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Name: Thesis Fund Management, LLC

Business Address: 441 Lexington Avenue
6th Floor
New York, NY 10017

Contact Information: +1 (888) 467-2300
sr@thesisfundmanagement.com

Website Address: www.thesisfundmanagement.com

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This brochure provides information about the qualifications and business practices of Thesis Fund Management, LLC. If you have any questions about the contents of this brochure, please contact us at +1 (888) 467-2300 or sr@thesisfundmanagement.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. Thesis is registered as an investment adviser with the SEC. Registration with the SEC does not imply a certain level of skill or training.

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

Item 2

Material Changes

This Brochure dated March 28, 2012 has been prepared according to the requirements and rules promulgated by the United States Securities and Exchange Commission (“SEC”). If Thesis Fund Management, LLC (“Thesis” or the “Adviser”) amends this Brochure for its annual update and the amended Brochure contains material changes, Thesis will prepare a summary of the material changes. Thesis will also reference the date of the last annual update of its Brochure. This Brochure is Thesis’ first Form ADV Part 2A submitted to the SEC in accordance with amendments made to certain rules promulgated under the Investment Advisers Act of 1940, as amended. Accordingly, there are no material changes to report.

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Item 4

Advisory Business

A. Thesis Fund Management, LLC (“Thesis”) is a New York-limited liability company, registered federally as an investment advisor under the Investment Advisers Act of 1940, as amended. Thesis was founded in 2009. Thesis provides investment advisory services to the Thesis Flexible Fund, a series of an open-end investment company registered under the Investment Company Act of 1940, as amended (the “Mutual Fund”) and also provides investment advisory services to Thesis Flexible Fund Ltd, an investment company domiciled in the Cayman Islands, exempt from registration under applicable Cayman law, which is not open, marketed or sold to U.S. persons and is not marketed or sold in the U.S., (the “Offshore Fund”), and together with the Mutual Fund, (the “Funds”).

The sole principal owner of Thesis is Thesis Capital Group, LLC, a domestic entity owning 75% or more of voting securities.

B. Thesis’ investment advice may encompass all sectors of the economy and domestic and foreign markets as well as emerging markets. Thesis seeks to pursue its investment objective for its clients principally by taking long and short positions in domestic and foreign common equity securities (including emerging market securities), American Depositary Receipts (“ADRs”), Global Depositary Receipts (“GDRs”), domestic and foreign fixed income securities (including securities of foreign sovereigns and supranational organizations and emerging market securities), precious metals, and commodities and commodity-related contracts.

C. Based on the Funds’ needs, Thesis may tailor its advisory services. The Funds, at times, may not want to hedge currencies, or purchase U.S. securities, or not purchase particular securities, and may restrict securities in a particular sector, country or asset class.

D. Thesis does not currently participate in wrap fee programs by providing portfolio management services. The Funds Thesis advises may be available through various broker-dealer wrap fee programs.

E. As of December 31, 2011, Thesis managed approximately \$2,704,791 of fund assets.

Item 5

Fees and Compensation

A. Thesis is compensated based on a percentage of assets of the Funds. All fees are subject to negotiation. For serving as advisor to a registered investment company, Thesis receives a management fee of 2.25% of the Funds' average daily net assets. In addition, for the Mutual Fund, Thesis receives a 12b-1 fee of 0.25% of the average daily net assets.

B. Management fees are accrued on a daily basis and remitted to Thesis on a monthly basis.

C. In addition to advisory fees, Funds are responsible for certain other expenses including but not limited to expenses related to fund administration, fund accounting, compliance, legal, custody, transfer agency, distribution, payments to fund trustees or directors and brokerage fees (see Item 12). Funds may also pay certain redemption fees, wire fees, overnight check delivery fees, retirement account fees, as well as interest, taxes, dividend expenses on short sales, acquired fund fees and expenses and certain extraordinary expenses.

D. Thesis does not receive advisory fees in advance.

E. Neither Thesis nor any of its supervised persons accept compensation for the sale of securities or other investment products.

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

Neither Thesis nor any of its supervised persons currently accept performance-based fees.

Item 7

Types of Clients

Thesis Fund Management, LLC is an investment adviser to two investment companies as follows:

- (a) One series of an open-end investment company registered under the Investment Company Act of 1940;
- (b) One investment company domiciled in the Cayman Islands, exempt from registration under applicable Cayman law, which is not open, marketed or sold to U.S. persons and is not marketed or sold in the U.S.

The minimum initial investment in the Funds is \$2,500. The minimum subsequent investment is \$250.

Item 8

Methods of Analysis, Investment Strategies and Risk of Loss

A. The Funds seek to pursue its investment objectives principally by taking long and short positions in domestic and foreign common equity securities (including emerging market securities), American Depositary Receipts (“ADRs”), Global Depositary Receipts (“GDRs”), domestic and foreign fixed income securities (including securities of foreign sovereigns and supranational organizations and emerging market securities), precious metals, and commodities and commodity-related contracts. The Funds buy securities that the portfolio manager believes will go up in price and sells short securities the portfolio manager believes will go down in price. The Funds may invest in securities of companies of any size including small and mid capitalization companies. In addition, the Funds may invest in “special situations” companies that are experiencing management changes, are currently out of favor with the investment community, or are facing other serious challenges.

While the Funds generally purchase securities for investment purposes, they may make strategic investments in companies for the purpose of effecting governance, operational or other fundamental changes. The Funds may seek to influence or control management of a company in which it invests, or invest in other companies that do so, when the Fund’s advisor believes such actions will increase the value of the Fund’s portfolio holdings. Shareholder activism can take any of several forms, including proxy battles, publicity campaigns, and negotiations with management.

The Funds identify investment opportunities by researching opportunities and taking into account applicable market conditions and other macroeconomic factors. The investment process involves an analysis of an issuer’s “fundamentals” -- such as revenues, earnings, cash flows, dividends, and balance sheet information -- coupled with an analysis of market action, including both price behavior and trading volume. The allocation between long and short positions is a result of the investment process. The Funds intend that, under normal market conditions, they will hold a higher percentage of their assets in long positions than short positions (i.e., the Funds will be “net long”). To manage its net exposure between long and short positions, the Funds may take long and short positions in instruments that provide exposure to the equity markets, including exchange-traded funds, options, futures, commodities, other index-based instruments and other instruments.

The Funds intend to invest in the following domestic and foreign fixed income securities: notes, bills and debentures that are investment grade (rated in one of the four highest ratings categories by Moody’s Investor Service, Inc. (“Moody’s”) or Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (“Standard & Poor’s”)); bank debt obligations, high-yield debt securities (commonly referred to as “junk bonds”), convertible securities, loan participations, securities eligible for trading pursuant to Rule 144A under the Securities Act of 1933 (“Rule 144A Securities”) and structured notes that are below investment grade (rated Ba or lower by Moody’s or BB or lower by Standard & Poor’s) or that are in default; and securities issued by supranational organizations and sovereign debt securities which are rated by Moody’s or Standard & Poor’s as either investment grade or below investment grade. In selecting debt securities to achieve the Fund’s investment objectives, the Advisor will consider the likelihood of default and the potential for capital appreciation.

