



## 1. Firm Brochure

Form ADV Part 2A

**545 Madison Avenue, 14th Fl**  
**New York, N.Y. 10022**  
**Main Phone (212) 610-1700**  
**Main Fax (212) 610-1701**  
**[www.rnkcapiatal.com](http://www.rnkcapiatal.com)**

Prepared April 2012

THIS BROCHURE PROVIDES INFORMATION ABOUT THE BUSINESS PRACTICES OF RNK CAPITAL LLC. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS DOCUMENT OR THAT RNK CAPITAL LLC REFERS YOU TO. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT. IF YOU HAVE ANY QUESTIONS PLEASE CONTACT US AT 212-610-1700. RNK CAPITAL LLC'S CHIEF COMPLIANCE OFFICER, FRANCES RABIAS, CAN BE REACHED DIRECTLY AT 212-610-1714 FOR QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE. THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES AUTHORITY.

ADDITIONAL INFORMATION ABOUT RNK CAPITAL LLC MAY ALSO BE AVAILABLE ON THE SEC'S WEBSITE AT: [WWW.ADVISERINFO.SEC.GOV](http://WWW.ADVISERINFO.SEC.GOV) THE SEARCHABLE IARD/CRD NUMBER FOR RNK CAPITAL LLC IS 146133.

## 2. Material Changes

This brochure contains information about **RNK CAPITAL LLC** upon its initial registration as an investment adviser with the United State Securities and Exchange Commission (SEC). The SEC requires that material changes be disclosed in this brochure, which we will summarily provide to clients within 120 days of the close of our firm's fiscal year. There have been no material changes since this adoption, and we will further provide you with a new brochure at any time, without charge, when necessary.

## 3. Table of Contents

2.	Material Changes .....	2
3.	Table of Contents .....	2
4.	Advisory Business .....	4
A.	<i>RNK Company Background, Overview, Principals</i> .....	4
B.	<i>Type of Services – General Description</i> .....	4
C.	<i>Tailoring Services and Restrictions</i> .....	6
D.	<i>Wrap Fee Programs</i> .....	7
E.	<i>Client Assets</i> .....	7
5.	Fees and Compensation .....	7
A.	<i>General Description</i> .....	7
C.	<i>Other Fees</i> .....	9
D.	<i>Advance Fees and Refunds of Pre-Paid Fees</i> .....	9
E.	<i>Compensation on the sale of securities</i> .....	9
6.	Performance Based Fees and Side-by-Side Management .....	9
7.	Types of Clients .....	10
A.	<i>Requirements and Restrictions on Opening and Maintaining an Account</i> .....	10
8.	Investment Strategies, Methods of Analysis, and Risk of Loss .....	10
A.	<i>Strategies and Analysis</i> .....	10
B.	<i>Unusual Risks</i> .....	13
9.	Disciplinary Information .....	13
10.	Other Financial Industry Activities and Affiliations .....	13
A.	<i>Broker Dealer Affiliations</i> .....	13
B.	<i>Commodity Pool Operator and Commodity Trading Advisor</i> .....	13
C.	<i>Relationships and Conflicts of Interest</i> .....	13
D.	<i>Material outside Business Arrangements</i> .....	14
11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	14
A.	<i>Code of Ethics</i> .....	15
B.	<i>Participation and Interests in Client Investments</i> .....	15
C.	<i>Similar or Related Investments</i> .....	15
12.	Brokerage Practices .....	16
A.	<i>Broker Selections</i> .....	16
	<i>Client Referrals</i> .....	16
B.	<i>Trade Aggregation and Practices</i> .....	17
13.	Review of Accounts .....	18
A.	<i>Frequency</i> .....	18
B.	<i>Factors</i> .....	18

A. <i>Reporting Content</i> .....	18
14. Client Referrals and Other Compensation .....	18
A. <i>Solicitors</i> .....	18
B. <i>Compensation</i> .....	18
15. Custody .....	18
16. Investment Discretion .....	18
17. Voting Client Securities.....	19
A. <i>Policies</i> .....	19
18. Financial Information.....	19

## 4. Advisory Business

### A. *RNK Company Background, Overview, Principals*

RNK Capital LLC (“**RNK**” or the “**Advisor**”) was founded in February 2004 by Mr. Robert Neil Koltun, who is the majority stakeholder along with his wife Susie Koltun, and Mr. Zor Rothman. Mr. Koltun is the portfolio manager and primary contact for investor relations. He has approximately 15 years of experience in the financial industry. RNK generally employs a total staff of approximately 16 employees for portfolio analysis, trading, operations, legal, accounting, and compliance. Additional support services are procured through third-party contracts for auditing, valuation, custody, legal and compliance, disaster recovery and technology, administration, and other services as RNK deems necessary.

