

**Item 1 – Cover Page**

# **Union Avenue Advisors LP**

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March 30, 2012

This Brochure provides information about the qualifications and business practices of Union Avenue Advisors LP (the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at 212-702-7120 or [rfrank@uaadvisors.com](mailto:rfrank@uaadvisors.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Union Avenue Advisors LP is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training.

This Brochure does not constitute an offer to sell or the solicitation of any offer to purchase any securities of any entities described herein.

Additional information about Union Avenue Advisors LP also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This Brochure dated March 30, 2012 is the Adviser's initial Form ADV Part 2A Firm 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.

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#### **Item 4 – Advisory Business**

- A. General Description of Advisory Firm** – Union Avenue Advisors LP (the “Adviser”) is a Delaware limited liability company with its principal place of business in New York City. The Adviser was founded and commenced operations in 2009. Union Avenue Advisors (GP) LLC is the general partner and principal owner of the Adviser. Thomas R. Grossman is the managing member and principal owner of Union Avenue Advisors (GP) LLC, as well as the portfolio manager of the Adviser.
- B. Description of Advisory Services** – The Adviser provides advisory services on a discretionary basis to its clients, which include private investment funds in a master-feeder fund structure (the “Master-Feeder Fund”). The Adviser’s investment strategy is not limited to trading in particular investments or geographic or business sectors. Nonetheless, the Adviser primarily focuses on equity investments in the Asian/Latin American and EAME (Europe/Africa/Middle East) markets.
- C. Availability of Tailored Services for Individual Clients** – The Adviser does not generally tailor its advisory services to the individual needs of clients. Accordingly, the Adviser does not manage portfolios for clients that seek to impose restrictions on investing in certain securities which the Adviser believes may form part of its investable universe. However, where a client is subject to specific restrictions (e.g. portfolio diversification requirements), the Adviser may tailor its services in accordance with such restrictions on a case by case basis if such restrictions will not materially alter its investment strategy and approach.
- The Adviser provides advisory services to each client pursuant to an investment advisory agreement (each, an “Advisory Contract”). Each client’s individual investment guidelines and objectives are detailed in its respective Advisory Contract and, in the case of the Master-Feeder Fund, the offering memoranda. Each Advisory Contract grants the Adviser complete investment discretion within the confines of these investment guidelines and objectives.
- D. Wrap Fee Programs** – The Adviser does not participate in wrap fee programs.
- E. Clients Assets Under Management** – As of January 1, 2012 the amount of client assets that the Adviser managed on a discretionary basis was approximately \$62,189,300. All assets are managed on a discretionary basis.

## **Item 5 – Fees and Compensation**

- A. Advisory Fees and Compensation** – Each client of the Adviser is a “qualified purchaser” as defined in Section 2(a)(1)(51)(A) of the Investment Company Act of 1940. The rate of the Adviser’s fees varies depending upon factors such as the type of account and the amount of assets being managed. All advisory fees and compensation, borne by a client, and the specific manner of calculating such fees and compensation, are set forth in detail in the client’s Advisory Contract.

The Adviser charges two types of fees. Most clients are charged an asset-based fee based on the amount of assets managed by the Adviser (the “Management Fee”). Management Fees are typically up to 2% per annum. In addition, each client other than the Master-Feeder Fund is subject to a performance fee equal to a portion of the client’s net profit (the “Performance Fee”). Performance Fees are typically 20%, but may be as high as 30%. No Performance Fee is charged on the recoupment of losses. (The Master-Feeder Fund is subject to the Performance Allocation payable to an affiliate of the Adviser as described in Item 6.)

The types and amounts of fees charged to Accounts are subject to negotiation. The Management Fee charged to any investor in the Master-Feeder Fund may be waived or reduced and is intended to be waived on investments made by the Adviser, its affiliates and their principals and employees.

- B. Payment of Fees** – Fees charged are deducted from the clients’ accounts.

Management fees are calculated based on assets as of the first day of each calendar quarter and are paid to the Adviser quarterly in advance. A pro rata Management Fee is charged with respect to any assets managed for less than a full calendar quarter.

Performance Fees are calculated annually as of each calendar year end (and with respect to any intra-year redemption on the date of such redemption) and are paid to the Adviser as soon as practical thereafter. Performance Fees, once paid, are not subject to claw-back in the event of subsequent losses. Thus a client may pay a Performance Fee even where it did not receive a profit during the term of its investment.

A client’s monthly account statement shows the client’s holdings net of all fees and expenses.

- C. Other Fees and Expenses** – Clients also incur brokerage commissions, transaction fees and related investment expenses including, but not limited to, custodial fees, deferred

sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, other fees and taxes on securities transactions, due diligence expenses, news and quotation service expenses, and, indirectly, fees charged by exchange traded funds and mutual funds. Item 12 provides additional information regarding the Adviser's brokerage practices.

The Master-Feeder Fund is subject to a Performance Allocation described in Item 6. The Master-Feeder Fund bears all of its organizational expenses and ongoing operating expenses as set forth in detail in the offering memoranda including, but not limited to, offering expenses, legal and accounting fees, administration fees and expense, directors' fees and extraordinary expenses (including indemnification).

