

FORM ADV PART 2A: FIRM BROCHURE



Satrovsky Asset Management, LLC

232 Madison Avenue, Suite 500
New York, New York 10016
212-584-1900

www.satrovsky.com

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This brochure provides information about the qualifications and business practices of Satovsky Asset Management, LLC (“**Adviser**,” “**we**,” “**us**,” or “**our**”). If you have any questions about the contents of this brochure, please contact us at 212-584-1900 or Jonathan@satovsky.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

Additional information about us also is available on the SEC’s website at www.adviserinfo.sec.gov.

We are a registered investment adviser under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). Our registration under the Advisers Act does not imply any level of skill or training.

Item 2 Material Changes

We believe that there are no material changes from our last brochure.

Our brochure may be requested, free of charge, by contacting our Managing Member, Jonathan Satovsky, at 212-584-1900 or Jonathan@satovsky.com.

Additional information about us is also available via the SEC's website www.adviserinfo.sec.gov.

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Brochure Supplement(s)

Item 4 Advisory Business

Satovsky Asset Management, LLC is a New York City based independent wealth management firm. We serve the financial needs of a limited number of high-net worth families and investors around the world by creating long-term, holistic solutions that are individually tailored and managed to each client's unique needs, goals, and obligations. We are a limited liability company, organized in Delaware since March 5, 2007. Jonathan M. Satovsky ("Mr. Satovsky"), CFP (certified financial planner), ChFC (chartered financial consultant), CIMA (certified investment management analyst) is the founder and principal owner of the firm. Prior to starting Satovsky Asset Management, LLC, Mr. Satovsky was a Senior Investment Advisor at Satovsky & Associates, a franchisee of Ameriprise Financial, Inc. (formerly American Express Financial Advisors, Inc.) since April of 1994, during which time he provided financial planning and investment advisory services for individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations. This background was the foundation for the continuation of these services in an independent capacity for clients for which the Adviser serves as an SEC registered investment advisory firm. For more information on Mr. Satovsky's background and experience and an explanation of his credentials, see our brochure supplement on Form ADV Part 2B.

We provide investment supervisory services on a discretionary and/or non-discretionary basis to each of our managed account clients. As of February 29, 2012, we had \$395,400,000 regulatory assets under management, of which \$260,200,000 are managed on a discretionary basis and \$135,200,000 are managed on a non-discretionary basis.

We assist our managed account clients in determining an appropriate asset allocation model based on each client's needs, financial goals and risk tolerance.

For discretionary clients, we utilize a combination of individual securities, mutual funds, exchange-traded funds (ETFs), alternative investment strategies and/or pooled investment managers that meet the client's individual circumstance, goals and preferences. Once implemented, we monitor the portfolio and when necessary and appropriate, implement subsequent modifications to the client's asset allocation or specific holdings in accordance with the investment goals and objectives established by the client and our proprietary outlook on the risk and return characteristics for each asset class, security, fund or strategy that we have in place. Each client is provided the opportunity to place reasonable restrictions on the types of investments that we may recommend.

For non-discretionary clients, the same process will occur as outlined above, except that clients must approve the initial implementation and all subsequent changes to the asset allocation and trades.

Within our non-discretionary capacity, we may, without specific approval by the client, purchase or sell securities to meet the cash needs of the client (including without limitation the payment of our management fee). These purchases and sales will be executed in a manner such that the resulting allocations will generally match the allocation and target range for asset classes in the account prior to the purchase or sale.

Our advisory services are tailored to the objectives and strategies of each of our managed account clients and the Fund, respectively.

In certain circumstances, we may provide our managed account clients with financial planning services as well as financial advice on non-investment related matters. Generally speaking, to the extent we provide any financial consulting services beyond the management of assets, such services are provided as part of and incidental to our management services. With respect to any financial planning/consulting services provided as part of the management services we perform, each client must acknowledge to us that: (i) such client is free at all times to accept or reject any of our recommendations, and such client acknowledges that such client has the sole authority with regard to the implementation, acceptance, or rejection of any recommendation or advice from us; (ii) our recommendations (i.e., estate planning, retirement planning, insurance, etc.) may be discussed and/or implemented, at such client's sole discretion, with the corresponding professional adviser(s) (i.e., broker, accountant, attorney, etc.) of such client's choosing; (iii) in respect to estate planning and tax planning matters, our role shall be that of a facilitator between such client and his/her corresponding professional advisor(s); (iv) we are not an attorney or accountant, and no portion of our services should be interpreted by such client as legal or tax advice (rather, such client should defer to such client's attorney and/or accountant with respect to all legal or tax matters); and (v) such client will maintain sole responsibility to notify us if there is a change in such client's financial situation or investment objective(s) for the purpose of reviewing/evaluating/revising our previous recommendations and/or services and/or to address new planning or consulting matters.

We also serve as the investment manager of SAM Alpha Opportunity Fund I, LP (the "Fund"). Our affiliate, SAM Alpha, LLC, serves as the general partner of the Fund. The Fund is presently in the process of winding down operations and distributing assets to its investors as they become available. No new investment activities are being undertaken by the Fund.

Item 5 Fees and Compensation

A. General

The annual fee for our managed account investment management services, based on the market value of the client's account at the beginning of the calendar quarter, is as follows:

| <u>Asset Value (millions)</u> | <u>Fees (basis points)</u> |
|-------------------------------|----------------------------|
| First \$1 | 150 b.p. |
| Next \$9 | 100 b.p. |
| Next \$15 | 50 b.p. |
| Next \$25 | 40 b.p. |
| Thereafter | 30 b.p. |

In our sole discretion, we may determine to provide financial planning services and advice on an hourly or fixed fee basis separate and apart from the management of assets. In the event we so determine, the provision of such financial consulting services (including the dollar amount of any hourly or fixed fee therefor) shall be set forth and described in a separate agreement between us and such client (including, for example, a Financial Planning Agreement and/or Limited Consulting Agreement setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to our commencing services). Our financial planning fees are negotiable, depending upon the level and scope of the services required and the professional rendering the service(s). We may determine to provide financial consulting services beyond the management of assets on an hourly or fixed fee basis in our sole discretion at any time, regardless of any prior provision of such services without charge. Any prior provision of such services without charge shall not be construed as a waiver or relinquishment of our right to provide such services on an hourly or fixed fee basis.