### B. *Type of Services – General Description*

RNK’s is an investment advisory firm that may direct, manage, and administer investments (“advisory services”) worldwide. Primarily advisory services are in early stage and emerging environmental attributes sectors and in structured investments in the environmental markets such as emissions, energy, and water (collectively “Environmental Markets”). For example, under the Kyoto Protocol, in force since 2005, certain industrialized countries agreed to binding limits for production of greenhouse gas emissions. Strategic emission reduction projects in these countries, if properly registered and approved with the United Nations, can earn credits and offsets, such as Certified Emissions Reduction credits (“CERs”) and Renewable Energy Certificates or Credits (“RECs”). These credits and offsets can be bought and sold to other companies, and when fungible, to other countries, in lieu of the expense of retrofitting reduction projects of their own. Another example is where countries have implemented legislated environmental opportunities, such as renewable energy incentives or mitigation banking. The investments in environmental markets may include forwards, as well as exchange traded products such as futures and options, or even hedging strategies in currency (collectively all such activities and products “Environmental Markets or Environmental Products”).

RNK has also, most recently, developed a unit headed by Dr. Bahman (Ben) Lashkari to develop advisory services for insurance linked securities, such as weather derivatives and structured weather products, catastrophic bonds, industry loss warrants, collateralized risk obligation and other diversified exposures ( collectively “ ILS Markets”). Dr. Lashkari’s many years of experience includes probabilistic risk assessment, industrial and natural hazard analysis, and computer loss modeling.

RNK provides advisory services to several collective investment vehicles. This includes private investment partnerships and foreign investment companies and hedge funds (collectively “Funds” and “Clients”). Fund investors must meet certain financial eligibility criteria or qualifications. The Fund’s respective general partners, officers, managing members or their respective entities, employees, and other materially related persons (collectively “Principals”), as the case may be, are generally categorized as “Affiliates” of RNK, due to their control, being controlled, or under common control or ownership with RNK by one or more of RNK’s Principals (collectively “RNK or Advisor”). RNK provides Funds advisory services through

advisory agreements. RNK and Affiliates, generally, provides advisory and investment management services to the Funds as described below.

### *Funds*

The Funds, in accordance with applicable registration exemptions permitted under the U.S. Securities Act of 1933, as amended (the “Securities Act”), the Investment Company Act of 1940, and the Commodity Exchange or Futures Modernization Acts, are not registered. Some Funds are “Feeder Funds” or partial “Feeder Funds” and may place some or all of their assets, and conduct some or all of their investment and trading activities through a “Master Fund.” Affiliated Limited Liability Companies (“LLC”) serve as “General Partners” to Funds and are responsible for the management of activities and operations of the investments.

The following information is made for general disclosure, as currently all Funds, except as described below, are generally closed to new investors and new investments. Although, certain investors still may be asked for uncalled capital commitments for existing investments, as the case may be.

Investments in Funds may be deemed speculative and are designed for experienced and sophisticated investors who are able to bear the risk of the substantial impairment or loss of the investment. Funds are only offered and sold only to investors who satisfy certain eligibility criteria. Investors may be required to make called contributions, in respect of their subscription commitments. Details concerning applicable “lock-up” restrictions, management fees, performance rates, risk, conflicts of interest, and termination dates are more fully set forth in the respective Funds’ offering documents, memoranda, subscriptions, and materials (collectively “offering material”). To evaluate the merits and risks of Fund strategies and objectives, offering material is made available to prospective investors, so they may consult with their own counsel and accountant for advice, before deciding whether a suitable investment. Fund options, prior notice provisions, consent, and whether it may issue additional classes, shares, tranches, or different offering terms, liquidation and information rights, rights and privileges, and when, if ever, there may be different offering terms are detailed in respective offering material. Redemptions may be made either in cash, in kind, or through a liquidating account mechanism. Other than provided for, in the Funds’ offering materials, generally, an investor may not withdraw or make demands for paid-in capital, until a Fund’s termination date. Funds are generally not redeemable before the Fund’s termination date, unless it is in the Funds best interest to make compulsory redemptions.

A Fund may not be required to invest any amount in any particular percentage or type of investment or region, whether long or short, nor weight different countries or different sectors, all of which can also change at any time. There is no limit to the leverage a Fund may employ. The nature and flexibility of RNK’s and Affiliates advisory and management services, as well as the nature and type of investments, can and does result in RNK and Affiliates having to make judgments, including as to the value of assets, or to have custody of assets, although RNK utilizes qualified independent auditors, valuers, and qualified custodians. Accordingly, though not an exhaustive list, the assets may, at any time, include long or short positions in U.S. or non-U.S. publicly traded or privately issued common stocks, preferred stocks, options, warrants, corporate debt, bonds, loans, trade claims, notes or other debentures or debt participations,

partnership interests, convertible securities, swaps, options, forwards and other derivative instruments. The Funds may buy and sell options and options on futures and may hedge and speculate.

