

# **BALCONY PARTNERS, LLC**

**(CRD#: 157426)**

## **Part 2A of Form ADV: THE FIRM BROCHURE**

527 Madison Avenue, 6th Floor  
New York, NY 10022  
Phone & Fax: (212) 252-2248  
[www.balconypartners.com](http://www.balconypartners.com)

**March 19, 2012**

**This brochure provides information about the qualifications and business practices of Balcony Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 252-2248. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Balcony Partners, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.**

**Additional information about Balcony Partners, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

# BALCONY PARTNERS, LLC

Part 2A & 2B of Form ADV

## ITEM 2: Material Changes

Listed below are the material changes to Balcony Partner's Form ADV Part 2 since the initial firm brochure was filed in July 2011.

- The physical and mailing address of Balcony Partners, LLC has changed. It is now: 527 Madison Avenue, 6<sup>th</sup> Floor, New York, NY, 10022.
- The phone and fax of Balcony Partners, LLC has changed. It is now: (212) 252-2248.
- There is now a website for Balcony Partners, LLC. It is: [www.balconypartners.com](http://www.balconypartners.com)
- The composition of the assets managed by Balcony Partners, LLC has changed. It is now as follows:
  - Non-Discretionary Client Assets: US\$ 0
  - Discretionary Client Assets: US\$ 62.5 million
  - Total Assets Under Management: US\$ 62.5 million
- Balcony Partner's fee structure has changed. It is now is as follows:
  - 2.00% on accounts with value up to \$50 million
  - 1.50% on accounts with value over \$50 million
- Balcony Partner's minimum account value for separately managed accounts has changed. It is now \$5 million.
- Balcony Partner's investment strategy includes an equity trading strategy that attempts to create returns on invested capital through price movements in leveraged exchange-traded funds (ETFs) and leveraged inverse ETFs. This strategy was not described in the firm brochure filed in July 2011.

# BALCONY PARTNERS, LLC

Part 2A & 2B of Form ADV

## ITEM 3: Table of Contents

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	6
ITEM 6: Performance Based fees and Side-by-Side Management	8
ITEM 7: Types of Clients	9
ITEM 8: Methods of Analysis, Investment Strategies and Risk of Loss	9
ITEM 9: Disciplinary Information	14
ITEM 10: Other Financial Industry Activities and Affiliations	15
ITEM 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	16
ITEM 12: Brokerage Practices	18
ITEM 13: Review of Accounts	21
ITEM 14: Client Referrals and Other Compensation	22
ITEM 15: Custody	23
ITEM 16: Investment Discretion	24
ITEM 17: Voting Client Securities	25
ITEM 18: Financial Information	26
ITEM 19: Requirements for State-Registered Advisers	27

# BALCONY PARTNERS, LLC

Part 2A & 2B of Form ADV

## **ITEM 4: Advisory Business**

### 4.A:

Founded in February 2011, Balcony Partners, LLC (“Balcony”) is a Delaware Limited Liability Company. Its principal owners are Craig J. Greenwald and Logan N. Sugarman.

### 4.B:

Balcony provides the following type of advisory services:

- Portfolio management for high net worth individuals;
- Portfolio management for businesses or institutional clients (other than investment companies);
- Portfolio management for investment companies;
- General partner and/or investment advisor to a private pooled investment vehicle.

Balcony invests client assets on a discretionary basis in publicly traded equities of US-listed companies and exchange traded funds (“ETFs”). Balcony also provides discretionary investment advisory services to a private pooled investment vehicle. Balcony believes that long-term capital appreciation may be significantly augmented by the use of short-term opportunistic investment techniques. Balcony employs quantitative screens to identify securities for the portfolio and utilizes fundamental analysis and technical research to determine the timing and duration of securities positions. Balcony seeks to profit from both long-term trends in the underlying value of selected securities as well as from tactical opportunities generated by temporary market inefficiencies. The positions Balcony enters into may result in significant exposure to such risk factors as Beta, Sector and Market Capitalization.