Our minimum fee is generally \$10,000 per year. Related client accounts may be aggregated for purposes of calculating fees. We, in our discretion, may charge a lesser annual investment management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, type of management services required, related accounts, account composition, negotiations with clients, etc.).

We do not independently value any private securities held in client accounts (except for certain legacy positions being wound down by the Fund, which valuations are based off of information provided by the underlying managers). That is, with respect to the managed accounts advised by the Adviser, the Adviser and its managed account clients rely on the independent, third party qualified custodian that holds the assets in such accounts, to value these assets. For managed account clients, the quarterly financial

information provided by the private funds themselves will be used as the basis for client reporting and fee billing (where a client/hedge fund pays an asset-based fee, other than as described elsewhere with respect to the Fund). Other than as described elsewhere with respect to the Fund, the valuation is determined independently of us.

The Fund's fees, compensation and expenses were described in detail in the offering and organizational documents of the Fund, which were provided to each Fund investor prior to investing in the Fund. With regard to the Fund, we have waived the management fee described in the Fund's offering and organizational documents during the initial dissolution process; however, we reserve the right to charge the management fee in the future.

B. Fee Payments

Fees for managed account clients are generally debited from each client's account on a quarterly basis. The fees are based on the market value of each client's account at the beginning of the calendar quarter.

C. Other Fees

Commissions and/or transaction fees are the responsibility of the client and may be charged to each client's account for effecting securities transactions; provided, that we may bear such commissions and/or transaction fees on behalf of a client's account in our sole discretion. In the event commissions and/or transaction fees are borne by us on behalf of an account, any such prior action or conduct shall not be deemed a waiver at any time of our right to charge such account for such commissions and/or transaction fees on a going forward basis. We do not generally bear commissions and/or transaction fees on behalf of the Fund.

In addition to our annual investment management fee, managed account clients also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed directly at the fund level (e.g. management fees and other fund expenses). Managed account clients also incur, relative to all alternative investment strategies, charges imposed directly at the fund level by any private pooled investment vehicle (e.g. management fees, incentive allocations and other fund expenses).

For a discussion of the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of commissions and compensation for such broker-dealers, please see "Item 12 Brokerage Practices".

D. Advance Payment of Fees

Managed account clients are generally charged in advance (at the beginning) of each calendar quarter based upon the value of each client's account at the beginning of the calendar quarter.

To the extent that a managed account client engages us during a quarter, such client's fee will be prorated from the date of engagement through the end of the quarter; provided,

that we, in our sole discretion, may be paid such first quarter pro rated fee in arrears rather than in advance for ease of administration.

Except with respect to new engagements during a quarter, and cancellations of existing agreements during a quarter, we do not pro rate fees paid at the beginning of each calendar quarter based upon inflows and outflows in or from an account during a quarter. That is, the fee for the entire calendar quarter is based upon the value of a client's account at the beginning of the calendar quarter. If existing agreements are cancelled during a quarter, unearned fees will be refunded, the amount of which will be determined on a pro rata basis depending upon the number of days remaining in the applicable quarter.

A managed account client agreement may be canceled at any time, by either party, for any reason upon manually executed written notice. In the event the client terminates a Financial Planning Agreement, Limited Consulting Agreement and/or similar agreement, if applicable, prior to completion of the financial planning services, unearned fees paid in advance, if any, shall be promptly refunded to the client.

E. Fees and Compensation from the Sale of Securities or Mutual Funds

The fees we charge are separate and distinct from the fees and expenses charged by recommended mutual funds, custodians and investment managers, as well as custodial fees. A description of these mutual funds and investment managers' fees is available in each mutual fund's prospectus and investment manager's disclosure documents. Notwithstanding the foregoing, in the event a managed account client is also a limited partner of the Fund, we shall not receive fees on the portion of such client's assets invested in the Fund separate and distinct from the fees charged by the Fund.

Mr. Satovsky, in his individual capacity, is a licensed insurance agent with various insurance companies and a registered representative with Purshe Kaplan Sterling, a FINRA licensed broker-dealer. These affiliations and licenses are maintained in order to effectuate certain 529 plans, insurance policies, annuity contracts, limited partnerships, and certain retirement and deferred compensation plans that may only be offered through an insurance company and/or FINRA licensed broker-dealer. These transactions are typically commission paid transactions that may not otherwise be accessible directly. Any fees and/or commissions (to the extent received) are in addition to our investment management fee and are paid to Mr. Satovsky directly. This practice potentially presents a conflict of interest and gives us or our supervised persons an incentive to recommend investment products based on compensation received, rather than on a client's needs. We address these conflicts by disclosing these transactions to the client prior to or at the time of purchase. To the extent that certain mutual fund companies pay 12b-1 fees, a portion of these fees are passed on to Mr. Satovsky directly as a registered representative of Purshe Kaplan Sterling (to the extent received) and are in addition to our investment management fee and we, at our discretion, may use this revenue to offset trading costs and expenses related thereto.

