

Part 2A of Form ADV: GSI Funds LLC - *Brochure*

Item 1 - Cover Page

March 31, 2011

GSI Funds LLC
303 International Circle, Suite 360
Hunt Valley, Maryland 21030
Phone - (410) 561-0900

This Brochure provides information about the qualifications and business practices of GSI Funds LLC (the "Adviser"). If you have any questions about the contents of this Brochure, please contact us at (410) 561-0900. 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.

GSI Funds LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about GSI Funds LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

GSI FUNDS LLC

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Item 2 - Material Changes

We previously provided a Brochure dated March 31, 2011, the date of our last annual update of our Brochure (the “2011 Brochure”). There have been no material changes to the 2011 Brochure.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide Clients with a summary of such changes.

We will ensure that you receive a summary of any materials changes to this Brochure and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Mr. Todd Snyder, the Adviser’s Chief Compliance Officer at (410) 561-0900 or todd@gsinvestmentgroup.net.

Additional information about the Adviser is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with the Adviser who are registered, or are required to be registered, as investment adviser representatives of the Adviser.

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Item 4 - Advisory Business

- A. GSI Funds LLC (the “Adviser”) is a federally registered investment adviser. The Adviser currently serves as the general partner of, and provides investment supervisory services to a private investment partnership (the “Partnership”). The rights and obligations of the Adviser with respect to the Partnership are set forth in the Partnership’s Agreement of Limited Partnership (as may be amended from time to time, the “Agreement of Limited Partnership”) entered into by and among the Adviser and the investors in the Partnership (the “Limited Partners”).

The principal owners of the Adviser are Mr. David S. Greenberg and Mr. Todd K. Snyder. The Adviser was formed in 2008.

- B. The Adviser provides investment supervisory services to the Partnership which is organized to invest in the Portfolio Funds (as defined below). The Adviser does not currently provide direct investment advice to individuals, banks, thrift institutions, investment companies, pension or profit sharing plans, trusts, estates, charitable organizations or corporations or other business entities. Investors in the Partnership are generally qualified individuals, pension and profit sharing plans, trusts, estates and corporations and other business entities.

The Adviser utilizes a multi-manager, multi-strategy, diversified investment approach on behalf of the Partnership. The Adviser seeks to implement this approach on behalf of the Partnership through investing the majority of the Partnership’s capital, other than cash reserves, with investment managers, all of which will be unaffiliated with the Adviser (the “Portfolio Managers”). Such Portfolio Managers are accessed primarily through investing in private funds operated by such Portfolio Managers (the “Portfolio Funds”). However, the Adviser may, on behalf of the Partnership, also access Portfolio Managers through managed accounts, “structured” securities, derivatives and over-the-counter instruments (which will also be considered “Portfolio Funds” herein). As the general partner of the Partnership and pursuant to the Agreement of Limited Partnership, the Adviser has the authority to determine when to invest or withdraw from a Portfolio Fund and the amount of such investment or withdrawal. A full description of the Partnership’s investment objective and strategy is set forth in the Partnership’s Confidential Private Placement Memorandum which will be delivered to prospective investors.

The services provided by the Adviser to the Partnership include, among others: (1) sourcing and screening prospective Portfolio Managers; (2) conducting due diligence with respect to such Portfolio Managers and the relevant Portfolio Funds; (3) constructing the Partnership’s portfolio through allocation and reallocation of assets among Portfolio Funds; and (4) ongoing evaluation of investment strategies and Portfolio Funds, their methods and their performance. Although the Adviser does not currently intend to do so, it may, in its discretion, engage in various hedging activities in an attempt to reduce the Partnership’s market exposure in certain areas. Such activities may include, but are not limited to, direct long or short positions in a broad range of securities such as U.S. or non-U.S. publicly traded or privately issued or negotiated common stocks, preferred stocks, stock warrants and rights or options on the foregoing. The advice of the Adviser is limited to advisory services discussed above.

Item 4 – Advisory Business (continued)

- C. The Adviser may establish other investment advisory Client relationships and investment vehicles that utilize investment programs similar to the investment program utilized by the Adviser for the Partnership. In such instances, the Adviser will tailor its advisory services with respect to such additional Clients at the Adviser's discretion and based on the individual needs of such Clients. The Adviser will develop investment policy statements that may include certain guidelines and restrictions that the Adviser will comply with when investing such additional Client assets. Currently, the Adviser only provides advisory services to the Partnership.

In addition, the Adviser may alter or waive certain terms of investing in the Partnership for certain investors in the Partnership (including any principal and his family members) and not others, and expects to do so in certain circumstances.

- D. The Adviser does not participate in wrap fee programs.
- E. As of December 31, 2011, the Adviser manages \$58.7 million in discretionary portfolios and \$0.00 in non-discretionary portfolios.

Item 5 - Fees and Compensation

- A. Pursuant to the Agreement of Limited Partnership, Limited Partners' capital accounts are subject to being assessed a management fee (the "Management Fee") payable in advance on the first day of each calendar quarter, in an amount equal to 0.25% (1% per annum) of the "Net Asset Value" (defined as the value of all assets of the Partnership less all liabilities of the Partnership as of the close of business on the relevant valuation date) of each such capital account (prior to deduction for the Management Fee being calculated and any Profit Allocation (as defined below) not yet made but after deduction for all other Partnership expenses). The Management Fee is pro-rated in respect of intra-quarter capital contributions and withdrawals.