When deemed appropriate by the portfolio manager, the Funds may temporarily be positioned as market-neutral or “net short”, as measured by gross long positions minus gross short positions,

for short-term investment or defensive purposes. In addition, for short-term investment or defensive purposes the Funds may hold up to 100% of their assets in cash and equivalents, including government obligations in the currency of any developed country (including the U.S. dollar), short-term highly-rated commercial paper, and certificates of deposit issued by a government-insured banking institution. To the extent that the Funds employ a temporary defensive measure, the Fund may not achieve its investment objective.

Please note that all Investments are subject to inherent risks and an investment in Thesis Funds is no exception. Please consider a particular fund's investment objectives, risks, charges and expenses before investing. Investing in securities involves risk of loss that clients should be prepared to bear.

B. The principal risks associated with the investment strategy of both the Mutual Fund and the Offshore Fund are as follows:

Market Risk of Equity Securities

By investing in stocks, the Funds are exposed to a sudden decline in a holding's share price or an overall decline in the stock market. In addition, the value of your investment will fluctuate on a day-to-day and a cyclical basis with movements in the stock market, as well as in response to the activities of individual companies. In addition, individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The rights of a company's common stockholders to dividends and upon liquidation of the company generally are subordinated (i.e., rank lower) to those of preferred stockholders, bondholders and other creditors of the issuer. The Funds are also subject to the risk that its equity market investments may underperform the market as a whole.

Interest Rate Risk

Generally, fixed income securities decrease in value if interest rates rise and increase in value if interest rates fall, with lower rated securities more volatile than higher rated securities. The duration of these securities affects risk as well, with longer term securities generally more volatile than shorter term securities. Like fixed income securities, preferred stock generally decreases in value if interest rates rise and increases in value if interest rates fall. The Funds also will face interest rate risk if they invest in fixed income securities paying no current interest (such as zero coupon securities and principal-only securities), interest-only securities and fixed income securities paying non-cash interest in the form of other securities.

High-Yield Securities Risk

High yield securities, also known as "junk bonds", are below investment grade quality and may be considered speculative with respect to the issuer's continuing ability to make principal and interest payments. To be considered below investment grade quality, one of the major rating agencies must have rated the security below one of its top four rating categories (i.e., BBB/Baa or higher) at the time the Funds acquire the security or, if the security is unrated, the manager must have determined it to be of comparable quality. Analysis of the creditworthiness of issuers of lower-rated securities may be more complex than for issuers of higher-rated debt securities. As a result, the Funds' investments in high yield securities are subject to a greater degree of manager risk, with respect to credit analysis, than are the Funds' investments in higher-rated securities. The issuers of these securities may be in default at the time of the Fund's investment, or have a currently identifiable vulnerability to default on their interest or principal payments, or may

otherwise be subject to present elements of danger with respect to payments of principal or interest. Securities that are in default are rated Caa or lower by Moody's or D by Standard & Poor's. Lower-rated securities may be more susceptible to real or perceived adverse economic and competitive industry conditions than higher-rated securities. Yields on high yield securities will fluctuate. If an issuer of high yield securities defaults, the Funds may incur additional expenses to seek recovery.

The secondary markets in which lower-rated securities are traded may be less liquid than the markets for higher-rated securities. A lack of liquidity in the secondary trading markets could adversely affect the price at which the Funds could sell a particular high yield security when necessary to meet liquidity needs or in response to a specific economic event, such as a deterioration in the creditworthiness of the issuer, and could adversely affect and cause large fluctuations in the net asset value of the Funds' shares. Adverse publicity and investor perceptions may decrease the values and liquidity of high yield securities generally.

Credit Risk of Investment Grade and Non- or Lower-Rated Securities

This is the risk that the issuer or guarantor of a fixed income security will be unable or unwilling to make timely payments of interest or principal. This risk is magnified for lower-rated debt securities, such as high yield securities. High yield securities are considered predominantly speculative with respect to the ability of the issuer to make timely payments of interest or principal. In addition, Funds that invest in fixed income securities issued in connection with corporate restructurings by highly leveraged issuers.

The Funds' investment portfolio in fixed income securities consists of both investment grade securities, rated Baa or higher by Moody's or BBB or higher by S&P, and lower-rated securities, rated lower than Baa by Moody's or lower than BBB by S&P (or, if not rated, of comparable quality). Securities rated lower than Baa by Moody's or lower than BBB by S&P are sometimes referred to as "high yield" or "junk" bonds. Securities rated Baa are considered by Moody's to have some speculative characteristics. Higher-rated and lower-rated securities may be regarded as predominately speculative with respect to the issuer's continuing ability to meet principal and interest payments. Analysis of the creditworthiness of issuers/issues of lower-rated securities may be more complex than for issuers/issues of higher quality debt securities. Lower-rated securities may be more susceptible to losses and real or perceived adverse economic and competitive industry conditions than higher grade securities. Securities that are in the lowest rating category are considered to have extremely poor prospects of ever attaining any real investment standing, to have a current identifiable vulnerability to default, to be unlikely to have the capacity to pay interest and repay principal. The secondary markets on which lower-rated securities are traded may be less liquid than the market for higher grade securities. Less liquidity in the secondary trading markets could adversely affect and cause large fluctuations in the value of the Funds' portfolio. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the values and liquidity of lower-rated securities, especially in a thinly traded market. Furthermore, higher-rated securities also carry credit risk because they run the risk of a down grading if their credit deteriorates

The use of credit ratings as the sole method of evaluating lower-rated securities can involve certain risks. For example, credit ratings evaluate the safety of principal and interest payments, not the market value risk of lower-rated securities. Also, credit rating agencies may fail to change credit ratings in a timely fashion to reflect events since the security was rated.

Small or Mid-Cap Company Risk

Investments in securities of small and mid-sized companies may involve greater risks than investing in large capitalization companies, because small and mid-sized companies generally have a limited track record and their shares tend to trade infrequently or in limited volumes. Additionally, investment in common stocks, particularly small and mid-sized company stocks, can be volatile and cause the value of the Funds' shares to go up and down, sometimes dramatically.

Management Risk

The skill of the Adviser will play a significant role in the ability of the Funds to achieve their investment objective. The Funds' ability to achieve their investment objective depends on the Adviser's ability to select securities and other assets for investment by the Funds. Because the Adviser will seek to invest the Funds' portfolio in a variety of asset classes and in a number of different domestic and foreign markets, this risk will be more pronounced for the Funds than it is for funds that pursue their objectives by investing in particular markets or asset classes.

