



Item 1 – Cover Page

Form ADV Part 2A

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Grey Owl Capital Management, LLC is registered with federal Securities and Exchange Commission. The statements contained herein have not been verified or evaluated by any regulator. Registration does not imply that Grey Owl Capital Management, LLC, or its associates, have attained a certain level of skill or training.

Clients and prospective clients are encouraged to visit the SEC's Investment Adviser Public Disclosure (IAPD) for more information about Grey Owl Capital Management, LLC. The IAPD web address: www.adviserinfo.sec.gov

Grey Owl Capital Management, LLC shall be referred to as 'Grey Owl' in this document.



Item 2 – Material Changes

This disclosure brochure contains expanded information about the Wrap fee program in which Grey Owl participates as an investment manager. The Wrap fee program sponsor is Stifel, Nicolaus & Company.

This disclosure brochure is divided in two sections; 2A and 2B. Section 2A provides detailed information about Grey Owl, Section 2B provides information regarding key Grey Owl personnel.

In subsequent versions of Form ADV Part 2A and 2B, Grey Owl will disclose material changes to this document in Item 2 – Material Changes. Anytime a material change is made to this document Grey Owl will notify Clients and furnish all Clients with a copy of this document at no charge. If any clarification is needed on any point contained herein, please contact Grey Owl directly.



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Item 4 – Advisory Business

A. Firm Information

Grey Owl Capital Management, LLC is an SEC-registered investment advisor providing financial planning and investment management services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities as well as solicitation of advisory services. Grey Owl provides a go-anywhere, opportunity-driven investment process that seeks out the best alternatives for capital appreciation across multiple asset classes.

C. Eric Brugel and Jeffery Erber are the sole owners and managing members of Grey Owl. Grey Owl is organized as a limited liability company in the Commonwealth of Virginia. Grey Owl has been in continuous operation since May 2009.

B. Advisory Services Offered

Investment Supervisory Services – Grey Owl also provides Clients with ongoing investment advisory services on a fee-only basis. Grey Owl's diversified portfolios typically consist of mutual funds, exchange traded funds, individual debt and equity securities and/or options. Each portfolio is customized according to the individual risk tolerance, time horizon and specific goals. Grey Owl emphasizes a long-term time horizon, and mixes growth and value management styles for all capitalizations. In addition to large-, mid- and small-cap stocks, international equities generally are included to provide further diversification and lessen overall market risk. For fixed-income securities, Grey Owl utilizes mutual funds, bonds, money market funds, and bank instruments with short-, intermediate- and long-term maturities.

Investment Supervisory Services are performed on a discretionary basis exclusively. For more information on Grey Owl's discretionary and non-discretionary asset management practices see Item 16 – Investment Discretion below.

Financial Planning Services – Grey Owl provides some financial planning to certain clients in conjunction with the investment supervisory services. A financial plan may include a review of a Client's net worth (including assets and liabilities), objectives, risk tolerance, risk capacity, cash flow and expenses, income tax projection, review and analysis of fringe benefits, retirement forecast and probability analysis, educational funding analysis, estate planning analysis and risk management review. At the end of the processes, the Client will receive education about the alternatives recommended and will have the option of utilizing Grey Owl to implement those plan recommendations. Grey Owl does not receive a separate fee for this service.

In performing its services, Grey Owl entrusts that the Client will provide accurate information and Grey Owl will not be obligated to verify any information received from



the Client or from the Client's other professionals.¹ The Client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from Grey Owl. Moreover, Clients are advised that it remains their responsibility to promptly notify Grey Owl if there is ever any change in their financial situation during the financial planning process.

Private Investment Management – Grey Owl is investment manager to an affiliated private investment vehicle structured as a limited partnership (the "Partnership") and available to certain sophisticated investors. Interests in the Partnership generally will be sold only to persons who are "accredited investors" as defined in Regulation D under the Securities Act of 1933, as amended and "qualified clients" as defined and recently amended in Rule 205-3 under the U.S. Investment Advisers Act of 1940.²

Grey Owl may, with respect to qualified Clients, direct Clients' assets into the Partnership. Prior to a Client investing, Grey Owl will ensure that such Client is an Accredited Investor and a Qualified Client and will provide the Client with the Partnership's offering memorandum. For additional information regarding the Partnership and potential conflicts of interest, please refer to Items 6, 10 & 11 below.

C. Client Account Management

Prior to engaging Grey Owl to provide investment advisory services, the Client is required to enter into an Investment Advisory Services Agreement with Grey Owl setting forth the terms and conditions of the engagement, as well as describing the scope of the services to be provided. These services may include:

- Establishing an Investment Policy Statement – Based on the financial information and goals provided by the Client, Grey Owl will create an Investment Policy Statement (IPS) to provide for the Client's investment goals and objectives including the strategies to be used to meet these objectives. We will provide the Client with specific information on investment time frame, risk tolerance and

¹ Fidelity Investments and all other custodians used by Grey Owl or its clients have established and implemented AML programs reasonably designed to comply with applicable AML requirements. While Grey Owl is under no obligation to verify information provided by prospective customers, Grey Owl reserves the right to use reasonable efforts to verify customer information when the firm believes such verification is appropriate.

² Effective September 19, 2011, a client is a qualified client if:

- the client has at least \$1 million under the management of the adviser immediately after entering into the advisory contract; or
- the adviser reasonably believes that the client has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2 million at the time the contract is entered into.



asset allocation strategies that will be used and monitored based on changing economic climates and investor objectives.

