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# **ASSIDUOUS STRATEGIC INVESTMENTS**

## **FORM ADV PART 2**

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**October 12, 2012**

Assiduous Strategic Investments LLC is a registered investment advisor with the Securities and Exchange Commission. This Form ADV, Part 2, (our “Brochure,”) as required by the Investment Advisers Act of 1940, is a very important document between Investors (you, your) and Assiduous Strategic Investments LLC (us, we, our).

This Brochure provides information about the qualifications and business practices of Assiduous Strategic Investments. If you have any questions about the contents of this Brochure, please contact us at 704-943-5555. The information in this Brochure has not been approved or verified by the Securities and Exchange Commission (SEC) or by any State Securities Authority.

Additional information about Assiduous Strategic Investments is also available at the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select “investment adviser firm” and type in our firm name). Results will provide you both Part 1 and 2 of our Form ADV.

Our registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, is information you use to evaluate us (and other advisers) which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship.

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## Item 2 – Material Changes

1. This is an other-than-annual updating amendment to our Brochure which is required for investment advisors registered under the Investment Advisers Act of 1940. This section of the Brochure addresses only those changes that have been incorporated since our last delivery or posting of this document on the SEC's public disclosure website (IARD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).
2. The amendments to this Brochure relate to the information we provided in Item 15 – Custody. ASI has added UBS Securities, LLC as a Prime Broker/Custodian and discontinued use of Barclays Capital as Prime Broker custodian. The amendments also update the address of the Investment Adviser (cover page).
3. We will either send you a copy of this amended Brochure or offer to send you a copy either by email or in hard copy form.
4. If you would like an additional copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, Caleb Rowe at 704-943-5566 or [caleb.rowe@assiduous.net](mailto:caleb.rowe@assiduous.net).

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## Item 4 – Advisory Business

Assiduous Strategic Investments LLC (the “Advisor”) provides advisory services to ASI Master Fund, LP (the “Master Fund”), ASI Global Relative Fund, LP (the “Onshore Feeder Fund”) and ASI Offshore Global Relative Fund, LTD (the “Offshore Feeder Fund”) (collectively, the “Feeder Funds”) are feeder funds to the Master Fund. (The Master Fund and Feeder Funds are collectively referred to as “the Funds”). The Advisor is a Delaware limited liability corporation which was formed in July 2002. The Advisor is an investment adviser whose manager and principal, David Stedman, has significant experience advising funds such as the Master Fund regarding investment activities.

The Master Fund is a Cayman Island Limited Partnership that operates under a master fund/feeder fund structure. It serves as the master fund for the Onshore Feeder Fund and the Offshore Feeder Fund. The Onshore Feeder Fund is a Delaware Limited Partnership that was formed in 2002. The Offshore Feeder Fund is a Cayman Island company. The Feeder Funds were formed to pool investment funds of their Limited Partners for the purpose of investing substantially all of their assets in the Master Fund.

The Advisor provides advisory services to the Master Fund in accordance with the specific investment objectives and restrictions of the Master Fund pursuant to the investment guidelines and restrictions set forth in the Master Funds’ Limited Partnership agreements and memoranda (“Governing Documents”). The Master Fund investments in the following limited investment: highly liquid government bonds, futures, interest rate swaps, and their derivatives.

The Advisor has retained the services of a sub-investment manager, Assiduous Strategic Investments UK, to provide investment management services to the Fund on its behalf and subject to certain limitations as delineated in a restated agreement dated May 1, 2011. Matteo Amoroso is a portfolio manager employed by Assiduous Strategic Investments UK.

The Funds are limited to investors that are “accredited investors” as defined in the Securities Act of 1933 (the “1933 Act”).

The Advisor does not participate in any wrap fee programs.

The Advisor manages \$108,382,107 of the Funds’ gross assets on a discretionary basis as valued on December 31, 2011.

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## **Item 5 – Fees and Compensation**

The specific manner in which fees for the Funds are charged by the Advisor is established in the Governing Documents. The Advisor charges the Funds a management fee based on the net asset value of the Funds. The fee is payable in arrears and is calculated as of the last day of each calendar quarter. The Advisor is authorized under the Governing Documents to charge and deduct advisory fees directly from the Funds. All or part of the fee payable to the Advisor may be waived by the Advisor in its sole discretion.

Because the Advisor is an SEC-registered investment adviser and this Brochure is delivered only to qualified purchasers as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 (the “Company Act”), a fee schedule is not provided.