Clients are subject to the foregoing fees and expenses regardless of whether any profit is made on investments.

- D. Prepayment of Fees** – As noted in Item 5(B) above, Management Fees are paid quarterly in advance. In the event that an Advisory Contract is terminated (or, with respect to the Master-Feeder Fund, any investor in the Master-Feeder Fund makes a redemption) prior to the end of a calendar quarter, a pro-rata portion of the Management Fee for such calendar quarter will be rebated..
- E. Additional Compensation and Conflicts of Interest** – No supervised person of the Adviser accepts compensation for the sale of securities or other investment products. Item 12 further describes certain conflicts of interest in determining the reasonableness of broker-dealer compensation.

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

As discussed in Item 5, the Adviser charges each client other than the Master-Feeder Fund, a Performance Fee.

Union Avenue Capital LLC (“UAC”), an affiliate of the adviser, receives from the Master-Feeder Fund a performance allocation equal to a portion of its net profit (the “Performance Allocation”). Currently, the total Performance Allocation charged to investors in the Master-Feeder Fund is 20% and the Master-Feeder Fund’s seed investor receives a portion of the Performance Allocation. However, the amount of the Performance Allocation applicable to any investor in the Master-Feeder Fund may be waived or reduced and is intended to be waived on investments made by the Adviser, its affiliates and their principals and employees. No Performance Allocation is assessed on the recoupment of losses.

The Performance Allocation is calculated annually as of each calendar year end (and with respect to any intra-year redemption on the date of such redemption) and is made as soon as practical thereafter.

The Performance Allocation, once made, is not subject to claw-back in the event of subsequent losses. Thus an investor in the Master-Feeder Fund may be subject to a Performance Allocation even where it did not receive a profit during the term of its investment.

All of the Adviser’s clients are subject to either a Performance Fee or a Performance Allocation. Nonetheless, the Adviser may have an incentive to make investments that are more speculative for the accounts of clients are subject to the highest Performance Fee or Performance Allocation in order to increase its potential compensation with respect to such clients. The Adviser however, will not knowingly or deliberately favor certain clients over other clients.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts and the allocation of investment opportunities. The Adviser allocates investment opportunities in accordance with written guidelines that insure that all clients are treated fairly and equally. At the quarterly Pricing and Allocation Committee (“PAC”) meetings, account performance is reviewed for any evidence of favoritism to higher fee paying accounts. See Item 11 for further discussion of the Adviser’s allocation policy.

## **Item 7 – Types of Clients**

The Adviser provides investment advisory services to the Master-Feeder Fund, as well as to other clients through managed account and/or sub-advisory arrangements.

The Master-Feeder Fund is a hedge fund that is structured as follows:

Union Avenue Portfolio Fund Ltd – a Cayman Islands master fund

Union Avenue Fund Ltd – a Cayman Islands feeder fund

Union Avenue Investors LLC – a Delaware feeder fund

Investment in the Master-Feeder Fund is only open to sophisticated, knowledgeable investors. All investors are required to be accredited investors, as defined in Rule 501 under the Securities Act of 1933, as amended and qualified purchasers as defined in Section 2(a)(1)(51)(A) of the Investment Company Act of 1940, or non-U.S. persons. The minimum initial investment in the Master-Feeder Fund is \$1,000,000 (subject to waiver or reduction). The Master-Feeder Fund may refuse to approve a partial redemption by an investor if such redemption would reduce the investor's investment below the minimum initial investment described above.

The Adviser also provides investment advisory services to other investment advisers and manages, as a sub-adviser, a portion of three other private investment vehicles (collectively, the "Sub-Advisory Accounts"). In the future, the Adviser may provide advisory services to additional managed accounts for high net worth individuals or institutional investors, including other investment advisers (such future accounts collectively with the Sub-Advisory Accounts, the "Accounts"). The minimum investment in an Account is determined on a case-by-case basis, subject to an absolute minimum of \$1,000,000. Requirements for maintaining any minimum investment in an Account are individually negotiated and set forth in the relevant Advisory Contract.



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

- A. Methods of Analysis and Investment Strategies** – The Adviser utilizes a variety of methods and strategies to make investment decisions for its clients. The Adviser has considerable discretion respecting the investment strategies and choices for its clients.

The Adviser generally seeks to trade the Master-Feeder Fund and the Accounts on a parri-passu basis. However, as discussed in Item 4C, where a client is subject to specific restrictions (e.g. portfolio diversification requirements), the Adviser may tailor its services in accordance with such restrictions on a case-by-case basis if such restrictions will not materially alter its investment strategy and approach.