- **Determining Portfolio Asset Allocation** – Using the IPS, Grey Owl will formulate a long-term asset allocation strategy that specifies the percentage of assets to be invested between equity, fixed-income securities and money market funds. Equities will be further diversified based on company cap size and classification of domestic versus foreign, while fixed income will be selected based on maturities and “quality” of paper (high quality or high yield).
- **Selecting Investment Options** – Some Clients may require a highly focused investment style and/or investment strategy to best meet their goals. Grey Owl will access highly regarded portfolio managers throughout the country to specialize in particular investment styles, strategies and asset classes.
- **Ongoing Investment Monitoring** – Grey Owl provides ongoing oversight of the Client’s investment program. All investments are monitored for performance relative to certain benchmarks and Grey Owl expectations.

D. Wrap Fee Programs

Grey Owl does not sponsor any wrap fee program nor does Grey Owl place Client assets with any wrap fee programs. All management services are performed by Grey Owl in behalf of Clients.

Grey Owl may participate as an investment manager in selected wrap fee programs. Generally, under these programs a client enters into an agreement with the wrap program sponsor to provide the following services to such clients (“Wrap Clients”): a) assisting the Wrap Client in determining which investment strategy and investment manager best meet their goals and objectives, b) on-going monitoring of the account performance, c) custodial services, and d) execution of account transactions. These services and the services provided by the investment manager are generally provided for in one all-inclusive fee (“Wrap Fee”). From the Wrap Fee, the wrap program sponsor pays the investment manager (for example Grey Owl) for its services.

Currently, Grey Owl participates as an investment manager in a wrap fee program sponsored by Stifel Nicolaus. (For more details on that specific program, clients should review the sponsor’s Wrap Fee Program Brochure prior to investing.)

In this program, a representative of the program sponsor or an independent financial advisor will work with the Wrap Client to complete an investment questionnaire or other investment objective documentation and determine the appropriate investment strategy and manager. While Grey Owl is not responsible for client suitability for the wrap program, we will perform a general review of the Wrap Client’s investment objective documentation, if provided by the wrap sponsor, to help us ensure that our strategy



selected by the Wrap Client appears suitable. Participation in these wrap programs is subject to account minimums specified in the respective wrap program brochure.

Typically Grey Owl is granted full investment discretion (subject to limitations on discretion to select broker dealers for portfolio transactions, as discussed below) and manages a client's portfolio based on the individual needs of that client, as communicated through the sponsor, the RIA or other designated intermediary.

E. Assets Under Management

As of March 12, 2012, the most recent date for which such calculations are available, Grey Owl manages the following assets:

Discretionary Assets	\$204,289,767
Non-discretionary Assets	\$0.00
Total	\$204,289,767

Item 5 – Fees and Compensation

A. Fees for Advisory Services

Advisory Services – Grey Owl's fee for advisory services varies depending on the amount of assets managed by Grey Owl. Fees for advisory services shall range from 0.50% to 2.00%. Clients are invoiced quarterly for advisory services. Fees are a fixed percentage of assets under management, based upon average account value on the first and last day of the quarter. Fees are paid in arrears. For accounts opened during the quarter fees will be prorated.

Grey Owl and Clients may negotiate a lower advisory fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, pro bono activities, etc.). Lower fees are negotiated at Grey Owl's sole discretion.

Investment Management Services – As discussed in Item 4, Grey Owl serves as investment manager to the Partnership. For these services, Grey Owl is paid directly by the Partnership, and not the investors of the Partnership, a quarterly management fee in advance calculated at a rate of 1.25% per annum of each Limited Partner's capital accounts. The Management Fee will be prorated for any period that is less than a full quarter and will be adjusted for contributions and withdrawals made during a quarter. The Partnership also charges a performance fee. As the investment manager, Grey Owl, in its sole discretion, may waive or modify the Management Fee and/or performance fee for Limited Partners that are members, employees or affiliates Grey Owl and for certain



other strategic investors. Additional information on the fees of the Partnership are included in the private offering memorandum that is given to qualified investors prior to investing in the Partnership.

B. Fee Billing

Investment advisory fees are billed quarterly in arrears. As approved in writing by the Client, Grey Owl will request the custodian to debit Grey Owl's fees directly from the Client's account. The amount due is calculated by applying an annual fee percentage to the Client's account value. The account value will be the average of the account value at the close of business on the first and last day of the previous quarter. Each billing will be for one-quarter of the annual fee. For accounts opened after the beginning of a new quarter, fees will be prorated. Based on specific client circumstances, certain exceptions may apply.

Grey Owl will remit an invoice to the custodian and the Client showing the amount of the fee, the value of the Client's assets on which the fee was based, and the specific manner in which the fee was calculated. It is the Client's responsibility to verify the accuracy of the fee calculation as the custodian will not determine whether the fee is properly calculated. All investment advisory fees paid directly to Grey Owl will be clearly reflected on the Client's monthly brokerage statements that are prepared and sent to the Client by the custodian.

C. Other Fees and Expenses Clients May Pay

Clients may incur certain fees or charges imposed by third-parties other than Grey Owl in connection with investments made by Grey Owl on behalf of Clients. These fees and charges are separate and distinct from the fees paid to Grey Owl and may include, but not be limited to: mutual fund 12b-1 fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, other transaction related fees, IRA and Qualified Retirement Plan fees, interest charged on margin borrowing, bank service fees, interest charged on debit balanced, "spreads" imposed by brokers and dealers representing implicit transaction costs and transfer taxes. Grey Owl is not responsible for and does not receive any portion of these fees or charges.

