to, personal securities trading by employees, disclosure of conflicts or potential conflicts of interest, the receipt of material non-public information, the maintenance of certain records, the receipt or giving of gifts and sanctions associated with the same. Sanctions may apply to any employee who breaches the provisions of the Code, including verbal admonishment, written warning, written memorandum to the employee’s personnel file, fines and/or reversals of the transaction in question with profits donated to charity, partial or full restriction on personal trading for a set period of time, and/or suspension or termination of employment. Employees of the Firm are required to acknowledge the terms of the Code at least annually. You may obtain a copy of the Firm’s Code upon request using the contact information on the cover of this Brochure.

If an Access Person (as defined in the Code) acquires material non-public information as a result of a special or confidential relationship with a client or others, the Code requires that he or she shall not communicate the information (other than within the relationship) or otherwise take investment action on the basis of such information. If an Access Person is not in a special or confidential relationship with a client or others, he or she shall not communicate or act on material, non-public information if he or she knows, or should have known, that such information that was disclosed to him or her would result in a breach of duty or misappropriation of information. If such a breach exists, the Access Person shall make reasonable efforts to achieve public dissemination of such information. Any Access Person who receives information that is known or reasonably known to be material, non-public information should communicate that information to the Firm’s CCO without otherwise discussing the information with his or her co-workers. The Access Person is then required to refrain from trading on the information or from discussing the information inside or outside the Firm until the Chief Compliance Officer decides the information either is not material or has been made public.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

Certain affiliates or employees of the Firm may have a position in securities that have been or are being purchased by the Firm. The CCO monitors the trading of the Firm and its affiliated entities, KAM and HAM, to ensure that the Allocation and Aggregation Policies of each firm are adhered to.

Although the Firm does not trade for its own account, Access Persons of the Firm are allowed to trade securities, some of which may be purchased in client accounts creating a potential conflict of interest. An Access Person of the Firm that seeks to purchase or sell a security for their personal account, or for an account over which they have investment discretion must obtain pre-clearance from the Firm’s CCO prior to executing the trade. Authorizations by the CCO remain effective only for the day on which approval was granted. Additionally, to the extent an Access Person purchases a security held in client accounts, they must hold the security for at least one year absent approval from the CCO to sell before the expiration of such holding period. Certain securities, including, but not limited to, exchange traded funds, mutual funds that are not managed or sub-advised by HAM, KAM or the Firm, municipal bonds and other fixed income instruments that are based on municipal bonds, such as principal protected notes and variable rate demand notes, bankers’ acceptances, bank certificates of deposit and direct obligations of the Government of the United States are exempt from the requirement of pre-clearance, but are still reported to the CCO by means of quarterly statements sent directly to the Firm from the Access Persons’ custodian.

The Firm’s CCO has the general duty of administration and implementation of the Firm’s Code. The CCO is also responsible for the maintenance of records relating to the Firm’s Code and shall maintain records of Access Persons’ transactions to facilitate comparison between such records and records of the Firm’s client transactions as are necessary to determine whether there may have been conflicting transactions.

Item 12 Brokerage Practices**SELECTION OF BROKERS, AGGREGATION OF TRADES AND DIRECTED BROKERAGE**

The Firm generally maintains authority to select brokers to execute transactions for its clients. It is both the policy and fiduciary duty of the Firm to seek best execution with respect to each transaction, other than directed brokerage transactions, defined as those in which a client directs the Firm to utilize a specific broker. In purchasing and selling portfolio securities for discretionary client accounts, the Firm will seek to obtain execution at the most favorable net prices (on an overall basis) through its list of approved brokers and dealers. The Firm may aggregate purchase or sale orders for clients, as the Firm may be able to obtain lower commission costs on a per-share and per-dollar basis, because large orders tend to have lower execution costs. In general, the Firm will allocate securities under aggregate orders on a pro-rata basis at the average execution price, unless the Firm determines that a different method of allocation, whether by reason of average price considerations, similar securities in the same amounts, available capital, or other factors, suggest a more equitable method of allocation. Cost is only one factor in assessing best execution. The Firm also looks at the size and difficulty of the order, the reliability, integrity, financial condition and general execution and operational capabilities of the broker/dealer, the broker-dealers' expertise in particular markets, as well as other matters relevant to the selection of a broker/dealer for a client account.

In selecting broker/dealers to execute transactions and in evaluating the reasonableness of the brokerage commissions paid to them, consideration will be given to such factors as the price of the security, the size and difficulty of the order, the reliability, integrity, financial condition and operational capabilities of the respective brokers and dealers, and their expertise in particular markets. The Firm's objective in selecting brokers will be to obtain, in general, the best net price for transactions on an overall basis and not necessarily the lowest available commission.

Although the Firm does not recommend, request or require clients to engage in directed brokerage transactions, certain clients that do require directed brokerage transactions are encouraged to make such designations subject to the principles of best execution. Clients are further advised that such directed brokerage transactions may not necessarily result in the best execution possible and may incur higher brokerage costs. To the extent the Firm is not free to negotiate commissions, such transactions may also result in higher commission costs to the client. Moreover, if a request for a directed brokerage transaction is made with respect to an account subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), ERISA requirements must be met in order for the Firm to accept such direction, including a representation that such directed brokerage transaction is in the sole interest and benefit of the ERISA plan itself.

The Firm's Brokerage Selection, Placement and Monitoring Committee (the "Brokerage Committee") periodically evaluates the execution quality and commission rates, among other factors, for each broker and dealer utilized by the Firm. The Brokerage Committee also utilizes reports by independent vendors, which compares the Firm's trading to that of its peers.

RESEARCH AND SOFT DOLLAR BENEFITS

The Firm does not maintain any soft dollar arrangements.