Clients have the option to purchase investment products that we recommend through other brokers or agents that are not affiliated with us. We do not reduce our advisory fees

to offset commissions received. With respect to mutual fund purchases that we recommend, since April 2010 we have utilized “institutional” share classes of such funds on behalf of our clients, when available. Notwithstanding the foregoing, we may add to certain legacy positions not utilizing “institutional” shares. These “institutional” share classes often have minimum eligible purchases of \$1,000,000 and provide the lowest expense ratio share class available to investors. We elect these share classes when available as an institutional purchaser which enables us to allocate smaller dollar amounts for clients to funds that would otherwise be inaccessible. Institutional share classes do not typically pay 12b-1 fees.

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

Managed account clients are not charged performance-based fees. However, the limited partners of the Fund are charged performance-based fees based on the capital gains or appreciation of the Fund. The performance allocation is equal to a 10% share of realized and unrealized gains (net of realized and unrealized losses), subject to a “high-water mark,” at the end of each fiscal year or at certain other times as specified in the limited partnership agreement of the Fund. Performance-based fee arrangements create an incentive for us to recommend investments that may be riskier or more speculative than those that we may recommend under a different fee arrangement. Because we manage both accounts that are charged a performance-based fee and accounts that are charged hourly or flat fees and/or asset-based fees, we also face conflicts of interests including that we or our supervised persons have an incentive to favor accounts for which we or our supervised persons receive performance-based fees. We have adopted allocation policies designed to ensure that all of our clients are treated fairly and equally and to prevent this form of conflict from influencing the allocation of investment opportunities among our clients. In addition, the Fund is in dissolution and is no longer making new investments. In connection with the dissolution, we have waived the management fee described in the Fund’s offering and organizational documents during the initial dissolution process, and we have not taken any performance-based fees with respect to the Fund during 2011.

Item 7 Types of Clients

Our managed account clients are high net worth individuals, typically with a net worth of \$2,500,000 or more. The minimum account size necessary to open and maintain a separately managed account with us is based on the trading strategy employed. The minimum initial investment for a separately managed account is generally \$1,000,000, subject to negotiation. We also provide advisory services to pension and profit sharing plans, trusts, estates, charitable organizations, and corporations that are generally referrals from our existing clients and their related entities and affiliations.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

A. Description of Analysis and Strategy and General Risk Disclosure

The investment recommendations for asset allocation generally will be developed taking into account each client's risk tolerance, financial goals, individual circumstances, time horizon and implemented through our in-house proprietary models.

We utilize a combination of quantitative analysis and qualitative analysis when determining the underlying assets that we own on behalf of clients. We may use charting, fundamental, technical and cyclical methods at times to analyze securities. We obtain our research information from a variety of sources including but not limited to financial research providers such as Bloomberg, Morningstar, Standard & Poors, financial newspapers and magazines, inspections of corporate activities, filings with the SEC, corporate press releases, timing services and materials prepared by others

In addition, Mr. Satovsky, and/or other research analysts on our staff, will review each person/firm that manages a privately placed pooled investment vehicle through one or more of the following methods of due diligence: meetings/ongoing conference calls with such persons and his or her staff; verification of references; background reviews with respect to regulatory matters, education and/or professional history; reviews of audited financial statements; and verification of performance claims. Electronic files are created to store and maintain all materials reviewed. With respect to third party managers of publicly traded vehicles such as mutual funds and exchange traded funds, we review publicly available information. Given the breadth of third party managers, investment vehicles and the material differences between and among similarly classified pooled investment vehicles that utilize third party managers (including, without limitation, mutual funds, exchange traded funds, hedge funds and private equity funds), we believe that it is impossible to capture in a single list what we may determine to be an appropriate level of due diligence for any given manager or vehicle.

There can be no assurance that the investment objective of our clients will be achieved and that clients will not incur losses. The risks described below are not meant to be a comprehensive collection of all risks with which our clients may be confronted. In addition to the risks listed below, clients should review the respective offering or similar documents of each mutual fund, ETF and/or other security or instrument in its portfolio or recommended for purchase by us, for a detailed description of risk factors associated with a particular investment or portfolio. Each client is also encouraged to consult with the Adviser to review the specific risk parameters of, and assets that comprise, the client's account at any given time and from time to time.

Investing in securities involves risk of loss that clients should be prepared to bear. Our investment portfolios seek to achieve clients' long-term financial plans and goals. Therefore, the material risks that exist in building a portfolio for a client include the following:

- Misalignment of timing relative to client needs. It is extremely important to maintain open and ongoing communication with us to keep us informed of your changing cash flow needs to ensure liquidity is available when needed. Often times, a client's liquidity needs arise at unexpected and inopportune times when asset prices may not be optimal to liquidate, and therefore may cause significant loss of principal.
- Spending rates. We spend a considerable amount of time with each client working to educate individuals on the importance of providing a buffer for emergencies, opportunities and to increase the likelihood of sustainability of a portfolio to reach each individual's goals. It is recommended that a spending/withdrawal rate from a portfolio should be no more than 3-5% of one's assets in order to insulate them from inflation, taxes and longevity risk (outliving one's money). Clients with higher spending rates have a greater risk of outliving their assets; therefore, such clients may seek more speculative investments than they are comfortable taking.
- Behavioral risk. Volatility is inherent in virtually all investment strategies, so we spend time educating clients about historical volatility of each asset class and/or the underlying strategies that we deploy based on clients' risk tolerance or preferences. Our experience has shown that most investors overstate their appetite for risk. Therefore, when asset prices decline, the tendency is for investors to contract their risk appetite and when asset prices rise, the tendency is for investors to expand their risk appetite. The behavioral gap in investor returns versus actual returns has historically been higher when strategies with greater volatility are utilized in an investment plan.