Investors of the Partnership will occur fees indirectly through their investment in the Partnership, which pays investment management fees to Grey Owl as well as other operational expenses, including legal, compliance, accounting (including third-party accounting services), auditing and other professional expenses, organizational expenses, administration fees and expenses, interest on borrowings, research expenses, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, bank service fees, Partnership-related insurance costs, investment expenses such as commissions, custodial fees, bank service fees and other expenses



related to the purchase, sale or transmittal of Partnership assets. Investors of the Partnership who are also Clients of Grey Owl will not incur advisory services fees, as discussed in Item 5A, on the assets held in the Partnership; however, just Clients who are investors in the Partnership will indirectly incur investment management fees paid to the Firm by the Partnership.

D. Advance Fees

Grey Owl does not bill Client fees in advance, with the exception of the Partnership as noted above in Item 5.A.

E. Compensation for Sale of Securities by Supervised Persons

Grey Owl does not buy or sell securities, nor does Grey Owl receive any direct compensation for the sale of securities.

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

A. Performance-Based Fees

As discussed in Item 5, Grey Owl receives a performance-based fee from the Partnership. “Series B Interests” of the Limited Partnership, those who invest on or after July 1, 2011, will be subject to an annual incentive fee (or performance-based fee) of 15% on net capital appreciation (profits less any losses). Further details the incentive fee can be found in the offering memorandum of the Limited Partnership, which is provided to qualified investors prior to investing in the Limited Partnership.

B. Side-By-Side Management

As discussed in Item 4.B., Grey Owl is investment manager to an affiliated private pooled investment vehicle (the “Partnership” or “Affiliated Fund”). Grey Owl Capital GP, LLC (the “General Partner”), a Delaware limited liability company, serves as the General Partner to the Partnership. The General Partner and Grey Owl have the same management structure and owners. Grey Owl also provides investment advisory services to separately managed accounts that are charged straight basis point fees for such services. Managing both types of accounts (the pooled investment vehicle that earns incentive fees as well as management fees and separately managed accounts that pay management fees only) is considered “side-by-side management” which presents certain conflicts of interest as described below.

The Affiliated Fund may present certain potential conflicts of interest with respect to Grey Owl’s investment management practices, including Grey Owl’s interest in raising funds for the Affiliated Fund and that the Affiliated Fund provides compensation to Grey



Owl based on asset levels as well as a performance-based fee. The separately managed accounts do not pay a performance-based fee, which could be an incentive for Grey Owl to direct more profitable investments to the Partnership instead of to a separately managed account. Notwithstanding this potential conflict and others described below, Grey Owl will only make investment decisions for Clients and the Affiliated Fund in good faith and in a manner that is consistent with its fiduciary obligations to its Clients, without regard to the benefits (including compensation) to Grey Owl. In addition, Grey Owl manages these potential conflicts of interest by creating and enforcing its trade allocation procedures.

The separately managed Client accounts may have investment objectives or investment strategies similar or different to those of the Partnership. Grey Owl, or its affiliates, may give advice or take action with respect to the separately managed accounts that differs from the advice given with respect to the Partnership. This will create potential conflicts and potential differences among the Clients and the Partnership, particularly where there is limited availability or limited liquidity for those investments. Grey Owl has developed policies and procedures that will allocate investment opportunities and make purchase and sale decisions among Clients in a manner that it considers, in its sole discretion, to be reasonable and equitable over time and consistent with its fiduciary duty to all Clients.

To the extent a particular investment is suitable for both the Partnership and the accounts of separately managed Clients ("SMAs"), such investments will be allocated between the Partnership and the SMAs pro rata based on assets under management or in some other manner that Grey Owl determines to be fair and equitable under the circumstances to all Clients, including the Partnership and consistent with its fiduciary duty to all Clients. Allocation will not be determined based on the greater financial interest to Grey Owl or its affiliates. Grey Owl will make allocations for the Accounts with reference to various factors that may include, without limitation, relative sizes and expected future sizes, investment objectives and guidelines, risk tolerance, availability of other investment opportunities, and available cash for investment. Allocation decisions among Clients may be more or less advantageous to any one Client or group of Clients. Grey Owl may determine that an investment opportunity or particular purchases or sales are appropriate for one or more Client but not for the Affiliated Fund, or are appropriate for, or available to, the Affiliated Fund but in different sizes, terms or timing than is appropriate for other Clients. Therefore, the amount, timing, structuring or terms of an investment by an Affiliated Fund may differ from, and performance may be lower or higher than, investments and performance of other Client accounts.

The following process will be used in determining allocation of trades between separate accounts and the Affiliated Fund:



- The Investment Manager will first make a determination if a contemplated transaction is suitable for both separate accounts and the Affiliated Fund, taking into account liquidity constraints and risk levels.
- If the trade is suitable for both accounts, then Investment Manager will determine the appropriate exposure for each account and made the following considerations:
 - Same exposure levels: in the event that a trade is only partially executed, the allocation will be done pro-rata based on asset size; or
 - Different exposure levels: the intended allocation will be determined prior to the trade and any partial execution will be allocated pro-rata based on that allocation. Such allocation determinations shall be documented.

In addition, purchase and sale transactions (including swaps) may be effected between the Partnership and the other entities or accounts subject to the following guidelines: (i) such transactions shall be effected for cash consideration at the current market price of the particular securities, and (ii) no extraordinary brokerage commissions or fees (i.e., except for customary transfer fees or commissions) or other remuneration shall be paid in connection with any such transaction.

From the standpoint of the Partnership, simultaneous identical portfolio transactions for the Partnership and the other Clients may tend to decrease the prices received, and increase the prices required to be paid, by the Partnership for its portfolio sales and purchases. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favorable price, the shares purchased will be allocated among the Partnership and the other Clients in an equitable manner as determined by Grey Owl. Further, it may not always be possible or consistent with the investment objectives of the various persons or entities described above and of the Partnership for the same investment positions to be taken or liquidated at the same time or at the same price; however, all transactions will be made on a “best execution” basis.

