

B.C. Holdings, Inc.
***dba* B.C. Capital Management, Inc.**

3963 Maple Avenue; Suite 300
Dallas, TX 75219

Beth Milem: (214) 442-7021
bchold@bc-holdings.com

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This brochure provides information about the qualifications and business practices of B.C. Holdings, Inc. If you have any questions about the contents of this brochure, please contact us at (214) 442-7021 and/or bchold@bc-holdings.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 B.C. Holdings, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

Since the last filing of the ADV 2A brochure in March 2011, the Firm has applied for registration with the State of Texas as the firm is no longer eligible to remain SEC registered due to the change in assets under management requirements for investment advisers to remain SEC registered, per the Frank-Dodd Act.

B.C. Capital Investors LP was a Delaware limited liability company named B.C. Capital Investors LLC.

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ADVISORY BUSINESS

Advisory Firm Description

B.C. Holdings, Inc. ("BCH") has been in business since 1993. BCH does business in Texas under the name of B.C. Capital Management, Inc. The principal owners are William Douglas Corneliuson and Ryan Michael Butz.

Types of Advisory Services

BCH, a Wisconsin corporation doing business as "B.C. Capital Management, Inc." in Texas, serves as the managing member of, and provides discretionary advisory services to, B.C. Capital Investors LLC (the "Hedge Fund"), a private investment fund organized as a Delaware limited liability company. The Hedge Fund is exempt from registration under the Investment Company Act of 1940. Interests in the affiliated Partnership are offered to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions.

BCH manages a few individual accounts. In general, BCH also has full discretion to manage, invest and reinvest the assets of its individual managed account clients. Advisory services provided to individual managed account clients are generally based on the individual needs and objectives of each such client and are subject to any investment guidelines that may be imposed by such clients from time to time.

In addition to the private investment fund and fully discretionary managed accounts, BCH provides nondiscretionary services to clients. Nondiscretionary services entails creating a model portfolio of securities based upon the investment objective of the client.

Tailored Advisory Services

There are no material limitations on the markets or instruments in which the Hedge Fund may invest or the strategies in which BCH may employ.

Advisory services provided to nondiscretionary account clients are subject to any restrictions that may be imposed by such clients from time to time.

Client Assets Under Management

At December 31, 2011, BCH had \$83 million of discretionary assets and 14.7 million of non-discretionary assets under management.

FEES AND COMPENSATION

The Hedge Fund

With respect to the Hedge Fund, BCH receives a quarterly management fee equal to $\frac{1}{4}$ of 1.0% (approximately a 1.0% annual rate), payable in advance, of the net assets attributable to each Member's Capital Account. The management fee is paid as of the first day of each calendar quarter (prior to reduction for the management fee then being determined or any accrued incentive allocation). Pro rated management fees for subscriptions made during the previous calendar quarter are payable at the end of the

quarter. This management fee is deducted from the Hedge Fund account quarterly. Management fees payable by investors in the Hedge Fund are not negotiable, but under certain circumstances, BCH may waive or rebate any portion of the management fees with respect to any Hedge Fund investor. Any such waiver or rebate shall not entitle any other Hedge Fund investor to a similar waiver or rebate.

BCH also receives performance-based fees attributable to each Hedge Fund investor's investment as of each December 31 and withdrawal date. Please see the section on "Performance Fees and Side by Side Management" below for more information.

Discretionary Managed Accounts

BCH does not maintain a standard fee schedule applicable to individual managed discretionary accounts. Fees may be negotiated on a case-by-case basis based upon factors determined by BCH to be material, including but not limited to account size and servicing requirements. Fees applicable to individual managed accounts may also be subject to change based on certain factors (e.g., account size) as described and agreed in advance pursuant to the investment advisory agreement between BCH and the managed discretionary account client.

However, it is generally anticipated that fees on individual managed discretionary accounts would be approximately the same as the fees charged by the Hedge Fund. Fees are either billed directly to, and debited from, the client's account or billed directly to the client. Fees applicable to individual managed accounts are negotiable on a case-by-case basis.

If an agreement for a managed account is terminated during a quarter, BCH remits to the client any prepaid unearned fees based on the number of days remaining in the quarter.

Non-discretionary Accounts

BCH does not maintain a standard fee schedule applicable to nondiscretionary client accounts, and fees may be negotiated on a case-by-case basis based upon factors determined by BCH to be material, including but not limited to account size and servicing requirements.

