

Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Aqua Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at 212-381-7608 or asmith@aquainv.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 Aqua Investment Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 154842.

Item 2 Material Changes

The only material change since the initial Form ADV Part 2A Brochure dated 03/15/2011 is our move to our new address at 250 W. 57th Street, Suite 1032, New York, NY 10107.

Item 3	Table of Contents	Page
Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	5
Item 6	Performance-Based Fees and Side-By-Side Management	6
Item 7	Types of Clients	7
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 9	Disciplinary Information	8
Item 10	Other Financial Industry Activities and Affiliations	8
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	9
Item 12	Brokerage Practices	11
Item 13	Review of Accounts	12
Item 14	Client Referrals and Other Compensation	12
Item 15	Custody	13
Item 16	Investment Discretion	13
Item 17	Voting Client Securities	13
Item 18	Financial Information	13
Item 19	Requirements for State-Registered Advisers	14

Item 4 Advisory Business

Aqua Investment Management, LLC is a state-registered investment adviser with its principal place of business located in NY. Aqua Investment Management, LLC began conducting business in 2008.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Andrew Kevin Smith, President, Chief Compliance Officer
- Karen Beth Kulvin, CEO

Aqua Investment Management, LLC offers the following advisory services to our clients:

PORTFOLIO MANAGEMENT

We provide continuous advice to clients regarding the investment of client funds in commercial mortgage-backed securities (CMBS) and other commercial real estate-related debt and securities. We will design and manage portfolios in accordance with a client's specific requirements for this sector. We will not consider other investments held by the client in managing the client's portfolio. We provide this service to individuals, investment companies, pension and profit sharing plans, corporations and other business entities.

We also act as a sub-adviser for Wasmer, Schroeder & Company, Inc. ("Wasmer Schroeder"), an unaffiliated investment adviser. We act as sub-adviser to private funds managed by Wasmer Schroeder that use a master-feeder structure. The master fund is the Osprey Commercial Real Estate Securities Offshore Fund. The two feeder funds are the Osprey (BVI) Commercial Real Estate Securities Offshore Fund and the Osprey Commercial Real Estate Securities Fund L.P. We also act as sub-adviser for separate accounts managed by Wasmer Schroeder.

We manage these advisory accounts on a discretionary basis. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Corporate debt securities (other than commercial paper)
- United States governmental securities
- Commercial mortgage-backed securities
- Collateralized debt obligations
- Other comparable real estate-related debt and securities

Because some types of investments involve certain additional degrees of risk, they will only be purchased for a client's portfolio when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

CONSULTING SERVICES

We provide advice on CMBS securities, collateralized debt obligations (CDOs) and similar securities and commercial real estate debt products to investment companies, corporations, and managers of hedge and private equity funds. Clients purchasing this service will receive our surveillance, valuation and reporting services on existing holdings. We also provide advice on specific investments and on the sector as a whole.

In addition, we provide consulting, deal sourcing and due diligence on investment opportunities in the CMBS/CDO and commercial real estate debt products markets.

AMOUNT OF MANAGED ASSETS

As of March 26, 2012, we had \$63,155,000 in discretionary assets under management.

Item 5 Fees and Compensation

PORTFOLIO MANAGEMENT SERVICES FEES

Our annual fees for Portfolio Management Services are based upon a percentage of assets under management and generally range from 0.50% to 1.50%.

A minimum of \$5,000,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Aqua Investment Management, LLC may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

In situations where Aqua acts as subadviser for Wasmer Schroeder products, the combined annual fee charged by Wasmer Schroeder and Aqua will range from 0.80% to 0.40% of managed assets, based on the size and complexity of the client's account. An exact fee will be negotiated by Wasmer Schroeder and quoted to each client at the start of the advisory relationship. We will receive 50% of the negotiated fee. A minimum of \$1-2 million, based on the complexity of the client's requirements, is typically required for this service.

Clients will be charged in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter. Wasmer Schroeder clients will be billed in arrears at the end of each calendar quarter.

In certain situations, we may elect to charge a performance-based fee for portfolio management services. This fee schedule is based on a percentage of assets under management plus a percentage of the difference between a client's account and that of an appropriate index. The index will be chosen by Aqua and the client based on the nature of the investment strategy to be used.

The fees to be charged for this service will be determined by the client's individual circumstances and will never exceed 25% of the account's performance above an appropriate index. The actual fees will be disclosed to the client before entering into this type of arrangement.

Our fees for acting as sub-adviser to the Osprey (BVI) Commercial Real Estate Securities Offshore Fund Limited and the Osprey Commercial Real Estate Securities Fund Limited are

50% of the management and incentive allocation fees received by Wasmer Schroeder. A detailed description of these fees is available in each fund's private placement memorandum.

Limited Negotiability of Advisory Fees: We retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and reports, among other factors. The specific annual fee schedule will be identified in our contract with each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

CONSULTING SERVICES FEES

Fees for our surveillance, valuation and reporting services are typically calculated as a percentage of fair market value (FMV) above a certain floor agreed to by the client. Fees will range from 0.10% to 1.50% of the FMV. In certain cases, a flat fee may be agreed to, typically \$1500 per month per security. Clients will be charged in advance at the beginning of each calendar quarter.

Should a client choose to invest in an opportunity based on our consulting, deal sourcing, and due diligence services, we will charge the client a fee based on the fair market value (FMV) of the investment recommended by us. Fees will range from 0.75% to 1.50% of the FMV above a certain floor agreed to by the client. The amount of the fee will be negotiated with each client based on the nature and complexity of the investment search. The payment schedule will be negotiated with each client.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

Mutual Fund Fees: Our fees are separate and distinct from the fees and expenses charged by mutual funds (typically cash sweeps) to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual fund directly, without our services.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or

lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$500 more than six months in advance of services rendered.