B. Material Risk of Strategy

- An investment strategy that we construct on behalf of clients is established to meet an individual's goals throughout his or her lifetime. Because financial markets are volatile and due to the nature of our investment strategies, there can be no assurances that a client will reach their targeted returns or realize any return on their investment during a specific period of time. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains are realized on successful investments. The return of capital and realization of gains, if any, from an investment may not occur for a substantial period of time.
- We typically invest in a broad range of investment strategies from cash, fixed income, US equity, foreign equity, and alternative investments. Specifically, we may utilize a combination of individual securities, mutual funds, exchange-traded funds (ETFs) and/or pooled investment vehicles. Although we typically utilize a wide range of asset classes, there are no requirements imposed on us with respect to diversity among strategies or individual securities. We may invest in a limited number of strategies or with a limited number of individual securities, mutual funds, ETFs and/or pooled investment vehicles. In addition, underlying funds

with which we invest may all invest in the same or similar securities, further limiting the diversification of managed accounts.

- We may invest in strategies or markets that underperform other strategies or general securities markets or relative benchmarks. Independent research studies have shown that even the most successful long-term active management strategies will have extended periods of underperformance relative to their peer group and/or indices. This may cause client accounts to underperform other investment vehicles that invest in different asset classes. Different types of securities (for example, large-, mid- and small-capitalization stocks or growth or value stocks) tend to go through cycles of performing better—or worse—than the general securities markets. In the past, these periods have lasted in excess of several years.
- Changes in interest rates will affect the value of fixed income investments. In general, as interest rates rise, bond prices fall, and as interest rates fall, bond prices rise. Interest rate risk is generally greater for high yield securities, however, higher-rated fixed income securities are also subject to this risk. Increased interest rate risk is also a factor when investing in fixed income securities paying no current interest (such as zero coupon securities and principal-only securities), interest-only securities and fixed income securities paying non-cash interest in the form of other securities.
- The trading prices of equity securities fluctuate in response to a variety of factors. These factors include events impacting a single issuer, as well as political, market and economic developments that affect specific market segments and the stock market as a whole. The value of client accounts, like stock prices generally, will fluctuate within a wide range in response to these factors. As a result, clients could lose money over short or even long periods.
- The value of assets or income from investments may be less in the future as inflation decreases the value of money. As inflation increases, the value of fixed assets can decline. This risk is greater for fixed-income securities with longer maturities.
- The issuer or guarantor of a fixed income security may be unable or unwilling to make timely payments of interest or principal. This risk is magnified for lower-rated debt securities, such as high yield securities. High yield securities are considered predominantly speculative with respect to the ability of the issuer to make timely payments of interest or principal. In addition, funds that invest in fixed income securities issued in connection with corporate restructurings by highly leveraged issuers or in fixed income securities that are in default may be subject to greater credit risk because of such investments.
- 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 affect a

security's or instrument's value. The value of securities or instruments of smaller, less-well-known issuers can be more volatile than that of larger issuers. Issuer-specific events can have a negative impact on the value of client accounts.

C. Material Risk of Securities

- We invest in a blend of liquid, publicly traded individual securities, mutual funds, ETFs and pooled investment vehicles and, at times, some illiquid investments, which may, in turn, invest in or be comprised of a variety of securities focused on various strategies ranging from fixed income, U.S. equities, foreign equities and alternative investments. Many strategies are subject to both specific market risk related to the market which they represent as well as liquidity risk that may prevent securities from being sold at the quoted market price within a reasonable period of time. A managed account holding such securities may experience substantial losses if required to liquidate these holdings.
- Investments in securities of non-U.S. issuers and securities denominated in non-U.S. currencies pose currency exchange risks to the extent not hedged. In addition, foreign securities regulators may exercise less regulatory supervision than those in the United States, and foreign governments may afford less legal protection to the pooled investment vehicles as investors.
- Investments in emerging or developing markets involve exposure to economic structures that are generally less diverse and mature, and to political systems which have less stability than those of more developed countries. Investments in securities in developing market countries are also generally more volatile and less liquid than investments in securities in markets of developed countries. Emerging market securities may be subject to currency transfer restrictions and may experience delays and disruptions in securities settlement procedures. Certain emerging markets are closed in whole or part to the direct purchase of equity securities by foreigners. In addition, a fund that invests in foreign securities or securities denominated in foreign currencies may be adversely affected by changes in currency exchange rates, exchange control regulations, foreign country indebtedness and indigenous economic and political developments.
- High yield securities, also known as "junk bonds," are below investment grade quality and may be considered speculative with respect to the issuer's continuing ability to make principal and interest payments. Lower-rated securities may be more susceptible to real or perceived adverse economic and competitive industry conditions than higher-rated securities. Yields on high yield securities will fluctuate. The secondary markets in which lower-rated securities are traded may be less liquid than the markets for higher-rated securities. A lack of liquidity in the secondary trading markets could adversely affect the price at which clients or the funds they own could sell a particular high yield security when necessary to meet liquidity needs or in response to a specific economic event, such as a deterioration in the creditworthiness of the issuer, and could adversely affect and cause fluctuations in the value of client accounts. Adverse publicity and investor

perceptions may decrease the values and liquidity of high yield securities generally.

- Real estate investment trusts, or REITs, may be subject to certain risks associated with the direct ownership of real property, including declines in the value of real estate, risks related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses and variations in rental income.

Item 9 Disciplinary Information

There are no legal or disciplinary events that we believe would be material to our clients' or our prospective clients' evaluation of our advisory business or the integrity of our management.

Item 10 Other Financial Industry Activities and Affiliations

We serve as the investment manager for the Fund. While the Fund is currently in dissolution, we provide continuous and regular supervision to the Fund. The general partner of the Fund is SAM Alpha, LLC, a Delaware limited liability company. The Managing Member of each of SAM Alpha, LLC and us is Jonathan M. Satovsky. The Fund's primary objective is to achieve capital appreciation by utilizing a broad range of alternative strategies to complement traditional investment portfolios. However, since the Fund is in the process of winding down, no new investment activities are being undertaken on behalf of the Fund.