### 4.C:

Balcony meets with and speaks to clients regularly and portfolios are tailored to the needs of each client. We generally attempt to accommodate investment restrictions imposed by clients.

### 4.D:

Balcony does not participate in wrap fee programs.

## BALCONY PARTNERS, LLC

---

Part 2A & 2B of Form ADV

### 4.E:

As of December 31, 2011, Balcony managed the following client assets:

Non-Discretionary Client Assets:	US\$ 0
Discretionary Client Assets:	US\$ 62.5 million
Total Assets Under Management:	US\$ 62.5 million

## **ITEM 5: Fees and Compensation**

### **5.A:**

In general, fees are based on assets under management. The fee schedule below reflects Balcony's asset under management-based fees and does not include the fees for brokerage commissions, custodial charges and other advisory fees such as those associated with mutual funds or exchange traded funds. Fees are computed as a percentage of assets under management. The fee structure is negotiable and the majority of clients pay 2.00% per annum.

Fee Schedule: Balcony's fee structure is as follows:

2.00% on accounts with value up to \$50 million  
1.50% on accounts with value over \$50 million

In some instances, performance-based fees are also charged. Clients that pay performance-based fees are charged the same fees based on assets under management as those clients who are not charged performance-based fees. The performance-based fees are typically 20.00% of net annual performance. When performance-based fees are charged, the account is typically subject to a "high-water mark". A high-water mark means that if an account loses money in one year, it must recoup those losses in subsequent years before additional performance fees are charged.

Fees may vary from the above schedules due to particular circumstances of the client or as otherwise negotiated with particular clients.

### **5.B:**

Under the terms of Balcony's investment advisory contracts, fees are generally based on assets under management as of the last day of each quarter or on an average of assets under management during the quarter. Fees are typically paid quarterly in arrears, as provided in the agreement with the client. Fees incurred are deducted/withdrawn directly from clients' assets.

## BALCONY PARTNERS, LLC

---

Part 2A & 2B of Form ADV

Balcony's services may be terminated by either party upon written notification in accordance with the applicable contractual notice of termination. Upon termination the fees described above will be pro-rated.

### 5.C:

In addition to advisory fees, clients may have to pay custodial fees. Such custodial fees are paid directly to the client's custodian and are additional charges beyond Balcony's fees. If client accounts are invested in mutual funds or ETFs, clients will also incur management and other costs associated with those vehicles. Clients will also incur brokerage costs including commissions and other fees. For a more detailed discussion of brokerage practices, please "ITEM 12: Brokerage Practices."

### 5.D:

Clients are not obligated to pay fees in advance. Fees are paid quarterly in arrears.

### 5.E:

No supervised person of the Balcony accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds or exchange traded funds.

Balcony does not receive additional compensation from other sources beyond the advisory fees and performance fee described herein for providing investment management services.

**ITEM 6: Performance-Based Fees and Side-By-Side Management**

Balcony may receive performance-based compensation – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client. In addition, certain client accounts may have higher management fees or performance-based compensation arrangements more favorable to Balcony than other accounts engaging in the same or similar investment activities.

Balcony has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with different fee arrangements. Balcony reviews investment decisions for all clients on a regular basis in order to ensure that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, Balcony has implemented a detailed investment allocation policy and Balcony regularly reviews its trade allocations to ensure they are made in a manner that is fair and equitable to all clients.

With regard to performance-based compensation, (1) the fee arrangement may create an incentive for Balcony to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee; (2) Balcony may receive increased compensation with regard to unrealized appreciation as well as realized gains in the client account; and (3) one year periods are used to measure investment performance throughout the term of the agreement because a one year period provides a more realistic measure of performance than quarterly calculations.

Performance-based compensation applies only to persons or companies who or whose net worth at the time of entering into the agreement exceeds \$1,500,000. These clients typically are relatively more sophisticated with relatively aggressive investment mandates.



**ITEM 7: Types of Clients**

Balcony generally provides investment advice to individuals and/or small businesses, and other corporations or business entities. In addition, Balcony may serve as an investment advisor or as the general partner to private pooled investment vehicles.

