



**Auriga
Capital
Management, LLC**

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This brochure provides information about the qualifications and business practices of Auriga Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at: 646-988-6400, or by email at: compliance@aurigausallic.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Auriga Capital Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

March 28, 2012

Item 2 - Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 646-998-6400 or by email at: compliance@aurigausallc.com. Additional information about Auriga Capital Management, LLC is also available via the SEC’s website www.adviserinfo.sec.gov.

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Item 4 - Advisory Business

Firm Description

Auriga Capital Management, LLC, ("ACM or the Firm") was founded in 2009.

ACM provides personalized confidential investment management to institutional clients only. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, and investment management.

ACM is strictly a fee-only investment advisory firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is affiliated with entities that sell financial products or securities – Auriga USA, LLC. No commissions in any form are accepted. No finder's fees are accepted.

ACM will generally seek to achieve its client's fixed income objectives by investing in mortgage-related instruments, including MBS, ABS, CDOs, CMBS, related credit derivatives, residential mortgage loans and other mortgage and real estate related fixed income instruments ("Fixed Income Portfolio Investments"). ACM does not act as a custodian of client assets. All assets are maintained at a clearing house. Therefore, the client always maintains asset control. ACM places trades for clients under a limited power of attorney.

The Firm will also act in a sub-advisory capacity to domestic and foreign investment vehicles which seek to achieve absolute return through long/short strategies in listed equities. The Fund or Sub-Fund invests its assets in equities, cash, cash equivalents or bonds.

Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which investment management may be beneficial to the client.

Principal Owners

Auriga Holdings, LLC is a 100% owner of Auriga Capital Management, LLC.

Types of Advisory Services

ACM provides investment supervisory services, also known as asset management services; manages investment advisory accounts not involving investment supervisory services; furnishes investment advice through consultations; issues periodicals about securities by subscription; issues special reports about securities; and issues, charts, graphs, formulas, or other devices which clients may use to evaluate securities.

On more than an occasional basis, ACM furnishes advice to clients on matters not involving securities, such as residential mortgage loans and other mortgage and real estate fixed income instruments.

As of December 31, 2011, ACM manages approximately \$30,234,844 in assets for approximately 10 clients, predominantly private funds or hedge funds. Approximately \$30,234,844 is managed on a discretionary basis, and \$0 is managed on a non-discretionary basis.

Tailored Relationships

The goals and objectives for each client are documented in our management agreements. Clients may impose restrictions on investing in certain securities or types of securities.

Types of Agreements

The following agreements define the typical client relationships.

Advisory Service Agreement

Most clients choose to have ACM manage their assets in order to obtain ongoing in-depth investment advice. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. An Advisory Service Agreement includes: cash flow management; investment management (including performance reporting); as well as the implementation of recommendations within each area.

The annual Advisory Service Agreement fee is calculated as negotiated with each client. Generally fees are calculated as 1) a base management fee, 2) a performance fee or, 3) a base management fee plus a performance fee.

Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the period of time completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

Retainer Agreement

The Firm does not accept retainer fees from clients.

Investment Management Agreement

An investment management agreement is prepared for each client and executed by both the client and the investment manager.

Tax Preparation Agreement

The Firm does not engage in tax planning or tax preparation.

Hourly Planning Engagements

The Firm does not engage in hourly planning engagements.

Asset Management

ACM will generally seek to achieve its client's fixed income objectives by investing in mortgage-related instruments, including MBS, ABS, CDOs, CMBS, U.S. government securities, related credit derivatives, residential mortgage loans and other mortgage and real estate related fixed income instruments ("Fixed Income Portfolio Investments").

Equity Managed Accounts are generally invested in common stock often selected through use of our affiliate Auriga USA LLC's equity research. Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships.

Initial public offerings (IPOs) are not available through ACM.

Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying ACM in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, ACM will refund any unearned portion of the advance payment.

ACM may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, ACM will refund any unearned portion of the advance payment.

Item 5 - Fees and Compensation

Description

Our investment advisory fees for advisory services are calculated as negotiated with each client. Generally fees are calculated as 1) a base management fee, 2) a performance fee or, 3) a base management fee plus a performance fee.

ACM provides investment advice to Managed Accounts. Fees are NEGOTIABLE.

Fee Billing

Investment management fees are billed monthly, in arrears, meaning that we invoice you after the one-month billing period has *ended*. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

ACM, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

New Advisory Service Agreement fees are calculated on a formula basis and adjusted for complexity of the situation. The formula is based on gross income, gross assets and other financial considerations.

Expense Ratios

N/A

Past due Accounts and Termination of Agreement

ACM reserves the right to stop work on any account that is more than 30 days overdue. In addition, ACM reserves the right to terminate any engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in ACM's judgment, to providing proper investment management advice. Any unused portion of fees collected will be refunded within 30 days.

Item 6 - Performance-Based Fees

Sharing of Capital Gains

Some fees are based on a share of the capital gains or capital appreciation of managed securities.

ACM utilizes a performance-based fee structure because of the alignment of interests provided by this structure.

Item 7 - Types of Clients

Description

ACM generally provides investment advice to institutions such as banks or thrift institutions, investment companies, hedge funds, private funds, corporations or business entities.

Client relationships vary in scope and length of service.

Account Minimums

The minimum account size is set in ACM's discretion. ACM has not established a minimum account size or a minimum annual fee per account.