Item 7 – Types of Clients

Grey Owl may provide services to a variety of client types. Clients may include:

- Individuals, Personal Trusts and Estates – Private investors, investing personal assets
- Pension and Profit Sharing plans – Generally organized as a trust, investing the pooled assets of plan participants
- Charitable Organizations, Foundations and Endowments – Non-profit entities investing contributions to support a stated mission or mandate
- Corporations – Taxable entities organized for a specific business purpose, investing cash reserves
- Pooled Investment Vehicles, other than mutual funds – Hedge Funds



The relative percentage each client type currently represents is available on Grey Owl's Form ADV Part 1. The actual mix of types of Clients changes over time based upon market conditions, business plans and other factors. Grey Owl does not specialize in, or actively seek, any given client type. Grey Owl is committed to providing services to qualified investors, regardless of legal or corporate status.

Grey Owl may only implement its investment management recommendations after the client has arranged for and furnished Grey Owl with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions shall include, but are not limited to, Fidelity, any other broker-dealer recommended by Grey Owl, broker-dealer directed by the client, trust companies, banks etc.

Grey Owl imposes a minimum account balance of \$250,000 when opening an account, but may waive this minimum at its discretion.

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

A. Methods of Analysis

Equities, Fixed-Income and Options – Generally, Grey Owl uses Fundamental analysis in making investment decisions with respect to stocks, bonds, options and other exchange traded securities. Fundamental analysis is the process of looking at economic and business indicators as investment selection criteria. These criteria are usually ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Grey Owl considers macroeconomic factors as well as issue specific factors.

Macroeconomic factors considered by Grey Owl include, but are not limited to:

- General economic conditions
- Inflation trends
- Interest rates and the yield curve
- Market volatility and trends
- Monetary policies
- Legislative actions

Issue specific factors include, but are not limited to:

- Earnings
- Cash flow
- Growth estimates and trends
- Management strength and stability
- Credit rating



Other methods of analysis may be employed by Grey Owl as deemed appropriate.

Mutual Fund Due Diligence – Grey Owl may invest its Clients' assets with mutual funds that pursue investment approaches that are diversified among multiple strategies, asset classes, regions, industry sectors and securities. In selecting a fund and allocating assets to them, Grey Owl considers both quantitative and qualitative factors including:

- Relative performance during various time periods and market cycles
- Industry reputation
- Experience and training of staff investment professionals
- The clarity of, and adherence to, a viable investment philosophy
- Risk management process
- Portfolio management capabilities
- Fee structure
- Any other factor deemed appropriate by Grey Owl

Alternative Investments – Grey Owl provides advice to certain accredited investors relative to prospective investments in private investment limited partnerships, or other similar entities, such as hedge funds, fund of fund hedge funds, private equity funds and venture capital funds. These funds are offered in accordance with Regulation D of the Securities Act of 1933. Investment in these types of investments is limited to certain accredited investor Clients.

Alternative investment due diligence is similar to mutual fund due diligence, outlined above. However, given the relatively unregulated nature of these investments, additional emphasis is placed on the examination of the independent oversight of the fund being analyzed.

B. Risk of Loss

Every effort is made to ensure positive outcomes for Grey Owl Clients. However, all investments carry the risk of losses. There can be no assurance that Clients will achieve their investment goals. Clients may lose a substantial portion of their investment. Individual Grey Owl investment strategies are not designed to be a complete investment program. Clients should diversify their assets among a variety of investment strategies, classes and securities.

Options – Certain investment strategies offered by Grey Owl may make use of call or put options. These call and put options run the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of the underlying stock. This imbedded leverage may compound gains and losses.



Alternative Investments – Alternative investment products may have certain risk characteristics not found in exchange traded securities and mutual funds. These risks may include (but not necessarily found in all funds):

- High degree of risk
- Leverage
- Speculative investment practices
- Illiquidity
- No periodic valuation information
- Complex tax structures or delays in distributing important tax information
- Loose regulatory oversight
- High fees
- Underlying investments may be not transparent

Alternative investment performance can be volatile. Investors in these products could lose all or a substantial amount of their investment. Often, alternative investment fund and account managers have total trading authority over their funds or accounts; the use of a single adviser applying generally similar trading programs could mean lack of diversification and, consequently, higher risk. There is often no secondary market for an investor's interest in alternative investments, and none may develop. There may be restrictions on transferring interests in any alternative investment. Alternative investment products can execute a substantial portion of their trades on non-U.S. exchanges. Investing in foreign markets may entail risks that differ from those associated with investments in U.S. markets. Clients are encouraged to read the offering memorandum issued by a private investment before investing.

Item 9 – Disciplinary Information

Grey Owl does not have any firm or individual disciplinary disclosures to make.

Item 10 – Other Financial Industry Activities and Affiliations

Grey Owl has two affiliations, (1) it is the Investment Manager to a Limited Partnership and (2) managing members of the General Partner of the Limited Partnership are the same managing members of Grey Owl.

Limited Partnership - Grey Owl Partners, L.P., a private pooled investment vehicle, is a Delaware limited partnership established for sophisticated investors. The principal office of the Partnership is located at 803 West Broad Street, Suite 610, Falls Church, Virginia 22046.

General Partner - The general partner of the Limited Partnership is Grey Owl Capital GP, LLC, a Delaware limited liability company. The principal office of the General



Partner is located at 803 West Broad Street, Suite 610, Falls Church, Virginia 22046. Eric Brugel and Jeffery Erber are the managing members of the General Partner.