In addition to the fees charged by the Advisor, the Feeder Funds also pay their share of fees and operating expenses of the Advisor as well as brokerage commissions, custodian fees, and/or other related costs and expenses incurred by the Master Fund and the Fund’s Limited Partners. The Advisor does not receive any portion of the aforementioned fees and charges. Please consult Item 12 for further information about the Advisor’s use of brokers.

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

The Advisor will receive certain performance allocations calculated and charged annually based on a share of capital gains on or capital appreciation of the assets of the Funds.

The performance-based allocation arrangements discussed above comply with Rule 205-3 under the Investment Advisers Act of 1940 (together with all rules and regulations promulgated thereunder, the “Advisers Act”). Any share of profits paid to the Advisor is separate and distinct from the advisory fees charged by the Advisor.

Performance-based allocation arrangements received by the Advisor may create an incentive for the Advisor to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Please refer to the Governing Documents of the Funds for complete information on the “performance-based fee” arrangements of the Funds.

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## **Item 7 – Types of Clients**

The Advisor provides investment advisory services to the Master Fund in which the Feeder Funds are investors. The Limited Partners of the Feeder Funds include fund of funds and high net worth individuals. The Feeder Funds are the only Limited Partners in the Master Fund. Each limited partner is an “accredited investor” as defined in Regulation D under the 1933 Act. In addition, each limited partner is a “qualified purchaser” as defined in the Company Act.

In general, the minimum investment commitment required of a limited partner to participate in the Feeder Funds is \$500,000. The Advisor has discretion to increase or reduce the minimum investment commitment.

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

Methods of Analysis and Investment Strategies. The Feeder Funds were formed to pool investment funds of their Limited Partners for the purpose of investing substantially all of their assets in the Master Fund. The Advisor trades highly liquid government bonds, futures, interest rate swaps, and their derivatives. Its investment objectives are to achieve consistent above average returns, preserve capital and mitigate risk.

Risk of Loss. Investing in the Funds involves the risk of loss that Limited Partners should be prepared to bear, including, but not limited to, the following:

1. Risks Inherent in the Fund's Investment Strategy. The success of the Funds' investments is subject to a variety of risks, including the quality of the Advisor's management and its ability to successfully select investment opportunities. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets that the Advisor manages that may be out of its control. We will do our very best in the management of your assets; however, we cannot guarantee any level of performance or that you will not experience a loss of your entire investment.
2. No Assurance of Profits. The Advisor's task of identifying investment opportunities and realizing a significant return for investors is difficult. There is no assurance that the Funds' investment objectives will be attained or that the investments of the Funds will be profitable. Any return on investment to the Funds will depend upon successful investments being made by the Advisor.
3. Withdrawal of Advisor/Dependence on Principal. The Funds' performance is dependent upon the Advisor retaining its principal, David Stedman. In the event that the principal leaves the Advisor, or the Advisor withdraws from the partnerships, there can be no assurance that the Funds will be able to replace him with an individual of equivalent caliber and experience. The loss of Mr. Stedman could have a significant adverse impact on the performance of the Funds.
4. Multiple Levels of Expense. The Master Fund and the Feeder Funds impose performance based allocations or fees, management charges and other expenses. All of such fees and expenses are expected to reduce the actual returns to the Funds' Limited Partners and fees other than the performance fee (which is only paid when the Funds produce positive investment returns) generally will be paid regardless of returns.



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5. Allocation of Investments among the Master and Feeder Funds. The Advisor may allocate a limited amount of securities among the Funds, his own account or affiliate funds in accordance with its investment allocation policy. In addition, the Advisor has not limited the number of accounts it manages or assets under management. As available investment amounts in many securities are likely to be limited, the Fund's investment in such securities may be significantly affected by such allocations.
  6. Economic, Market and Political Risk. Markets fluctuate substantially over time. Securities in which the Funds invest will be sensitive to general swings in the overall economy. Factors affecting economic conditions, including, for example, access to credit, inflation rates, industry conditions, the performance of public securities markets, competition, technological developments, regulatory developments, domestic and worldwide political, military and diplomatic events and trends, tax laws and innumerable other factors, none of which will be within the control of the Fund, can substantially and adversely affect the performance of the Funds.
  7. Other Changes. Changes in legal, fiscal and regulatory regimes may occur during the life of the Funds, which may have an adverse effect on the Funds. The Funds may not be permitted to, or be able to, make adjustments in its structure or investment program in order to adapt to such changes. If the Advisor determines not to hedge against the occurrence of any such changes in economic environment, the Funds may be more exposed to adverse consequences than other pooled investment vehicles or investment opportunities.

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## **Item 9 – Disciplinary Information**

The Advisor is obligated to disclose all material facts regarding any legal or disciplinary events that would be material to you when evaluating our advisory business or the integrity of our management to initiate a client/adviser relationship, or to continue a client/adviser relationship with us.