Each variety of onshore and off-shore Fund and the general partners or similar are described (though not exhaustively) herein, in the aggregate as: the Environmental Funds, the Water Funds, the Grey K Funds and its Liquidating Trusts, with a general overview of their material investments and objectives as follows:

*The Environmental Funds:*

The Environmental Funds' investments include structured investments in environmental markets and a diversified portfolio of environmental products, not limited to: RECs, Emission Credits, Verified Emission Reductions ("VERs"), Wetland Mitigation Credits, CERs, Emission Reduction Units ("ERUs"), and European Union Allowances ("EUAs"), and options not traded on an exchange, and futures and options on CERs and EUAs traded and cleared on exchanges.

*The Water Funds:*

The Water Funds are holding two private investments related to the core strategy of water resources related companies.

*Grey K Funds and Trusts:*

Over time, as investors in Funds redeemed on a withdrawal date, from the Grey K Funds which are now winding up, such investors received units ("unit holders") in GKF Trust and GKOF, Ltd ("Liquidating Trusts"). The Liquidating Trusts assets are managed with the intention of liquidating assets over time. The Liquidating Trusts hold indirectly, through participation and contributions, certain (i) RECs, reclaim trading credits, emission credits and certain other environmental assets, and (ii) privately placed unregistered securities, including convertible debt and equity in publicly listed entities (collectively "Liquidating Assets.") Liquidating Assets may have been deemed, by RNK, highly illiquid, due to one, or more, of any variety of factors or market conditions. The Liquidating Funds, generally, do not make new investments, except as may be deemed advisable to manage risk. RNK is the administrator of the Liquidating Trust and provides management services to the Liquidating Trusts. The trustee of the GKF Trust is Donald J. Puglisi. He is not affiliated with RNK.

*RNK (Amber) Syn I, LLC*

RNK (Amber) Syn I, LLC ("Amber Syn") invested in Assigned Amount Units from the Government of the Republic of Latvia. RNK is Amber Syn's managing member. RNK intends to wind up Amber Syn in 2012.

*TAB Environmental LLC,*

TAB Environmental LLC ("TAB") invested in certain environmental products held by the Environmental Funds on a side-by-side basis. An affiliate of RNK is the managing member of TAB.

*C. Tailoring Services and Restrictions*

Advisory services are not tailored or provided directly to any individual, any partner, any unit holders, or shareholders ("investor(s)"), as the case may be, in any Fund. Advisory services are

contracted for under the terms and restrictions set forth in each Funds' offering material, not at the request or need of any investor(s) in the Funds. Funds' offering materials provide for the Advisor and Affiliates to have flexible discretionary authority over the advisory and management services. Advisor and Affiliates may formulate investment objectives, direct and manage investments, as well as reinvestment of the proceeds, if any, manage the affairs, and operations of the Funds, subject only to any specific and express limitations in its respective offering material. RNK will not provide advice on whether an investment is suitable for an investor.

#### *D. Wrap Fee Programs*

RNK does not participate in wrap fee programs.

#### *E. Client Assets*

As of September 30, 2011 RNK and affiliates managed approximately \$478 million of assets under management on a discretionary basis.

## **5. Fees and Compensation**

#### *A. General Description*

Notwithstanding anything to the contrary in the Funds offering material, there is no assurance as to when, either in part or in its entirety, investor capital will be invested by Advisor. Under the terms of any respective management agreement Fees and compensation are derived and paid in the following ways.

Primarily there are two ways that fees and compensation are derived (i) in the form of management fees ("management fees") charged for advisory services and (ii) compensation or equity allocations through a performance-based fees ("incentive fees"). Both management and incentive fees (collectively "Fees") are, generally, earned side-by-side. Fees are normally fixed to each Fund and generally not negotiated with Fund investors, although there have been instances where Fees were negotiated in the past. Fees may differ as a result of many things, including differences in the structures of Funds, and tax or legal considerations.

RNK fees generally consist of a "Management Fee" of 2% (per annum) of assets under management, in advance of each calendar quarter that RNK would perform such services. Management Fees, billed in advance on contributions made on a date other than the first day of a calendar quarter, may be subject to proportional prorating for the number of days remaining in that quarter. Should a withdrawal occur on any date other than the last day of the calendar quarter, the respective Management Fees previously paid, are subject to being proportionally prorated for the number of days elapsed prior to the withdrawal, so as to have any unearned portion refunded to investors.

Incentive Fees are fixed in the Funds' offering material and are calculated as a percentage of "net new profits," subject to a "high water mark."

#### *Environmental Funds*

Environmental Funds incur Management Fees, and Incentive Fees in accordance with their respective Agreements. Herein is an example of how the net income or losses are realized upon the sale of an investment and the manner in which it may generally be distributed:

- (i) First, 100% to investors in proportion to capital contributions until receiving aggregate cumulative cash distributions equal to the amount of the aggregate capital contributions used to fund the disposed investment and all previously sold or disposed investments and pay all of such investors' capital contributions to fund expenses incurred by Fund which the General Partner determines are directly related to the disposed investments; and
- (ii) second, 85% to investors in proportion to the aggregate capital contributions and 15 % to the General Partner, which is payable to the General Partner via a performance allocation of capital, until such time as each investor has received a cumulative annual compounded return on its aggregate investment equal to 20%; and
- (iii) thereafter, 60% to investors in proportion to their aggregate capital contributions and 40 % to the General Partner, which is payable to the General Partner via a performance allocation of the capital.