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

Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include Bloomberg, Intex, Yieldbook, financial newspapers and magazines, inspections of corporate activities, research materials prepared internally or by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Investment Strategies

The primary investment strategy used on client accounts is fixed income investment returns will be generated primarily through security selection in mortgage credit markets, including disciplined due diligence scrutiny of collateral quality, structural risks, regional housing economics, and evaluation of origination and servicing risks. The strategy is expected to benefit over the longer term from an improvement in housing and mortgage markets. It is also expected that the Fixed Income Portfolio Investments will be relatively illiquid in the short term. The investment process will be driven by analysis of potential Fixed Income Portfolio Investments with special focus on loss expectation. Security loan level analysis will be supplemented by research on U.S. residential real

estate markets at the MSA level. Investment risk will be managed through the portfolio position diversification and rigorous review of exposure to multiple fixed income risk factors.

Equity returns will generally be generated through investment in healthcare and technology verticals based on firm equity research and through the independent research of the equity funds portfolio management. Strategic asset allocation utilizing a core and satellite approach. This means that we use passively-managed index and exchange-traded funds as the core investments, and then add actively-managed funds where there are greater opportunities to make a difference. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Other strategies may include long-term purchases, short-term purchases, trading, short sales, and margin transactions,

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- Credit Risk: Bond issuers and other recipients of credit may fail to honor their contractual obligations including payment of both principal and interest. Such risk may lead to losses as well as failure to achieve anticipated returns. Changes in perceived credit risk can also impact the price at which securities can be purchased and sold.
- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in

good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Item 9 - Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Item 10 - Other Financial Industry Activities and Affiliations

Financial Industry Activities

ACM is registered as an SEC Registered Investment Adviser.

Affiliations

ACM has arrangements that are material to its advisory or its clients with a related person who is a broker-dealer, other investment advisor, and mortgage related entities.

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

Code of Ethics

The employees of ACM have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

ACM and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the ACM Compliance Policies and procedures Manual.

Personal Trading

The Chief Compliance Officer ACM is John Tartaglia. Mr. Tartaglia or his designee reviews all employee trades each month. His trades are reviewed by another Compliance Associate with ACM. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment.

Item 12 - Brokerage Practices

Selecting Brokerage Firms

ACM is affiliated with Auriga USA LLC, a FINRA registered broker-dealer. Auriga USA LLC is typically ACM's preferred brokerage firm; however ACM utilizes other FINRA member broker-dealers for trade execution. Specific custodian recommendations are made to Clients based on their need for such services. ACM recommends custodians based on the proven integrity and

financial responsibility of the firm and the best execution of orders at reasonable commission rates.

ACM *does not* receive fees or commissions from any of these arrangements.

Best Execution

ACM reviews the execution of trades at each custodian each quarter. The review is documented in the *ACM Compliance Policies and Procedures Manual*. Trading fees charged by the custodians is also reviewed on a quarterly basis. ACM does not receive any portion of the trading fees.

Soft Dollars

ACM does not receive a software maintenance credit.

Order Aggregation

Trades may be aggregated for average prices purposes by the Firm's executing brokers; however ACM does not aggregate its fund or advisory client orders.

Item 13 - Review of Accounts

Periodic Reviews

Account reviews are performed quarterly by John Tartaglia or his designee. Account reviews are performed more frequently when market conditions dictate.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Regular Reports

Account reviewers are members of the firm's Investment Committee. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive periodic communications on at least an annual basis. *Advisory Service Agreement* clients and *Investment Management* clients receive written quarterly updates. The written updates may include a net worth statement, portfolio statement, tax return (if the client requests tax preparation services), and a summary of objectives and progress towards meeting those objectives.

Item 14 - Client Referrals and Other Compensation

Incoming Referrals

ACM has been fortunate to receive client referrals over the years. Institutional accounts have been derived from relationships with the parent company – Auriga Global Investors, Sociedad de Valores, S.A. ("Auriga Global Investors"). The firm does not compensate referring parties for these referrals.

Referrals Out

ACM does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Other Compensation

This section is not applicable to ACM's current business activities.

Item 15 - Custody

Account Statements

All assets are held at qualified custodians/clearing firm, which means the custodians/clearing firm provides account statements directly to clients at their address of record at least quarterly.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by ACM.

Net Worth Statements

Net worth statements are not currently a part of ACM's services.

Item 16 - Investment Discretion

Discretionary Authority for Trading

ACM accepts discretionary authority to manage securities accounts on behalf of its managed account clients. ACM has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, ACM consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

ACM approves the custodian/clearing firm to be used and the commission rates paid to the custodian/clearing firm. ACM does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved. In most cases, the Firm has a management agreement with the underlying institutional account to manage its assets.

Item 17 - Voting Client Securities

Proxy Votes

ACM does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, ACM will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

Item 18 - Financial Information

Financial Condition

ACM does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because ACM does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

Item 19 - Business Continuity Plan

General

ACM has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within two days of a disaster that dictates moving our office to an alternate location.

Loss of Key Personnel

ACM has not signed a Business Continuation Agreement with another financial advisory firm to support ACM in the event of key personnel disability or death. The Firm believes it is adequately staffed to handle any such disaster.

Item 20 - Information Security Program

Information Security

ACM maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

ACM is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.