BROKERAGE FOR CLIENT REFERRALS

The Firm does not select or recommend brokers or dealers based on referrals of clients from such broker-dealer or other third parties associated with the broker-dealer.

AGENCY CROSS TRANSACTIONS

The Firm may engage in agency cross transactions whereby a security is sold from one account managed by the Firm or a related person (including KAM or HAM) and sold to another account managed by the Firm or a related person. An agency cross transaction may be completed when the sale or purchase of a security in the open market may not be as advantageous to the Firm's clients. For example, to prevent potential harm that may result in selling a potentially illiquid security into a disorderly market. The Firm will engage in such transactions only when it deems

the transaction to be in the best interests of both client accounts, in accordance with applicable laws (including Section 206 of the Advisers Act and Rule 17a-7 of the Investment Company Act), and consistent with principles of fair dealing and the policies and procedures adopted by the Firm.

PRINCIPAL TRANSACTIONS

To the extent the Firm engages in principal transactions, it will do so in accordance with Section 206(3) of the Advisers Act.

Item 13 Review of Accounts

The Firm provides investment services that it believes are considered prudent and appropriate based on the nature of the accounts and the Firm's understanding of the client's written investment strategy and criteria. Client accounts are reviewed on a daily basis, taking into account relevant fundamental data pertaining to each of the holdings, as well as the appropriateness of the current asset allocation. Company events, such as earnings reports, management changes, or other important corporate announcements, may trigger a review of a particular holding. Exogenous events, such as fund liquidations or subscriptions and a change in market conditions may also prompt an account review. Such reviews will be conducted, either jointly or individually, by the portfolio manager(s). All reviews will be governed by normal professional standards with regard to security selection and asset allocation, with particular emphasis upon the stated goals and objectives of each of the Private Funds and other client accounts.

The Firm does not send statements to investors, as such function is performed by a third party administrator or custodian, as applicable, for the Private Funds. Additionally, direct investors in the Private Funds may log into a secure website controlled by the third party administrator, wherein investors can view investment specific information about their accounts.

The Firm sends investors and certain prospective investors who have a pre-existing relationship with the Firm monthly newsletters, which contain commentaries from the investment team and that also describe important characteristics about the funds and the Firm. Recipients may request to discontinue receiving such information at any time. The Firm may also send investors such proprietary reports or presentations as clients or prospective clients may request from time to time.

Item 14 *Client Referrals and Other Compensation*

The Firm has contractual arrangements with unaffiliated parties that refer clients to the Firm. The Firm may pay cash compensation to these third party marketers for their efforts in referring business to the Firm. Compensation paid to third party marketers is based on a percentage of the management and/or incentive fee (if any) earned by the Firm. Investors who become clients of the Firm through such arrangements do not pay any additional fees as a result of the Firm's agreement with the third party marketer. Each contractual arrangement the Firm enters into with a third party marketing agent requires the agent to adhere to Rule 206(4)-3 of the Advisers Act.

Item 15 *Custody*

The Firm does not maintain custody of client assets. Client assets are held in custody at each respective custodian selected by the client.

Item 16 Investment Discretion

The Firm has complete discretionary authority to manage securities accounts on behalf of its clients. Clients may place limitations, in the form of investment restrictions or portfolio objectives, on the Firm's management of client accounts; however, such limitations may preclude the Firm from managing the account in the manner in which it would have if the investment restrictions or portfolio objectives were not imposed on the account, thereby resulting in lower or more volatile returns for the client. The Firm reserves the right to reject the imposition of investment restrictions for clients, subject to contractual arrangements between the client and the Firm.

Prior to accepting discretionary authority for the management of client accounts, the Firm requires a written investment advisory agreement between the client and the Firm.

Item 17 Voting *Client* Securities

The Firm generally is authorized to vote proxies on behalf of its clients. Accordingly, the Firm has adopted written Proxy Voting Policies and Procedures (“Proxy Policies”) pursuant to Rule 206(4)-6 under the Advisers Act that are reasonably designed to ensure that proxies are voted in the best interests of clients. The Firm’s Proxy Policies have delegated responsibility for the administration of proxy voting to Institutional Shareholder Services (“ISS”), formerly Risk Metrics Group, an independent provider of proxy voting services to institutional asset managers. The Firm, either directly or through ISS, processes all proxies received in connection with underlying accounts’ securities held in the Firm’s name or in the name of the Firm’s clients, applying ISS’s proxy voting procedures, which the Firm has reviewed, analyzed and determined to be consistent with the views of the Firm on the various types of proxy proposals. The Firm maintains appropriate records of proxy voting as required under applicable law. Although the Firm generally relies on the recommendations of ISS in determining how to vote particular proxies, the Firm reserves the right to reject recommendations made by ISS if determined to be in the best interest of clients. To rationale for any departure from the ISS recommendations will be memorialized in writing and maintained by the CCO.

Separate account clients may contractually agree to maintain authority to vote proxies on their account. Clients may obtain a copy of the Firm’s Proxy Policies, in addition to receiving information about how the Firm voted on their behalf by contacting the Firm in writing at the address located on the cover of this Brochure.

To the extent the Firm does not have authority to vote proxies in a client accounts, the clients will receive proxy proposals directly from their respective custodians.

Item 18 Financial Information**BALANCE SHEET**

The Firm has not attached a balance sheet for its most recent fiscal year because it does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance.

FINANCIAL CONDITIONS LIKELY TO IMPAIR FIRM'S OPERATIONS

The Firm is not aware of any financial conditions that are likely to impair its ability to meet contractual commitments to its clients.

BANKRUPTCY FILINGS

The Firm has not been the subject of any bankruptcy petitions at any time in the past ten years.