The aggregate amount distributable to the General Partner pursuant to clauses (ii) and (iii) above may be referred to as the "Performance Allocation". Pursuant to the offering materials, Fund Affiliates, in their discretion, may have the ability to waive or modify the amount of the Performance Allocation to be charged to particular investors.

*Grey K Funds and Trusts:*

The Liquidating Fund and its unit holders are not subject to any Management fees or Performance-based Fees.

*Water Funds*

Currently the Water Funds are not accepting new investors and hold only two private investments. RNK may, however, seek to raise, in the Water Fund, any necessary additional capital for these existing private investments. The Fund pays Management and Incentive fees respectively to the Advisor and General Partner.

*RNK (Amber) Syn I, LLC*

RNK, as the managing member, is entitled to a % of carried interest (incentive fee) in the Fund's profits after investors have received 100% return on their investment. Purchase and sale transactions (including swaps) that may be effected between Amber Syn, and an RNK Affiliate account is subject to compliance with applicable laws and guidelines and no extraordinary brokerage commissions or fees (i.e., except for customary transfer fees or commissions) or other remuneration is charged in connection with such transaction.

*TAB Environmental LLC*

Currently TAB is not currently subject to a management fee, although the affiliated managing member Tab Environmental Manager is entitled to a % of any carried interest.



### *B. Deductions*

Fees and expenses are deducted directly from Fund accounts. Proceeds derived, by the Fund, from dispositions, are generally distributed less any amounts that are considered prudent to satisfy anticipated future capital calls and to meet the future expenses and any and all debts, liabilities and obligations of the Funds.

### *C. Other Fees*

Investors are referred to the Funds' respective offering material to review all possible fees, compensation, and expenses to be paid by the Funds. Generally, in addition to Management and Incentive Fees, investors bear indirectly the fees and expenses charged to the Funds. The annual expenses of the Funds will be set forth in each Fund's audited annual financial statements, which will be provided to all investors. Those expenses vary, but typically include, but are not limited to the following: legal, accounting (including third-party accounting services), auditing and other professional expenses, administration fees and expenses, research expenses (including research-related travel which includes travel, hotel, dining and conference costs), investment expenses such as commissions, custodial fees, bank service fees, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, and other expenses related to the purchase, sale, or transmittal of assets, such as brokerage fees (see section on brokerage herein), and other third parties, such as technology providers. Expenses will generally be allocated pro rata as applicable to each of the Funds.

### *D. Advance Fees and Refunds of Pre-Paid Fees*

Advisor or Affiliates, in respect of their discretionary capacities, may have the ability to waive and/or rebate any or all of the Fees or costs to any Fund or investor without entitling any other Fund or investor to a similar waiver or rebate.

### *E. Compensation on the sale of securities*

Advisor does not participate in the sale of securities for compensation, commissions, or mark-ups.

## **6. Performance Based Fees and Side-by-Side Management**

As previously set forth in the Fees and Compensation section above, Affiliates charge Performance Fees that are calculated as an incentive. The Incentive Fee is based upon a pro-rata share of capital gains or capital appreciation in investors' assets from the Fund performance. Performance-based compensation may create an incentive for RNK and Affiliates to make more speculative investments, than it would otherwise make in the absence of such performance-based compensation. The Incentive (performance) Fee is based on realized gains. Compensation arrangements where RNK or Affiliates receive fees based on a share of capital gains or capital appreciation must comply with the requirements of the Investment Advisers Act of 1940<sup>1</sup>, and as amended (the "Advisers Act").

---

<sup>1</sup>E.g. Rule 205-3

## **7. Types of Clients**

As previously set forth above, RNK provides investment advisory services to private pooled investment vehicles (Funds) offered to investors on a private placement basis. The investment vehicles may be structured as onshore and offshore limited partnerships, limited liability companies, or other types of U.S. and non-U.S. entities. Interests in the investment vehicles are offered and sold exclusively to investors satisfying the applicable eligibility criteria set forth in each Fund offering material, either in private transactions within the United States, or in offshore transactions. Typically investors are institutions, funds, high net worth individuals, and others who are so qualified.

### *A. Requirements and Restrictions on Opening and Maintaining an Account*

Details concerning applicable investor subscription or member eligibility criteria are set forth in the respective Funds' offering materials, and as may be amended. Investor eligibility criteria examples include being a "qualified purchaser" as defined in the Advisor Act, or being a "non-U.S. person" as defined in Regulation S under the Securities Act. Although RNK has the authority, subject to the approval of the relevant Fund's Board of Directors or General Partner (as the case may be), to accept subscriptions for lesser amounts, the minimum investment in Funds is generally \$1 million.

Investor withdrawals from the Funds and transfers of investor interests are restricted as discussed above. The prior written consent of management of the Funds is required for a transfer of any interest by an investor. Because of the restrictions on withdrawals and transfers, an investment in the Funds is a relatively illiquid investment and involves a high degree of risk. An investment in the Funds should be considered only by those who can understand the risks, are financially able to maintain their investment, and can risk the loss of all of their investment.

