

Courant Investment Management LLC

7800 Southwest Parkway, #1110

Austin, TX 78735

Telephone: 360-941-6001

Facsimile:

Email: clauder@courantinvestment.com

May 22, 2012

This Brochure provides information about the qualifications and business practices of Courant Investment Management LLC (“*Courant*”). If you have any questions about the contents of this Brochure, please contact Courant by telephone at 360-941-6001 or by email at clauder@courantinvestment.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 Courant is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure dated May 22, 2010 is a new document prepared according to the Texas Securities Board's requirements and rules. As such, this document is materially different in structure and contains certain new information that our previous disclosure document (Form ADV Part II) did not require.

In the past Courant has offered or delivered information about its qualifications and business practices to clients on at least an annual basis. Pursuant to the new rules, Courant will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of its fiscal year. Courant may further provide other ongoing disclosure information about material changes as necessary.

Courant will further provide you with a new Brochure as necessary based on changes or new information, upon request and without charge. The Brochure may be requested by contacting Claude Leveille, Managing Member of Courant, at 360-941-6001 or claude@courantinvestment.com.

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

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. This Item will also reference the date of the last annual update of the Brochure. There have been no material changes from Courant's last annual amendment to Form ADV Part II dated May 15, 2010.

-

Item 3 -Table of Contents

<u>Item 2 – Material Changes.....</u>	<u>ii</u>
<u>Item 3 -Table of Contents.....</u>	<u>iii</u>
<u>Item 4 – Advisory Business.....</u>	<u>1</u>
<u>Item 5 – Fees and Compensation.....</u>	<u>1</u>
<u>Item 6 – Performance-Based Fees and Side-By-Side Management.....</u>	<u>1</u>
<u>Item 7 – Types of Clients.....</u>	<u>2</u>
<u>Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....</u>	<u>2</u>
<u>Investment Approach.....</u>	<u>2</u>
<u>Risk Control, Diversification and Leverage.....</u>	<u>3</u>
<u>Courant believes that logic and reason, combined with behavioral guides and a general attentiveness to the risk profile of individual investments and potential correlation among investments, is the best means of risk control. Courant also believes that the negative effect on the Fund’s portfolio of any one loss will be reduced to the degree that the portfolio as a whole produces high returns. In keeping with these beliefs, the Fund is not bound by pre-set limits on concentration, leverage or volatility, which, in Courant’s view, could adversely affect investment performance without significantly reducing portfolio risk.....</u>	<u>3</u>
<u>Based on the investment strategy currently followed for the Fund, Courant has historically invested no more than 20% of the Fund’s net capital (at the time of investment) in securities and obligations of a single company or other obligor. Courant is not bound by any such limitation, however, and the Fund’s performance may fluctuate more than the performance of a fund that invests in a more diversified portfolio. At times, the Fund may hold a relatively large concentration in a particular security or type of investment. This approach allows Courant to devote more time to analyzing individual investments and to devote more capital to those investments that appear to offer the most attractive risk/reward characteristics. However, this approach also entails a greater risk of loss on a single investment. A loss incurred in an investment that represents a substantial portion of the Fund’s portfolio could have a material adverse effect on the Fund’s overall financial condition.....</u>	<u>3</u>
<u>The use of leverage is evaluated in light of the perceived liquidity and volatility of the individual investments to which the leverage would be applied, as well as the concentration of the portfolio and the perceived liquidity and volatility of the portfolio as a whole. The Fund’s partnership agreement does not restrict the amount of leverage the Fund may employ.....</u>	<u>3</u>

The Fund will likely have positions from time to time where market pricing signals a potential error in its investment thesis. Courant does not expect to use mechanistic stops to curtail the effects of such errors. Courant may identify trading points that it believes would suggest weakness in the investment thesis for such positions, and, if a security trades outside of these parameters, Courant likely will reevaluate the thesis with particular care. If Courant did not retain a high degree of confidence, it likely would reduce the Fund's position; if, on the other hand, it remained highly confident, it would consider increasing the position (while being mindful, as noted above, of the effect of further concentration). In general, Courant aims to be vigilant in seeking to limit the Fund's losses, while at the same time taking advantage of market panics rather than being inappropriately affected by them......3