Generally, the Adviser seeks to apply a focused, disciplined trading approach to capitalize on a constant flow of informational inefficiencies in international financial markets via selective areas of increased focus based upon opportunity set. The Adviser seeks to identify and exploit a book of bottom-up trades (typically consisting of 30-50 positions) that the Adviser believes will have asymmetric return profiles in the short term. The Adviser focuses on Asian, Latin American and EAME (Europe/Africa/Middle East) equity markets, although investments in U.S. equities may be made, and other instruments will be utilized, to exploit the Advisor's market views. Portfolio risk controllers are overlaid to seek to maintain aggregate exposures within desired boundaries.

In implementing the foregoing investment strategy, the Adviser may invest in, trade, buy (on margin or otherwise), sell (including short sales), and otherwise acquire, hold, dispose of, and deal in securities, commodities and derivatives of any and all types including, without limitation, listed and unlisted, registered and unregistered, debt and equity securities of U.S. and non-U.S. issuers, obligations issued or guaranteed by any sovereign authority or its agencies or instrumentalities of any of them, convertible securities, rights, warrants, subscriptions or other contracts to acquire securities, certificates of deposit, letters of credit, repurchase and reverse repurchase agreements, options on securities and securities indices, currencies, money market instruments, securities futures contracts, currencies, futures and forward contracts, swaps, options, warrants, caps, collars, floors and forward rate agreements, any rights pertaining to any of the foregoing, and instruments or other evidences of indebtedness referred to as securities, commodities, futures, forwards or derivatives (collectively “**Financial Instruments**”).

Every investment opportunity is analyzed as a long term fundamental investment but traded in the shorter term based on expected catalysts. This enables the Adviser to short-circuit the traditional or larger buy side processes. The Adviser performs bottom-up,

fundamental analyses to find investment opportunities that are relatively undervalued or relatively overvalued. The Adviser believes that its knowledge of how different investor groups value the same security on a relative (and not absolute) basis and of the incremental buyer's and seller's focus provide it with a competitive edge. The Adviser's goal is to identify companies where the equities markets have mispriced downside risk and upside return. Intensive research is utilized to understand why the valuation discrepancy has evolved. Over the years, the principal of the Adviser has developed an extensive catalogue of already researched ideas awaiting further catalysts that define the event that enables the arbiters of fair value to remove the bias embedded in market valuations. The Adviser uses its understanding of inter-market dynamics and knowledge of the buy and sell side to help identify the potential timing of other investors' reaction to these inefficiencies.

In managing client assets, the Adviser adheres to a strict discipline of waiting for catalysts and liquidating positions when catalysts have passed. On an ongoing basis, the Adviser analyzes (i) the aggregate beta of each client's portfolio in comparison to several benchmarks, (ii) correlations to identify unintended net exposures, and (iii) the aggregate VAR of each client's portfolio. Under normal market conditions, the Adviser generally seeks to have position sizes at initiation adjusted for volatility to average approximately 15- 25 basis points swing per day, with no more than 3-6% of exposure. Profit and loss generally is monitored on a real-time basis to the extent practicable. The Adviser generally maintains a stop-loss on a portion of every position.

Clients' portfolios are expected to be very liquid. Under normal market conditions, and subject to any specific parameters set forth in an Advisory Contract, it is expected that 80% of the Master-Feeder Fund's or any Accounts' position will be able to be liquidated within five days or less.

Under normal market conditions, and subject to any specific parameters set forth in an Advisory Contract, it is generally expected that a client's portfolio will fall within the following parameters, as determined at the time of investment:

- Net exposure – +/- 50% ;
- Gross exposure – 150%;
- Number of long positions – 15-40;
- Number of short positions – 10-30; and
- Maximum position size – 10% (excluding indices).

Short positions are both opportunistically traded as profit centers as well as used to hedge long positions. Subject to any specific parameters set forth in an Advisory Contract, a client's portfolio may be strategically net short and/or 100% cash for discreet periods of time. The Adviser may utilize leverage for investment purposes. Under normal market conditions and subject to any specific parameters set forth in an Advisory Contract,, the leverage ratio, measured at the time of borrowing, will not exceed 2:1. Foreign exchange exposure typically is hedged.

**B, C. Material Risks of the Adviser's Investment Strategy, Methods of Analysis and Types of Securities** – The Adviser has broad discretion in making investments for its clients. Investments may be affected by business, financial market or legal uncertainties. Results may vary substantially over time. Material risks include (but are not limited to) the following factors summarized below. Actual and potential investors in the Master-Feeder Fund should consult the applicable offering memorandum for a complete description of the risks associated with such an investment.

*No Guarantee of Profit.* All investments risk the loss of capital. No guarantee or representation is made that the Adviser's investment program will be successful. No assurance can be given that the investment objective of any client will be achieved or that a client will not lose money.

*Trading Risks.* The Financial Instrument markets are speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for Financial Instruments change rapidly and are affected by a variety of factors, including interest rates and general trends in the overall economy or particular industrial or other economic sectors. Government actions, especially those of the Federal Reserve Board, have a profound effect on interest rates which, in turn, affect the price of Financial Instruments. In addition, a variety of other factors that are inherently difficult to predict, such as domestic and international political developments, governmental trade and fiscal policies, patterns of trade and war or other military conflict can also have significant effects on the markets. The Adviser may have only limited ability to vary their portfolios in response to changing economic, financial and investment conditions. No assurance can be given as to when or whether adverse events might occur which could cause significant and immediate loss in value of a client's portfolio. Even in the absence of such events, trading Financial Instruments can quickly lead to large losses.