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

### *A. Strategies and Analysis*

Fund strategies focus on making diverse worldwide investments in products and markets previously described above under each of the Funds general overview. The Advisor may invest on behalf of the Funds' in assets, debt, other financial instruments of issuers and commodities located outside the U.S. as well. The Advisor invests a substantial portion of the Funds' assets in projects that generate environmental instruments such as credits, certificates, and allowances. Environmental markets are early or emerging in development and are highly illiquid. The Funds generally invest in:

- Kyoto compliant project-based carbon credits;
- US-based sulfur, NO<sub>x</sub>, Renewable Energy Certificates, North American Criteria Pollutant Markets and regional pollutants markets;
- US Voluntary Carbon Market, EU Emissions Trading Scheme;
- Other emerging emissions and environmental compliance markets; and
- Water strategies and utilities

The Funds', generally, follow various investment philosophies primarily for expected growth, capital appreciation, or in pricing inefficiencies, in emerging markets. Funds' vary in their investment objectives, strategy, type, form, function, and return, so there is no standardized one size fits all Advisory method, analysis, process, or report. As previously discussed, the Advisor and Affiliates have flexibility to invest in other strategies from time-to-time as well. A variety of different processes may or may not, in the Advisors opinion, be necessary or appropriate at any given time. However, methods of analysis generally include research memos summarizing the opportunity, background, disclosure information, or financial information and models. Advisory personnel, who are responsible for the respective investment, maintain associated files. The Advisor may subjectively determine whether more or less diligence is required or necessary as well. Ad hoc analysis may be used, since many investment strategies are in emerging areas that are highly speculative and illiquid and the Advisor may be deemed the best or only source of research information. Advisor may also hold ad hoc meetings, as deemed necessary, to discuss issues such as investment ideas and strategies, economic developments, and current events that may impact the Fund's holdings. The Advisor may rely solely on opinions, even as to the complexity of availability or reasonableness of gathering and obtaining information.

#### *Risks of Loss*

All investing involves a risk of loss, including risk of losing the entire investment. No guarantee or representation is made that the investment will be successful. Investment involves, without limitation, risks associated with limited diversification and concentration, leverage, investments in speculative assets and the use of speculative investment strategies, valuations, and techniques; interest rates, currencies, volatility, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, systems risks and other risks inherent in Limited Liability Companies, Corporations and Partnership's activities. Certain investment techniques (*e.g.*, use of direct leverage or indirectly through leveraged investments) can, in certain circumstances, magnify the impact of adverse market moves to which the investment may be subject. In addition, the investments may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where invested.

The methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not be available, or may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

The Funds, in particular, are speculative and involve a high degree of risk. Performance could, and has, been hurt by a number of different market risks including but not limited to the following:

#### *Material Risks*

Investing in one or more global investment Funds has its own inherent risks. These risks can include the lack of withdrawal and transfer rights, counterparty and custodial risk, lack of liquidity of Fund assets, lack of diversification, estimated valuation, risk of default or bankruptcy of third parties, concentration risk, currency risk, limited operating history, investment and trading risks, competition, trade and execution risk, technological error and failure, special

situations, and risks inherent to relying on third-party involvement. Investors should familiarize themselves of these risks and refer to each of the Funds' offering materials for specific information. The risks herein are not exhaustive, a full description of risks is provided in Fund offering material:

Investment strategies entail all the risks associated with an investment in underlying portfolio businesses, which may be without any successful operating history. The Advisor and Affiliates will not always have day-to-day control over any company in which it invests in, in behalf of the Funds. The success of investments is significantly dependent upon the ability of portfolio businesses to develop and effectively implement business strategies. Risk includes reliance on company managers to execute business strategies. There can be no assurance that any employee or skilled professional that its success is contingent upon will continue to be associated with these business for the term of the Funds investment.

In addition to business uncertainties, such investments may be adversely affected by political, social, and economic uncertainty, affecting one or many countries or regions. Funds may be subject to additional and collateral risks, which include possible seizure or nationalization of non-U.S. deposits and possible adoption of governmental restrictions which might adversely affect the payment of principal and interest to investors.

Investments may be vulnerable to factors affecting the environmental markets, such as increasing regulation by both U.S. and non-U.S. governments in energy or natural resources, changes in incentives for conservation or mitigation and even complete abandonment of such efforts. Environmental markets face risks such as adverse changes in regulations or conditions related to interest rate and currency fluctuations, general economic downturns, political situations, market competition, and other factors.

Environmental markets are generally in the early or emerging stage of their development and investments in such Environmental Assets may not trade in, or have, an active market and are typically highly illiquid and subject to a variety of risks. The market for environmental instruments such as credits and certificates may not be organized and is generally "thin" or illiquid, making purchase or sale of such as an investment at desired prices or desired quantities difficult or impossible. Furthermore, little to no uniform standards or information may exist regarding the monitoring, verification, valuation, and trade documentation of environmental instruments, products, and markets.