Leverage. Courant may borrow funds on behalf of the Fund in order to be able to increase the amount of capital available for investment. Borrowing will tend to magnify the profits or losses of the Fund. The level of interest rates, generally, and the rates at which the Fund can borrow, in particular, will affect the operating results of the Fund. If securities pledged to brokers to secure the Fund's margin accounts decline in value, the Fund could be subject to a "margin call," pursuant to which the Fund must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt......5

Hedging Transactions. The Fund may utilize financial instruments such as options for hedging purposes or as part of its trading strategies. Hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Hedging transactions may also limit the opportunity for gain if the value of the portfolio positions should increase.5

The success of the Fund's hedging transactions is subject to the movements of securities prices and currency and interest rates. The degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Courant may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Fund from achieving the intended hedge or expose the Fund to risk of loss......5

Lack of Diversification. The Fund's portfolio is not required to be diversified among a wide range of issuers or industry sectors. Accordingly, the investment portfolio of the Fund may be subject to more rapid change in value than would be the case if the Fund were required to maintain a wide diversification among industry sectors, securities and types of securities and other instruments......5

Non-U.S. Investments. The Fund may invest a portion of its assets in securities of non-U.S. corporations which are traded in non-U.S. markets. Investing in the securities of companies in non-U.S. countries involves certain considerations not usually associated with investing in securities of U.S. companies or U.S. markets, including political and economic considerations such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain or other income; the relatively small size of the securities markets in such countries and the relatively low volume of trading, resulting in potential lack of liquidity and price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Fund's investment opportunities. In addition, accounting and financial reporting standards that prevail in such countries generally are not equivalent to U.S. standards and, consequently, less information may be

available to investors in companies located in such countries than is available to investors in companies located in the U.S. There is also less regulation, generally, of the securities markets in such countries than there is of the U.S. securities markets.....5

Illiquid Investments. The Fund may invest in securities which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such securities tend to be volatile and may not readily ascertainable, and the Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of liquid securities. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.....6

Options. The Fund may invest in, or write, options. The purchaser of a put or call option runs the risk of losing its entire investment in a relatively short period of time. The writer of an uncovered call option is subject to a risk of loss should the price of the underlying security increase, and the writer of an uncovered put option is subject to a risk of loss should the price of the underlying security decrease.....6

Investing in securities involves risk of loss that clients should be prepared to bear.....6

Item 9 – Disciplinary Information.....6

Item 10 – Other Financial Industry Activities and Affiliations.....6

Item 11 – Code of Ethics.....6

Item 12 – Brokerage Practices7

Item 13 – Review of Accounts9

Item 14 – Client Referrals and Other Compensation.....9

Item 15 – Custody.....10

Item 16 – Investment Discretion.....11

Item 17 – Voting Client Securities.....11

Item 18 – Financial Information.....12

Item 19 – Requirements for State-Registered Advisers.....12

Item 4 – Advisory Business

Courant's sole business is managing the portfolio of securities held by Courant Investment Partners LP, a Delaware limited partnership ("*the Fund*"). The Fund's investment objective is to achieve superior long-term investment returns net of fees through investments in public equities and fixed-income instruments of U.S. and non-U.S. companies which Courant believes have significant appreciation potential. The Fund may participate in a variety of asset classes or financial instruments, including equities, bonds and derivatives. There can be no assurance that the Fund's investment objective will be achieved.

Item 5 – Fees and Compensation

The Fund pays a Management Fee to Courant equal to 0.0625% of each of the Fund's limited partners' capital accounts for the quarter (0.75% per annum). The Management Fee is paid monthly in advance based on the value of each limited partner's capital account as of the beginning of the month. The Management Fee is prorated for any period that is less than a full calendar quarter and will be adjusted for contributions during the quarter. There will be no refund of any portion of the Management Fee in the event a Limited Partner withdraws or receives a distribution before the end of a quarter. Management Fees are deducted from each Limited Partner's capital account in the Fund at the beginning of each quarter.

The Management Fee is non-negotiable, although Courant has the discretion to modify it for any limited partner of the Fund by separate agreement with the limited partner.