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

PERFORMANCE-BASED FEES

As we disclosed in Item 5 of this Brochure, our firm accepts a performance-based fee from the client. Such a performance-based fee is calculated based on a share of capital gains on or capital appreciation of the assets of the client. To qualify for a performance-based fee arrangement, a client (or Fund investor, as applicable) must either demonstrate a net worth of at least \$1,500,000 or must have at least \$750,000 under management immediately after entering into a management agreement with us.

Clients should be aware that performance-based fee arrangement may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

Furthermore, as we may also have clients who do not pay performance-based fees, we have an incentive to favor accounts that do pay such fees because compensation we receive from these clients is more directly tied to the performance of their accounts. However, we do not consider any client's fee structure in determining the advice provided to that client.

Item 7 Types of Clients

Aqua Investment Management, LLC offers to provide advisory services to the following types of clients:

- Individuals
- Investment companies (including mutual funds)
- Pension and profit sharing plans (other than plan participants)
- Corporations or other businesses not listed above
- Managers of private equity funds and hedge funds

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

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and projected performance of the underlying collateral of the security itself) to determine if the security is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the security.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a security. This presents a risk in that a poorly-collateralized or financially unsound security may underperform regardless of market movement.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Our members will spend 100% of their time providing investment advice to the clients of Aqua Investment Management, LLC.

Clients should be aware that the receipt of additional compensation by Aqua Investment Management, LLC and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Aqua Investment Management, LLC endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase investment products from our affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Aqua Investment Management, LLC and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Aqua Investment Management, LLC's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to asmith@aquainv.com, or by calling us at 212-381-7608.

Aqua Investment Management, LLC and individuals associated with our firm are prohibited from engaging in principal transactions.

Aqua Investment Management, LLC and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Aqua Investment Management, LLC and our affiliates are not restricted from forming additional investment funds, entering into other investment advisory relationships or engaging in other business activities, even though such activities may involve substantial time and resources of our firm and our affiliates. Potentially, such activities could be viewed as creating a conflict of interest in that the time and effort of our management personnel and employees will not be devoted exclusively to the business of the Aqua Investment Management, LLC.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
8. We require delivery to, and acknowledgement of, the Code of Ethics by each supervised person of our firm.
9. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
10. Any individual who violates any of the above restrictions may be subject to termination.

Item 12 Brokerage Practices

We require Portfolio Management clients to provide us with written authority to determine the broker dealer or bank to use and the commission costs (if any) that will be charged to these clients for these transactions.

We will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions are based on the broker's ability to provide professional services, competitive commission rates, research and other services which will help us in providing investment management services to clients. We may, therefore, recommend (or use) the use of a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected. We do not have any soft-dollar arrangements and do not receive any soft-dollar benefits.

In the event that a client directs us to use a particular broker or dealer, it should be understood that under those circumstances we will not have authority to negotiate commissions, obtain volume discounts and best execution may not be achieved. In addition, under these circumstances a disparity in commission charges may exist between the

commissions charged to other clients. We may not accept a client if the use of the client's designated broker will impair our ability to efficiently manage the account.

Clients will designate the use of a custodian. Upon client request, we will assist a client in selecting a custodian.

We will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Exceptions to pro-rata allocations may occur based on such factors as the amount of cash available in a client's account. Block trading allows us to execute trades in a timelier, equitable manner and to reduce overall commission charges (if any) to clients. Allocations are determined prior to placing a trade with a client and will only be changed after the trade is placed when consistent with the particular needs of the client. We may include transactions for our related persons in blocks with client trades, provided that our related persons do not receive more favorable treatment than any client.

Item 13 Review of Accounts

PORTFOLIO MANAGEMENT SERVICES

REVIEWS: While the underlying securities within Portfolio Management accounts are continually monitored, these accounts are reviewed at a frequency to be determined at the inception of the advisory relationship. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by Andrew Smith, President, and/or Karen Kulvin, CEO.

REPORTS: In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker-dealer, Aqua Investment Management, LLC will provide quarterly reports detailing a portfolio overview, account performance, and current holdings.

CONSULTING SERVICES

REVIEWS: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by Andrew Smith, President, and/or Karen Kulvin, CEO.

REPORTS: These client accounts will receive reports as contracted for at the inception of the advisory engagement.

Item 14 Client Referrals and Other Compensation

CLIENT REFERRALS

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

It is Aqua Investment Management, LLC's policy not to accept or allow our related persons to accept any form of compensation in conjunction with the advisory services we provide to our clients.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Item 16 Investment Discretion

Clients may hire us to provide discretionary Portfolio Management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend

such limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

Due to the nature of the securities in which we invest, there are no proxies to vote.

Item 18 Financial Information

Aqua Investment Management, LLC has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Aqua Investment Management, LLC has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 Requirements for State-Registered Advisers

The following individuals are the principal executive officers and management persons of Aqua Investment Management, LLC:

Andrew Kevin Smith. Member, President and Chief Compliance Officer.

Karen Beth Kulvin. Member and CEO.

Information regarding the formal education and business background for each of these individuals is provided in their respective Brochure Supplements.

Please refer to Item 5 ("Fees and Compensation") and Item 6 ("Performance-Based Fees"), for detailed information about our firm's practices regarding the use of performance-based fees.

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted.

Our firm and our management personnel have no reportable disciplinary events to disclose.