*Trading is Speculative and Volatile.* A principal risk in Financial Instrument trading is the traditional volatility in the market prices of Financial Instruments. Moreover, as the Adviser may buy and "sell short" securities on margin, the volatility of its clients' portfolios will be greatly increased, leading to significantly greater risks. Profitability depends greatly on predicting market prices. If the Adviser incorrectly predicts price

movements, large losses could result. The Adviser trades in the securities markets on a purely speculative basis. No assurance can be given that the Adviser's speculative trading will result in profitable trades or that any client will not incur substantial losses.

*Financial Instruments Believed to Be Undervalued or Incorrectly Valued.* Financial Instruments that the Adviser believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the Adviser anticipates. As a result, a client may lose all or substantially all of its investment in any particular instance.

*Special Risks of Non-U.S. Investments.* Political, legal, tax or economic developments in non-U.S. markets in which the Adviser may invest could adversely affect non-U.S. investments. In addition, non-U.S. investments will be subject to the risks of adverse market conditions due to changes in national or local economic conditions, changes in interest rates and changing governmental rules and policies. Certain legal concepts, including but not limited to limited liability, rights of investors and enforceability of judgments, are not clearly defined in many non-U.S. country systems. Therefore, a client may be liable for an amount greater than the actual investment made by the client in an investment entity. In other instances it may be difficult or impossible to obtain a judgment in favor of the client. Further, the governments in some of the countries in which the Adviser may invest possess significant influence over the private sector and may own or control some of the largest companies in such countries. Therefore, government actions in such countries region may affect future economic conditions in the area and may affect the value of the investments made by the Adviser for its clients.

*Economies in the Early Stages of Development.* Many non-U.S. economies are in the beginning stages of development. This can lead to a high concentration of market capitalization and trading volume in industries by a limited number of issuers. These markets also can contain a concentration of investors and financial intermediaries. Investing in the Financial Instruments of companies and governments in countries having economies in early stages of development involves certain considerations not usually associated with investing in Financial Instruments of United States companies or the United States government, including, among other things, political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; the small size of the Financial Instruments markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in extreme price volatility; significant fluctuations in the rate of exchange between currencies and costs associated with currency conversion; certain government policies that may restrict the Adviser's investment opportunities; and, in most cases, less effective government regulation than is the case with Financial Instruments markets in the United

States. In addition, accounting and financial reporting standards in such countries are not equivalent to standards in more developed countries, and, consequently, less information is available to investors.

*Currency and Exchange Rate Risks.* The Adviser may invest in Financial Instruments denominated or quoted in currencies other than the U.S. Dollar. Changes in currency exchange rates therefore may affect the value of a client's portfolio and the unrealized appreciation or depreciation of investments. Further, a client's account may incur higher brokerage commissions in connection with conversions between currencies as brokers are subject to risks during the conversion process.

The Adviser will seek to protect the value of some portion or all of clients' portfolio holdings against currency risks by engaging in hedging transactions, if available, cost-effective and practicable. The Adviser may enter into forward contracts on currencies as well as purchase put and call options on currencies. There is no certainty that instruments suitable for hedging currency shifts will be available at the time when the Adviser wishes to use them or that, even if available, the Adviser will elect to utilize a hedging strategy with respect to any client.

*Leverage.* The Adviser may utilize significant leverage in buying and selling Financial Instruments. As a result, a client could be subject to a "margin call" pursuant to which the client must either deposit additional funds with its broker(s) or suffer mandatory liquidation of Financial Instruments to compensate for the decline in value (and would be liable for any shortfall). In the event of a sudden precipitous drop in the value of a client's assets, the Adviser may not be able to liquidate assets quickly enough to deleverage.

*Short Sales.* The Adviser may engage in short sales. When a short sale of a Financial Instrument is made on a U.S. exchange on behalf of a client, the proceeds thereof must be left with the broker, and cash or U.S. government securities or other Financial Instruments sufficient under current margin regulations to collateralize its obligation to replace the borrowed Financial Instruments that have been sold must be deposited with the broker. A short sale involves the risk of a theoretically unlimited increase in the market price of the Financial Instrument.

*Derivative Instruments.* The trading of derivatives presents a variety of risks including, but not limited to, volatility risk, counterparty risk, default risk, tracking risk, liquidity risk and leverage.

*Options.* Both the purchasing and selling of call and put options entail risks. An investment in an option may be subject to greater fluctuation than is an investment in the underlying Financial Instrument.

*Futures.* Futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account.

*Business Dependent on Key Individual.* The Adviser has one managing principal and portfolio manager, Thomas R. Grossman. In the event that Mr. Grossman should become unable to perform his duties at the Adviser, the clients' accounts may be adversely affected.