Foreign Security Risk

Foreign security risk is the risk that the prices of foreign securities may be more volatile than those of U.S. securities because of economic conditions abroad, political developments, and changes in the regulatory environment of the countries in which the Funds invest. In addition, changes in exchange rates and interest rates in foreign countries may adversely affect the value of the Funds' investments. There may also be less publicly available information about a non-U.S. company than a U.S. company.

Emerging Market Risk

Many of the risks with respect to foreign investments are more pronounced for investments in developing or emerging market countries. The economies of many of emerging market countries depend heavily upon international trade and are accordingly affected by protective trade barriers and economic conditions of their trading partners. The enactment by these trading partners of protectionist trade legislation could have a significant adverse effect upon the securities markets of such countries. Many of these countries may also have government exchange controls, currencies with no recognizable market value relative to the established currencies of western market economies, little or no experience in trading in securities, no financial reporting standards, a lack of a banking and securities infrastructure to handle such trading, and a legal tradition which does not recognize rights in private property. In addition, emerging market debt may be affected by a country's credit rating, political environment, and the yield spread of emerging market debt over U.S. Treasuries. Trade flows and foreign debt repayment schedules may affect a country's exchange rate and the yield curve. Political instability may lead to higher interest rates, affecting country risk and credit rating.

Foreign Sovereign Risk

Foreign governments rely on taxes and other revenue sources to pay interest and principal on their debt obligations. The payment of principal and interest on these obligations may be adversely affected by a variety of factors, including economic results within the foreign country, changes in interest and exchange rates, changes in debt ratings, changing political sentiments, legislation, policy changes, erosion of the tax base or revenue sources, natural disasters, or other

economic or credit problems. It is possible that a foreign sovereign may default on its debt obligations. Securities issued by supranational organizations may be subject to many of the same risks.

Foreign Currency Risk

The Funds' investments in securities denominated in foreign currencies are subject to currency risk, which means that the value of those securities can change significantly when foreign currencies strengthen or weaken relative to the U.S. dollar. The Funds may invest in foreign currencies to hedge against the risks of variation in currency exchange rates relative to the U.S. dollar. Such strategies, however, involve certain transaction costs and investment risks, including dependence upon the ability of the Adviser to predict movements in exchange rates. Some countries in which the Funds may invest may have fixed or managed currencies that are not freely convertible at market rates into the U.S. dollar. Certain currencies may not be internationally traded. Many countries in which the Funds may invest have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuation in inflation rates may have negative effects on certain economies and securities markets. Moreover, the economies of some countries may differ favorably or unfavorably from the U.S. economy in such respects as the rate of growth of gross domestic product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments.

Market Concentration

Many foreign stock markets are more concentrated than U.S. stock markets, because a smaller number of companies make up a larger percentage of the market. Therefore, the performance of a single company or group of companies could have a much greater impact on a foreign stock market as a whole than a single company or group of companies would on a U.S. stock market. As a result, the Funds' portfolio holdings of foreign securities may be subject to a risk of loss from adverse changes in the prices of other foreign securities that trade in the same market.

Portfolio Turnover Risk

Portfolio turnover risk is the risk that the Funds' turnover rate may exceed 100%. A high turnover rate (100% or more) may lead to higher transaction costs and may result in a greater number of taxable transactions, and it may negatively affect the performance of the Funds.

Issuer-Specific Risk

Changes in the financial condition of an issuer, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can affect the value of an issuer's securities and the ability of issuers to repay principal and to make interest payments on securities owned by the Funds. The value of securities of smaller, less-well-known issuers can be more volatile than that of larger issuers.

Commodities Risk

The Funds may invest in commodities or commodities-related investments. The Funds' exposure to the commodities markets may subject the Funds to greater volatility than their investments in securities. The value of commodities and commodity-linked instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, and risks affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

Precious Metals Risk

Prices of precious metals and of precious metal-related securities are often very volatile. The production and sale of precious metals by governments or central banks or other larger holders can be affected by various economic, financial, social and political factors, which may be unpredictable and may have a significant impact on the prices of precious metals. Other factors that may affect the prices of precious metals and securities related to them include changes in inflation, the outlook for inflation and changes in industrial and commercial demand for precious metals. The Funds may incur higher custody and transaction costs for precious metals than for securities. Holding precious metals in any form results in no income being derived from such holding and involves the risk of delay in obtaining or disposing of such assets in the case of bankruptcy or insolvency of the Funds' custodian. Holding precious metals in book account involves credit risk of the party holding the precious metal.

Rule 144A Securities Risk

Rule 144A Securities are restricted securities that can be resold to qualified institutional buyers but not to the general public. If no active trading market develops or if such a market ceases to exist for Rule 144A Securities held by the Funds, those holdings may become difficult to value.

Derivative Investment Risk

A derivative security is a financial contract whose value is based on (or "derived from") a traditional security (such as a bond) or a market index. The Funds' use of derivative instruments may involve other risks than those associated with investing directly in the underlying securities. Derivatives involve the risks of improper valuation and ambiguous documentation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying security. Derivatives are also subject to other risks, such as market risk, which is the risk that the value of an investment will fluctuate with movements in the market for the underlying security; interest rate risk, which is the risk that the value of bonds and other debt securities will fall when interest rates rise; credit risk, which is the risk that the issuers of bonds and other debt securities may not be able to make interest or principal payments; counterparty risk, which is the risk that the other party to an agreement will default; and liquidity risk, which is the risk that lack of trading volume may make it difficult to sell securities at quoted market prices. The use of a derivative is speculative if the Funds are primarily seeking to enhance returns, rather than offset the risk of other positions. When the Funds invest in derivatives for speculative purposes, the Funds will be fully exposed to the risks of loss of that derivative, which may sometimes be greater than the cost of the derivative. In addition, the Funds' direct or indirect use of derivatives may increase the taxes payable by shareholders.

Short Sales

A short position is one where the Funds have sold at the current market price a security that it does not own in anticipation of a decline in the market value of the security. To complete a short sale, the Funds must borrow the security to make delivery to the buyer. The Funds are then obligated to replace the borrowed security by purchasing the security at the market price at the time of replacement. The price at such time may be more or less than the price at which the security was sold by the Funds. Until the borrowed security is replaced, the Funds are required to pay to the lender amounts equal to any dividends or interest that accrue during the period of the loan. To borrow the security, the Funds also may be required to pay a premium to the lender, which would increase the cost of the security sold. The proceeds of the short sale will be retained by the broker to the extent necessary to meet margin requirements, until the short position is closed.

The Funds may not always be able to borrow a security or to close out a short position at a particular time or at an acceptable price. If the price of the borrowed security increases between the date of the short sale and the date on which the Funds replace the security, the Funds will experience a loss. The Funds' loss on a short sale is limited only by the maximum attainable price of the security (which could be limitless) less the price the Funds paid for the security at the time it was borrowed.

Short sales by the Funds that are not made "against the box" create opportunities to increase the Funds' return, but at the same time involve special risk considerations and may be considered a speculative technique.