Funds are subject to a variety of business risk, in the conduct of its operations, to the extent that assets held by the Funds are held indirectly by mean of participation; such assets may be subject to the credit risk of the Fund. The maximum exposure relating to these assets is unknown and could involve future claims be made against a Fund, that has not yet occurred.

Advisory services present risks as well. Reliance on Advisor's ability to choose an appropriate target business, to either conduct due diligence, or monitor due diligence conducted by others, and to negotiate favorable prices are all some such types of risks. Advisory personnel may divide their time to one or more Fund or Affiliate. There can be no assurance that skilled professionals will continue to be associated with the Advisor or an Affiliate. There also can be no assurance of

success in applying discretionary strategies or in the approach towards an investment objective. Past performance is never an indicator of future performance.

#### *B. Unusual Risks*

Environmental Markets and Products are relatively new and highly illiquid and there is no way to know whether Environmental Markets or Products will ever achieve the Funds' objective for growth. The Advisor may utilize stop losses, options strategies and exotic derivatives to minimize risk and limit loss for the Funds', though such products and strategies have their own inherent risk as well. The Funds may permit the Advisor to employ leverage by selling financial instruments short, purchasing financial instruments or assets on margin, and by using options, futures, swaps and other inherently leveraged instruments, amongst other approaches. The use of leverage can, in certain circumstances, substantially increase the risks and the losses to which the Funds' may be subject. Position size and concentration, or availability to size and concentration may not be available or even ascertainable; alternatively, concentration may result or may be necessary or desirable. In addition, the Advisor may need to make ad hoc decisions and values may be based on assumptions and opinions in the absence of quoted market prices or other information. Additional steps, by the Advisor and affiliates, may, but not always, include full or partial corporate guarantees and insurance.

## **9. Disciplinary Information**

Neither RNK, or its employees, have, in the past 10 years, been involved in any domestic or foreign criminal, civil, administrative, or disciplinary events or proceedings that would be material to a client's evaluation of the company or its personnel, nor does it, similarly, have anything pending.

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

#### *A. Broker Dealer Affiliations*

Neither RNK, the General Partners, their employees, or affiliates are registered as a broker-dealer or as a registered representative of broker-dealers.

#### *B. Commodity Pool Operator and Commodity Trading Advisor*

The Advisor, Affiliates, and Funds have filed notice with the NFA to operate pursuant to eligible exemptions from registration as commodity trading advisors and commodity pool operators, as may be the case. Recent changes indicate such exemptions are to be rescinded or modified. In such case action will be taken, as necessary, to come into compliance and register or seek alternative eligible exemptions.

#### *C. Relationships and Conflicts of Interest*

RNK has established a code of ethical conduct and policies and procedures to monitor and endeavor to resolve conflicts of interest, in a manner it deems equitable, to the extent possible under the prevailing facts and circumstances. Risks of conflicts may include but are not limited to cross trades, principal trades, recommending investments that are beneficial to RNK and Affiliates, or that may take precedent over the objectives of Funds. These conflicts may arise in providing management or advisory services, as well as instances subject to the influence of the

Advisor. RNK has the following material relationships and affiliations that may share office space and resources and whose Principals may dedicate time, efforts, and services that potentially could conflict:

*Common Ownership*

The Environmental, Water, and Grey K Fund's General Partners and Managing Members are Affiliates of RNK, through common ownership and control. Though Affiliates are not separately registered with the SEC, their investment advisory services are subject to the Advisers Act, and the rules promulgated there under. In addition, Affiliates are subject to the supervision and control of the Advisor. Thus, Affiliates would be "persons associated with" the registered investment adviser, under the Advisers Act.

*Fanmoe LLC:*

Fanmoe LLC was organized to engage the special purpose acquisition company; Global Development Acquisition Corp. It and RNK are under the common control of Robert Koltun who may dedicate time and effort to its goals.

*RNK AAU LLC:*

RNK AAU LLC was organized to transact in Assigned Amount Units from the Government of the Republic of Latvia. Such transactions may include purchase and sales (including swaps) which may be effected with other Clients and third parties

*TAB Environmental Manager LLC ("TAB"):*

TAB is the managing member of TAB Environmental LLC. RNK is its sole member.

*Sunray Power Group of companies (collectively "Sunray"):*

Sunray was organized as an operating company in solar energy installation projects. Projects may result in the generation of Solar Renewable Energy Credits ("SRECs"). Sunray shares office space with RNK, whose principals are invested and may dedicate efforts towards its objectives.

*Walk On Solar Energy LLC:*

Walk on Solar Energy LLC was organized to participate in proprietary buying or selling of SRECs. Its sole member is Robert Koltun.

*D. Material outside Business Arrangements*

Advisor does not have any outside advisory relationships and which could potentially create material conflicts of interest other than set forth above. For example, RNK does not select outside investment advisers for its Fund Clients for direct or indirect compensation.