The Advisor does not have any legal or other disciplinary event to report to you. This statement applies to the Advisor and every employee of the Advisor.

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## Item 10 – Other Financial Industry Activities and Affiliations

Neither the Advisor nor any of its employees are registered as a broker-dealer or a registered representative of a broker-dealer. In addition, the Advisor and its employees are not affiliated with any broker dealer.

The Advisor is registered with the NFA as a commodity pool operator.

Mr. Stedman is the sole member of ASIHealthcare, LLC, which provides consulting services to institutional money managers relating to the securities of companies operating in the healthcare industry. While Mr. Stedman is the owner of ASIHealthcare, he does not play an active role in the business. Mr. Stedman is also a managing member of Stedman-Linville, a private investment partnership whose purpose is to consolidate investment capital of the members to allow for the diversification of asset classes and minimization of risk. In addition, Mr. Stedman has a small ownership interest in McThrift Investments, another family owned private investment partnership, Mr. Stedman receives no compensation for the investment advisory services he provides to Stedman-Linville or McThrift Investments.

Any potential conflicts created by the Advisor's affiliation with ASIHealthcare, Stedman-Linville and McThrift Investments are effectively managed and controlled to ensure that there is no detrimental impact to investors. ASIHealthcare provides advisory services related solely to the healthcare industry and Mr. Stedman does not play an active role in that business. Stedman-Linville and McThrift Investments Both have side letter agreements in place that prohibit them from employing relative value trading strategies in establishing positions in fixed income securities. Any positions they take in fixed income securities must be limited to "buy and hold" long positions so as to avoid any potential conflicts of interest with the relative value trading employed by David Stedman in his capacity as portfolio manager for Assiduous Strategic Investments, LLC. To ensure that potential conflicts of interest continue to be managed effectively, the Advisor's Code of Ethics requires Mr. Stedman to report any transaction by Stedman-Linville or McThrift Investments in fixed income securities on the Advisor's Restricted Trading List and provides that the Advisor's CCO review the transactions of Access Persons including the transactions of Stedman-Linville and McThrift Investments on an on-going basis.

The Advisor does not engage third party solicitors or marketers.

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

Code of Ethics. The Advisor has adopted a Code of Ethics (the “Code”) under Rule 204A-1 of the Advisers Act that governs a number of potential conflicts of interest the Advisor has when providing advisory services to the Funds and the Funds’ Limited Partners. This Code of Ethics is designed to ensure the Advisor meets its fiduciary obligation to the Funds and the Funds’ Limited Partners and to drive home a culture of compliance within our firm.

Our Code of Ethics describes our high standards of business conduct, and fiduciary duty to the Funds and the Funds’ Limited Partners. It includes provisions relating to the prohibition on insider trading, personal securities trading procedures, trading restrictions, reporting requirements of holdings and transactions, record keeping, restrictions and reporting on gifts and business entertainment, among other items. The Code emphasizes the Advisor’s philosophy of honesty, integrity and professionalism, setting forth standards of conduct expected of the Advisor’s personnel, promoting honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, and promoting compliance with applicable laws, rules and regulations.

Access persons are required to report their trading activities in accordance with the provisions of the Code. Under the Code certain securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of the Funds and Funds’ Limited Partners. In addition, the Advisor has an Insider Trading Policy applicable to all its employees, which prohibits the use of material inside information in connection with personal transactions. The Code of Ethics and trading policies are overseen by the Chief Compliance Officer, who is responsible for the review of such transactions to reasonably prevent conflicts of interest between the Advisor and its affiliates and the Funds and the Funds’ Limited Partners.

All access persons at the Advisor must comply with and acknowledge compliance with the terms of the Code annually, and as amended. Limited Partners of the Funds may request a free copy of the Advisor's Code by contacting our Chief Compliance Officer, Caleb Rowe at 704-943-5566 or [caleb.rowe@assiduous.net](mailto:caleb.rowe@assiduous.net).

Participation or Interest in Client Transactions. The Advisor anticipates that, in appropriate circumstances, consistent with the investment objectives set forth in the

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Governing Documents, it will recommend to the Funds the purchase or sale of securities in which the Advisor and/or its affiliates directly or indirectly, have a position or interest.

Principal and Agency Cross Transactions. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, buys a security from, or sells a security to, a client. In an agency cross transaction, an adviser or affiliate acts as broker for both sides of the transaction in which a client of the adviser is on one side and another person is on the other side.