Note that the Adviser has in place policies and procedures to address risk. These include holding a quarterly meeting of the PAC that reviews trading for the prior quarter. The Adviser has a dedicated risk consultant who continually monitors all client accounts. The Adviser has a Business Continuity Plan through a third party provider that addresses how the Adviser will address operational disruptions.

## **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 the Adviser's management.

Although neither Mr. Grossman nor any of the individuals involved with the Adviser or its affiliates in any capacity was named, investors should be aware that the SEC did take action against Aeneas Capital Management, LP, ("ACM"), a former investment manager founded by Mr. Grossman.

After an exhaustive review of ACM's records, including voluminous e-mail files and trading and marketing records and histories, in June 2007, the SEC informed ACM that it intended to recommend the bringing of an enforcement action against ACM and two (now former) officers of ACM relating to their having transferred funds from a hedge fund managed by ACM to a hedge fund managed by an affiliate of ACM in July 2006 to satisfy a margin call. On July 23, 2008, a settlement order was entered pursuant to which (a) ACM was censured for "failing to supervise" the officer who transferred the funds and ordered to pay a \$150,000 civil money penalty to the United States Treasury, and (b) that former officer of ACM was, inter alia, suspended from association with any investment adviser for a period of 12 months and ordered to pay a \$65,000 civil money penalty to the United States Treasury. Wholly apart from, and prior to, any inquiry by the SEC, the "transferred funds" were returned to the "transferring" hedge fund and no investor lost any money or any trading opportunities. Notwithstanding its exhaustive review of ACM's activities, the SEC never alleged any trading or market related improprieties by ACM nor did it have any complaints of any nature against Mr. Grossman. None of the other individuals or organizations that are associated in any way with the Investment Manager or the Fund were associated in any way with ACM, the other hedge funds founded by Mr. Grossman, or the SEC inquiry.

In addition, on March 27, 2008 the Securities Commission Malaysia (the "SC") filed a civil action in the Kuala Lumpur High Court (the "Civil Action") seeking money damages against, inter alia, ACM, certain of its affiliates, Mr. Grossman, as well as another former officer of ACM (collectively the "Defendants"), alleging market rigging, market manipulation and fraudulent transactions, during the period from March 13, 2006 through May 11, 2006, related to the market for shares of Iris Corporation Berhad ("Iris"), a company whose shares are listed for trading on the MESDAQ Market of Bursa Malaysia. Mr. Grossman was never served in the Civil Action.

The allegations in the Civil Action are disputed and denied and the Defendants have communicated directly to the SC their belief, and attempted through documentary evidence to demonstrate, that the Civil Action is without merit. To the extent there was any manipulation of Iris shares, the Defendants maintain they were affected investors, not perpetrators of any bad

acts. For reasons unrelated to the merits of Civil Action, since May 2008 the Defendants have attempted to negotiate a resolution of the Civil Action with the SC. Any resolution - - negotiated or litigated - - would necessarily include a dismissal with prejudice of all trading or market related claims by the SC because the Defendants did not manipulate Iris shares. A tentative conceptual framework for a settlement incorporating this term was negotiated with the SC but the SC later withdrew its agreement to this conceptual framework. Attempts to resume negotiations aimed at resolving the Civil Action are continuing.



### **Item 10 – Other Financial Industry Activities and Affiliations**

- A. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative 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 future commission merchant, commodity pool operator, a commodity trading advisor, or as an associated person of any of the foregoing in reliance on the exemptions provided by Rules 4.13(a)(4) and 4.14 under the Commodities Exchange Act..
- C. UAC serves as the managing member of Union Avenue Investors LLC, the US feeder fund in the Master-Feeder Fund. The Adviser has no other relationships or arrangements that are material to its advisory business or to Investors that it or any of its management persons have with any related persons to disclose.
- D. The Adviser does not recommend or select other investment advisers for its clients.

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

- A. Code of Ethics** – The Adviser has adopted a Code of Ethics (contained in its Compliance Manual) for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics and Compliance Manual include provisions relating to, among other things: confidentiality of client information; prohibitions on insider trading, “pay-to-play” and rumor mongering; restrictions on the acceptance of significant gifts; reporting of certain gifts, outside activities and political contributions; and personal securities trading procedures. All supervised persons at the Adviser must acknowledge the terms of the Code of Ethics and the Compliance Manual annually. The Adviser’s Investors or prospective Investors may request a copy of the firm’s Code of Ethics and excerpts of the Compliance Manual by contacting the Adviser’s Chief Compliance Officer at [rfrank@uaadvisors.com](mailto:rfrank@uaadvisors.com) or by phone at 212-702-7120.
- B. Transactions in Securities where Adviser has Material Financial Interest** – Neither the Adviser nor any of its related persons recommend to any client, or buy or sell for the account of any client, securities in which the Adviser has a material financial interest.