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

Potential and actual conflicts of interest can arise from the flexibility of advisory and management services of RNK and its Affiliates, as has been described herein. Advisor endeavors to resolve all conflicts in a manner it deems equitable, to the extent possible, under the prevailing

facts and circumstances. Advisor has established policies and procedures to monitor and aid in resolve conflicts of interests. The code of ethical conduct required is generally described below:

*A. Code of Ethics*

RNK permits its employees to engage in personal securities transactions on a limited basis. To address and actual and potential conflicts of interest involving personal trades, RNK has adopted a Code of Ethics (“Code”), which includes formal insider trading, information barriers, and personal security transaction policies and procedures. RNK’s Code requires, among other things, that its employees:

1. Place client interests ahead of RNK’s,
2. Engage in personal investing that is in full compliance with the Code,
3. Avoid taking advantage of their position, and
4. Maintain full compliance with applicable federal securities laws.

RNK also requires employees to: (1) pre-clear certain personal securities transactions, (2) report personal securities transactions on at least a quarterly basis, and (3) provide RNK with a detailed summary of holdings (both initially upon commencement of employment and annually thereafter) over which the employee has a direct or indirect beneficial interest.

A copy of RNK’s Code shall be provided to any investor or prospective investor upon request.

*B. Participation and Interests in Client Investments*

RNK and Affiliates, in a variety of circumstances, have material financial interests and participate in transactions with investors in the following ways:

1. RNK and Affiliates may serve as the General Partner, investment manager and/or investment adviser to the Funds. RNK Affiliates will generally have a material investment in the Funds. Therefore RNK is considered to participate in transactions effected for the Funds.
2. RNK and Affiliates benefit from investments in the Funds, because they receive compensation, including management and incentive fees.
3. RNK may give advice or take action with respect to the investments of one or more Clients that may not be given or taken with respect to other Clients with similar investment programs, objectives, and strategies. Accordingly, Funds with similar strategies may not hold the same securities or instruments or achieve the same performance.

*C. Similar or Related Investments*

Funds may have similar investments to other Funds. Affiliates may have similar investments as Clients, including investing in related Funds. Affiliates may have investments in some Funds, but not in others, and may have different levels of investments in the various Funds. Therefore, risk of conflicts include, but are not limited to, front running, recommending investments that are beneficial to Affiliates or that may take precedent over the objectives of other Clients. Such conflicts may generally be addressed in a manner Advisor deems equitable, for example, by placing Clients interest ahead of Affiliates where possible.

#### *D. Cross Sales or Principal Investments*

Affiliates and investors that have similar investments and invest in several related Funds, and Funds that have similar investments, as other Funds, have the potential risk of participating in cross-transactions or principal transactions. Advisor may, in its discretion, deem such to be an appropriate investment and transaction, and may address concerns of such conflict through disclosure and, if necessary, seek consent, before entering into such a transaction.

## **12. Brokerage Practices**

#### *A. Broker Selections*

Advisors have an obligation to seek the best price and best execution of Clients' transactions as part of its fiduciary duties. RNK negotiates compensation where it is in a position to direct brokerage transactions. RNK may take the following factors under consideration, as applicable, when seeking best executions: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker-dealer; (iv) the quality, comprehensiveness and frequency of available research services considered to be of value to the Advisor, in behalf of Clients; (v) the value of brokerage services over and above trade execution provided to Advisor, in behalf of Clients; and (vi) the competitiveness of commission rates in comparison with other broker-dealers satisfying Advisor's other selection criteria.

RNK has established policies and procedures for periodic reviews of the quality of broker/dealer executions. Such procedures may include contemporaneous reviews performed as part of an employee's normal duties and formal committee review meetings.

#### *Research and Soft Dollar*

Advisor does not seek to obtain products, research, or services, from brokers and intermediaries other than transactional services. Advisor does not participate in any soft dollar arrangements or receive research not available to other institutional investors. Outside of routinely available research, RNK's policy is to bear the cost of research it receives and it does not direct trading activity, in lieu of payments for research or other services. Any research received from brokers and dealers will supplement Advisor's research efforts.

#### *Client Referrals*

RNK does not consider Client referrals in selecting or recommending broker-dealers.

#### *Directed Brokerage*

RNK has discretionary authority to manage the Funds' assets, including authority to make decisions with respect to which assets are bought or sold and as to what amount and what price to bid or ask for assets. Discretionary flexibility extends to markets in securities, commodities and other products, as well as which brokers or dealers will be used in any transaction, and how



commissions or markups and markdowns will be paid. RNK's authority over Client accounts are governed by its policies and procedures and each Fund's offering materials. RNK may routinely utilize specific brokers-dealers, although RNK negotiates with broker-dealers to obtain one uniformly low rate.

#### *B. Trade Aggregation and Practices*

Advisor may simultaneously aggregate Client transactions with those of other Clients, if Advisor believes aggregation is reasonably likely to benefit Clients. This may be based on Advisors belief or evaluation that Clients may benefit through better execution prices, lower commission expenses, better liquidity, or other factors. Each Client will share proportionately in the commission and proceeds of aggregate orders. If Advisor does not aggregate transactions, competing orders may present conflicts as to which orders should be entered first. Timing order differently can result in some Clients receiving better execution than others.