The Advisor is authorized to effect on behalf of the Funds agency cross transactions through the Advisor or any of its affiliates that is registered as a broker-dealer. The Advisor is also authorized to cross any transaction for the purchase or sale of securities between two or more advisory clients or managed funds, including the Funds, provided that the Advisor receives no additional compensation in connection with such cross trading activities.

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## Item 12 – Brokerage Practices

The Advisor has complete discretionary authority to select the broker or dealer to be used to execute transactions on behalf of the Funds and to negotiate the commission costs to be paid.

The Advisor shall seek best execution for the Funds' securities transactions.

Brokers are selected according to various characteristics that support the Funds' interest in receiving the most favorable execution. Many criteria are considered, including but not limited to, the following: the integrity, ethics and trustworthiness of the broker regarding any relations and agreements with the Advisor and the funds, the speed and quality of trading execution to minimize market price impact and maximize value for the Funds, the broker's capability to provide research and other services, competent broker personnel and support staff, the efficient clearance and settlement of trades, commitment to technology and a preeminent trading system, timely acknowledgement and correction of trade errors, and the broker's overall ability to provide best execution for the Funds. The applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple brokers or dealers.

Research or Other Soft Dollar Benefits. The Advisor selects brokers and dealers on the basis of its judgment of their professional capability to provide the service at reasonably competitive rates. If, in the Advisor's judgment, the commission is reasonable in relation to the brokerage services provided, the Advisor may pay a brokerage commission in excess of the commission another broker would have received for effecting the same transaction.

The Advisor may use "soft dollar" commissions or rebates by brokerage firms of commissions generated by the Funds' securities transactions executed through those firms to pay for research related products and services, including benefits outside the "safe harbor" of Section 28(e) of the US Securities Exchange Act of 1934. The Advisor may use these products or services in connection with transactions in which the Funds will not participate.

The availability of benefits may influence the Advisor to select one broker rather than another. Nevertheless, the Advisor will attempt to ensure that fees and costs for brokers offering services are not materially greater than fees for equally capable brokers not offering such services.

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Brokerage for Client Referrals. The Advisor is authorized to direct brokerage transactions to brokers or other persons who refer prospective Limited Partners to the Fund(s) and pay finder's fees or other compensation *at its own expense* to such persons. All finder's fees are paid for by the Advisor; no portion of any finder's fee is charged to the Fund(s). Despite receiving referrals, the Advisor will only direct business to those brokers who provide best execution to the Partnership.

Directed Brokerage. The Advisor has full discretion over broker selection. Limited Partners are not permitted to direct securities transactions to a specific broker.

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### **Item 13 – Review of Accounts**

The Advisor engages in active portfolio monitoring. The P&L of each strategy is monitored in real time by the investment committee which is comprised of David Stedman and Matteo Amoroso. The fundamentals, technicals and value at risk of each strategy are reviewed daily including verification of adherence to investment strategy, evaluation of portfolio construction and tracking of performance.

Limited Partners receive monthly net asset valuation statements from the Funds' administrator, GlobeOp. Limited Partners also receive monthly reports from the Advisor. Annual financial reports are audited by an independent accounting firm. Limited Partners are encouraged to compare the statement they receive from the Advisor to the statement they receive from the Fund Administrator.



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## **Item 14 – Client Referrals and Other Compensation**

The Advisor does not engage third parties to solicit or refer investors.

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## **Item 15 – Custody**

The Advisor, as General Partner of the Master Fund, maintains custody of client assets. Assets are held by our prime brokers and qualified custodians, UBS Securities, LLC and ICBC Financial Services. Quarterly account statements are sent to investors by the administrator, GlobeOp. We urge Limited Partners to compare the account statement you receive from your administrator with the statements provided by us. For tax and other purposes, the administrator statement is the official record of your account(s) and assets.

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## **Item 16 – Investment Discretion**

The Advisor has unlimited authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of securities to be bought or sold. Such investment discretion is provided for in the Master Funds' Governing Documents. In all cases, such discretion is executed in a manner that is in accordance with the investment guidelines set forth in the Master Fund's Governing Documents.

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## **Item 17 – Voting Client Securities**

Because the Advisor trades highly liquid government bonds, futures, interest rate swaps, and their derivatives exclusively, this section is not applicable.

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## **Item 18 – Financial Information**

The Advisor does not require or solicit prepayment of more than \$1,200 in fees from the Funds six months or more in advance. Therefore no financial information is provided.

The Advisor has no financial commitment or conditions that are reasonably likely to impair our ability to meet contractual and fiduciary commitments to the Funds and the Funds' Limited Partners, and it has not been the subject of a bankruptcy proceeding.