The Fund bears all expenses, including, but not limited to, accounting, administration, middle-back office, facilitating, clearing, trade reconciliation and trading expenses, organizational expenses, legal, audit, regulatory compliance and other professional expenses, research expenses and investment expenses such as commissions, margin interest, custodial fees, bank service fees and other expenses related to the purchase, sale or transmittal of the Fund's assets. Such charges, fees and commissions are exclusive of and in addition to the Management Fee, and Courant does not receive any portion of these amounts. Courant, in its sole discretion, may choose to pay directly for certain expenses otherwise chargeable to the Fund or to charge certain expenses solely to its capital account with the Fund.

Item 12 further describes the factors that Courant considers in selecting or recommending broker-dealers for the Fund's securities transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

At the end of each year, Courant receives a Incentive Allocation to the extent of 15% of the excess, if any, of (a) the net capital appreciation (realized and unrealized), if any, which would otherwise be allocable to the limited partners of the Fund over (b) an amount equal to a 5% per annum return on the balances of the limited partners' capital accounts, as adjusted for capital contributions and withdrawals during such year (subject to a provision regarding recovery of prior year losses). The Incentive Allocation is allocated to Courant as General Partner of the Fund prior to the allocation of net profits to the limited partners.

The Incentive Allocation is in compliance with Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “*Advisers Act*”), and the exemption from the prohibition on performance compensation contained in Rule 205-3 under the Advisers Act. Performance based fee arrangements, such as the Incentive Allocation, may create an incentive for Courant to recommend investments to the Fund which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements can also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. To cover the eventuality that Courant may in the future provide investment advice to clients other than the Fund, Courant has adopted procedures designed to ensure that all clients are treated fairly and equally and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7 – Types of Clients

Courant currently has only one client, the Fund, a private investment fund.

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

Investment Approach

The Fund’s investments are based on Courant’s extensive research and fundamental financial analyses of companies in the United States and overseas. Courant utilizes a primarily “bottom-up” investment style, which means that it looks for investment opportunities without precluding any particular industry group or geographic location. Investments are selected after thorough research and analyses that indicate a company’s shares are undervalued by a significant amount on a relative (compared to other, similar businesses) or absolute (based on the company’s current and projected cash flows) basis or both. In order to meet this standard, Courant conducts a variety of analyses and due diligence of prospective investments that typically include: detailed financial statement analyses, competitive and business analyse, comparative company valuation analyses and discounted cash flow valuation analyses. Each investment is then regularly monitored to ensure that it continues to meet the Fund’s investment standards. Over time, investments that appreciate and no longer represent significant opportunities and investments that do not perform well are generally sold, and more compelling investment opportunities are selected as result of Courant’s ongoing research.

The Fund may maintain a certain cash level in anticipation of developing investment opportunities and in order to mitigate volatility in the Fund’s investment portfolio.

Courant has broad discretion to employ any securities trading or investment techniques, whether or not comprehended by the expected investment strategies and criteria described above.

Risk Control, Diversification and Leverage

Courant believes that logic and reason, combined with behavioral guides and a general attentiveness to the risk profile of individual investments and potential correlation among investments, is the best means of risk control. Courant also believes that the negative effect on the Fund's portfolio of any one loss will be reduced to the degree that the portfolio as a whole produces high returns. In keeping with these beliefs, the Fund is not bound by pre-set limits on concentration, leverage or volatility, which, in Courant's view, could adversely affect investment performance without significantly reducing portfolio risk.

Based on the investment strategy currently followed for the Fund, Courant has historically invested no more than 20% of the Fund's net capital (at the time of investment) in securities and obligations of a single company or other obligor. Courant is not bound by any such limitation, however, and the Fund's performance may fluctuate more than the performance of a fund that invests in a more diversified portfolio. At times, the Fund may hold a relatively large concentration in a particular security or type of investment. This approach allows Courant to devote more time to analyzing individual investments and to devote more capital to those investments that appear to offer the most attractive risk/reward characteristics. However, this approach also entails a greater risk of loss on a single investment. A loss incurred in an investment that represents a substantial portion of the Fund's portfolio could have a material adverse effect on the Fund's overall financial condition.