Because the Funds do not need to invest the full purchase price of the securities on the date of the short sale, the value of its shares will tend to increase more when the securities it has sold short decrease in value, and to decrease more when the securities it has sold short increase in value, than would otherwise be the case had it not engaged in those short sales. Theoretically, short sales involve unlimited loss potential, as the market price of securities sold short may increase continuously. However, the Funds may mitigate those losses by replacing the securities sold short before the market price has increased significantly.

Under adverse market conditions the Funds might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favour such sales.

Short sales may be used with the intention of hedging against the risk of declines in the market value of the Funds' long portfolio, but there is no guarantee that such hedging operations will be successful.

Strategic Investing Risk

An activist shareholder uses an equity stake in a corporation to put public pressure on its management in order to achieve certain objectives such as increase of shareholder value through

changes in corporate policy or financing structure, or reduction of expenses. Shareholder activism can take any of several forms, including proxy battles, publicity campaigns, and negotiations with management, and may result in a hostile relationship between the Funds and a targeted company. In seeking to effect governance, strategic or operational changes in a company, the Funds may acquire large positions in the company's securities. There is a risk that the Funds' efforts may not result in the desired changes in the targeted company. It also is possible that the changes sought by the Funds, if adopted, may cause the Funds' investment to lose value. In addition, the Funds may incur substantial transaction costs when making strategic investments, including costs associated with litigation, and those transactions may adversely affect or exceed the price of the securities. Acquiring a large position in a company for the purpose of exercising a controlling influence may bring unfavorable media attention to the Funds.

Currency Risks

The Funds' investments in securities denominated in foreign currencies are subject to currency risk, which means that the value of those securities can change significantly when foreign currencies strengthen or weaken relative to the U.S. dollar. The Funds may invest in foreign currencies to hedge against the risks of variation in currency exchange rates relative to the U.S. dollar. Such strategies, however, involve certain transaction costs and investment risks, including dependence upon the ability of the Adviser to predict movements in exchange rates. Some countries in which the Funds may invest may have fixed or managed currencies that are not freely convertible at market rates into the U.S. dollar. Certain currencies may not be internationally traded. Many countries in which the Funds may invest have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuation in inflation rates may have negative effects on certain economies and securities markets. Moreover, the economies of some countries may differ favorably or unfavorably from the U.S. economy in such respects as the rate of growth of gross domestic product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments.

Part of the Funds' assets may be invested in securities denominated in various currencies and in other financial instruments, the price of which will be determined with reference to those currencies. Nonetheless, the accounts of the Funds will be valued in U.S. dollars. To the extent they are not hedged, the value of the Funds' net assets will fluctuate with U.S. dollar exchange rates as well as with price changes of its investments in the various local markets and currencies. The Funds may use forward-currency contracts and options to hedge against currency fluctuations, but there is no guarantee that such hedging transactions will be effective.

The additional principal risks associated with the investment strategy of the Offshore Fund are as follows:

Corporate Debt Obligations

The Adviser may invest in corporate debt obligations, including commercial paper. Corporate debt obligations are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations (credit risk). The Adviser may intend to actively expose the Offshore Fund to credit risk. However, there can be no guarantee that the Offshore Fund will be successful in making the right selections and thus fully mitigate the impact of credit risk changes on the Offshore Fund.

Debt Securities

The Offshore Fund may take positions in debt securities that rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Offshore Fund may take positions in debt securities which are not protected by financial covenants or limitations on additional indebtedness. The Offshore Fund may invest in securities which are moral obligations of issuers or subject to expropriations. The Offshore Fund will therefore be subject to credit and liquidity risks.

Convertible Bonds

The Offshore Fund may invest in convertible bonds, bonds that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company or that are indexed to an unmanaged market index at the option of the holder during a specified time period. Prior to conversion, convertible bonds have the same general characteristics as non-convertible bonds. As with all debt securities, the market value of convertible bonds tend to decline as interest rates increase and conversely, increase as interest rates decline. Convertible bonds, however, also appreciate when the underlying common stock appreciates, and conversely, depreciate when the underlying common stock depreciates.

Investment Flexibility

The Offshore Fund has broad and flexible investment authority. In particular the Offshore Fund is not required to invest any particular percentage of its portfolio in any type of investment, sector or region, and the amount of the Offshore Fund's portfolio which is invested in any type of investment or which is weighted in different countries or different sectors can change at any time based on the availability of attractive market opportunities. Accordingly, at any time, the Offshore Fund may have significant investments in strategies, sectors or instruments not specifically described herein and which therefore present risks which are not specifically described herein.

Lack of Operating History

The Offshore Fund is a newly formed entity. As such, it does not have a prior operating history that a prospective investor can evaluate before making an investment in the Offshore Fund. Consequently, a prospective investor should evaluate the Offshore Fund's investment program on the basis that no one can guarantee that the Adviser's assessment of the short- or long-term prospects of its investment strategies will prove accurate, or that the Offshore Fund will achieve its investment objective.

Dependence on Key Personnel

The Offshore Fund's investment activities depend on the experience and expertise of the principal of the Adviser. If Stephen Roseman leaves the Adviser, this may have a material adverse effect on the Offshore Fund's operations.

Illiquidity of Shares

Initially, the Offshore Fund's directors have designated one class of shares for offer to investors, being Class A shares ("Offered Shares"). Offered Shares are not transferable without the approval of the directors, and there will be no secondary market for shares. Consequently, a holder of

Offered Shares may only be able to dispose of its Offered Shares by having the Offshore Fund redeem them, subject to any limitations on redemption described in its offering memorandum. Even then the shareholder may receive securities rather than cash in exchange for its shares.

Possible Effect of Substantial Redemptions

If a substantial number of shares are redeemed at one time, the Offshore Fund may have to liquidate its positions more rapidly than otherwise desired in order to raise the cash necessary to fund those redemptions. The Offshore Fund may find it difficult to liquidate its positions on favourable terms if some of the securities it holds are illiquid. This could result in losses or a decrease in the Net Asset Value of the Offshore Fund.

If the Adviser determines that it is inadvisable to liquidate portfolio assets for the purpose of redeeming shares, the Offshore Fund is allowed to borrow the cash necessary for that purpose. The Offshore Fund may also pledge portfolio assets as collateral security for the repayment of that borrowing. In these circumstances, the continuing shareholders will bear the risk of any subsequent decline in the value of the Offshore Fund's assets

Absence of Regulatory Oversight

The Offshore Fund is not a regulated mutual fund under the Mutual Funds Law (Revised) of the Cayman Islands and it is not required to, nor does it intend to, register under the laws of any jurisdiction.

As a consequence, the statutes of certain jurisdictions (which may provide certain regulatory safeguards to investors) do not apply. For example, the Offshore Fund is not required to maintain custody of its securities or place its securities in the custody of a bank or member of a recognised securities exchange in the same way as required under the statutes of some other jurisdictions.