In addition, as of each December 31, there is reallocated (the "Profit Allocation") from each of Limited Partner's capital account 10% of the amount, if any, by which the Net Asset Value of such capital account as of such December 31 (prior to any accrued Management Fee and the Profit Allocation being calculated) exceeds the greater of (i) the highest Net Asset Value of such capital account as of any preceding December 31 (after the Profit Allocation then made) or (ii) the capital contribution attributable to such capital account. Profit Allocations are made with respect to each capital account attributable to a Limited Partner, a new capital account being established for each capital contribution made by a Limited Partner. Therefore, certain of a Limited Partner's capital accounts may be subject to a Profit Allocation despite the fact that the value of the Limited Partner's investment in the Partnership overall has decreased in value over the same period. Profit Allocations are also made as of the date of each withdrawal in respect of the amounts withdrawn.

The Adviser is authorized to waive part or all of the Management Fee or Profit Allocation in respect of certain Limited Partners (including any principal and his family members) and not others, and expects to do so in certain cases.

Management fees paid by Clients are negotiable, and will depend upon the type and size of the account and the specific investment strategy employed.

- B. The Management Fees and Profit Allocation for the Adviser's Clients are deducted and paid directly from the fund's assets.

Management Fees are payable in advance on the first day of each calendar quarter. Profit Allocations are made as of December 31 of each year and as of the date of each withdrawal in respect of the amounts withdrawn.

- C. With respect to the Adviser's private fund Client, the Partnership bears all of its own direct investment expenses, including interest, brokerage and other transactional charges, commitment fees, insurance, the due diligence expenses and costs (including travel) associated with the review of the prospective Portfolio Funds and all other investment opportunities for the Partnership as well as the expenses of the ongoing monitoring of Portfolio Fund investments. In addition, the Partnership bears its direct accounting, audit, legal, administration (including the fees of the Administrator, as defined below), printing and filing fees and expenses and other operating expenses. The Partnership does not bear any of the Adviser's overhead expenses, except as otherwise described herein.

Item 5 – Fees and Compensation (continued)

The Partnership's administrative and operating expenses are in addition to (i) the Management Fees and Profit Allocation (if any) paid or made by the Partnership to the Adviser (see below), and (ii) the compensation paid to the Portfolio Managers in respect of the Partnership's investments and the Partnership's share of any Portfolio Funds' expenses (including the fees and expenses of the underlying funds of any "funds of funds" in which the Partnership invests). Certain of the strategies which the Portfolio Funds implement incur higher transaction costs than most conventional investment methods. The compensation earned by the Portfolio Managers may involve both fixed fees based on the value of the respective Portfolio Funds' assets (including the Partnership's investment) (generally from 1% to 2% per annum) and allocations based on the profits generated by such Portfolio Fund (generally 0% to 30% of such profits, calculated quarterly or annually).

The Partnership may borrow from time to time, although doing so will generally be limited to paying expenses and providing liquidity for investments and withdrawals. The Partnership will incur interest and other costs in doing so (as well as generate "unrelated business taxable income" for tax-exempt investors). The Adviser will limit the Partnership's borrowing to no more than 20% of its estimated Net Asset Value at the time that any such borrowing is made.

If the Partnership uses selling or placement agents to market the limited partnership interests in the Partnership ("Interests"), Limited Partners introduced by such selling or placement agents may be subject to placement and/or referral fees (both initial and ongoing) to persons who introduce such Limited Partners. All affected investors will be informed of any such fees applicable to their subscriptions prior to their subscribing for an Interest. The Adviser may also compensate persons who introduce investors out of its own resources, including by sharing a portion of its Management Fees and/or the Profit Allocation with such selling or placement agents.

In addition, the Adviser may use "soft" or commission dollars to pay for various products or services, for the benefit of the Adviser or the fund. Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)") provides a "safe harbor" to investment managers who direct their trading to particular brokers, in effect exchanging a portion of the commission revenue generated by their accounts for investment research and related services. Various Portfolio Managers and the Adviser may not conform to the safe harbor of Section 28(e). The Adviser is specifically authorized to direct, and consent to Portfolio Managers directing, brokerage to firms which furnish or pay for quotation and/or electronic office equipment, recordkeeping and clerical services, office space, data, research and travel and entertainment expenses or similar expenses utilized or incurred by the Adviser or such Portfolio Managers, whether or not the terms on which the foregoing are provided conform to the restrictions of Section 28(e).

Currently, the Adviser does not maintain any trading accounts and does not use "soft" dollars.

Please refer to Item 12, Brokerage Practices, for more information.

Item 5 – Fees and Compensation (continued)

- D. As stated above, Management Fees are payable in advance on the first day of each calendar quarter. The Management Fee is pro-rated in respect of any intra-quarter capital contributions and withdrawals.
- E. Other than as described above, neither the Adviser nor any of its supervised persons receives any compensation from the sale of securities or other investment products.