Portfolio Valuation

BCH uses pricing information provided by US Bancorp Fund Services, LLC ("USBFS") (BCH' "Primary Pricing Source") for purposes of valuing the Hedge Fund, whether for fee billing or investment performance calculation purposes. USBFS primarily obtains its pricing information from FT-Interactive Data. Discretionary managed account's Primary Pricing Source is the client's custodian. Nondiscretionary portfolio valuation for management fees charged is provided by the client.

In the instance where the Primary Pricing Source is unable to obtain a price (a private placement or other illiquid security, for example), where BCH portfolio managers strongly believe the Primary Pricing Source is not pricing a security fairly or where a security has halted trading, BCH will determine a fair value for that security. When determining a fair value for a security, BCH attempts to obtain a quote from at least one independent

pricing source, preferably two or more. BCH then makes a determination whether these quotes represent fair value. If BCH is unable to obtain quotes or determines the quotes received do not represent a fair value price, BCH establishes a fair valued price for the security based upon, among any other considerations deemed appropriate:

- Recent non-public purchases of company shares, particularly with respect to non-public securities in private companies (“private placements”)
- BCH’s knowledge of the security, including the liquid or illiquid nature of the security and the financial condition of the company
- Current market conditions
- Information solicited from outside sources, including company management
- Comparative marketplace values placed on similar companies

Other Fees and Expenses

Hedge Fund

The Hedge Fund incurs and pays brokerage commissions, financing and other transaction costs and expenses in connection with its trading and investment activities, as well as custodian fees for assets held in cash or securities at various banks, broker-dealers and other financial institutions.

The Hedge Fund pays all of its ongoing operating and offering costs as incurred, including, without limitation, administrative, accounting, custody, transfer, reporting, tax, audit, regulatory and legal fees and expenses, as well as any extraordinary expenses, if any.

The Hedge Fund will pay any taxes and extraordinary expenses it may incur. Any such charges will be assessed pro rata to each investor’s capital account. To date, the Hedge Fund has not incurred any extraordinary expenses.

Discretionary Managed Accounts

The discretionary managed account clients incur and pay brokerage commissions, financing and other transaction costs and expenses in connection with its trading and investment activities, as well as other fees directly charged by its custodian or broker.

Billing

Hedge Fund

All fees and expenses are automatically deducted from the Hedge Fund. They are not billed.

Managed Accounts

Fees are either billed directly to, and debited from, the client’s account or billed directly to the client.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Performance-Based Fees

BCH also receives performance-based allocations equal to 10% of any increase in net assets (adjusted for subscriptions and redemptions) attributable to each Hedge Fund investor's investment as of each December 31 and withdrawal date (with respect to the capital withdrawn). The performance-based allocations are calculated separately with respect to each investor based upon the amount the member's capital account as of the end of a calendar year exceeds the balance of such member's capital account as of the end of the preceding year, after reduction for the performance base allocation then made and as adjusted for new subscriptions and withdrawals during the calendar year. If there is a net decrease in net assets during a calendar year, the loss is not carried forward to the next calendar year for purposes of calculating performance-based allocations for such year.

Performance-based allocations payable by investors in the Hedge Fund are not negotiable, but under certain circumstances, BCH may waive or rebate any portion of the performance-based allocations with respect to any Hedge Fund investor. Any such waiver or rebate shall not entitle any other Hedge Fund investor to a similar waiver or rebate.

Side-by-Side Management

BCH manages the Hedge Fund, which pays performance-based fees and also manages separate discretionary accounts that do not pay performance-based fees. BCH may therefore have an incentive to favor the Hedge Fund when evaluating the purchase or allocation of limited investment opportunities. BCH seeks to allocate all similarly situated accounts fairly and equitably. The potential conflict is mitigated because the individual accounts have a less aggressive investment objective than the Hedge Fund and are limited by the clients to trade certain securities. The portfolio manager constantly monitors to ensure fair and equitable treatment of all clients regardless of the fee arrangements.

Nondiscretionary managed accounts do not usually invest in similar securities as the Hedge Fund or discretionary client accounts.

TYPES OF CLIENTS

Hedge Fund

BCH provides discretionary investment advice to the Hedge Fund. Its investors consist of individuals, trusts, corporations and other types of business entities. BCH also provides investment advice to managed accounts and may, in the future provide investment advice to other collective investment vehicles.

The minimum initial investment in the Hedge Fund is \$1,000,000; additional investments may be made in increments of \$50,000. The foregoing minimums are subject to change

at the discretion of BCH (on a prospective basis only), and BCH may waive the foregoing minimums in its discretion.