Generally, a registered investment company that places its securities in the custody of a member of a recognised securities exchange is required to have a written custodian agreement. Typically, such an agreement provides that securities held in custody must be kept separate from the securities of any other person and that those securities must be clearly identified as the property of the investment company. It also contains other provisions requiring compliance with applicable regulations. However, the Offshore Fund may maintain accounts at a brokerage firm that does not keep assets separate in that way as would be the case for a registered investment company. In those circumstances, if the brokerage firm becomes insolvent, the insolvency may affect the Offshore Fund more adversely than a registered investment company's insolvency would affect the Offshore Fund.

Limited Rights of Investors

An investment in the Offshore Fund should be regarded as a passive investment because investors have no right to participate in the day-to-day operations of the Offshore Fund.

Modification of Terms

From time to time, the Offshore Fund may exercise its discretion to grant certain prospective or existing shareholders or classes of shareholders certain advantages not available to all investors, including but not limited to: (a) special redemption rights relating to frequency, period of notice, redemption fees (whether in the form of a reduction or rebate), redemption penalties payable or

other terms, or any combination of these; and (b) rights to receive reports from the Offshore Fund on a more frequent basis or that include information not provided to other shareholders (including, without limitation, more detailed information regarding portfolio positions. The terms of such arrangements are at the sole discretion of the Offshore Fund. They may be based on the following factors, amongst others: (i) the size of the shareholder's investment in the Fund or affiliated investment entity; (ii) an undertaking by the shareholder to maintain its investment in the Fund for a significant period of time; or (iii) some other similar undertaking.

Valuation of the Offshore Fund's Investments

Valuation of the Offshore Fund's securities and other investments may involve uncertainties and judgmental determinations. If a valuation is incorrect, the Net Asset Value per Share may be adversely affected. Independent pricing information about some of the Offshore Fund's securities and other investments may not always be available. However, valuations will be made in good faith in accordance with the Offshore Fund's articles of association.

If the value assigned by the Offshore Fund to an investment differs from its actual value, the Net Asset Value per Share may be either understated or overstated to the extent of that difference. Consequently, if the actual value of some of the Offshore Fund's investments is higher than the value assigned to them, a shareholder holding Participating Shares who redeems all or part of its shares while they are so undervalued may be paid less than if they were correctly valued. Conversely, if the actual value of some of the Offshore Fund's investments is lower than the value assigned to them, the shareholder may, in effect, be overpaid.

Furthermore, an investment in the Offshore Fund by a new shareholder (or an additional investment by an existing shareholder) may dilute the value of the Offshore Fund's investments for the other shareholders if those investments are undervalued. Conversely, a new shareholder (or an existing shareholder who makes an additional investment) could pay too much if the Offshore Fund's investments are overvalued by the Offshore Fund. If either of these scenarios happens, the Offshore Fund does not intend to adjust the Net Asset Value per Share retroactively.

Additionally, as the fees of a number of the Offshore Fund's service providers are tied to the Offshore Fund's Net Asset Value per Share, any discrepancy in valuation may result in overpayment or underpayment to those service providers.

None of the directors, nor the Offshore Fund or its administrator will be liable if a price or valuation used in good faith in connection with any of the above procedures, later proves to be incorrect or inaccurate.

In-Kind Distributions

A redeeming shareholder may, in the discretion of the directors, receive securities owned by the Offshore Fund in lieu of or in combination with cash. The value of securities distributed may increase or decrease before the securities can be sold, and the investor will incur transaction costs in connection with the sale of those securities. Additionally, securities distributed to a shareholder in connection with a redemption may not be readily marketable. In those circumstances, the investor bears the risk of loss and delay in liquidating those securities, with the result that it may ultimately receive less cash than it would otherwise have received if it had been paid in cash alone for its shares on the date of redemption.

Business and Regulatory Risks of Hedge Funds

Legal, tax and regulatory changes during the term of the Offshore Fund may adversely affect it. The regulatory environment for hedge funds is evolving. Changes in the regulation of hedge funds may adversely affect the value of the Offshore Fund's investments. They may also adversely affect its ability to obtain the leverage it might otherwise have obtained or to pursue its trading strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulating organisations and exchanges are authorised to take extraordinary actions in cases of market emergencies. The regulation of derivative transactions and funds that engage in those transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on the Fund could be substantial and adverse.

Segregation Risk

Although the assets and liabilities of each of the Offshore Fund's Classes of shares (that have been or may be created in the future) are, in effect, segregated into a separate sub-fund, there is a risk that the assets of one Class may be applied to meet any claims by the Offshore Fund's creditors if the liabilities of another Class exceed the assets of that other Class. As at the date of this document, the Directors are not aware of any such claim or contingent liability. Nevertheless, the assets of a solvent Class may be at risk with respect to, and may be used to satisfy the liabilities of, an insolvent Class.

No Separate Counsel

Ogier will act as Cayman Islands counsel to the Offshore Fund. No separate Cayman Islands counsel has been retained to act on behalf of the shareholders or any directors.

Overall Investment Risk

All investments in securities risk the loss of capital. There may be increased risk due to the nature of the securities to be purchased and traded by the Offshore Fund and the investment techniques and strategies used to try to increase profits. While the Adviser will devote its best efforts to the management of the Offshore Fund's portfolio, it cannot give an assurance that the Offshore Fund will not incur losses. Many unforeseeable events, including actions by various government agencies and domestic and international political events, may cause sharp market fluctuations.

Derivative Instruments

The Adviser may use various derivative instruments, including futures, options, forward contracts, swaps and other derivatives. These may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Using derivative instruments has various risks. These include the following:

- Tracking

When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be

hedged may prevent the Adviser from achieving the intended hedging effect or may expose the portfolio to the risk of loss.

- Liquidity

Derivative instruments, especially when traded in large amounts, may not always be liquid. Hence in volatile markets, the Adviser may not be able to close out a position without incurring a loss. In addition, exchanges on which the Adviser conducts its transactions in certain derivative instruments may have daily limits on price fluctuations and speculative positions limits. Also, the Adviser may invest in investments that are, or may become, illiquid. These limits may prevent the Adviser from liquidating positions promptly, thereby subjecting the portfolio to the potential of greater losses.

- Leverage

Trading in derivative instruments can result in large amounts of leverage. The leverage offered by trading in derivative instruments may magnify the gains and losses experienced by the Offshore Fund. This could subject the Fund's Net Asset Value to wider fluctuations than would be the case if the Adviser did not use the leverage feature in derivative instruments.

- Over-the-counter trading

Derivative instruments that may be purchased or sold for the portfolio may include instruments not traded on an exchange. Over-the-counter instruments, unlike exchange-traded instruments, are two-party contracts with price and other terms negotiated by the buyer and seller. The risk of non-performance by the obligor on an over-the-counter instrument may be greater, and the ease with which the Adviser can dispose of or enter into closing transactions with respect to such an instrument may be less, than in the case of an exchange-traded instrument. In addition, significant disparities may exist between "bid" and "asked" prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with those instruments.