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

As stated in Item 5 above, with respect to the Partnership, Profit Allocations are made as of December 31 of each year and as of the date of each withdrawal in respect of the amounts withdrawn. Profit Allocations of the Partnership are subject to Section 205(a)(1) of the Investment Advisors Act of 1940 in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring an investor's assets for the calculation of performance-based fees, the Adviser includes realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for the Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

Currently, the Adviser only provides advisory services to the Partnership. As such, the Adviser does not have any side-by-side management relationships to the Partnership.

Item 7 - Types of Clients

As mentioned in Item 4, the Adviser provides investment supervisory services to the Partnership which is organized to invest in the Portfolio Funds. The Adviser does not currently provide direct investment advice to individuals, banks, thrift institutions, investment companies, pension or profit sharing plans, trusts, estates, charitable organizations or corporations or other business entities.

The minimum investment by an investor in the Partnership is \$500,000, unless waived by the Adviser, in its sole discretion.

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

- A. The Adviser utilizes a multi-manager, multi-strategy, diversified investment approach on behalf of the Partnership with the objective of producing consistent capital appreciation while minimizing downside volatility. The investment approach includes: (1) sourcing and screening prospective Portfolio Managers; (2) conducting due diligence with respect to such Portfolio Managers and the relevant Portfolio Funds; (3) constructing the Partnership's portfolio through allocation and reallocation of assets among Portfolio Funds; and (4) ongoing evaluation of investment strategies and Portfolio Funds, their methods and their performance.

The Adviser identifies, evaluates and selects the investment strategies of the Portfolio Funds based on many factors. Among the various strategies and instruments to be utilized by the Portfolio Funds are (listed without order of priority and without limitation): hedged equities; regional international equities; U.S. and non-U.S. market sector investments; single country international equities; distressed debt; risk arbitrage; convertible bond and warrant arbitrage; short-selling; high yield bonds; opportunistic trading; fixed income arbitrage; international bond investing; international money market investing; non-U.S. currencies; futures and forward contracts; commodities; private loans; funds of funds investments; trade debt; and bank claims.

The Adviser believes that a successful "fund of funds" strategy involves identifying excellent investment opportunities as well as appropriate investment vehicles. The Adviser utilizes, among other things, contacts within the investment industry and the information flow that comes from reviewing numerous prospective Portfolio Funds to assist it in determining the attractiveness of investment opportunities and their appropriate weighting in the Partnership's portfolio. Once an attractive investment opportunity is identified, available investment vehicles are reviewed to determine which, if any, provides the most attractive investment risk and return profile for the desired exposure. This review includes analyzing available alternatives including, but not limited to, private funds and, in limited circumstances, managed accounts, "structured" securities, derivatives and over-the-counter instruments. In determining the optimal investment vehicle, the Adviser considers the management and performance fees that might be expected to be paid over the life of the investment as well as probable return profiles. While the Adviser generally favors investments in private partnerships or limited liability companies, other types of investment vehicles may become more attractive and, if so, may be used by the Partnership.

The Adviser may use databases, professional contacts, research reports, information provided by the Portfolio Managers and other sources to identify potential Portfolio Funds for investment. Prior to the Partnership investing in a Portfolio Fund, the Adviser performs a due diligence review of such Portfolio Fund, which may include, without limitation: (i) a review and analysis of the Portfolio Fund's prior performance; (ii) a review of the Portfolio Fund's offering documents, due diligence questionnaires, financial statements and presentation materials, including, but not limited to, a consideration of investor withdrawal rights, the fees charged to investors, reports provided to investors and other material items; (iii) an analysis of the Portfolio Fund's risk management procedures, both in general and as compared to other Portfolio Funds with similar investment objectives and strategies; (iv) a consideration of the quality of the management team, including, but not limited to, conducting interviews with the Portfolio Managers and other members of such team; (v) a review of the trading and

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss (continued)

operations processes and functions; and (vi) an assessment of whether the Partnership should invest in the Portfolio Fund based on such Portfolio Fund's investments and goals.

The Adviser believes that one of its strengths in selecting Portfolio Funds is the quality of the due diligence it performs on all serious investment candidates. The Adviser performs in-depth analyses in evaluating and selecting Portfolio Funds for the Partnership. The Adviser may consider a variety of the following factors, as well as many others, in the selection of Portfolio Funds: past performance during favorable and unfavorable market conditions; diversification characteristics in relation to other Portfolio Funds; total assets under management; overall integrity and reputation of the Portfolio Manager and its personnel; fees charged; the extent of use of leverage by the Portfolio Fund; risk management and controls used by the Portfolio Fund; Portfolio Managers' experience; and extent of hedging activity.

The actual processes for selecting and monitoring Portfolio Funds are, however, dynamic and may vary over time.

A full description of the Partnership's investment objective and strategy is set forth in the Partnership's Confidential Private Placement Memorandum which will be delivered to prospective investors.

Investing in securities involves the risk of loss, which Clients should be prepared to bear.

- B. Below is a summary of the material risks for the significant investment strategy and methods of analysis used by the Advisor.

For a more complete description of the material risks for the significant investment strategy and methods of analysis used by the Advisor, investors should refer to the Partnership's Confidential Private Placement Memorandum.