Discretionary Managed Accounts

There is no minimum account size for individual discretionary managed accounts. Accounts are accepted on a case by case basis.

Non-discretionary Accounts

Nondiscretionary client account size is at the discretion of BCH.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

BCH uses a combination of the following types of analysis in evaluating investments for client accounts. These include, but are not limited to:

- Fundamental—Analysis of financial attributes of a company, such as revenue growth, debt to equity ratio, inventory turnover, etc.
- Technical—Analysis which assumes past performance is a predictor of future performance
- Charting—Analysis of charts of past stock performance
- Cyclical—Analysis of up and down market cycles

BCH uses the following sources of information in its analysis:

- Financial newspapers and magazines
- Inspections of corporate activities
- Research materials prepared by others
- Annual reports, prospectuses, and other filings with the Securities and Exchange Commission
- Company press releases and conference calls.

BCH may speak and visit with company management or attend or replay investor conferences sponsored by broker-dealers or companies in which BCH may invest.

Investment Strategies

The Hedge Fund's investment strategy is to identify and take advantage of investment opportunities identified by BCH based primarily on its macro economic outlook. In managing the Hedge Fund's portfolio, BCH opportunistically employs directional, relative value and event-driven approaches, among others. Although the Hedge Fund's portfolio generally consists primarily of equity securities, BCH also trades and invests the Hedge Fund's capital opportunistically in a wide variety of financial instruments.

BCH primarily advises clients with respect to taking long and short positions in a wide range of securities, including equities, futures, convertible securities, warrants, options, corporate and/or government bonds and other instruments. BCH also advises with

respect to privately-placed equity transactions and equity-linked securities, as well as other instruments issued by companies whose equity is publicly traded. BCH may also advise with respect to securities traded in over-the-counter markets, in which innovative financial products are continually being developed. There are no material restrictions or limitations on the instruments or markets in which BCH may trade for its clients. BCH generally does not have predetermined maximum or expected holding periods for any particular position. The length of time for which a position is maintained varies significantly based on BCH's subjective judgment of the appropriate point at which to liquidate a position so as to augment gains or reduce losses. Actively hedging and trading strategies may result in higher expenses paid by the Hedge Fund. When implementing these investment strategies, additional brokerage commissions, fees or tax implications are not considered.

The discretionary managed clients invest mostly in equities and fixed income. Discretionary managed accounts do not imply leverage or short sales. Additional limitations may be imposed based upon the investment objective of the client.

The investment strategies BCH uses to implement investment advice include:

- Long-term purchases (securities held at least a year)
- Short-term purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Actively Hedging or Trading
- Short sales
- Margin transactions
- Option writing, including covered options, uncovered options or spreading strategies
- Futures

BCH's focus is on absolute rather than relative returns with a focus on the benefits of compounding over time, and the Hedge Fund is intended to provide an investment vehicle whose strategy offers an opportunity for real, positive, consistent and meaningful rates of return with lower levels of volatility.

Nondiscretionary client accounts implement investment strategies as defined by the client. The strategies usually include mutual funds and ETFs.

Risk of Loss

There can be no assurance that the Hedge Fund or managed accounts will achieve their objectives or avoid substantial losses. The client understands that investment decisions made for the client's account by BCH are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable.

There can be no assurance that the discretionary managed and nondiscretionary managed accounts will achieve their objectives or avoid substantial losses. The client understands that investment decisions or recommendations by BCH are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable.

More specifically, these risks include, but are not limited to:

- *Withdrawals and Performance:* Numerous hedge funds have experienced material levels of withdrawals and received significant withdrawal requests for upcoming withdrawal dates due to market conditions, fund performance, the need for liquidity by some investors and other reasons. In response, a number of hedge funds have had to impose liquidity restraints and, in certain cases, dissolve. Although the Hedge Fund has not, as of the date, suffered dramatic losses or received a material level of withdrawal requests, there can be no assurance that the Hedge Fund will not in the future experience withdrawal requests at a level that may have an adverse effect on its operations or its ability to satisfy such requests.
- *Markets and or Futures Markets May be Illiquid or Disrupted:* Although generally highly liquid under normal market conditions, the markets in which the Hedge Fund trades can experience periods of illiquidity, sometimes of significant duration.
 - Disruptions can occur in any market traded by the Hedge Fund due to unusually high trading volume, political intervention or other factors. Securities and futures exchanges typically have the right to suspend or limit trading in any instrument traded on the exchange. Lack of liquidity can make it economically unfeasible for the Hedge Fund to recognize profits on open positions or to close out open positions against which the market is moving. In addition, illiquidity can disrupt the historical price relationships on which certain of the Hedge Fund's strategies are based; as the fewer transactions that take place, the greater the risk of market values not reflecting true pricing relationships or fair value. Lack of liquidity also increases valuation risk.
 - The Hedge Fund may invest in non-marketable securities and in securities traded in markets having limited liquidity and depth. Due to the illiquid nature of these investments, it may be unable to predict with confidence what, if any, exit strategy ultimately will be available for any given position. Exit strategies that appear to be viable when an investment is initiated may be unavailable by the time the investment is ready to be realized due to economic, legal, political or other factors.
 - Most U.S. futures exchanges limit fluctuations in some futures contract prices during a single day by regulations referred to as "daily limits." During a single trading day no trades may be executed in such contracts at prices beyond the daily limit. Once the price of a futures contract has increased or decreased to the limit point, positions can be neither taken nor liquidated. Futures prices have occasionally moved to the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Fund from promptly liquidating unfavorable positions and subject the Fund to substantial losses. Also, the CFTC or exchanges may suspend or limit trading. Trading on non-U.S. exchanges may also be subject to price fluctuation limits and otherwise subject to periods of significant illiquidity.
- *Non U.S. Investments. Trading and Non U.S. Futures Markets:* Non-U.S. investments involve certain special risks, including (i) political or economic

instability, (ii) the unpredictability of international trade patterns, (iii) the possibility of foreign governmental actions such as expropriation, nationalization or confiscatory taxation, (iv) the imposition or modification of currency controls, (v) price volatility, (vi) the imposition of withholding taxes on dividends, interest and gains, and (vii) different bankruptcy laws and practice. Non-U.S. markets also may be less liquid, more volatile and subject to less stringent governmental supervision than in the United States. As compared to U.S. entities, non-U.S. entities generally disclose less financial and other information publicly, and are subject to less stringent and less uniform accounting, auditing and financial reporting standards. Also, it may be more difficult to obtain and enforce legal judgments against non-U.S. entities than against U.S. entities and to hedge market risk

- *Difficulty in Translating Macro Economic Conclusions into Trading Positions:* Having reached a macro economic conclusion regarding the future price level of a given asset, BCH is faced with the difficulty of identifying an efficient means of acquiring market exposure to profit from this conclusion. Not only can it be difficult to find a workable medium through which to express a macro conclusion, but also factors extraneous to that conclusion may influence the pricing of the chosen medium. BCH may correctly identify a macro opportunity, but not capitalize on the opportunity — and, in fact, incur material losses — due to the Investment Assets chosen in an attempt to exploit such opportunity.
- *Event-Driven Trading Risk:* The Hedge Fund invests in positions whose profitability depends on the result of, or success following, some significant corporate event (such as a merger, a corporate restructuring, changes in management, a sale of assets, etc.). Corporate events are affected by numerous factors including not only market movements generally, but also regulatory intervention, shareholders' consent and changes in interest rates and economic outlook. The risk of non-consummation of a significant corporate event, and the risk of a significant corporate event failing to yield the expected results, can be high, and unexpected outcomes can lead to substantial losses.
- *Use of Hedging Strategies:*
 - In general, BCH will not attempt to hedge all market or other risks inherent in the Hedge Fund's positions, and will hedge certain risks only partially, if at all. Specifically, BCH may choose not to hedge certain risks or determine that hedging is economically unattractive — either in respect of particular positions or in respect to Hedge Fund's overall portfolio. The Hedge Fund's portfolio composition will commonly result in various directional market risks remaining unhedged. While BCH may rely on diversification to control such risks to the extent that it is desirable to do so, the Hedge Fund is not subject to any formal diversification policies.
 - BCH enters into hedging transactions with the intention of reducing or controlling risk. Even if successful in doing so, the hedging will reduce the Hedge Fund's returns. Furthermore, it is possible that hedging strategies will not be effective in controlling risk, due to unexpected non-correlation (or even positive correlation) between the hedging instrument

and the position being hedged, increasing rather than reducing both risk and losses.