Mr. Satovsky, in his individual capacity, is a licensed insurance agent with various insurance companies and a registered representative with Purshe Kaplan Sterling Investments, a FINRA licensed broker-dealer. This affiliation is primarily an accommodation to help service our existing client base. Certain products and services cannot be purchased without registration through a broker-dealer or other licensing. Products typically utilized in this capacity include 529 plans, corporate retirement plans, annuity products and insurance contracts. No advisory clients are under any obligation to retain us for services related to the recommendation of such insurance-related products and commissions-based securities; however, given the availability of compensation in the form of commissions, a conflict of interest between Mr. Satovsky and our clients is apparent. When offering these types of instruments to clients, we address the conflicts by providing disclosure (depending on the case, such disclosure may be verbal or written) that the products and services are being offered through a broker-dealer and commission is being paid directly to Mr. Satovsky as a registered representative, separate and apart from ongoing advisory work that is provided through the Adviser. Some mutual fund companies pay 12b-1 commissions directly to custodians. We have negotiated with our custodian, Fidelity Brokerage Services LLC, to provide a portion of these commissions to Mr. Satovsky as a registered representative of a broker-dealer. This commission is incidental to our business and may be used to offset trading costs that we have been absorbing on behalf of our clients. With respect to mutual fund purchases that we recommend, since April 2010 we utilize "institutional" share classes of such funds on behalf of our clients, when available. These "institutional" share classes often have minimum eligible purchases of \$1,000,000 and provide the lowest expense ratio share class available to investors. We elect these share classes when available as an institutional purchaser which enables us to allocate smaller dollar amounts for clients to funds that would otherwise be inaccessible. Institutional share classes do not typically pay 12b-1 commissions.

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

Code of Ethics

We have adopted a Code of Ethics (the “Code”) to address issues pertaining to (i) the privacy of our clients’ non-public personal information, (ii) insider trading, and (iii) personal securities transactions. In addition, an overarching intent of the Code is to prevent and prohibit certain types of transactions which are deemed to create actual conflicts of interest, the potential for conflicts, or the appearance of conflicts, and to establish reporting requirements and enforcement procedures.

We have implemented an investment policy relative to personal securities transactions. This investment policy is part of our Code, which serves to establish a standard of business conduct for all of our associated persons that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Advisers Act, we also maintain and enforce written policies reasonably designed to prevent the misuse of material non-public information by us or any person associated with us.

Participation or Interest in Client Transactions and Personal Trading

We provide investment supervisory, financial planning, and/or investment consulting services on a discretionary and/or non-discretionary basis in managed accounts to various clients who may also become limited partners in the Fund. Prior to the Fund being in dissolution, we were also permitted to recommend an investment in the Fund to one or more of our managed account clients, as appropriate, based upon the investment objectives, strategies and suitability of such clients. We also regularly monitored the performance and investment portfolio of our managed accounts simultaneously with our duty to manage the investment activities of the Fund; however, since the Fund is in dissolution and no new investment activities are being undertaken on its behalf, the potential for actual conflicts of interest between and among the Fund and such other business activities is limited. In any event, conflicts of interest between a particular managed account, the Fund, and other managed accounts could exist, including with respect to the allocation of investment opportunities, time, and resources among the Fund and such managed accounts.

In addition, certain of our supervised persons who have access to non-public information about our clients’ securities purchases or sales or who are involved with making recommendations for such securities purchases or sales (“Access Persons”) are permitted to make personal investments in the same securities. These persons, however, are subject to specific reporting requirements which are aimed at preventing the existence of abuse of such access or recommendations. Subject to certain limited exceptions, Access Persons are prohibited from effecting personal transactions in securities which are

actively being purchased or sold, or being considered for purchase or sale, on behalf of our clients.

The managed accounts may utilize investment strategies which are similar to or different than the Fund and are subject to fees payable to us which are different than the fees and allocations paid and allocated to us and SAM Alpha, LLC with respect to the Fund. Conflicts of interest may arise as a result of our concurrent fiduciary duties to the Fund and each managed account.

For the avoidance of doubt, Mr. Satovsky is the individual solely responsible for managing and investing the Fund's capital, as well as the capital of our separately managed accounts. We (and thus, Mr. Satovsky) are compensated differently by the Fund and such managed accounts. Conflicts of interest may arise as a result of Mr. Satovsky's concurrent fiduciary duties to the Fund and such managed accounts.

Item 12 Brokerage Practices

A. Selection of Broker-Dealers and Reasonableness of Compensation

Our general policies relative to the execution of client securities brokerage transactions are as follows:

Execution of Brokerage Transactions (when applicable). In the event trading costs are paid by a client, we will arrange for the execution of securities brokerage transactions for such client through broker-dealers that we reasonably believe will provide “best execution”. In seeking “best execution,” the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive commission rates, we may not necessarily obtain the lowest possible commission rates for account transactions.

Consistent with obtaining best execution, and although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, transactions for a client may be effected through broker-dealers/custodians that provide research products and/or services which assist us in our investment decision making process. Included within the support services that may be obtained by us may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, and/or software and/or other products used by us in furtherance of our investment advisory business operations. Such research and/or services generally will be used to service all of our clients (including accounts that may not generate commissions used to pay for investment research), but brokerage commissions paid by a client may be used to pay for research and/or services that is not used in managing that client’s account. A client’s account may pay to a broker-dealer a commission greater than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

As indicated above, certain of the support services and/or products that may be received may assist us in managing and administering client accounts. Others do not directly provide such assistance, but rather assist us to manage and further develop our business enterprise.