General Risks

The Adviser's multi-strategy, multi-manager investment approach is subject to three basic investment-related types of risks, namely market risk, strategy risk and manager risk. With respect to market risk, the Adviser's approach is designed to achieve diversification across capital markets (equities, commodities, foreign currencies, listed securities and over-the-counter instruments, across numerous markets) and thus limit the Partnership's exposure to any single market. However, from time to time multiple markets could move in tandem against the Partnership's positions and the Partnership could suffer substantial losses.

Strategy risk is associated with the failure or deterioration of an entire strategy (such that most or all Portfolio Funds in the strategy suffer significant losses). Strategy specific losses can result from excessive concentration by multiple Portfolio Funds in the same investment or broad events that adversely affect particular strategies (e.g., illiquidity within a given market). Although the Adviser intends to select Portfolio Funds that individually and in combination limit investment risk, there can be no assurance that such intent will be realized or that individual Portfolio Funds will not use high-risk strategies.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss (continued)

Manager risk encompasses the possibility of loss due to Portfolio Manager fraud, intentional or inadvertent deviations from a predefined investment strategy (including excessive concentration, directional investing outside of predefined ranges, excessive leverage or new capital markets) or simply poor judgment.

- C. The Advisor invests with Portfolio Managers through a variety of methods, including by purchasing interests in Portfolio Funds. As a result, these investments have exposure to the material risks associated with the securities in which the Portfolio Managers invest. Below is a discussion of certain material risks relating to specific securities in which the Portfolio Managers may invest. In addition, the Advisor may have direct exposure to the risks discussed below with respect to direct hedging activities.

Short Selling

The Portfolio Funds may engage in the selling of securities short. Short selling exposes the seller to potentially unlimited losses due to the lack of an upper limit on the price to which a security may rise. Also, there can be no assurance that the securities necessary to cover a short position will be available for purchase.

Options

The Portfolio Funds may buy and sell options on securities and stock indices. The writer of a covered call option assumes the risk of a decline in the market price of the underlying security to a level below the purchase price of the underlying security, less the premium received on the call option. The writer of a covered call option also gives up the opportunity for gain on the underlying security above the exercise price of the call. In addition, the writer of a call option that is not covered assumes the additional risk that it will be required to satisfy its obligation to the buyer of the call option by making an open-market purchase of the underlying securities on unfavorable terms. The buyer of a put or call option assumes the risk of losing the premium invested in the option.

Investment in Non-Marketable Securities

While the Portfolio Funds as a group invest primarily in marketable instruments, some Portfolio Funds may invest in non-marketable securities. Such investments could limit the liquidity of the Partnership's investments with such Portfolio Funds. Due to the illiquid nature of these investments, a Portfolio Fund may be unable to predict with confidence what, if any, exit strategy ultimately will be available for any given position. Exit strategies that appear to be viable when an investment is initiated may be unavailable by the time the investment is ready to be realized due to economic, legal, political or other factors.

Debt and Other Fixed Income Securities

Fixed income securities are subject to interest rate, market and credit risk. Interest rate risk relates to changes in a security's value as a result of changes in interest rates generally. Even though such instruments are investments that may promise a stable stream of income, the prices of such securities are inversely affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations. In general, the values of fixed income securities increase when prevailing interest rates fall and decrease when interest rates rise.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss (continued)

Because of the resetting of interest rates, adjustable rate securities are less likely than non-adjustable rate securities of comparable quality and maturity to increase or decrease significantly in value when market interest rates fall or rise, respectively. Market risk relates to the changes in the risk or perceived risk of an issuer, country or region. Credit risk relates to the ability of the issuer to make payments of principal and interest. The values of fixed income securities may be affected by changes in the credit rating or financial condition of the issuing entities. Fixed income securities denominated in non-U.S. currencies are also subject to the risk of a decline in the value of the denominating currency relative to the U.S. dollar.

Convertible Securities

Convertible securities (“Convertibles”) are generally debt securities or preferred stocks that may be converted into common stock. Convertibles typically pay current income as either interest (debt security convertibles) or dividends (preferred stocks). A Convertible’s value usually reflects both the stream of current income payments and the value of the underlying common stock. The market value of a Convertible performs like that of a regular debt security; that is, if market interest rates rise, the value of a Convertible usually falls. Since it is convertible into common stock, the Convertible generally has the same types of market and issuer risk as the underlying common stock. Convertibles that are debt securities are also subject to the normal risks associated with debt securities, such as interest rate risks, credit spread expansion and ultimately default risk, as discussed above. Convertibles are also prone to liquidity risk as demand can dry up periodically, and bid/ask spreads on bonds can widen significantly.

An issuer may be more likely to fail to make regular payments on a Convertible than on its other debt because other debt securities may have a prior claim on the issuer’s assets, particularly if the Convertible is preferred stock. However, Convertibles usually have a claim prior to the issuer’s common stock. In addition, for some Convertibles, the issuer can choose when to convert to common stock, or can “call” (redeem) the Convertible, which may be at times that are disadvantageous for the Partnership. Finally, because convertible arbitrage also involves the short sale of underlying common stock, the strategy is also subject to stock-borrowing risk, which is the risk that a Portfolio Fund may be unable to sustain the short position in the underlying common shares.