- The success of BCH's hedging strategies will depend on the Investment Manager's ability to implement such strategies efficiently and cost-effectively, as well as on the accuracy of the Investment Manager's ongoing judgments concerning the hedging positions to be acquired by the Fund.
- *Short Selling:* The Hedge Fund may sell securities and other investment instruments "short" as an integral part of its strategies. A short sale of a security is effected by selling a security that the Hedge Fund does not own, or selling a security which the Hedge Fund owns but that it does not deliver upon consummation of the sale. In order to make delivery to the buyer of a security sold short, the Hedge Fund must borrow the security. In so doing, it incurs the obligation to replace that security, whatever its price may be, at the time it is required to re-deliver such asset to the lender. The Hedge Fund must also pay to the lender of the security any dividends or interest payable on the security during the borrowing period and may have to pay a premium to borrow the security. This obligation must, unless the Hedge Fund then owns or has the right to obtain, without payment, securities identical to those sold short, be collateralized by a deposit of cash or marketable securities with the lender. Short-selling is subject to a theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. There can be no assurance that the securities necessary to cover the short position will be available for purchase by the Hedge Fund. In addition, purchasing securities to close out the short position can itself cause the price of the relevant securities to rise further, thereby increasing any loss incurred. Furthermore, the Hedge Fund may be forced to close out a short position prematurely if a counterparty from which the Hedge Fund borrowed securities demands their return, resulting in a loss on what might otherwise have been a profitable position.
- *Leverage:* The Hedge Fund may leverage its investment activities not only through selling securities short, but also through borrowing funds, purchasing securities on margin and possibly using options, repurchase and reverse repurchase agreements and swaps. Leverage increases the magnitude of both profits and losses. The Hedge Fund will also incur interest expense on the borrowings used to leverage its positions.
- *No Limitation on Strategies:* There are no material limitations on the investment strategies which BCH may use when investing assets on behalf of the Hedge Fund pursuant to BCH's investment approach. Over time, the strategies implemented can be expected to expand, evolve and change, perhaps materially. BCH is not required to implement any particular strategies and may discontinue employing any particular strategy, whether or not such strategies are specifically disclosed to investors. There can be no assurance that the various investment strategies which BCH expects from time to time to develop and implement for the Hedge Fund will be successful or that strategies that have been successful will continue to be profitable.

- *Currency Risk:* The Hedge Fund may trade in currencies on a speculative basis. Currency trading involves positioning in anticipation of movements in exchange rates among countries. Exchange rates can change dramatically over short periods of time, particularly during times of political or economic unrest or as a result of actions taken by central banks, which may be intended directly to affect prevailing exchange rates.
- *Regulatory Risk:* U.S. and non-U.S. securities and commodities markets are subject to ongoing and substantial regulatory changes, and recently there has been increased government as well as self-regulatory scrutiny of the “hedge fund” industry in general. This includes incidents of regulators unexpectedly announcing regulatory changes or interpretations that prohibited strategies that had been implemented in a variety of formats for many years. For example, for instance, in September 2008 the SEC and various non-U.S. regulatory bodies imposed temporary bans on short-selling in a variety of stocks, and adopted permanent regulations that may have the effect of making short-selling more difficult or costly. These actions were generally regarded as disrupting market fundamentals and causing unexpected and volatile increases in the stock prices of a variety of issuers, as short sellers closed out their positions by buying securities. Such increased or additional regulation may require the Hedge Fund to alter the manner in which it does business, and could adversely affect its ability to implement its investment program.

In considering an investment in the Hedge Fund, prospective investors should consult their independent legal, tax, financial and other advisors, and should be aware of certain considerations and risk factors as listed in the Hedge Fund documents. Please contact BCH for further information regarding the specifics of its offerings. This document is not a public offer for investment in the Hedge Fund.

Investors and clients are reminded that investing in securities may entail losses which the investors or clients must be willing to bear.

DISCIPLINARY INFORMATION

There have been no disciplinary actions against BCH or Messrs. Corneliuson or Butz.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

BCH is the managing member of the Hedge Fund. Please see “Outside and Related Business Activities” under the Code of Ethics section below for more information about the implications of this relationship.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

In order to mitigate potential conflicts of interest involving personal trades, BCH has adopted a formal Code of Ethics (“Code”) which sets forth the standards of conduct for which every employee of BCH is expected to follow. BCH’s fiduciary duty to its clients is the core principle underlying the Code and BCH’s related Personal Trading Policy, and

represents the expected basis of all dealings with BCH clients. In connection with these expectations, BCH has established core principles of conduct for its employees. These standards are consistent with BCH's belief that ethical conduct is premised on the fundamental principals of openness, integrity, honesty and trust.