The use of leverage is evaluated in light of the perceived liquidity and volatility of the individual investments to which the leverage would be applied, as well as the concentration of the portfolio and the perceived liquidity and volatility of the portfolio as a whole. The Fund's partnership agreement does not restrict the amount of leverage the Fund may employ.

The Fund will likely have positions from time to time where market pricing signals a potential error in its investment thesis. Courant does not expect to use mechanistic stops to curtail the effects of such errors. Courant may identify trading points that it believes would suggest weakness in the investment thesis for such positions, and, if a security trades outside of these parameters, Courant likely will reevaluate the thesis with particular care. If Courant did not retain a high degree of confidence, it likely would reduce the Fund's position; if, on the other hand, it remained highly confident, it would consider increasing the position (while being mindful, as noted above, of the effect of further concentration). In general, Courant aims to be vigilant in seeking to limit the Fund's losses, while at the same time taking advantage of market panics rather than being inappropriately affected by them.

Investment Risks

General. An investment in the Fund involves risks, including the risk that the entire amount invested may be lost. The Fund will invest in and actively trade securities and other financial instruments using investment techniques with risk characteristics, including risks arising from the volatility of the securities markets, the potential liquidity of securities and other financial instruments and the risk of loss from counterparty defaults. No guarantee or representation is made that the Fund's investment objective will be achieved. The Fund may utilize such investment techniques as option transactions, margin transactions, short sales, leverage and derivatives trading, which practices involve volatility and can increase the adverse impact to which the Fund may be subject. In addition, securities which Courant

believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices or within the time frame Courant anticipates. As a result, the Fund may lose all or substantially all of its investment in any particular instance.

Leverage. Courant may borrow funds on behalf of the Fund in order to be able to increase the amount of capital available for investment. Borrowing will tend to magnify the profits or losses of the Fund. The level of interest rates, generally, and the rates at which the Fund can borrow, in particular, will affect the operating results of the Fund. If securities pledged to brokers to secure the Fund's margin accounts decline in value, the Fund could be subject to a "margin call," pursuant to which the Fund must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

Hedging Transactions. The Fund may utilize financial instruments such as options for hedging purposes or as part of its trading strategies. Hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Hedging transactions may also limit the opportunity for gain if the value of the portfolio positions should increase.

The success of the Fund's hedging transactions is subject to the movements of securities prices and currency and interest rates. The degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Courant may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Fund from achieving the intended hedge or expose the Fund to risk of loss.

Lack of Diversification. The Fund's portfolio is not required to be diversified among a wide range of issuers or industry sectors. Accordingly, the investment portfolio of the Fund may be subject to more rapid change in value than would be the case if the Fund were required to maintain a wide diversification among industry sectors, securities and types of securities and other instruments.

Non-U.S. Investments. The Fund may invest a portion of its assets in securities of non-U.S. corporations which are traded in non-U.S. markets. Investing in the securities of companies in non-U.S. countries involves certain considerations not usually associated with investing in securities of U.S. companies or U.S. markets, including political and economic considerations such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain or other income; the relatively small size of the securities markets in such countries and the relatively low volume of trading, resulting in potential lack of liquidity and price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Fund's investment opportunities. In addition, accounting and financial reporting standards that prevail in such countries generally are not equivalent to U.S. standards and, consequently, less information may be available to investors in companies located in such countries than is available to investors in companies located in the U.S. There is also less regulation, generally, of the securities markets in such countries than there is of the U.S. securities markets.

Illiquid Investments. The Fund may invest in securities which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such securities tend to be volatile and may not readily ascertainable, and the Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of liquid securities. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

Options. The Fund may invest in, or write, options. The purchaser of a put or call option runs the risk of losing its entire investment in a relatively short period of time. The writer of an uncovered call option is subject to a risk of loss should the price of the underlying security increase, and the writer of an uncovered put option is subject to a risk of loss should the price of the underlying security decrease.

Investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the adviser or the integrity of the Adviser’s management. Courant has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Courant has no information applicable to this Item.