Our clients do not pay more for investment transactions effected and/or assets maintained at various broker-dealers/custodians as result of any such arrangements. There is no corresponding commitment made by us to various broker-dealers/custodians or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

Although not a material consideration when determining to recommend that a client purchase a specific investment, our representatives, including Mr. Satovsky, relative to certain 529 plans, insurance policies, annuity contracts, limited partnerships, and certain retirement and deferred compensation plans, cleared through Purshe Kaplan Sterling Investments or otherwise, may also receive a portion of the ongoing 12b-1 fees and/or commission from the issuing company(ies) during the period that the client maintains the investment. Any 12b-1 fees and/or commission (to the extent received) is in addition to our investment management fee and we at our discretion may use this revenue to offset trading costs and expenses related thereto. No advisory clients are under any obligation to retain us for services related to the recommendation of such insurance-related products and commissions-based securities.

Mr. Satovsky remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding perceived conflict of interest any such arrangement may create.

We invested the Fund's assets in, among other things, a portfolio of hedge funds and other pooled investment vehicles, which may be formed as partnerships, limited liability companies or other entities. We also invested the Fund's assets in managed accounts and managed futures. Managed account clients may also invest in pooled investment vehicles, such as mutual funds. Such underlying portfolio companies may invest in a variety of securities and other instruments. Such portfolio companies direct their clients' securities transactions to brokers and dealers, and on such terms, selected by such portfolio companies and/or their advisors in their sole discretion and without the consent of us and/or the Fund.

We have no obligation to deal with any broker or group of brokers in executing transactions on behalf of clients.

We are responsible for the execution of the Fund's portfolio transactions and the allocation of brokerage services among broker-dealers. In selecting brokers or dealers to execute portfolio transactions on behalf of the Fund, we seek and will seek the best overall terms available (as described above).

1. Research and Other Soft Dollar Benefits

We do not currently maintain formal soft dollar arrangements. However, we reserve the right to do so in the future.

In return for effecting securities transactions through a particular broker-dealer, we may receive certain investment research products and/or services which assist us in our investment decision-making process for the client pursuant to Section 28(e) of the Securities and Exchange Act of 1934 (the "Exchange Act") (generally referred to as a "soft dollar" arrangement). Section 28(e) provides a safe harbor for persons who exercise investment discretion over accounts to pay for research ("research" is generally deemed to consist of products and services that provide lawful and appropriate assistance to the investment adviser in the performance of

investment decision-making responsibilities) and brokerage services with commission dollars generated by account transactions. When we use client brokerage commissions to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products or services. We may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in receive most favorable execution.

Investment research products and/or services which we receive may include, but are not limited to, analyses pertaining to specific securities, companies, or sectors; market, financial, and economic studies and forecasts; financial publications, portfolio management systems, and statistical and pricing services. Recent SEC interpretations have specifically excluded mass-marketed publications, intended for a broad, public audience, from soft dollar eligibility. We will pay for mass-marketed publications with hard dollars.

Although the commissions paid by our clients shall comply with our duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. Also, whereas the investment research products and/or services that we may obtain will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. We do not seek to allocate soft dollar benefits to client accounts proportionately to any soft dollar credits the accounts generate.

With respect to investment research products and/or services that we may obtain that have a mixed use of both a research and non-research (i.e., administrative) function, we shall make a reasonable allocation of the cost of the product or service according to its use – the percentage of the product or service that provides assistance to our investment decision-making process will be paid for with soft dollars while we will pay for that portion which provides administrative or other non-research assistance with hard dollars. A common example of a mixed-use product is an order management program, utilized by its user to manage the administrative tasks of portfolio management, but also as a tool to analyze positions, trades and the like. Order management programs are eligible as brokerage to the extent that they assist the adviser in executing securities transactions. Eligible brokerage products and services will be those utilized by us from the point at which the adviser communicates with the broker-dealer to execute an order through the point as which funds or securities are delivered or credited to the advised account.

To the extent applicable, we will evaluate quarterly (or at such other intervals as we determine reasonable based upon our business operations and trading practices), the value of products and services received from the brokerage firms and determine whether they are consistent with Section 28(e). Adequate records

concerning allocations so as to allow us to make the required good faith determination shall be maintained.

We shall not be deemed to have acted unlawfully or to have breached a fiduciary duty by reason of causing a client to pay more than the lowest available commission, if we determine in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services provided. Conduct outside of the safe harbor of Section 28(e) may constitute a breach of fiduciary duty as well as a violation of specific provisions of the federal securities laws. Our focus should be on whether the product or service provides lawful and appropriate assistance to our investment decision-making process.

2. Brokerage for Client Referrals

We do not currently have arrangements with broker-dealers who refer investment management clients to us. As such, in selecting or recommending broker-dealers, we do not consider whether we, or any of our affiliates, receive client or investor referrals from a broker-dealer or other third party.

In the event we develop such a relationship, the potential for a conflict of interest may arise and corresponding disclosure of such relationship will be made, as we deem appropriate in light of applicable law, to the relevant client prior to effecting transactions for the client account through the referring broker-dealer, including disclosure thereof in our advisory agreement(s) and/or written disclosure statement.

3. Directed Brokerage

- a. We do not currently maintain directed brokerage arrangements. While we permit clients to direct us to use a particular broker-dealer, we do not recommend, request or require clients to do so. In the event that transactions for a client's account are effected through a broker-dealer that refers investment management clients to us, the potential for a conflict of interest may arise. In addition, as described above, we may (and do) receive a portion of 12b-1 fees and/or commission for recommending certain mutual funds and, at our discretion, may use this revenue to offset trading costs and expenses related thereto.
- b. In the event trading costs are paid by a client, such client may direct us to use a particular broker-dealer to execute some or all transactions for that client's account (subject to our right to decline and/or terminate the engagement). In such event, the client will negotiate terms and arrangements for such client's account with that broker-dealer, and we will not seek better execution services or prices from other broker-dealers or be able to "batch" client transactions for execution through other broker-dealers with orders

for other accounts managed by us. As a result, such client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for such client's account than would otherwise be the case.