Currency Risk

Currency exchange rates may fluctuate significantly over short periods of time. They generally are determined by the forces of supply and demand in the respective markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors, as seen from an international perspective. Currency exchange rates can also be affected unpredictably by intervention by governments or central banks (or the failure to intervene) or by currency controls or political developments. Certain of the investments of the Portfolio Funds, or the Adviser with respect to direct hedging activities, may be in currencies other than the U.S. dollar. Because the Partnership maintains its books and records in U.S. dollars, exchange rate fluctuations may cause the value of these investments to diminish.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss (continued)

Use of Derivatives

The Portfolio Funds, or the Adviser with respect to its direct hedging activities, may use over-the-counter derivative instruments, such as forwards, options and swaps. Such contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. The Portfolio Funds, and therefore the Partnership, will be subject to the risk of the failure of, or the inability or refusal to perform with respect to such contracts by, the principals with which the Portfolio Funds trade. None of the SEC, the CFTC or any banking authority regulates trading in such contracts. The derivatives market is, in general, a relatively new market and there are uncertainties as to how this market will perform during periods of unusual price volatility or instability, market illiquidity or credit distress. The Portfolio Funds could suffer substantial losses from their derivatives holdings in these or other situations.

Suspensions of Trading

Securities or commodities exchanges typically have the right to suspend or limit trading in any instrument traded on the exchanges. A suspension could render it impossible for a Portfolio Fund to liquidate positions and thereby expose the Partnership to losses.

Forward Contracts

The Portfolio Funds may trade forward contracts in currencies on behalf of the Partnership. Such forward contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. None of the SEC, the CFTC or any banking authority regulates trading in such forward contracts. In addition, there is no limitation on the daily price movements of forward contracts traded. In their forward trading, the Portfolio Funds will be subject to the risk of the failure of, or the inability or refusal to perform with respect to their forward contracts by, the counterparties with which the Portfolio Funds trade.

Futures Contracts

Certain Portfolio Funds may trade futures and options on futures contracts. Futures prices can be highly volatile. Because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the investor. Commodity exchanges limit fluctuations in commodity futures contract prices during a single day. During a single trading day no trades may be executed at prices beyond the “daily limit.” Once the price of a futures contract for a particular commodity has increased or decreased by an amount equal to the daily limit, positions in the commodity can be neither taken nor liquidated unless Portfolio Funds are willing to effect trades at or within the limit.

Volatile Markets

The prices of securities and derivative instruments, including futures and options prices, may be volatile. Price movements of securities, forward contracts, futures contracts and other derivative contracts in which Portfolio Funds may invest are influenced by, among other things: interest rates; changing supply and demand relationships; trade, fiscal, monetary and exchange control programs and policies of governments; and U.S. and international political and economic events and policies. In addition, governments from time to time intervene,

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss (continued)

directly and/or by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. Portfolio Funds also are subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses.

Non-U.S. Investments

The Partnership may invest, directly or indirectly through the Portfolio Funds, in investment entities located in or managed from countries other than the United States. Such investments may be subject to greater risk than domestic investments due to various political considerations, U.S. and non-U.S. tax problems, currency controls, the fluctuation of currency exchange rates, the lack of, or different, regulations applicable to such investments as compared to U.S. investments and other factors.

Certain Portfolio Funds may invest in securities of non-U.S. issuers. Non-U.S. investments involve certain special risks, including: (i) political or economic instability; (ii) the unpredictability of international trade patterns; (iii) the possibility of foreign governmental actions such as expropriation, nationalization or confiscatory taxation; (iv) the imposition or modification of currency controls; (v) price volatility; (vi) the imposition of withholding taxes on dividends, interest and gains; and (vii) different bankruptcy laws and practice. As compared to U.S. entities, non-U.S. entities generally disclose less financial and other information publicly and are subject to less stringent and less uniform accounting, auditing and financial reporting standards. Also, it may be more difficult to obtain and enforce legal judgments against non-U.S. entities than against U.S. entities.

Structured Investments

The Partnership may invest with Portfolio Funds through structured notes linked to the performance of a Portfolio Fund or through a swap or other contract paying a return equal to such Portfolio Fund's return. These types of structured investments involve many of the same risks as direct investments in Portfolio Funds. Moreover, structured investments expose the Partnership to the risks associated with derivatives markets, including the risk of counterparty default and liquidity risks.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the adviser or the integrity of adviser's management.

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of the Adviser's advisory services or the integrity of management.

Item 10 - Other Financial Industry Activities and Affiliations

- A. The Adviser is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no employees of the Adviser are registered representatives of a broker-dealer.
- B. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.
- C. The Adviser has no relationships or arrangements with any related person listed in the instructions to Item 10.C. that are material to its advisory business or to its Clients.
- D. The Adviser does not receive compensation from other investment advisers to whom it recommends or selects for its Clients. As discussed above, the Adviser does invest Client assets with other investment advisers. Please refer to Item 8, Methods of Analysis, Investment Strategies and Risk of Loss, for more information concerning the risks associated with these business relationships.