Risks of Executing Investment Strategies

The Offshore Fund will invest in a number of securities and obligations that entail substantial inherent risks. Although the Offshore Fund will attempt to manage those risks through careful research, ongoing monitoring of investments and appropriate hedging techniques, there is no assurance that the securities and other instruments purchased by the Offshore Fund will in fact increase in value or that the Fund will not incur significant losses.

Market Risks and Liquidity

In large measure the profitability of a significant portion of the Offshore Fund's investment program depends on correctly assessing the future course of the price movements of securities and other investments. There is no assurance that the Offshore Fund will be able to accurately predict those price movements. Although the Offshore Fund may attempt to mitigate market risk through the use of long and short positions or other methods, there is always some and occasionally a significant degree of market risk.

Furthermore, the Offshore Fund may be adversely affected by a decrease in market liquidity for instruments in which it invests, which may impair its ability to adjust its position. The size of the Offshore Fund's positions may magnify the effect of a decrease in market liquidity for those instruments. Changes in overall market leverage, de-leveraging as a consequence of a decision by a prime broker to reduce the level of leverage available, or the liquidation by other market participants of the same or similar positions, may also adversely affect the Fund's portfolio. Some of the underlying investments of the Offshore Fund may not be actively traded and there may be uncertainties involved in valuing those investments. Potential investors are warned that under those circumstances, the Net Asset Value of the Offshore Fund may be adversely affected.

Hedging

Although the Offshore Fund will attempt to hedge its exposure to specific arbitrage positions, it will not always be possible to fully hedge risk from such positions or any other position. In addition, the Offshore Fund may take positions based on the expected future direction of the markets without fully hedging the market risks.

Risks of Global Investing

The Offshore Fund invests in various capital markets throughout the world. As a result, the Offshore Fund is subject to risks relating to the following:

- (i) currency exchange matters, including fluctuations in the rate of exchange between the base currency of the Offshore Fund and various other currencies in which its investments may be denominated, and costs associated with converting investment principal and income from one currency into another; and
- (ii) the possible imposition of withholding taxes on income received from the issuer of, or gains with respect to, those investments.

In addition, investing in some of these capital markets involves factors not typically associated with investing in established securities markets. These include risks relating to the following:

- (i) differences between markets, including potential price volatility in and relative illiquidity of some securities markets;
- (ii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, and less governmental supervision and regulation; and
- (iii) certain economic and political risks, including potential exchange control regulations or restrictions on investment and repatriation of capital.

Counterparty and Settlement Risk

Due to the nature of some of the investments that the Offshore Fund may make, the Offshore Fund may rely on the ability of the counterparty to a transaction to perform its obligations. If that party fails to complete its obligations for any reason, the Offshore Fund may suffer losses and therefore be exposed to a credit risk on the counterparties with which it trades. The Offshore Fund will also bear the risk of settlement default by clearing houses and exchanges. A default by a counterparty or a default on settlement could have a material adverse effect on the Offshore Fund.

Borrowing

The Offshore Fund is permitted to finance its operations with secured and unsecured borrowing to the maximum extent allowable under applicable credit regulations. The Offshore Fund may suffer losses if there are adverse changes in the level of market prices of the assets being financed with the borrowings.

Distributions

Ordinarily, the Offshore Fund will not make distributions by way of dividends to the investors and, consequently, all earnings of the Offshore Fund are expected to be retained for reinvestment.

Discretion of the Adviser; Concentration of Investments

The Adviser will seek to engage in the investment activities described in its offering memorandum. Nonetheless, the Adviser may alter the Offshore Fund's portfolio. It can do so in its sole discretion and without the approval of any holder of shares. Although, as a matter of general policy, the Adviser will try to spread the Offshore Fund's capital among a number of investments, it may depart from that policy from time to time and may hold a few relatively large securities positions in relation to the Offshore Fund's capital. A loss on a large security position following such concentration could materially reduce the Offshore Fund's capital.

Difficult Market for Investment Opportunities

The activity of identifying, completing and realising on attractive investments is highly uncertain. There is no assurance that the Offshore Fund will be able to locate and complete investments that satisfy the Offshore Fund's rate-of-return objective or to realise on the value of those investments; nor is there any assurance that the Offshore Fund will be able to fully invest its subscribed capital in a manner consistent with its investment strategy.

C. The Funds invest in the securities listed in Item 8B above. Please see the response to Item 8B for risks of investing in these securities.

Item 9**Disciplinary Information**

Thesis does not have any legal or disciplinary events that are material to a client's or prospective client's evaluation or its advisory business or the integrity of its management.

Item 10

Other Financial Industry Activities and Affiliations

A. Neither Thesis nor any of its management persons are registered, or have an application pending to register, as a securities broker-dealer.

B. Neither Thesis nor any of its management persons are registered, or have an application pending, as a futures commission merchant, commodity pool operator, or commodity trading adviser

C. Thesis serves as investment advisor to Thesis Flexible Fund Ltd, an unregistered Fund domiciled in the Cayman Islands (“Offshore Fund”) that will commence operations in January 2012. Certain employees of Thesis also provide advisory services to both the Offshore Fund and the Mutual Fund, a series of an open-end investment company. This may create a conflict of interest for side-by-side management of the Offshore Fund and the Mutual Fund. Thesis has adopted policies and procedures to mitigate any conflicts.

Other than the Offshore Fund and the Mutual Fund, Thesis does not have any relationship or arrangement that is material to its advisory business or its clients that Thesis or any of its management team has with a broker dealer, municipal securities dealer, government securities dealer or broker; investment company or other pooled investment vehicle; other investment adviser or financial planner; futures commission merchant, commodity pool operator, or commodity trading adviser; banking or thrift institution; accounting or accounting firm; lawyer or law firm; insurance company or agency; pension consultant; real estate broker or dealer; or sponsor or syndicator of limited partnerships.

D. Thesis does not recommend or select other investment advisors for its clients.

Item 11

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

A. Thesis has adopted a Code of Ethics (“Code”) that is designed to prevent, monitor and detect possible conflicts of interest with the Funds. All Thesis employees with access to trading information must comply with its Code, which outlines a variety of restrictions on their personal trading activities, as well as prohibitions on trading on non-public information. Thesis has adopted various procedures to implement its Code and Thesis reviews it to monitor and ensure that Thesis’s policy is observed, implemented properly and amended or updated, as appropriate.