B. Aggregation

Transactions for each client account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may (but are not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among our clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day. We shall not receive any additional compensation or remuneration as a result of the aggregation.

On occasion, through our clearing/custodial firm relationships, we may have limited access to IPO shares and, in limited circumstances, we may purchase and/or recommend for purchase IPOs for client accounts. In the circumstance for those of our clients who, on a completely unsolicited basis, contact us to request that we purchase a specific IPO for his/her/their/its account, we will attempt to implement to the extent same has been made available to us. Generally, in the event one or more clients request that we purchase a specific IPO, we may, after first determining that such client(s) is qualified for such specific IPO (i.e., suitable for the client(s) relative to the client's(s') investment objective(s), financial situation(s) and current asset allocation(s)), to the extent possible under the circumstances, purchase such IPO on a pro-rata basis (among multiple requesting clients) in accordance with assets under management. To the extent possible and applicable under the circumstances, we will use reasonable efforts to allocate available IPO shares on a fair and equitable basis in accordance with the terms and conditions of the aforementioned policy and applicable laws, rules and regulations (including Rule 5130 and Rule 5131 as adopted by FINRA).

We have completed the development stage, installation stage and acceptance stage of an institutional customer program by TD Ameritrade Institutional, which is designed to assist us in account rebalancing and cash management including, without limitation, investment account asset class reallocation in conformance with the rules and parameters we structure for our clients. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC. TD Ameritrade is an unaffiliated SEC-registered broker-dealer and FINRA member. We are now beginning to roll out the program.

Item 13 Review of Accounts

A. Description and Frequency of Reviews

For those managed account clients to whom we provide investment supervisory, financial planning, and/or investment consulting services, account reviews are conducted on an ongoing basis by our Managing Member, Jonathan Satovsky. All investment advisory and financial planning clients (including limited partners of the Fund) are encouraged to discuss with us his/her/their/its investment objectives, needs and goals and to keep us informed of any changes regarding same. All clients are encouraged to meet, at least annually, with us to comprehensively review investment objectives and account performance. We will monitor the performance of each individual security, mutual fund, alternative investment strategy and investment manager implemented by us. We also review and monitor the remaining Fund investments on an ongoing basis. Jonathan Satovsky, the managing member of the Adviser, performs such reviews. The Fund reserves the right to make interim reports available solely in electronic form (with appropriate password protections) on our web site or the web site of the Fund or the Fund's administrator.

In performing any of its services and in providing reports, we are not required to verify any information received from the client or from the client's other professionals, and we are expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify us if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

B. Non-Periodic Reviews

Other than on a periodic basis, the following factors trigger a review: (i) a change in a client's risk designation; (ii) a change in a client's goals; (iii) notification that a client is in need of cash; and (iv) if, in the judgment of our Managing Member, a review would be beneficial for the client's account.

C. Content and Frequency of Regular Reports

Managed account clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts and/or applicable mutual fund companies or partnerships. We provide access to daily updates on all performance of discretionary and non-discretionary managed accounts (and outside held assets, if desired by client) directly accessible through our website, www.satovsky.com, which links to a third party performance reporting vendor. In addition, quarterly PDF summaries covering client assets managed by us and all client assets elected for reporting by us are available electronically in the same manner described in the foregoing sentence. Reports which review the performance of each investment made for a client and/or chosen asset manager are available upon request and are issued to the client through various outside technology vendors. Examples of such reports include, but are not limited to, reports generated through proprietary software of

Morningstar, Inc. or its related entities and affiliates, and reports generated through independent research companies. Managed account clients are encouraged to contact us to discuss ongoing access to account information for their account(s).

Limited partners of the Fund will receive annual audited financial reports and monthly unaudited statements of net asset value. The Fund reserves the right to make interim reports available solely in electronic form on the web site (with appropriate password protections) of the Fund, the Adviser or the Fund's administrator.

Item 14 Client Referrals and Other Compensation

Except as otherwise described in this brochure, we do not receive an economic benefit for providing investment advice or other advisory services to our clients from someone who is not a client.

We do not currently compensate any person who is not our supervised person for client referrals. In addition, we currently do not maintain any related party referral arrangements by which we receive benefits for client referrals. However, if requested by the client, we may as a courtesy recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. We cannot and do not guarantee the services of any such recommended professional, and shall not be liable for any action, omission, recommendation/decision or loss resulting from or in connection with the services of any such recommended professional.

Item 15 Custody

Rule 206(4)-2, promulgated under the Advisers Act, (the “Custody Rule”) imposes specific conditions on investment advisers who have actual or deemed custody of client assets. We are deemed to have custody of our managed account clients’ funds and securities because we may debit fees directly from the accounts of such clients, and therefore we must meet the applicable conditions of the Custody Rule.

The Custody Rule contains significant provisions applicable to investment advisers that serve as a general partner or managing member to private funds formed as limited partnerships or limited liability companies, such as the Fund. Most significantly, the Custody Rule provides an alternative approach to the quarterly account statement delivery requirement and the annual surprise examination requirement. Specifically, an investment adviser to a private fund need not send to each investor a quarterly account statement or have an annual surprise examination if the fund (i) is subject to an audit (as defined in section 2(d) of Article 1 of Regulation S-X) by an accountant registered with the Public Company Accounting Oversight Board at least annually and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to all investors within 120 days of the end of the fund’s fiscal year. We rely upon this exception for the Fund.

For our managed account clients, the custodian of each account sends quarterly, or more frequent, account statements directly to each client. Clients should carefully review these statements, and we urge clients to compare the account statements they receive from their custodian with any they receive from us or our other outside vendors.