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

- A. The Adviser has established a “Code of Ethics” (“Code”) pursuant to SEC Rule 204A-1. The Code is designed to ensure that all employees are aware of and adhere to the policies and procedures of the Adviser. The purpose of the Code is to identify the ethical and legal framework in which the Adviser and its employees are required to operate and to highlight some of the guiding principles and mechanisms for upholding the Adviser’s standard of business conduct. The description below is summary only, and a complete copy of the Code will be provided to Clients or prospective Clients upon written request.

Fiduciary Duty. The Code is predicated on the principle that the Adviser owes a fiduciary duty to the Partnership. Accordingly, the Adviser’s principals and employees (referred to collectively herein as employees) must avoid activities, interests and relationships that run contrary to the best interests of the Partnership. At all times, the Adviser and its employees must place Partnership interests ahead of the Adviser’s, engage in personal investing that is in full compliance with the Code, avoid taking advantage of their position and maintain full compliance with federal securities laws.

Guiding Principles & Standards of Conduct. All employees, managing members and other members of the Adviser will act with competence, dignity and integrity, in an ethical manner, when dealing with Clients, the public, prospects, third-party service providers and fellow employees.

Personal Securities Transaction Policy. All employees shall comply with the Adviser’s Personal Securities Transaction Policy which is that no employees may invest in any Portfolio Fund or other hedge fund, other than through the Partnership, or otherwise to have a financial interest in any such other vehicle. In addition, certain personal securities transactions, including any acquisition of securities in an initial public offering or private placement, are subject to pre-clearance.

Insider Trading. The Adviser forbids trading, either for oneself or for others, on material, non-public information or communicating material, non-public information to others in violation of the law. This conduct is frequently called “insider trading.” The Adviser’s policy extends to activities within and outside one’s relationship with the Adviser. Individuals who cease to work for the Adviser must continue to maintain the confidentiality of inside and proprietary information learned during their employment.

Serving as Officers, Trustees and/or Directors of Outside Organizations. Adviser employees are prohibited from serving as officers, trustees and/or directors of outside organizations without the prior written approval from the Chief Compliance Officer. Approval will be granted on a case-by-case basis, subject to proper resolution of potential conflicts of interest. Outside activities will be approved only if any conflict of interest issues can be satisfactorily resolved.

Duty to Report Violations. Each employee is required by law to promptly notify the Chief Compliance Officer in the event such employee knows or has reason to believe that such employee or any other employee has violated any provision of the Code.

The Adviser will provide a copy of the Code to any Client or prospective Client upon request.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading (continued)

- B. The Adviser is the general partner of the Partnership, which solicits investment from third party investors. The Partnership is currently the only Client of the Adviser. Neither the Adviser nor any of its related persons recommend to Clients, or buy or sell for Client accounts, securities in which the Adviser or any related persons have a material financial interest.

While not related persons of the Adviser, the Adviser may in the future cause the Partnership to purchase or sell interests in funds managed by Portfolio Managers from or to other Clients or funds advised by the Adviser when the Adviser believes such transactions are appropriate and in the best interests of the Partnership and such other Clients or funds. In the event the Adviser wishes to reduce the investment of one or more such funds in a fund managed by a Portfolio Manager and increase the investment of other funds in such fund, it may effect such transactions by directing the transfer of the interests between funds. The Adviser may also effect such transactions in order to re-balance portfolios and provide better liquidity to the funds involved. Any such purchase and sale will take place at the stated net asset value of the fund being purchased or sold. Any incremental costs and expenses associated with any such investment will be borne by all such classes of such funds (including the Partnership) on a *pro rata* basis. In addition, the Adviser may recommend that the Partnership purchase or sell an investment that is being sold or purchased, respectively, at the same time by another advisory Client. In relation to cross trades and such simultaneous purchases and sales, the Adviser may have a conflict of interest between acting in the best interests of the Partnership and assisting another fund or Client by selling or purchasing a particular fund interest.

- C. Neither the Adviser nor any of its related persons invest in the same or related securities that either the Adviser or its related persons recommend to its Client (e.g. the Partnership). In fact, the Adviser's Code of Ethics provides that no principal or other personnel of the Adviser is permitted to invest in any Portfolio Fund or other hedge fund, other than through the Partnership, or otherwise to have a financial interest in any such other vehicle. The principals of the Adviser, and their families, will have significant investments in the Partnership. In their view, co-investments align their financial interests with that of investors and is therefore a consistency, rather than a conflict, of interest.

While not related persons of the Adviser, the Adviser may in the future have other investment advisory Clients and investment vehicles and will have the discretion to allocate investment opportunities and dispositions fairly among all Clients or vehicles. In such instances, the Adviser may determine that an investment opportunity with a Portfolio Fund is appropriate for a particular fund or account that it manages but not for the Partnership. Situations may arise in which private investment funds managed by the Adviser have made investments that would have been suitable for investment by the Partnership but, for various reasons, were not pursued by, or available to, the Partnership. To the extent that an advisory Client other than the Partnership invests within a Portfolio Fund, the ability of the Partnership to invest in the same Portfolio Fund may be adversely affected by any limitation on availability of the investment. In addition, the Adviser may be required to choose between the Partnership and other advisory Clients in allocating investments among Portfolio Funds, to the possible detriment of the Partnership.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading (continued)

- D. Neither the Adviser nor any related persons recommends securities to Clients, or buys or sells securities for Client accounts, at or about the same time that the Adviser or its related persons buys or sells the same securities for their own account. As mentioned in Item 11.C. above, the Adviser's Code of Ethics provides that no principal or other personnel of the Adviser is permitted to invest in any Portfolio Fund or other hedge fund, other than through the Partnership, or otherwise to have a financial interest in any such other vehicle.