- The Chief Compliance Officer (“CCO”) shall promptly provide all covered persons with a copy of the Code. In addition, the CCO must maintain the acknowledgment contained within the Code which all persons covered by the Code must complete initially at hire and each year thereafter.
- The CCO will provide the Code of any reportable fund to relevant access persons.
- The CCO shall identify all access persons and temporary access persons and inform them of their obligations promptly.
- In determining whether to approve a Personal Trade Request (“PTR”), the CCO will determine, in good faith, whether the access person knows, or should know, that a Fund would be engaging in a transaction involving such a security within a day of submitting the PTR. Additionally, the CCO should assess whether any potential conflict of interest exists with respect to the security at issue. The CCO must maintain a record of any decision relating to pre-clearance requests and the reasons supporting the decision, for at least five years after the end of the fiscal year in which the approval is granted.
- On a quarterly basis, the CCO will provide to all access persons the forms contained within the Code with respect to personal securities transactions. The CCO will track and monitor the provision of those forms and will address any failures to comply with the transaction reporting requirement.
- The CCO will, on a quarterly basis, compare all reported personal securities transactions and pre-clearance requests with the Funds’ completed portfolio transactions during the quarter to determine whether a Code violation may have occurred. The CCO may request additional information or take any other appropriate measure that he or she decides is necessary to aid in this determination.
- If the CCO finds that a Code violation has occurred, the CCO must report the possible violation to senior management.
- The CCO will submit his or her own reports (as required) to an alternate compliance officer who will fulfill the duties of the CCO with respect to such reports.
- At the time of hire, and on an annual basis thereafter, the CCO will provide to all access persons the forms contained within the Code with respect to personal securities holdings. The CCO will track and monitor the provision of those forms and will address any failures to comply with the holdings reporting requirement.
- At least annually, the CCO must furnish to senior management and the executive committee a written report that describes any issues arising under the Code since the previous report, including, but not limited to, information about material violations of the Code and sanctions imposed in response to the material violations; and certifies that the Code contains policies and procedures reasonably designed to prevent access persons from violating the Code.

- The CCO will annually review the content and format of the Code and make any modifications necessary to maintain the reasonableness of its policies and procedures to prevent and detect violations of the Code and relevant rules of law. An updated Code will be provided to all access persons on an annual basis.
- The CCO will review all disclosed covered person board memberships, advisory positions, trade group positions, management positions, or any involvement with public companies (“outside business activity”) in relation to potential conflicts of interest. The CCO in conjunction with senior management and the executive committee will make a determination with respect to whether to approve or deny an outside business activity request in light of Thesis’s status as a fiduciary.
- Any gifts or accommodations in excess of the de minimis amount are required to be submitted to the CCO for prior approval. The CCO will maintain documentation of all such requests and resulting approvals or denials.
- Any preferential treatment extended to a Thesis covered person (for example, offer of a discount) by a Thesis business contact must be pre-approved by the CCO before proceeding with the transaction.
- The CCO must review each PTR and record the decision regarding the request. The general standards for granting or denying pre-clearance are contained within the Code.
- The CCO shall maintain duplicate copies of trade confirmations and periodic statements directed to Thesis by access persons in accordance with the Code.
- Access persons must obtain pre-clearance prior to acquiring or disposing of a direct or indirect beneficial ownership interest in any Security, other than exempt securities.
- The CCO will confidentially maintain a restricted or watch list containing the names of securities which are determined to be at risk for potential conflicts of interest.
- The CCO will monitor the holding periods of any access person’s securities to ensure that no security held by the Funds are purchased and sold within the period prescribed by the Code.

B. Neither Thesis nor any related person recommends to the Funds, or buys or sells for the Funds, securities in which Thesis or a related person has a material financial interest.

C. Neither Thesis nor any related person invests in the same securities or related securities as the Funds. See Thesis Code of Ethics.

D. Neither Thesis nor any related person recommends to the Funds, or buys or sells securities for the Funds, at or about the same time that Thesis or any related person buys or sells the same securities for their own account.

Item 12

Brokerage Practices

A. Thesis may execute a trade with a particular broker-dealer only if that broker-dealer appears on the Approved List of broker-dealers, unless Thesis' management committee determines and documents the determination that using a non-approved broker-dealer is in the best interest of the Funds. Thesis will attempt to obtain price quotations from multiple broker-dealers when placing orders and indicate the quotations on trade tickets for an effort to document best execution. Thesis seeks the following when placing a trade for a particular broker-dealer: speed of execution, price improvement, size improvement; commission (by selecting brokers that charge competitive commissions); research and soft dollars; quality of overall execution services; expertise in executing trades for a particular type of security; and selecting broker-dealers only if they are in sound financial condition and can maintain and commit adequate capital when necessary to complete trades; skill, based on such factors as the broker-dealer's ability to search for and obtain liquidity to minimize market impact, accommodate unusual market conditions, complete trades, execute unique trading strategies, execute and settle difficult trades, and maintain the anonymity of Thesis. Periodically, the Thesis management committee will review records or a sample of trades and compare the prices obtained in the trades with historical prices in the relevant markets. For example, the management committee may spot check a number of trades on a given day and compares the prices obtained with quote information obtained from NASDAQ or ECNs (Electronic Communication Network). If Thesis is not receiving prices that fall within an acceptable range of these quotes, the Thesis management committee will investigate the reason for the deviation and consider ways to improve execution.

1. Research and Other Soft Dollar Benefits. Thesis reserves the right, on behalf of its clients, the Funds, to direct an amount of brokerage commissions to a broker-dealer, usually under an informal agreement, in return for research-related services and proprietary research that Thesis uses in making investment decisions for the Funds.

Thesis has adopted a formal Soft Dollar Policy, and used the following procedures to direct Fund transactions to particular broker-dealers in return for soft dollar benefits received by Thesis. Thesis's management committee oversees soft dollar arrangements and approves any services received under these arrangements. Under soft dollar arrangements, Thesis obtains research services in exchange for brokerage commissions generated from client accounts that are subject to trading discretion. The following conditions must be met for soft dollar trades to occur: 1. The products and services to be acquired must be either "brokerage" or "research"; 2. They must be "provided by" a broker dealer, either directly or through a third party, as long as the direct legal obligation to pay for the services rests with the broker and not with Thesis; 3. They must be provided in return for brokerage commissions; and 4. They must be based upon our good faith determination that the commissions were reasonable in relation to the value of the services provided. When Thesis uses client brokerage commissions (or mark ups or mark downs) to obtain research or other products or services, Thesis receives a benefit because it does not have to produce or pay for the research. Thesis may have an incentive to select or recommend a broker-

dealer basis on Thesis' interest in receiving the research or other products or services, rather than on our clients' interest in receiving most favorable execution.

Research is defined to be assistance to portfolio managers in performance of investment decision-making responsibilities. More specifically, research services include advice, either directly or through publications or writings, as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities and analysis and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategies and the performance of the accounts.

Thesis seeks best price and execution on all trades executed for Funds. Factors considered include quality of execution, broker's execution capability with respect to transactions, responsiveness and research services provided. If a product or service can also be used by Thesis for purposes other than research or brokerage, a reasonable allocation of the cost is made according to its use.