BCH's Code requires, among other things, that BCH personnel ("Employees"):

- Comply with applicable federal securities laws and the Code
- Place client and investor interests ahead of those of Employees
- Not take inappropriate advantage of their position with BCH
- Avoid any actual or potential conflict of interest with any BCH client in all personal securities transactions
- Conduct all personal securities transactions in a manner consistent with the Code and related Personal Trading Policy
- Maintain and protect nonpublic information concerning BCH clients and investors (as described in BCH's Privacy Policy)
- Strive to foster a healthy culture of compliance

More specifically, BCH has adopted specific policies and procedures designed to assist in the implementation of the guidelines outlined in the Code of Ethics. This includes policies and procedures focusing up on three specific areas where employee conduct has the potential to adversely affect the client:

- Misuse of nonpublic information
- Personal securities trading
- Outside and related business activities

Misuse of Nonpublic Information

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for BCH. Employees may not convey nonpublic information nor depend upon it in placing personal or clients' securities trades.

BCH also has adopted a privacy policy with regard to maintaining personal information concerning current and prospective clients and investors. These precautions include the adoption of certain procedures designed to maintain and secure clients' nonpublic personal information from inappropriate disclosure to third parties. A copy of this policy is available to clients upon request.

Personal Securities Trading

The Personal Trading Policy generally governs the personal securities trading of BCH employees. BCH or individuals associated with it may buy, sell or hold in their personal accounts the same securities BCH recommends to its clients. Purchasing or selling securities on the same day or days that open orders are outstanding is generally prohibited.

BCH employees who have access to nonpublic information regarding any client purchase or sale of securities, portfolio holdings or recommendations are required to report personal securities transactions and holdings to the Chief Compliance Officer. These employees are generally prohibited from purchasing or selling securities on the same day BCH has a pending buy or sell order in that same security, has purchased or sold that same security or is considering purchasing or selling that same security. In addition, BCH discourages employees from purchasing equity securities already held within the Hedge Fund or in a managed account. Such employees are also generally required to obtain advance approval for personal trades.

BCH clients (including investors within the Hedge Fund) may be officers or insiders of a publicly traded company. BCH may invest in securities of such companies, including selling such securities short. BCH will maintain policies reasonably designed to address BCH's responsibilities with respect to insider information. BCH, as a matter of practice, does not believe it encounters inside information and strives to ensure it does not inadvertently receive inside information about a company in which BCH invests.

Furthermore, employees are required to submit reports of personal securities trades on a quarterly basis, and securities holdings annually. These are reviewed by the Chief Compliance Officer to ensure compliance with BCH's policies.

Failure to uphold the Code may result in disciplinary sanctions, including termination with BCH. Upon request, any client or prospective client may request a copy of BCH's Code at no cost.

Outside and Related Business Activities

Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with clients, such conflicts will be fully disclosed or the employee will be directed to cease this activity.

BCH manages the Hedge Fund, which pays performance-based fees and as well as a Managed Account that does not. BCH also holds a general partnership interest in the Hedge Fund. BCH may therefore have an incentive to favor the Hedge Fund when evaluating the purchase or allocation of limited investment opportunities. This potential conflict is mitigated through monitoring on a constant basis to ensure fair and equitable treatment of all clients regardless of the fee arrangements.

BROKERAGE PRACTICES

Selection of Brokers

The Hedge Fund has selected Goldman Sachs & Co. ("GSCO") as its prime broker, and GSCO (or one or more of its affiliated entities) may also act as custodian of the Hedge Fund's securities. It is expected that such custodial and other services provided to the Fund by GSCO will be paid with commissions dollars derived from the Hedge Fund's securities transactions.

The Fund may use multiple prime brokers and custodians, and BCH reserves the right, in its sole discretion, to change or add prime brokers and/or custodians without prior notice to clients. BCH is not be responsible for any acts, omissions or errors of financial institutions or other brokers, dealers or banks in executing its trading instructions or otherwise.

In selecting brokers and negotiating commission rates, BCH considers various factors, including:

- Knowledge of and dominance in specific markets, securities and industries
- Quality of execution
- Commission structure
- Ability to locate liquidity
- Research services provided
- Acceptable record-keeping
- Reputation and integrity

Consistent with its fiduciary obligations, BCH seeks best execution in all transactions, which it defines as placing trades in such a manner that the client's total proceeds or cost for each transaction is the most favorable under the circumstances in which the trades are placed.