Item 11 – Code of Ethics

Courant’s investment advisory business involves a special relationship of trust and confidence with its clients. It is also subject to various laws and regulations that govern investment advisers’ conduct. Courant’s Code of Ethics describes its standard of conduct and focuses on two specific areas where its conduct has the potential to impact adversely the interests of its clients: misuse of confidential information and personal securities trading.

Courant may acquire confidential information from time to time during the course of performing its duties as an investment adviser. It will not use such information to benefit himself, either by trading based on such information (“insider trading”) or by providing such information to others (“tipping”).

Subject to satisfying its Code of Ethics and applicable laws, Courant may trade for its own accounts in securities which it recommends to or purchases for its clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of Courant employees will not interfere with (i) making decisions in the best interest of advisory clients or (ii) implementing such decisions while, at the same time, allowing such employees to invest for their own accounts. The Code restricts trading of securities in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some

circumstances would permit Courant to invest in the same securities as clients, there is a possibility that it might benefit from market activity by a client in a security held by an employee.

As stated in the Code of Ethics, in the event Courant hires any employees, it will, on a quarterly basis, review records of their trades for the relevant period against records of client trades to determine if there is any appearance of misuse of confidential information. If such an appearance exists, Courant will make a note in its books and records explaining the reason for the employee's trade and take appropriate disciplinary action in the event of such a trade is in violation of the Code of Ethics.

Courant's clients or prospective clients may request a copy of its Code of Ethics by contacting it by telephone or email.

It is Courant's policy that it will not effect any principal or agency cross securities transactions for client accounts. Courant will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

Item 12 – Brokerage Practices

The Fund incurs substantial brokerage commissions and other transaction expenses. Courant has complete discretion in deciding what brokers and dealers to use and in negotiating rates of brokerage compensation. In addition to using brokers as agents and paying commissions, the Fund may buy or sell securities directly from or to dealers acting as principal (such as market-makers for over-the-counter securities) at prices that include markups or markdowns. The following describes some noteworthy aspects of the Courant's and the Fund's use of and relationships with brokers and dealers.

Selection Criteria, Generally

Courant seeks "best execution" of the Fund's securities transactions. What constitutes "best execution" and determining how to achieve it are inherently uncertain. In evaluating whether a broker or dealer will provide best execution, Courant considers a range of factors. These include, among others, historical net prices (after markups, markdowns or other transaction-related compensation) on other transactions; the execution, clearance and settlement and error correction capabilities of the broker or dealer generally and in connection with securities of the type and in the amounts to be bought or sold; the broker's or dealer's reliability and financial stability; the size of the transaction; the availability of securities to borrow for short sales; the nature, quantity and quality of research provided by the broker or dealer; and the market for the security. As discussed below, Courant is not required to select the broker or dealer that charges the lowest transaction cost, even if that broker or dealer provides execution quality comparable to other brokers or dealers, and Courant expects at times to pay more than the lowest transaction cost available in order to obtain for himself or the Fund services and products other than securities transaction execution.

"Soft Dollars"

Courant may select brokers or dealers in recognition of the value of various services or products, beyond transaction execution, that they provide to the Fund. Further, the amount of compensation the Fund pays a broker or dealer who provides those services or products may be higher than what another, equally capable broker or dealer might charge. Selecting a broker or dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with “soft dollars.” Because many of those services could benefit Courant if it traded on its own behalf or for another account (which it currently does not do), Courant may have a conflict of interest in allocating the Fund’s securities transactional business, including an incentive to cause the Fund to effect more transactions than it might otherwise do in order to obtain those benefits. The extent of any such conflict depends in large part on the nature and uses of the services and products acquired with soft dollars. The Fund’s partnership agreement authorizes Courant to use the Fund’s soft dollars for a wide range of purposes.

Courant did not use soft dollars for the acquisition of products or services for itself or the fund during the fiscal year ended December 31, 2011 and does not intend to do so for the foreseeable future.

Fund Expenses. Courant may, but currently does not, use soft dollars to pay the Fund’s accounting or other, similar, expenses or to meet its obligation to reimburse Courant for expenses it advances. Courant may also, but currently does not, use brokerage commissions to pay the prime broker for recordkeeping, custodial and related services provided to the Fund. Under the Fund’s partnership agreement, the Fund, and not Courant, would otherwise be obligated to bear all of these expenses, and Courant therefore does not believe it would have a meaningful conflict of interest in using soft dollars to pay them.