Thesis may cause the Funds 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). Trades executed on a discretionary basis are typically executed electronically at a commission of no more than five cents per share. A portion of this commission may be reserved and used to pay for research and trading related services used to manage the Funds, in compliance with Section 28 (e) of the Securities Exchange Act of 1934. The exact amount paid is negotiated by Thesis to be commensurate with the value of the brokerage or research services provided. This amount is typically higher than is available from brokerage firms, which do not provide research services.

Soft dollar benefits are not necessarily limited to those accounts that generate the benefit, nor are soft dollar benefits necessarily allocated to accounts in proportion to the soft dollar credits the accounts generate. A potential conflict of interest is that the allocation of the costs and benefits of these research and execution services may not be fairly allocated among accounts. As a practical matter, the potential conflict is mitigated because of the parallel strategies used to manage the Funds. In any event, the amounts are not significant.

Thesis and its related persons acquired the following products and services with client brokerage commissions (or mark ups or mark downs) during the last fiscal year:

- Research (13D Research; FactSet)
- Market Data (NYSE; TSX; OPRA)

2. Brokerage for Client Referrals. Thesis does not reward broker-dealers for referring Clients to Thesis by directing trades and thus commissions to such broker-dealers.

3. Directed Brokerage. Thesis does not currently recommend, request, require or permit a client to direct it to execute portfolio transactions through a specified broker dealer

B. Order Aggregation. When feasible, trade orders may be aggregated when Portfolio Team members desire to purchase or sell the same security for multiple Funds. Thesis considers the following factors when allocating securities among Funds. Not all Funds are assured of participating equally in a particular allocation. The Funds may make the same, similar, or different trades depending on the nature of each Fund's investor base, portfolio composition, tax considerations, or other issues.

- All portfolio team members who desire the Fund's trades to be aggregated will communicate such desire to the operations department. If two or more portfolio team members submit trade tickets for the same security unbeknownst to one another, the operations department or its designee will inform the portfolio team members of the situation. If the operations department or its designee determines that such orders should be aggregated, they will notify the Portfolio Team members that placed such orders, and the trade tickets will be revised to reflect the aggregation. Prior to such aggregation, orders will be pre-allocated among the Funds prior to execution and such pre-allocation will be set forth on the trade ticket.
- Orders of two or more may be aggregated only if the operations department or its designee determines, on an individual client basis that the securities order is:
 - in the best interests of each Fund participating in the order
 - consistent with Thesis's duty to obtain best execution
 - consistent with the terms of the Advisory Agreement of the Funds
- Separate documentation relating to the order will be generated and maintained for each Fund participating in the aggregated order.
- After the creation of the trade tickets, the portfolio manager or portfolio administrator will take the trade tickets and seek to place the aggregated order with the executing broker-dealer that offers the most favorable terms under the prevailing market conditions, consistent with best execution.
- The terms negotiated for the aggregated order will apply equally to each participating Fund.
- The price of the securities purchased or sold in an aggregated order will be at the average share price for the transactions of the clients in that order on a given day, with the order's transaction costs shared on a pro rata basis.
- Thesis will avoid holding cash and securities involved in an aggregated trade longer than necessary.
- Thesis will avoid receiving additional compensation as a result of the aggregation.
- The allocation of securities obtained in an aggregated securities order will be made in accordance with Thesis's Trade Allocation Procedures.

Item 13

Review of Accounts

A. Thesis intends to review each Fund account on a continuing basis. Any developments affecting the portfolio structure or an existing holding will trigger a review and appropriate action. The review will be conducted by Stephen Roseman, Portfolio Manager, and Angela Buhrke, VP Operations & Compliance.

B. Not applicable

C. The transfer agency will send written quarterly account statements to investors, which contain the opening and closing balances, any purchases and redemptions and their corresponding pricing.

Item 14**Client Referrals and Other Compensation**

A. There is no one who is not a client who provides an economic benefit to Thesis for providing investment advice or other advisory services.

B. Currently, neither Thesis nor a related person directly or indirectly compensates any person who is not a supervised person for client referrals.

Item 15**Custody**

Thesis does not have custody of client funds or securities.

Item 16

Investment Discretion

Thesis accepts discretionary authority to manage securities accounts on behalf of the Funds. Thesis generally determines both the securities and quantities to be bought and sold for each Fund.

Item 17
Voting Client Securities

A. Generally, Thesis will not take any action or render any advice with respect to the voting of proxies solicited by, or with respect to, the issuers of securities in which the Fund's assets may be invested.

In the event that Thesis acts as investment adviser to a closed-end and/or open-end registered investment company and is responsible for voting their proxies, such proxies will be voted in accordance with any applicable investment restrictions of the fund and, to the extent applicable, any proxy voting procedures or resolutions or other instructions approved by an authorized person of the Fund.

Absent any legal or regulatory requirement to the contrary, it is generally the policy of Thesis to maintain the confidentiality of the particular votes that it casts on behalf of its Funds. Any registered investment companies managed by Thesis disclose the votes cast on their behalf in accordance with all legal and regulatory requirements. Thesis does not, however, generally disclose the results of voting decisions to third parties.

Conflicts of Interest in Connection with Proxy Voting

The Operations Department has responsibility to monitor proxy voting decisions for any conflicts of interests, regardless of whether they are actual or perceived. In addition, all Covered Persons are expected to perform their tasks relating to the voting of Proxies in accordance with the principles set forth above, according the first priority to the economic interests of Thesis's Funds. If at any time any Covered Person becomes aware of any potential or actual conflict of interest or perceived conflict of interest regarding the voting policies and procedures described herein or any particular vote on behalf of any Funds, he or she should contact any member of the Operations Department or Thesis's Chief Compliance officer ("CCO"). If any Covered Person is pressured or lobbied either from within or outside of Thesis with respect to any particular voting decision, he or she should contact any member of the Operations Department or Thesis's CCO. The full Operations Department will use its best judgment to address any such conflict of interest and ensure that it is resolved in the best interest of the Funds. The Operations Department may cause any of the following actions to be taken in that regard:

- Vote the relevant Proxy in accordance with the vote indicated by the Guidelines
- Vote the relevant Proxy as an Exception (as defined below), provided that the reasons behind the voting decision are in the best interest of the Funds, are reasonably documented and are approved by the CCO
- Direct the third party Proxy Voter to vote in accordance with its independent assessment of the matter

Clients of the firm can obtain a copy of our Proxy Voting policies and procedures and/or information regarding how we voted specific client proxies by sending a written request to: Thesis Fund Management, LLC, 441 Lexington Ave., 6th Floor, New York, NY 10017

B. See response to (A).

Item 18**Financial Information**

- A. Thesis does not require or solicit prepayment of more than \$1,200 of fees per client, six months or more in advance and therefore is not required to include a balance sheet.
- B. Thesis has no financial commitment that impairs its ability to meet contractual obligations and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.
- C. Not applicable