Research and Other Soft-Dollar Benefits

For the Hedge Fund and managed account clients where BCH has full discretion in choosing brokers, BCH may pay a broker a commission in excess of that which another broker might have charged for effecting the same transaction, in recognition of the value of research services provided by the broker, generally known as "soft-dollar arrangements". These arrangements will not be used solely for the accounts that generate the brokerage commission, but will be used in servicing all of BCH's accounts. BCH believes access to independent investment research is beneficial to its investment decision making process and, therefore, to each client account. Research services BCH receives from broker-dealers are supplemental to BCH's research effort, and BCH may allocate brokerage commissions for such research services that could otherwise be available for cash. Therefore, BCH is relieved from paying certain expenses it might otherwise be required to pay. Research services are received primarily in the form of written reports and publications, computer generated services and access to conferences and contact with company management that can be used in the investment decision process.

In addition to general research provided by broker-dealers, BCH currently receives the following research services through soft-dollar payments:

- Bloomberg – general market information (including quotes)
- Catapult Research
- Platform Advisors, LLC
- Zephyr Associates
- International FX Concepts
- Chart Partners

BCH may utilize a research product or service that also provides non-research functionality to BCH (such as bookkeeping, administrative, marketing or client reporting elements). BCH will not pay for such a service or product solely with soft dollars; rather, BCH will make a reasonable and good faith allocation of the cost of the research and non-research components in relation to the anticipated use of the product or service. All elements of a product or service deemed by BCH to be non-research in nature will be paid from BCH resources ("hard dollars"), not with client commissions. The allocation of the cost of the research and non-research components in relation to the anticipated use of the product or service poses a conflict of interest between BCH Holdings and its clients or investors. This conflict is mitigated through the CCO's monitoring of soft versus hard dollar allocation on a regular basis.

The Hedge Fund pays for certain accounting services provided to the Hedge Fund by USBFS with commissions generated by the Hedge Fund. Commissions generated from BCH's managed accounts are not used to pay for such Hedge Fund-related accounting services.

Brokerage for Client Referrals

BCH does not receive referrals from a broker/dealer or third party providing service to BCH.

Directed Brokerage

From time to time, managed account clients may direct BCH (subject to certain conditions which may be imposed by BCH) to effect portfolio transactions through particular brokers or dealers. BCH will generally not direct brokerage on a client's behalf unless specifically directed by the client in writing within the client investment advisory agreement or a separate letter of agreement. The custody of client assets by a broker-dealer will be treated by BCH as a direction by the client to execute all transactions through that broker dealer.

Managed account clients who choose to direct BCH to use a particular broker or dealer may forgo any benefit from savings on execution costs that BCH could obtain for other clients, such as negotiating volume discounts on bunched orders, and may not receive the same price or commission paid by other clients who utilize different brokers. Further, trades in accounts where the client directs brokerage may be placed after fully-discretionary trades. Clients who instruct BCH to execute all trades through a specific broker-dealer may be limited in their ability to invest in IPOs or secondary offerings.

Allocation of Investment Opportunities

In general, investment opportunities are made available to all clients: 1) that are eligible to participate and 2) where such investment opportunities are deemed to be appropriate for the specific client. As a result, while the Hedge Fund and other client accounts may or may not invest in similar investment opportunities, allocations of such investment opportunities to the Hedge Fund will likely differ from allocations of investment opportunities to other client accounts.

BCH strives to allocate investment opportunities without regard to factors that solely benefit BCH, including but not limited to financial arrangements such as the incentive allocation related to BCH's management of the Hedge Fund noted above.

Trade Aggregation

As a general policy, BCH attempts to trade as a firm – to trade in such a manner that its clients and products are not competing against one another in the marketplace. At a BCH trader's discretion, client trades may be bunched in a single order (a "block") in an effort to obtain best execution at the best security price available.

If a block order is filled (full or partial fill) at several prices through multiple trades, an average price will be calculated for all trades executed, and all participants in the block trade will receive the average price. Only trades executed within the block on the single day may be combined for purposes of calculating the average price.

Trades are allocated to underlying client accounts after completion of each trade, but no later than by day-end. All partial fills are generally allocated to client accounts on a *pro rata* basis subject to rounding. In all cases, BCH tries to ensure trade allocations are fair to its clients. While this policy is applied consistently, BCH may deviate from this policy if it determines the standard method of aggregating or allocating trades would result in unfair or inequitable treatment to some or all of its clients.

REVIEW OF ACCOUNTS

The BCH portfolio manager assigned to an individual managed account has primary responsibility for reviewing the account to ensure adherence to investment guidelines. Managed accounts are reviewed on a periodic basis based upon conditions in the market and the specific investment objectives and guidelines of the client. There are no limits to the number of accounts assigned to a portfolio manager.

The BCH portfolio manager assigned to non discretionary accounts reviews investment allocations periodic basis, or as the client requires.

The Hedge Fund is reviewed by BCH personnel on a daily basis.