“Research and Brokerage.” Courant may, but currently does not, use the Fund’s soft dollars to acquire a variety of “research” and “brokerage” services and products for which the Fund would not otherwise be required to pay. A federal statute, Section 28(e) of the Securities Exchange Act of 1934, recognizes the potential conflict of interest involved in this activity but protects investment managers such as Courant from claims that the activity involves a breach of fiduciary duty to advisory clients—even if the brokerage commissions paid are higher than the lowest available—if certain conditions and requirements are met. For these purposes, “*research*” means services or products used to provide lawful and appropriate assistance to Courant in making investment decisions for its clients. “*Brokerage*” services and products are those used to effect securities transactions for Courant’s clients (including the Fund) or to assist in effecting those transactions. To be protected under Section 28(e), Courant must, among other things, determine that commissions paid are reasonable in light of the value of the “brokerage” and “research” services and products acquired. Section 28(e)’s “safe harbor” protects the use of the Fund’s soft dollars even if Courant uses research and brokerage services and products to benefit clients other than the Fund. (This would be relevant only if Courant were to be engaged by clients other than the Fund, which is currently not the case.) Notwithstanding this protection, Courant could be considered to have a conflict of interest if it uses soft dollars for research and brokerage services and products because it might otherwise have to pay cash for those services and products and it may have an incentive to use brokers who provide those services and products more than it otherwise would. The types of “research” Courant could acquire include (but are not limited to): reports on or other information about particular companies or industries; economic surveys and analyses; recommendations as to specific securities; financial publications; portfolio evaluation services; financial database software and services; computerized news, pricing and statistical services; analytical software; proxy analysis services and systems; quotation equipment and other computer hardware for use in running software used in investment decision making; and other products or services that may enhance Courant’s investment decision making. “Brokerage” services and products (beyond typical execution services) include (but are not limited to): computer systems and facilities used for such things as communicating orders electronically to executing brokers.

Other Services and Products. Courant may, but currently does not, use the Fund's soft dollars to acquire services and products that provide benefits to it and that may not qualify as research or brokerage or to pay expenses otherwise payable by it. These may include (but are not limited to): expenses of and travel to professional and industry conferences and hardware and software used in Courant's administrative activities. They may also include such "overhead" expenses as office rent, salaries, benefits and other compensation of employees or of consultants to Courant, telephone charges, legal, regulatory compliance and accounting expenses of Courant and office services, equipment and supplies. Courant may or may not in the future use other clients' soft dollars to pay costs of these types and, if it does, that use may not be directly proportionate to the benefits to the Fund and those other clients. Using soft dollars for these purposes would not be protected by Section 28(e) and Courant would have a conflict of interest if it does so, as it would have an incentive to use brokers or dealers who provide or pay for products and services for which it would otherwise have to pay cash, and, if soft dollars are limited, it may have an incentive to cause those expenses to be paid with soft dollars while the Fund pays its own expenses with cash.

Referrals of Investors and Advisory Clients. In selecting a broker or dealer, Courant may consider the broker or dealer's referrals of investors to the Fund or other investment funds it may in the future manage, referrals of advisory clients to it, the potential for future referrals or the broker or dealer's willingness to pay third-party finders' fees for such referrals. The conflict of interest involved in using soft dollars to pay for these types of services and products and to defray these types of expenses is also not protected by the Section 28(e) safe harbor. Courant did not use soft dollars for these types of services or products during the fiscal year ended December 31, 2011 and does not intend to do so for the foreseeable future.

Aggregation of Orders

In the future, in the event Courant has advisory clients in addition to the Fund, Courant may combine orders on behalf of the Fund with orders for other accounts for which it has trading authority or in which it or its affiliates have an economic interest. If it does, Courant will allocate the securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants. Courant believes combining orders in this way will, over time, be advantageous to all participants. However, the average price could be less advantageous to the Fund than if the Fund had been the only account effecting the transaction or had completed its transaction before the other participants. Because of Courant's interest in the Fund, there may be circumstances in which the Fund's transactions may not, under certain laws and regulations, be permitted to be combined with those of some of the Courant's other clients (if any), and the Fund may obtain less advantageous execution than such other clients in such circumstances.