In the future, should the Adviser have additional Clients other than the Partnership, the Adviser may recommend securities to its other Clients, or buys or sells securities for its other Client accounts, at or about the same time that the Adviser or its related persons buys or sells the same securities for account of the Partnership. In such event, the Adviser would have a conflict of interest among its related Client accounts with respect to the fair allocation of investment opportunities. To address this conflict, the Adviser would implement policies and procedures relating to the allocation of investment opportunities to ensure that all Clients are treated fairly over time.

Item 12 - Brokerage Practices

- A. Below is a description of the factors that the Adviser considers in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their compensation (e.g. commissions).

General.

Although the Adviser does not currently intend to do so, it may, in its discretion, engage in various hedging activities in an attempt to reduce the Partnership's market exposure in certain areas. In connection with such activities, the Adviser has the authority to select brokers.

In addition, the Adviser selects Portfolio Managers on behalf of the Partnership. Neither the Adviser nor the Partnership has any discretion with respect to the investment of the Partnership's assets by such Portfolio Managers. In addition, the Adviser has no authority with respect to the brokerage effected by the Portfolio Managers selected by the Adviser for the Partnership, whether as to choice of broker, applicable commission rates, manner of execution or otherwise.

The Portfolio Funds and the Adviser may use a wide range of brokers and dealers, some of which may be affiliated with certain of the Portfolio Funds. Neither the Adviser nor any Portfolio Fund receives any share of the commissions or dealer mark-ups paid by the Partnership or by any Portfolio Fund. However, certain Portfolio Funds and the Partnership may have long-standing business relationships with the brokers or dealers through which they execute transactions, and the Adviser may have long-standing business relationships with certain Portfolio Funds selected for the Partnership.

In selecting brokers, the Adviser and the Portfolio Funds consider such factors as price, execution capabilities, reputation, infrastructure, reliability, financial resources, quality of research products or services and other value added services. If the Adviser or a Portfolio Fund determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage, research products or services and other property, products and services provided by such broker to the Partnership or Portfolio Fund, the Adviser or the Portfolio Manager may pay (from the assets of the Partnership or such Portfolio Fund) commissions to such broker in an amount greater than the amount another broker might charge.

The Adviser assumes no responsibility for the actions or omissions of any broker or dealer selected by the Adviser in good faith, and no responsibility for the actions or omissions of any broker or dealer selected by any Portfolio Fund.

1. Research and Other Soft Dollar Benefits

Currently, the Adviser does not maintain any trading accounts or use "soft" dollars. Thus, the Adviser does not currently receive research and other products or services other than execution from broker-dealers and third parties in connection with Client securities transactions ("soft dollar benefits").

Item 12 – Brokerage Practices (continued)

Section 28(e) provides a “safe harbor” to investment managers who direct their trading to particular brokers, in effect exchanging a portion of the commission revenue generated by their accounts for investment research and related services. Conduct outside of the safe harbor afforded by Section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. Various Portfolio Managers and the Adviser may not conform to the safe harbor of Section 28(e). The Adviser is specifically authorized to direct, and to consent to Portfolio Managers directing, brokerage to firms which furnish or pay for quotation and/or electronic office equipment, recordkeeping and clerical services, office space, data, research and travel and entertainment expenses or similar expenses utilized or incurred by the Adviser or such Portfolio Managers, whether or not the terms on which the foregoing are provided conform to the restrictions of Section 28(e).

Certain brokers used by the Adviser or Portfolio Managers may also make cash payments to discharge the obligations of the Adviser or such Portfolio Managers to third parties. Under such arrangements the Adviser or such Portfolio Manager may pay commissions to such brokers which are greater than the amount another broker might charge.

Each Limited Partner, by executing the Partnership’s Subscription Agreement, will specifically authorize the Adviser to consent to Portfolio Funds or the Partnership entering into the foregoing “soft dollar” arrangements, provided, that the Adviser believes that doing so is in, or not opposed to, the best interests of the Partnership.

There is an inherent conflict of interest in seeking best execution when the Adviser directs brokerage business to certain brokers who assist in the payment of research and other products or services. To mitigate this conflict, the Adviser regularly reviews its brokers that it selects with respect to quality of services provided, including, among others, research, cost and execution.

- a. Should the Adviser uses Client brokerage commissions (or markup and markdowns) to obtain research or other products or services, the Adviser would receive a benefit because it would not have to produce or pay for directly the research, products or services.
- b. In connection with entering into soft dollar arrangements, the Adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on its Clients’ interest in receiving most favorable execution pricing.
- c. In connection with entering into soft dollar arrangements, the Adviser may cause Clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).