USBFS, on behalf of BCH, provides quarterly written reports to Hedge Fund investors which may include, among other items, an appraisal and summary of the investor's account, the account's investment performance, a review of the portfolio's performance and BCH's current investment outlook. Investors within the Hedge Fund receive a quarterly statement from USBFS, sent on behalf of BCH, as well as annual audited financial statements.

Clients with managed accounts receive statements directly from the client's broker and/or custodian.

CLIENT REFERRALS AND OTHER COMPENSATION

From time to time, BCH may pay solicitation fees for client referrals (to both affiliated and unaffiliated solicitors) in accordance with the Investment Advisers Act of 1940, as

amended. Clients who are referred by solicitors pay no more to BCH than if they had come to BCH directly.

BCH may also receive compensation in the form of “Soft Dollars” and other research and/or services. Please see “Research and Soft Dollar Benefits” in the Brokerage Practices section (above).

CUSTODY

Custody is defined as having access to clients’ (or investors’) securities or funds. Since BCH is the managing member for the Hedge Fund, BCH is considered to have custody of Hedge Fund assets, even though these assets are held by an outside custodian.

BCH manages this risk by:

- Using an outside administrator who monitors the Hedge Fund account on a daily basis
- Engaging a PCAOB registered and inspected accounting firm to audit the Hedge Fund’s financial statements annually
- Sending each investor a copy of the audited financial statements each year within 120 days of the Hedge Fund’s fiscal year-end.

Because BCH generally has the authority to instruct the account custodian to deduct the investment management fee directly from the managed accounts, BCH is considered to have custody of these assets as well. This limited access is monitored by the client through receipt of account statements directly from the custodian. These statements all show the deduction of the management fee from the account. Otherwise, BCH may only direct the movement of funds from one account in the client’s name to another such titled account, but has no other access to funds of managed accounts.

Discretionary managed account clients receive their statements from the account custodian or broker. The client should carefully review these statements.

INVESTMENT DISCRETION

BCH has sole discretion to determine which securities are bought or sold, the quantity of such transactions, the broker-dealer through which the securities are to be traded and the commission rates at which transactions are effected for the Hedge Fund as well as its individual managed discretionary account clients; provided, that certain individual managed discretionary account clients may be permitted to direct BCH to effect transactions through a particular broker or dealer.

For discretionary accounts, BCH has full trading authority under a limited power of attorney assigned to BCH. As a result, BCH will determine both the investments, and how much of each, should be purchased or sold on each client’s behalf. However, limitations can be imposed by a managed account client via their investment advisory agreement with BCH.

VOTING CLIENT SECURITIES

Proxy Voting

BCH is responsible for voting proxies with respect to the Hedge Fund, and the responsibility for voting proxies within the accounts of managed account client shall be governed by the investment advisory agreement between BCH and such client. For those clients for whom BCH votes proxies (including the Hedge Fund), BCH strives to vote proxies in the clients' best economic interest. BCH maintains a policy designed to reasonably ensure BCH will not be influenced by outside sources whose interests conflict with the interest of clients, and to ensure any conflict of interest identified will be resolved in the best interest of the client. BCH maintains written proxy voting guidelines which summarize its approach to voting proxy matters. BCH will generally support management's recommendations on proxy issues related to business operations matters since management's ability is a key factor BCH considers in selecting equity securities. However, when BCH believes the company's management is acting in an inconsistent manner with its clients' best interests, or when BCH determines to play an "activist role" with respect to a specific proxy issue, BCH may vote against management's recommendations. Clients who have authorized BCH to vote proxies on their behalf may request a report showing how BCH voted shares held in their account(s). A copy of BCH's Proxy Voting Policy is available upon request.

Class Action Litigation

BCH may from time to time receive notices of pending class action litigation involving securities held in client accounts. BCH generally reviews class action notices, conducts a preliminary cost-benefit analysis and makes a determination on a case-by-case basis if participation is in the best interest of the client, including the Hedge Fund and its investors.

FINANCIAL INFORMATION

BCH is not required to provide financial information at this time.

REQUIREMENTS FOR STATE REGISTERED ADVISERS

The following individuals are the principal executive officers and management persons of BC Holdings, Inc.: William D. Corneliuson, Ryan M. Butz and Beth Milem.

Information regarding the formal education and business background for Messrs. William D. Corneliuson and Ryan M. Butz is provided in their respective Brochure Supplements.

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.

BC Holdings, Inc. nor any our management personnel has a relationship or arrangement with any issuer of securities.