Please note however that principals of the Adviser as well as other key employees of the Adviser may maintain substantial investments in the Master-Feeder Fund, so in this regard, the Adviser may in fact be recommending securities in which it does have a material financial interest. Neither the Adviser nor any of its related persons buy or sell securities to or from the account of any client as principal (a “principal transaction”). In the event such transactions would be contemplated by the Adviser, prior to undertaking a “principal transaction”, the Adviser will only complete such a transaction in accordance with the requirements of Section 206(3) of the Advisers Act. All potential principal transactions are brought to the attention of the Chief Compliance Officer prior to execution so that the proper course of action can be determined.

The Union Avenue Portfolio Fund Ltd., which acts as the investing entity or “master fund” for Union Avenue Fund Ltd. and Union Avenue Investors LLC and UAC serves as the managing member of Union Avenue Investors LLC. Neither the Adviser nor any of its related persons act as an investment adviser to an investment company that it recommends to its clients.

- C, D. Investing in Securities Recommended to Clients; Contemporaneous Trading** – The Adviser has no proprietary trading accounts and therefore would not invest in the same (or related) securities that the Adviser’s clients are invested in.

Although it is prohibited by the Adviser's policies regarding personal account trading by employees (described below), it is possible that an employee of the Adviser or its related persons may hold a security that the Adviser subsequently buys for a client's portfolio. In such cases, the employee must be granted permission to sell such a security from their personal account by the Chief Compliance Officer, who would make a determination at that time as to whether the employee's sale of such security would adversely affect any client.

The Adviser has adopted the following procedures to address conflicts of interest arising from personal account trading (such as front-running or personal trading having an effect on price of a security). The Adviser and its principal and employees may trade Financial Instruments for their own accounts. Such trading, however, will be limited to investments in the Master-Feeder Fund and other vehicles that may in the future be established by the Adviser, passive investments in collective investment vehicles managed by third parties, and, subject to minimum holding periods, turnover restrictions and certain other restrictions, investments that would not be permitted to be made by any client because they fall outside the client's strategy, risk parameters and/or liquidity parameters, or for any other reason. All transactions in "covered securities" (if not prohibited), require pre-clearance by the Chief Compliance Officer. The term "covered securities" is specifically defined in the Code of Ethics and generally includes all debt and equity securities, as well as options, futures and commodities, with certain limited exceptions pursuant to SEC rules and regulations.

The Code of Ethics is designed to ensure that the personal securities transactions, activities of the employees of the Adviser will not interfere with making decisions in the best interest of advisory clients. Employee trading is monitored every month to ensure compliance with the Code of Ethics.

The Adviser maintains procedures to address the situation where an investment would be suitable for acquisition or disposition by one or more clients at the same time. Where this is the case, the Adviser will endeavor to allocate in good faith the limited amount of such investments acquired among the various accounts for which the Adviser considers them to be suitable. The Adviser may make such allocations among clients in any manner which it considers to be fair under the circumstances, including, but not limited to, allocations based on relative account sizes, the degree of risk involved in the investments acquired, and the extent to which such investments are consistent with the investment policies and strategies of the various accounts involved.

It is the Adviser's policy that the firm will not engage in cross trading between client accounts. The Adviser's Compliance Manual contains policies and procedures to address

the conflicts of interest that may arise in such a case, including approval or review of the transaction by the PAC committee and client approval if required by law.

## Item 12 – Brokerage Practices

**A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions** – Generally, in determining which broker or dealer to use, the Adviser has a duty to obtain “best execution,” which the SEC generally describes as a duty to execute securities transactions so that a client’s total costs or proceeds in each transaction are the most favorable under the circumstances. This duty generally begins with a requirement that the Adviser obtain the best price available for the securities in each transaction. However, the Adviser may not always pay the lowest possible commission or markup or markdown or other transaction cost, but may take into account a number of factors, including a broker’s trading expertise, financial strength, stability and responsibility, reputation, reliability, responsiveness to the members of the Adviser, and accuracy of recommendations on particular Financial Instruments, ability to execute trades, block trading and block positioning capabilities, nature and frequency of sales coverage, net price, depth of available services, arbitrage operations, bond capability and option operations, the availability of stocks to borrow for short trades, willingness to execute related or unrelated difficult transactions in the future, order of call, back office, processing and special execution capabilities, efficiency of execution and error resolution. The Adviser may give consideration to certain of these factors more than others in choosing brokers depending on the particular investment at issue.

In addition, Concept Capital Fund Services, a division of ConceptOne, LLC provides middle- and back-office support services to the Adviser pursuant to a Middle- and Back-Office Outsourcing Agreement and Concept Capital Administration (collectively “Concept Capital”) provides office space to the Adviser pursuant to an Office Space License Agreement. Under each agreement the Adviser pays Concept Capital cash amounts. Concept Capital Markets, LLC is a registered broker-dealer that has a correspondent relationship with Goldman Sachs. It is expected that the Adviser will direct securities transaction business to Concept Capital Markets, LLC. The provision by Concept Capital to the Adviser of middle- and back-office services and office space (on terms that may or may not be more favorable than current market rates) may be a factor in the Adviser’s selection of Concept Capital Markets, LLC as a broker for client accounts. While Concept Capital Markets, LLC offers competitive commission rates, it is possible that by utilizing Concept Capital Markets, LLC the clients will be charged a higher commission rate than may be available from other brokers for a particular transaction.