Item 12 – Brokerage Practices (continued)

d. Research and brokerage related products and services received by the Adviser from soft dollar arrangements may be useful in servicing some or all of the Adviser's Clients, and not all or any of such product or service may be useful for the account for which the particular transaction is effected. Currently, the Partnership is the only Client of the Adviser, and thus any soft dollar benefits received by the Adviser would be used to service the Partnership.

e. During the last fiscal year, the Adviser did not acquire any products and services with Client brokerage commissions (or markups or markdowns).

f. During the last fiscal year, the Adviser did not acquire any products and services with Client brokerage commissions (or markups or markdowns).

2. Brokerage for Client Referrals

Neither the Adviser nor any related persons considers, in selecting or recommending broker-dealers, whether the Adviser receives Client referrals from a broker-dealer or third party.

3. Directed Brokerage

a. The Adviser does not routinely recommend, request or require that Clients direct the Adviser to execute transactions through a specified broker-dealer.

b. The Adviser does not permit Clients to direct brokerage.

B. Currently, the Partnership is the only Client of the Adviser. Thus, the Adviser does not aggregate orders for multiple Client accounts.

Item 13 - Review of Accounts

- A. The allocation of the Partnership assets is reviewed periodically by David S. Greenberg and Todd K. Snyder. Reviews involve an examination and analysis of the performance to date of the Partnership's investments with the underlying Portfolio Managers, analysis of investment activity and investment objectives and any changes therein, and a variety of other factors. In addition, appropriate changes in the Partnership's asset allocations are reviewed and considered.
- B. Additionally, Mr. Greenberg and Mr. Snyder will review the Partnership's portfolio on an ad hoc basis as needed. Factors triggering a review would include, among others, irregular or unusual market activity for any particular strategy or asset class to which the Partnership has exposure or notable developments, both positive or negative, with respect to the business of any Portfolio Manager in which the Partnership is invested.
- C. Each limited partner in the Partnership will be provided with audited financial information, and certain tax reporting information, after the end of each fiscal year. Following the end of each month, each limited partner will be provided with unaudited financial information for such month regarding the Partnership's performance and such limited partner's capital accounts.

Item 14 - Client Referrals and Other Compensation

- A. No persons other than the Adviser's Clients provide an economic benefit to the Adviser for providing investment advice or other advisory services to its Clients.
- B. The Adviser on behalf of the Partnership may use selling or placement agents to market interests in the Partnership. If such agents are used, Limited Partners introduced by such selling or placement agents may be subject to placement and/or referral fees (both initial and ongoing) to persons who introduce such Limited Partners. All affected investors will be informed of any such fees applicable to their subscriptions prior to their subscribing for an interest in the Partnership. The Adviser may also compensate persons who introduce investors out of its own resources, including by sharing a portion of its Management Fees and/or the Profit Allocations with such selling or placement agents. Any such referral arrangements will be in writing and will be conducted in accordance with all applicable state and federal laws.

Currently, the Adviser has no existing solicitation arrangement with an unaffiliated broker-dealer for the placement of interests in the Partnership.

Item 15 - Custody

The Adviser is the general partner of the Partnership and is therefore deemed to have custody of the Partnership's assets. The Adviser does not provide account statements to the Partnership directly.

A qualified custodian provides monthly or quarterly statements that are sent directly to the Adviser's Clients (e.g. the Partnership). Clients should review these custodial statements carefully.

Please refer to Item 13.C. for a description of reports that are provided to investors in the Partnership.

Item 16 - Investment Discretion

Pursuant to the Agreement of Limited Partnership, the Adviser is granted broad authority to determine the type and amount of securities to be bought and sold, as well as the timing of such purchases and sales for the Partnership. In connection with this discretionary authority, the Adviser selects Portfolio Managers on behalf of the Partnership. Neither the Adviser nor the Partnership has any discretion with respect to the investment of the Partnership's assets by such Portfolio Managers. The Adviser may, however, reallocate the Partnership's investments among Portfolio Managers, but its ability to do so may be constrained by withdrawal limitations imposed by the Portfolio Funds.

Item 17 - Voting Client Securities

The Adviser is not requested to vote the proxies of traditional operating companies, but rather, can be requested to vote on behalf of the Partnership with respect to the Portfolio Funds' interests held by the Partnership. In voting proxies, the Adviser is guided by general fiduciary principles. The Adviser's goal is to act prudently and solely in the best interest of the Partnership. The Adviser will vote proxies in the manner that it believes will be consistent with efforts to achieve the Partnership's stated objectives, including maximizing portfolio values. Generally, the Adviser will divide proxies into routine matters and non-recurring or extraordinary matters. It is the Adviser's general policy to vote with a Portfolio Manager's recommendations on routine matters. For nonrecurring extraordinary matters, the Adviser will vote on a case-by-case basis in the best interest of the Partnership. The Adviser will maintain a record of each proxy form as voted, for a period not less than five years, and provide a record of such votes upon a Limited Partner's written request.

To date the Adviser has neither received nor been requested to vote any proxies.

Disclosure of Procedures

Please contact the Adviser at (410) 561-0900 to obtain a copy of the proxy policies and voting record.

Item 18 - Financial Information

- A. The Adviser charges management fees in advance on a quarterly basis. Because the Adviser does not require or solicit prepayment of more than \$1,200, six months or more in advance, there is no requirement to provide a balance sheet for the most recent fiscal year.
- B. Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about an adviser's financial condition. The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.
- C. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.