Grey Owl's affiliation with the General Partner and Limited Partnership may create certain conflicts of interest including management of similar mandates in separately managed Client accounts to that of the Partnership, trade allocation methods and management fee incentives. Such conflicts of interest have been discussed in Item 6 above.

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

A. Code of Ethics

Grey Owl has adopted a Code of Ethics for the purpose of instructing its personnel in their ethical obligations and to provide rules for their personal securities transactions. Grey Owl and its personnel owe a duty of loyalty, fairness and good faith towards Clients, and the obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code. The Code of Ethics covers a range of topics that includes; general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures.

Grey Owl has written its Code of Ethics to meet and exceed regulatory standards. Copies are available upon request by contacting Grey Owl's Chief Compliance Officer at 703-459-9400.

B. Personal Trading and Participation in Client Transactions

Grey Owl or its employees may purchase or sell for themselves similar or different securities as are recommended to Grey Owl Clients. Grey Owl has implemented an investment policy relative to personal securities transactions of its employees. This investment policy is part of Grey Owl's overall Code of Ethics, as described above, which serves to establish a standard of business conduct for all of Grey Owl's supervised persons. Grey Owl's personal trading policy is based upon fundamental principles of openness, integrity, honesty and trust. To prevent conflicts of interest, all personal trades made by Grey Owl's employees are reviewed by the CCO or his designee. Additionally, Grey Owl's policies and procedures prohibit the misuse of material nonpublic information and are designed to prevent insider trading by any employee.

C. Interest in Client Transactions

Grey Owl may recommend to Clients to invest in the Limited Partnership, an affiliated pooled investment vehicle. Prior to recommending such investment, Grey Owl will



confirm that the Client is an accredited investor and a qualified client, and that such investment is suitable to such Client. For further information on conflicts of interest relating to the Limited Partnership, please refer to Items 6 and 10 above.

Item 12 – Brokerage Practices

A. Soft Dollars

Consistent with Grey Owl's Best Execution policies (see below) and section 28(e) of the Securities Exchange Act of 1934, Grey Owl may pay commissions to broker-dealers at a level which may be higher than those charged by other firms. The difference in the commission rates is known as "Soft Dollars." These higher commission rates may be paid if Grey Owl determines in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services provided by the executing broker viewed in terms of Grey Owl's responsibilities to its Clients. Soft Dollars may be used to offset the cost of certain services, including; research data on particular industries and companies, economic surveys and analysis, quote services, trade execution systems, and computer-related costs. Such products and services provide lawful and appropriate assistance to Grey Owl in the performance of its investment responsibilities for its Clients.

Fidelity – Grey Owl maintains custodial relationships with qualified third-party custodians, primarily the Institutional Services division of Fidelity Investments ("Fidelity"). In connection with the Fidelity relationship Grey Owl receives certain benefits, including, but not limited to; custodian/adviser interface software, certain practice management software and resources, marketing support, trade desk access and block trading capabilities.

Grey Owl may also receive upfront expenses for marketing and technology needs from Fidelity. Additionally, Grey Owl may receive the following benefits from Fidelity through the Fidelity Institutional Wealth Services: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Institutional Wealth Services participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

These services accrue to the benefit of all Grey Owl clients, although Client accounts may not benefit equally from services and products received via these Soft Dollars. These benefits cause a conflict of interest between Grey Owl and Clients since these benefits may influence Grey Owl's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services. Products and services received by Grey Owl via Soft Dollars are standard to all advisers utilizing Fidelity.



B. Client Directed Brokerage

Since individual clients may be able to negotiate lower fees and commissions with their designated broker or dealer than others, the commissions and fees charged for such services may vary from account to account. Clients who designate a particular broker or dealer may pay higher commissions than may be obtainable by Grey Owl. In these cases Grey Owl will not negotiate commissions, may not obtain volume discounts, or aggregate transactions. Commission charges will vary among Clients and Best Execution may not be obtained.

When advisory clients direct Grey Owl to execute trades with a specific broker-dealer, Grey Owl may not be able to aggregate such client's transactions with similar transactions of other Clients. There can be no assurance that the directing Client will realize the same price or commission rate achieved for other Clients. Due to the high commission rates paid on directed accounts, Clients should be aware that account performance may be negatively impacted. Furthermore, high commission rates will negatively impact returns when Grey Owl rebalances accounts. Grey Owl encourages Clients to consult Grey Owl investment professionals prior to entering into a brokerage agreement with any broker or dealer.

Grey Owl is not required or obligated to engage any broker or dealer to execute any transaction for a Client if, in the sole and absolute discretion of Grey Owl, the use of the services of such broker or dealer would violate any applicable law, regulation or stated position of the Securities and Exchange Commission or other regulatory body.

C. Aggregate Trade Allocations

In placing its orders to purchase or sell securities in accounts, Grey Owl may elect to aggregate orders. Grey Owl will not aggregate transactions unless aggregation is consistent with the duty to seek Best Execution. As a matter of policy, Grey Owl's trade allocation procedures must be fair and equitable to all Clients. Grey Owl will use average pricing to achieve fair and equitable executions.

Ordinarily, the executing broker-dealer will provide an average price that will be allocated to all accounts participating in the aggregated trade. Because of prevailing market conditions it may not be possible to execute all shares of an aggregated trade, in which case Grey Owl will allocate the trade among participating accounts in an equitable manner determined prior to execution of the trade.

D. Brokerage Partners and Best Execution

In selecting brokers-dealers, and determining the reasonableness of commissions and mark-ups charged, Grey Owl will attempt to effect securities transactions for Clients in such a manner that the Clients receive the highest quality transaction, under the circumstances. This is known as "Best Execution." In selecting broker-dealers, Grey Owl



need not solicit competitive bids and does not have an obligation to seek the lowest available transaction cost (e.g., commission cost).