The Adviser’s PAC meets periodically to evaluate the broker-dealers used by the Adviser to execute client trades using the foregoing factors.

1. The Adviser is permitted pursuant to its Advisory Contracts to utilize “soft dollar” credits generated by brokerage of its clients to pay for research and or other products or services other than execution from a broker-dealer or a third party under the “safe harbor” provided by Section 28(e) of the U.S. Securities and Exchange Act of 1934, as amended (the “1934 Act”). Section 28(e) provides a safe harbor for advisers that receive “soft dollar” benefits that are limited to certain research and brokerage products and services.
  - a) The Adviser receives a benefit because it does not have to produce or pay for the research or brokerage products or services.
  - b) The Adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or brokerage products or services, rather than the clients’ interest in receiving the most favorable execution.
  - c) This practice 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”).
  - d) The “soft dollars” generated by one client’s account may be used by the Adviser to serve that account as well as others and that “soft dollar benefits possibly may be applied disproportionately to the soft dollar credits that an account generates.
  - e) During the past fiscal year, the Adviser directed client transactions to a particular broker-dealer in return for “soft dollar” benefits. These benefits were limited to vendors on an approved list, that is updated as required, who provide services related to research and market data services, market data feeds and electronic trading services or other services within the parameters of Section 28(e) of the 1934 Act.
  - f) The procedures used to direct client transactions to a particular broker-dealer in return for “soft-dollar” benefits received are the same as those procedures used to select broker-dealers for trading transactions except as already noted. All procedures are documented in the Directed Brokerage Agreement in place for the Master-Feeder Fund with Concept Capital Markets, LLC. Any rebates that may be given will be made by Concept Capital Markets, LLC to the Master-Feeder Fund account. The Adviser’s “soft dollar” practices with respect to the Accounts mirror those for the Master-Feeder Fund. The Adviser allocates “soft dollars” among the Accounts and the Master-Feeder Fund in a manner it determines to be equitable based on the benefits received and the assets managed.

2. **Brokerage for Client Referrals** – The Adviser may direct some of client brokerage business to brokers who refer prospective investors to the Master-Feeder Fund. Because such referrals, if any, are likely to benefit the Adviser and its affiliates but will provide an insignificant (if any) benefit to clients, the Adviser will have a conflict of interest with its clients when allocating client brokerage business to a broker who has referred investors to the Master-Feeder Fund. To prevent client brokerage commissions from being used to pay investor referral fees, the Adviser will not allocate client brokerage business to a referring broker unless the Adviser determines in good faith that the commissions payable to such broker are reasonable in relation to those available from non-referring brokers offering services of substantially equal value to the clients.
3. **Directed Brokerage** – As discussed in the second paragraph of Item 12.A, the Adviser may execute securities transactions through Concept Capital Markets, LLC (“CCM”). Further, the Adviser outsources middle- and back-office support services from affiliates of CCM and, as discussed in Item 14, CCM serves as placement agent to the Adviser. While there is no agreement requiring that any client execute any securities transactions through CCM or any other broker-dealer, as discussed in Item 12.A.1.(f), a “directed brokerage agreement” exists between the Master-Feeder Fund and CCM pursuant to which CCM agrees to either pay for research or brokerage expenses of the Master-Feeder Fund within the confines of Section 28(e) of the 1934 Act, or rebate commissions or commission equivalents that were available, but were not used, to pay such expenses.

As a result of the foregoing economic arrangements, the Adviser has an incentive to direct brokerage business to CCM rather than other broker-dealers. Nonetheless, the Adviser always selects broker-dealers for securities transactions based on the factors, and in accordance with the procedures, described above

4. **Order Aggregation** – The Adviser may, but is not required to, aggregate purchase and sale orders of securities held for a client’s account with similar orders being made simultaneously for the accounts of other clients if, in the Adviser’s reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to the specific account under management based on an evaluation that the account will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In many instances, the purchase or sale of securities for an account will be effected simultaneously with the purchase or sale of like investments for other accounts. Such transactions may be made at slightly different prices, due to the

volume of investments purchased or sold. In such event, the average price of all securities purchased or sold in such transactions may be determined, at the Adviser's sole discretion, and each account may be charged or credited, as the case may be, with the average transactions price. This aggregation policy does not apply the trading of futures.