Item 13 – Review of Accounts

Courant reviews the Fund's account frequently, most often on a daily basis. Courant sends an emailed letter on a quarterly basis to the Fund's limited partners containing the Fund's performance results for the most recently ended quarterly as well as year-to-date and cumulative performance results since inception. Courant also provides the Fund's limited partners with the Fund's audited financial statements on an annual basis.

Item 14 – Client Referrals and Other Compensation

Courant has no information applicable to this Item.

Item 15 – Custody

The Fund obtains custodial, clearing and related services through what is known as a “prime brokerage” arrangement. Under this arrangement, a single brokerage firm maintains custody of the Fund’s assets (either directly or through its clearing brokerage firm), provides margin credit and locates securities to borrow to facilitate short sales and provides related services, but allows the Fund to use other brokers to execute transactions. This permits Courant to seek valuable research and to compare execution quality and commission rates, while maintaining only one custodial relationship. By using a brokerage firm the Fund also may avoid paying custodial fees that banks charge other institutional investors. The Fund receives monthly account statements from the prime broker, but these statements are not provided to the Fund’s limited partners.

Under Texas investment adviser regulations, Courant may be deemed to have custody of the Fund’s assets based on its ability to deduct the Management Fees from the Fund’s account. Courant is deemed to have complied with the relevant provisions of Texas law regarding independent verification of the amounts of funds and securities held in custody on behalf of the Fund because it provides each of the Fund’s limited partners with audited financial statements of the Fund within 120 days after the end of each fiscal year of the Fund.

Item 16 – Investment Discretion

Courant has full discretionary authority to select the identity and amount of securities bought or sold on behalf of the Fund. Courant exercises such discretion in a manner consistent with the Fund's stated investment objectives. For further information, please see Item 8 of this Brochure.

Item 17 – Voting Client Securities

Courant will treat voting rights of securities held in its clients' portfolios in a manner that is in their best interests. Courant will first determine whether it is in the clients' best interests for it to exercise the clients' voting rights with respect to specific securities. If it determines that it is appropriate to exercise voting rights in a particular instance, the matters on which a vote is solicited will be evaluated in light of the clients' investment objectives for the security.

The factors to be used in making this determination are listed below. In making this determination, Courant may take into account other factors that are relevant to a client's portfolio.

Ability to Influence Vote. The extent to which the size of a client's position would give Courant the opportunity to have a meaningful impact on the success or failure of the proposal.

Holding Period of Positions. The extent to which securities are purchased to take advantage of short-term market opportunities or for the potential for long-term appreciation.

Economic Value of Positions. The magnitude of the value of a client's economic interest in the proposal or in the value of the portfolio holding relative to the overall portfolio.

Cost of Voting. Whether the cost of voting on a proposal (*e.g.*, required in-person voting in a distant location) would likely exceed the value of any anticipated benefits of approving or defeating the proposal.

Impracticability. Whether the timing of receipt or the mechanics of voting make it impracticable to vote.

Securities Lent. Whether Adviser has lent the securities (which, therefore, have been transferred into the borrower's name) and has not recalled those securities as of the record date or the vote date relating to the proxy proposals.

Client Maintains Voting Authority. Whether the relevant client has specified in writing (either in an investment management agreement or in a separate instruction) that it will maintain the authority to vote proxies or that it has delegated the right to a third party.

Clients and investors in the Fund may obtain a copy of Courant's complete proxy voting policies and procedures upon request. Investors in the Fund may also obtain information from Courant about how it voted any proxies on behalf of the Fund.

Item 18 – Financial Information

Courant has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and it has not been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

Claude Leveille, 46, has a B.B.A. degree in Accounting from Ecole des Hautes Etudes Commercial (HEC), Montreal, Canada, and has an M.B.A. from the University of Chicago Graduate School of Business.

Mr. Leveille was a private investor from 2000 to 2010. He has been the Managing Member of Courant since 2010.