Grey Owl may consider a number of factors in utilizing brokers-dealers for Client brokerage transactions. Among the factors considered by Grey Owl are:

- Transaction net costs
- Security price
- Clearance and settlement practices
- Ease of execution
- Integration with existing Grey Owl systems
- Interface applications for monitoring client investments
- Firm commitment to regulatory compliance
- Industry reputation
- General financial strength and stability
- Breadth of products and services
- Research capabilities

The foregoing factors are expected to enhance its portfolio management capabilities of Grey Owl. Grey Owl does not attempt to demonstrate that such factors are of a direct benefit to all Clients on all trades. Research and brokerage services received may be used to service some, or in certain circumstances, all Clients, subject to compliance with applicable law.

Grey Owl has selected the Institutional Services division of Fidelity Investments as its preferred brokerage services and custody provider with respect to the separately managed accounts. See Item 15 – Custody below for more information about Fidelity.

With respect to the Limited Partnership, the prime broker and custodian is Jeffries Group, Inc. (the “Prime Broker”). The Investment Manager is authorized to determine the broker or dealer to be used for each securities transaction for the Partnership. In selecting brokers or dealers to execute transactions on behalf of the Limited Partnership, Grey Owl need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not Grey Owl’s practice to negotiate “execution only” commission rates, thus the Partnership may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate. Please refer to Item 12.A. above for further information on Soft Dollar practices.

Item 13 – Review of Accounts

A. Frequency of Reviews



Grey Owl performs reviews of all investment advisory accounts no less than quarterly. Investment portfolios are reviewed for consistency with the Client's investment strategy and account performance.

Financial plans are reviewed on an as needed-basis. Reviews may be triggered by changes in an account holder's personal, tax or financial status. Financial planning Clients are contacted at least annually to update financial information and, if necessary, the financial plan.

B. Causes for a Review

In addition to the monitoring described above, reviews may be triggered by changes in a Client's tax or financial status. Macroeconomic and issuer specific events may also trigger reviews.

C. Review Reports

Investment Advisory Reports – Brokerage statements are generated by the custodian of the Client no less than quarterly and in most cases, monthly. These statements are sent to the Client directly from the account custodian. Client account statements list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction.

In addition, Grey Owl may provide performance reports, position reports or other reports as requested by a Client.

Account reviews are performed on an as needed basis. As noted above, quarterly reviews for all investment supervisory services are performed through the preparation of the quarterly account reports, which include asset allocation, returns, transactions, top holdings, among other relevant information.

Item 14 – Client Referrals and Other Compensation

Grey Owl may refer Clients to various third-parties to provide certain services necessary to meet financial goals. Likewise, Grey Owl may receive a Client referral from a third-party. In either case, no compensation is given or received. All referrals are a professional courtesy and in the interest of the Client.

A. Compensation Received by Grey Owl

Grey Owl does not receive any compensation from third-parties in exchange for referring business to that third-party. Except as otherwise disclosed in Item 12, Grey Owl is compensated exclusively by Clients.



B. Client Referrals to Grey Owl

Grey Owl may enter into arrangements with a third-party in which Grey owl will compensate such third-party for referring Clients to Grey Owl, with respect to either a separately managed account or into the Partnership. Such arrangements will be made in accordance with Rule 206(4)-3 of the Investment Advisors Act.

Grey Owl pays the referring party a percentage of advisory fees earned (including any incentive fees). All solicitor fees will be paid by Grey Owl and not by the client. Referral fees are paid annually so long as the client remains with Grey Owl and as long as the solicitor remains eligible and qualified to receive such fees. The fee paid to a qualified solicitor is 30% of the fees collected by Grey Owl from the client or through the Limited Partnership.

Item 15 – Custody

Grey Owl will not maintain physical possession of the funds or securities of any separately managed investment advisory Client. Grey Owl has entered into an agreement with a brokerage firm that serves as custodian of the funds and/or securities. The preferred custodian for Grey Owl is the Institutional Services division of Fidelity Investments. Fidelity Investments is a FINRA member firm headquartered in Boston, Massachusetts.

All Clients receive statements of account holdings from their account custodian no less than quarterly, and in most cases, monthly. Additionally, Grey Owl will provide Clients with account balance and activity details upon request.

While Grey Owl does not have custody of Client funds or securities, payments of fees may be paid by the custodian from the custodial brokerage account that holds Client funds. In certain jurisdictions this may be deemed constructive custody. Prior to permitting direct debit of fees each Client provides written authorization permitting fees be made direct from the custodian. Grey Owl will send the Client and the custodian a bill showing the amount of the fee and the way in which it was calculated. The custodian sends every Client an account statement not less than quarterly showing all account activity, including the amounts disbursed from the account to Grey Owl.

With respect to the Limited Partnership for which Grey Owl serves as investment manager, an affiliate of Grey Owl is considered to have custody based on its relationship to the Limited Partnership. As noted in Item 10, Grey Owl Capital GP, LLC, an affiliate of Grey Owl, serves as the general partner to the Limited Partnership. Under SEC regulations, Grey Owl Capital GP (the “General Partner”) is deemed to have custody over the Limited Partnership. The Limited Partnership has engaged a third party administrator to perform certain functions, including managing its books and records and delivering



statements to the investors of the Limited Partnership. The Limited Partnership maintains a custody account with its prime broker and primary custodian, Jeffries Group, Inc. The Limited Partnership also intends to send out annual audited financial statements to investors in accordance with regulation.