### Item 13 – Review of Accounts

- A. **Frequency and Nature of Review** – The Portfolio Manager and risk consultant of the Adviser regularly evaluate the portfolios of the clients on a real-time basis. The client accounts are actively managed by the Portfolio Manager through daily position sizing evaluations, liquidity reviews, hedging adjustments and overall maintenance of the stated portfolio parameters as set forth in the applicable Advisory Contract. A quarterly PAC meeting is held to provide oversight over trading for the accounts. The PAC is composed of the Adviser’s Chief Compliance Officer and the Portfolio Manager.
- B. **Factors Prompting a Non-Periodic Review of Accounts** – All client accounts are actively managed and are reviewed regularly throughout the trading day.
- C. **Content and Frequency of Regular Account Reports** – *Reports provided to Investors in the Master-Feeder Fund* – (i) annual financial statements audited by an independent certified public accounting firm, (ii) monthly unaudited performance information from the administrator, (iii) copies of each investor’s Schedule K-1 to the Master-Feeder Fund tax returns, if applicable, and (iv) other reports as determined by the Adviser or Master-Feeder Fund in its sole discretion.

*Reports provided to Account owners* – (i) weekly estimate and exposure summary, (ii) monthly estimate and investor letter, and (iii) monthly risk report

Although the Adviser will use its best efforts to provide timely tax information to its clients and the investors in the Master-Feeder Fund, it is possible that it may be late in providing tax information, and clients and investors should be prepared to file for extensions with the relevant Federal and state taxing authorities.

All reports described above are written (although some may be delivered electronically).

## **Item 14 – Client Referrals and Other Compensation**

- A. **Economic Benefits Received from Non-Clients for Providing Services to Clients** – The Adviser has no arrangements whereby a party who is not a client compensates or otherwise provides an economic benefit to the Adviser for providing services to clients other than the “soft-dollar” benefit arrangement detailed in Item 12.
- B. **Compensation to Non-Supervised Persons for Client Referrals** – The Adviser has entered into an arrangement with CCM whereby CCM acts as placement agent and introduces investors to Union Avenue Investors LLC and Union Avenue Fund Ltd., and clients to the Adviser (such persons collectively, “Investors”). In return for these services, CCM receives a fee, determined by reference to the amount of each Investor's investment, during the term of such investment.

The arrangement with CCM is disclosed to, and acknowledged by, each Investor prior to investment.

### **Item 15 – Custody**

All client assets are maintained at a “qualified custodian”. As noted above in Item 13, the administrator of the Master-Feeder Fund sends monthly statements directly to the investors in the Master-Feeder Fund. The Account clients receive information on their Accounts from the account administrator with whom they have an agreement in place to provide services. Each fund in the Master-Feeder Fund structure is subject to an annual audit by a PCAOB auditor and delivers audited financial statements to its investors within 120 days after fiscal year end.

## **Item 16 – Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis to investors. Please see Item 4C for a description of any limitations clients may place on the Adviser's discretionary authority.

Prior to assuming full discretion in managing an investor's assets, the Adviser enters into an Advisory Contract that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary investor, the Adviser has the authority to determine (i) the securities to be purchased and sold for the investor account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines), and (ii) the amount of securities to be purchased or sold for the investor account. Because of the differences in investor investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among investors in invested positions and securities held.

## **Item 17 – Voting Client Securities**

The Adviser has the authority to vote proxies for securities held in client portfolios unless otherwise stipulated in the applicable Advisory Contract. The Adviser's proxy voting policy was adopted in accordance with SEC Rule 206(4)-6 and calls for it to exercise its duty of care and loyalty to its clients when it votes proxies. The Adviser generally will not vote proxies in situations where it holds an immaterial position (less than or equal to 1% of outstanding voting equity), or when the Adviser receives a proxy for a security which it no longer holds in the portfolio of any client.

Absent good reason to the contrary, the Adviser will generally give substantial weight to management recommendations regarding voting, and will vote for routine matters in favor of the management proposals. Non-routine matters will be voted on a case-by-case basis, given the complexity of many of these issues. Where there is a measureable change in the structure, management, control or operation of the company, or a change that is inconsistent with industry standards and/or laws of the state of incorporation applicable to the company, the Adviser will generally vote against such proposals.

Investors in the Master-Feeder Fund may not direct the Adviser's vote in any proxy solicitation.

Potential conflicts of interest between the Adviser and its clients may arise when the Adviser's relationships with an issuer or with a related third party actually conflict, or appear to conflict, with the best interest of the client(s). If the issue is specifically addressed in the Adviser's proxy voting policies and procedures, the Adviser will vote in accordance with the stated policies. In a situation where the issue is not specifically addressed in the policies and an apparent or actual conflict exists, the Adviser shall either: i) delegate the voting decision to an independent third party; ii) inform the client of the conflict of interest and obtain advance consent of each client for a particular voting decision; or iii) obtain approval of a voting decision from the Adviser's Chief Compliance Officer, who will be responsible for documenting the rationale for the decision made and voted. In all such cases, the Adviser will make disclosures to clients of all material conflicts and will keep documentation supporting its voting decisions.

Clients may obtain a copy of the Adviser's complete proxy voting policies and procedures upon request. Clients may also obtain information from the Adviser about how it voted any proxies on behalf of their account. Please contact the Adviser via email at [rfrank@uaadvisors.com](mailto:rfrank@uaadvisors.com), or by phone at 212-702-7120.

## **Item 18 – Financial Information**

The Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.