#### *Trade Allocation*

It is the policy of Advisor to allocate investment opportunities fairly and equitably over a period of time. Advisor attempts to ensure that allocations do not involve a practice of favoring or discriminating against any Client, through such a policy. Account performance is never a factor in trade allocations. Advisor, however, will have no obligation to purchase, sell, or exchange any security or financial instrument, for Clients, if Advisor believes, in good faith at the time the investment decision is made, that such transaction or investment would be unsuitable, impractical, or undesirable, for Client(s). In making allocation decisions, Advisor, generally, may consider the following factors, among others: objectives and restrictions of the Funds; account size, cash availability, and any other relevant factors.

#### *Cross Trades*

Advisor may arrange infrequent transactions between the Funds, in which one Fund buys a security from, or sells a security to, the account of another Fund ("cross trade"). No accounts subject to ERISA with less than \$100 million in assets may be included in any cross trade. Upon the belief of Advisor that its Funds will benefit from such a transaction, it only engages in such transactions after determining that such securities are suitable and appropriate for each participating Fund. RNK receives no compensation (other than its advisory fee), directly or indirectly, for effecting a particular agency cross transaction.

RNK may use an unaffiliated broker/dealer or custodian to cross Environmental Products (futures and options) and/or cash between Fund accounts when such a transaction is proper, necessary and suitable. RNK endeavors to ensure that the compensation paid to broker-dealers to execute transactions is reasonable and commensurate with the level of services being provided.

#### *Trade Errors*

RNK has developed policies and guidelines that endeavor to prevent and correct trade errors. In the event that the Advisor incurs a trade error, as a result of the Advisor's willful misfeasance, bad faith, or gross negligence trade errors are to be (i) corrected by the Advisor as soon as practicable, in a manner such that the Fund incurs no loss and (ii) promptly reported to the Chief Compliance Officer. Trade errors that may result, other than by breach of the standard of care as

stated above, will be borne by the Funds. Broker-dealers may not assume responsibility for trade error losses caused by the Advisor.

## **13. Review of Accounts**

### *A. Frequency*

The Funds' accounts are reviewed regularly by Robert Koltun, Portfolio Manager, with the assistance of RNK's staff.

### *B. Factors*

Reviews are generally designed to look at recent transactions, positions, investment changes or compliance. Reviews may focus on those that materially affect investments such as company fundamentals, industry outlook, market outlook, and price levels, based on the characteristics of the particular product or market.

### *A. Reporting Content*

Investors will receive statements, and valuation reports as well as annual tax reports and audited financial statements concerning their respective Funds within 120 days of the end of the Funds' fiscal year.

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

### *A. Solicitors*

Advisor has entered into solicitor arrangements, whereby it pays compensation to unaffiliated third parties, for investor referrals to the Advisor.

### *B. Compensation*

The arrangements shall have no effect on the gross fee charged to the investor. The amount paid to the solicitor/placement agent is based on point-in-time negotiation and all solicitor/placement agent fees will be fully disclosed to investors who are referred by such entities.

## **15. Custody**

Fund assets are held in the custody by unaffiliated custodians, broker/dealers, and banks. However, primarily due to the nature of the Affiliate relationships as general partners or managing members of the Funds, RNK may be deemed to have custody. Certain assets are held by registries. Investors will not receive statements from the custodian. Instead, the Funds are subject to annual audits and the audited financial statements will be distributed to each investor. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the Funds' fiscal year end. Investors of limited partnerships or other investment vehicles may also receive statements from the Advisor.

## **16. Investment Discretion**

RNK has flexibility and discretion in managing the Funds. This includes the authority to make decisions with respect to what assets are bought and sold, the quantity and cost of those assets,

which broker-dealers to use and to negotiate commissions. RNK's authority is conveyed by Client agreement and in accordance with each Fund's offering material.

## **17. Voting Client Securities**

### *A. Policies*

Substantially all of the assets that the Funds currently invest in do not generate proxy voting obligations. RNK seeks to avoid any direct or indirect conflicts by such voting and generally does not vote proxies on behalf of Funds. In the event proxies ever must be voted, they will be voted in a way that is believed to maximize shareholder value. All conflicts of interest will be resolved in the interests of Funds. A record of all proxy votes cast on behalf of the Funds will be maintained and will be made available for review. Investors should contact RNK's General Counsel or Chief Compliance Officer for information with respect to a specific proxy vote.

## **18. Financial Information**

RNK has never filed for bankruptcy and is not aware of any financial condition, lawsuit or other regulatory action that is expected to materially affect its ability to manage Client accounts. At the direction and under the supervision of RNK, the Environmental Funds and TAB are indirectly involved in arbitration proceedings and related litigation in connection with certain material investments made by such Funds in the Environmental Markets.