Item 16 – Investment Discretion

A. Discretionary Portfolio Management

Any limitations imposed on the discretionary authority of Grey Owl shall depend on the terms of the agreement governing Grey Owl's relationship with each Client. In those cases where Grey Owl has full discretionary authority over Client accounts and the client has not imposed any specific restrictions, Grey Owl will generally have unlimited discretionary authority, without obtaining specific consent, to determine:

- Securities to be bought or sold
- Amount of the securities to be bought or sold
- Broker or dealer to be used
- Commission rates paid

In such cases, there are no limitations on Grey Owl's authority in the areas indicated (other than as may be imposed by law or by a Client's specified restriction). It should be noted that with regard to commission rates, Grey Owl does not have the power to determine the rates paid, only the authority to negotiate with and accept or reject rates offered by various broker-dealers.

Item 17 – Voting Client Securities

A. Proxy Voting by Grey Owl

Grey Owl does not accept proxy voting authority with respect to securities held in Clients' separately managed accounts. Consequently, all proxy solicitations will be sent directly to Clients for voting. In the event a proxy solicitation is sent to Grey Owl on behalf of a Client, Grey Owl will forward the solicitation to the Client's address of record immediately so that the Client may cast their vote. Grey Owl will provide a voting recommendation upon Client request, but will not under any circumstances take responsibility for casting a Client's vote.

Grey Owl will vote proxies on behalf of the Limited Partnership. Grey Owl has established policies and procedures to ensure that proxies are voted in an appropriate manner. In voting proxies, Grey Owl's primary purpose and fiduciary responsibility is to seek to enhance the value of the security, or to reduce potential for a decline in the security's



value. Grey Owl will vote proxies in the best interests of the Limited Partnership. Each proxy issue will be considered individually. The following is a summary of the voting guidelines established by Grey Owl to be used in voting proposals contained in the proxy statements, but will not be used as rigid rules.

- Vote items on a proxy will be determined to be either Routine or Non-Routine items and shall be handled accordingly.
- Routine proposals are those which do not change the structure, bylaws, or operations of the corporation to the detriment of the shareholders. Given the routine nature of these proposals, proxies will nearly always be voted with management.
- The Adviser will generally vote against any proposal that clearly has the effect of restricting the ability to realize the full potential value of an investment.
- In exercising its voting discretion, Grey Owl shall avoid any direct or indirect conflict of interest raised by such voting decision. In cases where there is potential conflict of interest, Grey Owl will seek the advice of counsel or a third party before voting.

Grey Owl may abstain from voting or decline a vote in those cases where there appears to be no relationship between the issue and the enhancement or preservation of an investment's value. Grey Owl intends to process every proxy it receives for all domestic and foreign securities; however, there may be situations in which Grey Owl may be unable to vote a proxy, or may choose not to vote a proxy, such as where: (i) proxy ballot was not received from the custodian, (ii) a meeting notice was received too late; (iii) there are fees imposed upon the exercise of a vote and it is determined that such fees outweigh the benefit of voting; (iv) there are legal encumbrances to voting; (v) shares were held shares on the record date but were sold prior to the meeting date; or (vi) other reasons not stated herein where Grey Owl believes it is not in the best interest of the Partnership to vote the proxy.

Investors of the Limited Partnership may obtain information about how Grey Owl has voted securities held in the Limited Partnership by calling Grey Owl at 1-888-473-9695.

Item 18 – Financial Information

Grey Owl does not have any adverse financial information to disclose. The management of Grey Owl believes that Grey Owl Capital Management, LLC and its members are financially sound.



Form ADV Part 2B

Grey Owl Capital Management, LLC (“Grey Owl” or the “Firm”)

803 WEST BROAD STREET, SUITE 610
FALLS CHURCH, VA 22046

Phone: 703-459-9400

Web Site Address: www.greyowlcapital.com

Information Regarding:

C. ERIC BRUGEL Individual CRD No.: 1529802
JEFFREY S. ERBER Individual CRD No.: 5023117
(each, a “Supervised Person”)

Date of Brochure: July 31, 2011

This Form ADV Part 2B provides information about C. Eric Brugel and Jeffery S. Erber that supplements the Form ADV Part 2A for Grey Owl Capital Management, LLC (the “Brochure”). You should have received a copy of that Brochure. Please contact Grey Owl Capital Management, LLC at (703) 459-9400 if you have any questions about Form ADV Part 2A or Part 2B.

Additional information about C. Eric Brugel, Jeffery S. Erber or Grey Owl Capital Management, LLC is available on the SEC’s website at www.adviserinfo.sec.gov.

You are receiving a combined report for each of the Supervised Persons listed above. This combined report contains the information required pursuant to Form ADV Part 2B on each Supervised Person who formulates investment advice, has direct contact with you or who has discretionary authority over your account. Although you may have direct contact with only one of the Supervised Persons listed above, Messieurs Brugel and Erber work as a team in managing your account.

Firm CRD No.: 149998
Firm SEC File No.: 801-70120

Item 2 – Educational Background and Business Experience

Name: C. Eric Brugel

Year of Birth: 1963

Education: B.S., Finance
Pennsylvania State University, 1986

Professional Designations: Chartered Financial Analyst*, CFA Institute, 2006

*The Chartered Financial Analyst (CFA) designation is an international professional designation offered by CFA Institute (formerly AIMR) to financial analysts who complete a series of three examinations. To become a CFA Charterholder candidates must pass each of three six-hour exams, possess a bachelor's degree from an accredited institution (or have equivalent education or work experience) and have 48 months of qualified, professional work experience. A CFA Charterholder is also obligated to adhere to a strict code of ethics and standards governing their professional conduct.