Balcony manages accounts solely on a discretionary basis. For separate accounts, we typically recommend a minimum account value of \$5 million.

**ITEM 8: Methods of Analysis, Investment Strategies and Risk of Loss**

8.A:

Methods of Analysis

Balcony primarily employs two methods of analysis including fundamental and technical analysis.

When employing fundamental analysis, Balcony researches the financial statements of corporations and performs discounted cash flow analysis to calculate a company's intrinsic value. (The premise of the discounted cash flow method is that the current value of a company is the present value of its future cash flows that are attributable to shareholders). Balcony then compares our valuation of the company with that of the company's publicly traded stock price to determine if the stock is mispriced in the market place. Balcony attempts to earn returns by investing in the mispriced security in anticipation that the market will recognize the appropriate price for the security. The main sources of information Balcony uses for its fundamental analysis include filings with the SEC, financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses and company press releases.

Balcony's technical analysis is based on the assumption that the market is a discounting vehicle, that prices move in trends and that history tends to repeat itself. When employing technical analysis Balcony looks at the price movement of a security in an attempt to anticipate its future price movements.

Investment Strategies

Balcony's primary investment strategy is equity trading.

One of the equity trading strategies attempts to create returns on invested capital through price movements in leveraged exchange-traded funds (ETFs) and leveraged inverse ETFs. Most leveraged and inverse leveraged ETFs "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Their performance over longer periods of time -- over weeks or months or years --

## BALCONY PARTNERS, LLC

Part 2A & 2B of Form ADV

---

can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. This effect can be magnified in volatile markets.<sup>1</sup> In this strategy Balcony may short the following securities in connection with hedging: leveraged ETFs, leveraged inverse ETFs, traditional ETFs, and underlying benchmarks or indices.

Another one of Balcony's trading strategies is long/short equity investing and it mainly involves the purchase and sale of actively traded common stocks. In this strategy Balcony also trades in listed equity options in connection with hedging. Balcony may engage in pairs trading, which involves the purchase and short sale of securities (including options) that are believed, for a variety of reasons, to trade in some relation to each other.

The investment strategies may involve frequent trading of securities, which may affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

These methods of analysis and investment strategies involve the risk of loss to clients and clients should be prepared to bear the loss of their entire investment.

### 8.B:

#### Material Risks Related to Investment Strategies

**Market Risks:** The profitability of a significant portion of Balcony's investment program depends to a great extent upon correctly assessing the future course of price movements of specific securities. There can be no assurance that Balcony will be able to predict accurately these price movements.

**Hedging:** There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while Balcony may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for Balcony's investment portfolios than if Balcony did not engage in any such hedging transactions.

---

<sup>1</sup> Please refer to the SEC's article "Leveraged and Inverse ETFs: Specialized Products with Extra Risks for Buy-and-Hold Investors," <http://www.sec.gov/investor/pubs/leveragedetfs-alert.htm>

**Issuer-Specific Changes:** Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

**Leverage:** Balcony may employ leverage in its investment strategies which may make performance more volatile.

**Short Selling Risk:** Balcony's investment strategies may include short selling. Short selling transactions expose Balcony to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by Balcony in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein Balcony might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

**Arbitrage Risks:** Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur. Moreover, arbitrage strategies often depend upon identifying favorable "spreads", which can also be identified, reduced or eliminated by other market participants.

**Derivatives:** Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments have an

## BALCONY PARTNERS, LLC

---

Part 2A & 2B of Form ADV

underlying high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying such derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or Balcony. Furthermore, transactions in derivative instruments are not undertaken on recognized exchanges, and will expose the client's account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

**Lack of Diversification:** The client's portfolio may not be diversified among geographic areas or types of securities. Further, the portfolio may not be diversified among a wide range of issuers. Accordingly, the investment portfolio may be subject to more rapid change in value than would be the case if Balcony were required to maintain a wide diversification among investment areas, types of securities and issuers.