Item 16 Investment Discretion

For our discretionary managed client accounts, we are delegated by each client all powers with regard to the investment and reinvestment of the assets in such client's managed account. Each client appoints us as their attorney and agent in fact with full authority to buy, sell, and otherwise effect investment transactions involving the assets which are held in the client's name for such client's account. The clients, however, maintain sole discretion to invest in or withdraw from any private investment fund which is advised, managed and/or operate by us or any of our affiliates. For these clients, we have the authority to buy, sell, and trade in stocks, bonds, mutual funds, and other securities and/or contracts relating to the same, on margin or otherwise, and to give instructions in furtherance of such authority to the registered broker-dealer and the custodian of the assets.

For our non-discretionary managed client accounts, we primarily recommend that clients allocate all or a part of their assets among various stocks, bonds, mutual funds, independent investment managers and/or programs, private pooled investment vehicles, and other securities and/or contracts relating to the same, on margin or in accordance with their investment objectives. For these clients, we are not authorized to effect transactions for the managed account without prior authorization from the client, except to the extent we need to raise money to cover fees.

We have broad authority to determine, without obtaining specific client consent, the securities to be bought or sold and the amount of the securities to be bought or sold on behalf of the Fund. However, the Fund, pursuant to its plan to dissolve, will not be undertaking any new investment activities. Certain investments, upon appropriately being determined to have certain characteristics of illiquidity, were designated by us or SAM Alpha, LLC as designated investments (as determined by Mr. Satovsky).

Item 17 Voting Client Securities

The SEC adopted Rule 206(4)-6 under the Advisers Act, which requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. In compliance with such rule, we have adopted proxy voting policies and procedures (the “Policies”).

Except with respect to the Fund, we will not exercise proxy voting authority over client securities. The obligation to vote client proxies shall at all times rest with the client, except for the Fund and those specific client assets over which an independent investment manager has assumed proxy voting authority. Clients shall in no way be precluded from contacting us for advice or information about a particular proxy vote. However, we shall not be deemed to have proxy voting authority solely as a result of providing such advice to a client.

Except with respect to the Fund, should we inadvertently receive proxy information for a security held in a client's account, then we will immediately forward such information on to the client, but will not take further action with respect to the voting of such proxy. Upon termination of our agreement with a client, we shall make a good faith and reasonable attempt to forward proxy information inadvertently received by us on behalf of the client to the forwarding address provided by the client to us.

Except with respect to the Fund, as to all matters (other than proxies) for which shareholder action is required or solicited with respect to securities beneficially held by the client's account, such as (i) all matters relating to class actions, including without limitation, matters relating to opting in or opting out of a class and approval of class settlements and (ii) bankruptcies or reorganizations, we affirmatively disclaim responsibility for voting (by proxies or otherwise) on such matter and will not take any action with regard to such matters.

With respect to the Fund, we have adopted proxy voting policies and procedures. We invest the Fund's assets in a portfolio of hedge funds and other pooled investment vehicles, which may be formed as partnerships, limited liability companies or other entities. From time to time, we are asked to vote on or otherwise consent to certain actions on behalf of the Fund as holder of limited partnership interests, membership interests or similar securities. The Fund also invests directly in securities, and from time to time we are asked to vote on or otherwise consent to certain actions on behalf of the Fund as holder of these direct investments. We are committed to voting proxies (including exercising the Fund's rights as a holder of limited partnership interests, membership interests or similar securities) in a manner consistent with the best interest of the Fund. We and/or our designated affiliates keep copies of (i) each proxy statement received regarding securities held in the Fund, (ii) a record of each vote we cast with respect to securities in the Fund, (iii) any document we create that is material to our decision on voting a proxy or that describes the basis for that decision, (iv) each written request from an investor for information about how we vote proxies and (v) our written response to each oral or written request from an investor for such information. We may delegate to a third party the duty to keep the records identified in clauses (i) and (ii) of the preceding sentence, if that third party agrees to furnish such records to us promptly on request. While the decision whether or not to vote a proxy must be made on a case-by-case basis, we generally do not vote a proxy if we believe the proposal is not adverse to the best interest of the Fund or, if adverse, the outcome of the vote is

not in doubt. In the situations where we do vote a proxy, we generally vote proxies in accordance with specified guidelines based upon the proxy proposal issue at hand. We maintain additional documentation in the following circumstances: (i) when we make a decision to vote the proxy in a manner inconsistent with any general guidelines set forth in our policies; (ii) when we make a decision to vote the proxy when the guidelines call for a case-by-case determination; and (iii) when we make a proxy voting decision when we have identified a material conflict of interest.

If at anytime we become aware of a conflict of interest relating to a particular proxy proposal, we will handle the proposal as follows:

- (i) if the proposal is designated in the proxy voting policies as “For” or “Against,” the proposal will be voted by us in accordance with the proxy voting policies, provided little discretion on our part is involved; or
- (ii) if the proposal is designated in the proxy voting policies as “Fact Sensitive” (or not addressed in the proxy voting policies), we will either (i) disclose to the investor(s) in the Fund such material conflict and vote the Fund’s shares or other interests in accordance with the investor(s)’ instructions or (ii) take such other action as is necessary to ensure that our vote (including the decision whether to vote) is based on the Fund’s best interest and not affected by our material conflict of interest.

A copy of our proxy policies and the proxy voting record relating to the Fund are available upon request and may be obtained by contacting us at 212-584-1900 or Jonathan@satovsky.com.

Item 18 Financial Information

A. Balance Sheet

We are not required to attach a balance sheet because we do not require or solicit the payment of fees six months or more in advance.

B. Contractual Commitments to Our Clients

We have no financial condition that is reasonably likely to impair our ability to meet contractual and fiduciary commitments to our clients.

C. Bankruptcy Petitions

We have never been the subject of a bankruptcy petition.