Business

Experience: *Managing Member*
Grey Owl Capital Advisors, LLC (May 2009 to Present)
Mr. Brugel serves as the firm's Chief Executive Officer, Chief Operating Officer and Chief Compliance Officer.

Private Wealth Advisor and Vice President

Merrill Lynch, Pierce, Fenner & Smith Incorporated (2001 to 2009)

Item 3 – Disciplinary Information

Mr. Brugel does not have any disciplinary issues to disclose.

Item 4 – Other Business Activities

Mr. Brugel is not engaged in any business activities outside of his employment with Grey Owl.

Item 5 – Additional Compensation

Mr. Brugel does not receive any compensation from third-parties in connection with providing investment advisory services via Grey Owl.

Item 6 – Supervision

General – Given the current size of Grey Owl, the firm has not set up a multi-tiered structural supervisory system. Mr. Brugel, as the Chief Operations Officer, is responsible for overseeing the Firm's activities and ensuring compliance to procedures. The Chief Operations Officer may delegate certain oversight to another officer of the Firm or employ outside service firms or persons to assist in the oversight of the compliance program. Grey Owl has implemented certain

Item 6 – Supervision (continued)

measures to monitor firm business and employee conduct. While Grey Owl maintains utmost faith in the integrity, honesty and moral character of its employees, certain measures are necessary to capture and correct non-compliant business practices.

Cross-Supervision – When an officer vested with responsibility for a particular policy and procedure is faced with a conflict of interest, supervision by another officer of the Firm or independent third party is necessary to avoid even the appearance of impropriety. If such situation were to arise, the conflicted Officer shall arrange for their responsibilities to be transferred to such other officer or independent third party as that responsibility relates to the conflicted officer themselves. Such oversight ensures that the Firm can maintain clear lines of authority, accountability and responsibility as well as avoid the risks inherent with such self-policing.

Individual Supervision – Mr. Brugel is a senior executive member of Grey Owl, and as such, oversees various aspects of Grey Owl operations. All of Mr. Brugel's activities fall under the purview of the Grey Owl management team, which consists of Mr. Jeffrey Erber, the Chief Investment Officer, and Mr. Brugel, as co-owners of the Firm. Mr. Brugel is subject to all firm-wide oversight measures, including, but not limited to: correspondence review, personal trade activity review and outside business disclosures. The Grey Owl management team can be reached at 1-888-473-9695 or 1-703-459-9400.

Item 2 – Educational Background and Business Experience

Name: Jeffrey S. Erber

Year of Birth: 1975

Education: S.M., Computer Science
University of Chicago, 1998

A.B. with honors, Public Policy with Finance concentration
University of Chicago, 1998

Professional Designations: Chartered Financial Analyst*, CFA Institute, 2006

*The Chartered Financial Analyst (CFA) designation is an international professional designation offered by CFA Institute (formerly AIMR) to financial analysts who complete a series of three examinations. To become a CFA Charterholder candidates must pass each of three six-hour exams, possess a bachelor's degree from an accredited institution (or have equivalent education or work experience) and have 48 months of qualified, professional work experience. CFA Charterholders are also obligated to adhere to a strict code of ethics and standards governing their professional conduct.

BusinessExperience:

Managing Member

Grey Owl Capital Advisors, LLC (May 2009 to Present)

Mr. Erber serves as the Chief Financial Officer and the Chief Investment Officer.

Owner & Chief Financial Officer

Cheesetique (2004 to present)

Private Wealth Advisor

Merrill Lynch, Pierce, Fenner & Smith Incorporated (2005 to 2009)

Director of Marketing

Claraview (2003 to 2005)

Item 3 – Disciplinary Information

Mr. Erber does not have any disciplinary issues to disclose.

Item 4 – Other Business Activities

Mr. Erber is an owner and CFO of Cheesetique, a retail food provider in Alexandria, Virginia. This activity is independent from Grey Owl and takes up less than 10% of his time.

Item 5 – Additional Compensation

Mr. Erber does not receive any compensation from third-parties in connection with providing investment advisory services via Grey Owl.

Item 6 – Supervision

General – Given the current size of Grey Owl, the firm has not set up a multi-tiered structural supervisory system. The Chief Operations Officer, Mr. Eric Brugel, is responsible for overseeing the Firm's activities and ensuring compliance to procedures. The Chief Operations Officer may delegate certain oversight to another officer of the Firm or employ outside service firms or persons to assist in the oversight of the compliance program. Grey Owl has implemented certain measures to monitor firm business and employee conduct. While Grey Owl maintains utmost faith in the integrity, honesty and moral character of its employees, certain measures are necessary to capture and correct non-compliant business practices.

Cross-Supervision – When an officer vested with responsibility for a particular policy and procedure is faced with a conflict of interest, supervision by another officer of the Firm or independent third party is necessary to avoid even the appearance of impropriety. If such situation were to arise, the conflicted Officer shall arrange for their responsibilities to be transferred to such other officer or independent third party as that responsibility relates to the conflicted officer themselves. Such oversight ensures that the Firm can maintain clear lines of authority, accountability and responsibility as well as avoid the risks inherent with such self-policing.

Individual Supervision – Mr. Erber is a senior executive member of Grey Owl, and as such, oversees various aspects of Grey Owl operations. All of Mr. Erber's activities fall under the purview of the Grey Owl management team, which consists of Mr. Brugel, the Chief Compliance Officer, and Mr. Erber, as co-owners of the Firm. Mr. Erber is subject to all firm-wide oversight measures, including, but not limited to: correspondence review, personal trade activity review and outside business disclosures. The Grey Owl management team can be reached at 1-888-473-9695 or 1-703-459-9400.