### 8.C:

#### Risks associated with particular types of securities

Balcony primarily recommends investments in equity securities. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

**ITEM 9: Disciplinary Information**

Neither Balcony, its employees, nor its management have been involved in any legal or disciplinary events that would be material to a client's evaluation of the company or its personnel.

**ITEM 10: Other Financial Industry Activities and Affiliations**

10.A:

Balcony is not registered as a broker-dealer. None of Balcony's management persons are registered representatives of a broker/dealer.

10.B:

Balcony is not registered as a commodity pool operator or a commodity trading adviser.

10.C:

Balcony does not have material relationships or arrangements with any related persons that are financial industry participants.

10.D:

Balcony does not recommend or select other investment advisers for its clients.

**ITEM 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

11.A:

Code of Ethics/Personal Trading

To avoid potential conflicts of interest involving personal trades, Balcony Partners, LLC has adopted a Code of Ethics, including a Personal Securities Transaction Policy, and an Insider Trading Policy. Balcony's Code of Ethics requires, among other things, that all employees:

- Act with integrity, competence, diligence, respect and in all ethical manner with the public, clients, prospective clients, employers, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interest of Balcony above one's own personal interest;
- Adhere to the fundamental standard that you should not take inappropriate advantage of one's position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with the policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect favorably on them and the profession;
- Promote the integrity of, and uphold the rules governing capital markets;
- Maintain and improve professional competence and strive to maintain and improve the competence of other investment professionals;
- Comply with applicable provisions of the federal securities laws.

Balcony's Code of Ethics states that officers or employees of Balcony may NOT purchase, sell, or hold positions in securities recommended to clients, including purchasing securities that are being sold for clients and vice versa. All Balcony



## BALCONY PARTNERS, LLC

---

Part 2A & 2B of Form ADV

personnel must pre-clear all trades for personal securities accounts with the designated compliance officer.

A copy of Balcony's Code of Ethics shall be provided to any client or prospective client upon request.

11.B:

Balcony does not recommend, buy or sell securities for client accounts in which Balcony or any of its related persons has a material financial interest.

11.C:

Not applicable

11.D:

Not applicable

**ITEM 12: Brokerage Practices**

12.A:

Balcony considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of broker-dealers' compensation. In selecting brokers or dealers to execute transactions, Balcony is not required to solicit competitive bids and does not have an obligation to seek the lowest available commission. Balcony will seek to obtain best execution for its clients, taking into account the following factors:

- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- The operational efficiency with which transactions are effected, taking into account the size of the order and difficulty of execution;
- The financial strength, integrity and stability of the broker;
- The broker's risk in positioning a block of securities; and
- Access to instruments that Balcony wants to invest in and the competitiveness of commission rates in comparison with other counterparties satisfying Balcony's other selection criteria.

Subject to the objective of seeking best execution, Balcony also may take into consideration research and other brokerage services provided by the broker executing trades which are included in the commission rate. When Balcony uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, it receives a benefit because it does not have to produce or pay for the research, products or service, and these benefits provide an incentive for Balcony to select a broker-dealer based on its interest in receiving such products or services, rather than on clients' interest in receiving most favorable execution.

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to

## BALCONY PARTNERS, LLC

---

Part 2A & 2B of Form ADV

obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Balcony will limit the use of “soft dollars” to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e).

In some instances, Balcony could receive a product or service that may be used only partially for functions within Section 28(e). In such instances, Balcony will make a good faith effort to determine the relative proportion of the product or service used to assist Balcony in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting Balcony in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by Balcony from its own resources.

Research and brokerage services obtained by the use of commissions arising from certain of its clients accounts’ portfolio transactions may be used by Balcony in its other investment activities and for other clients and thus clients may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided.

Although Balcony will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of “mixed use” products or services create a potential conflict of interest between Balcony and the clients.

Balcony addresses the potential conflicts of interest in connection with its brokerage practices through its best execution review process. Balcony’s best execution review process includes an analysis of overall performance of broker-dealers in light of the amount of business directed to such broker-dealers.

## BALCONY PARTNERS, LLC

---

Part 2A & 2B of Form ADV

In selecting a broker-dealer, Balcony may consider receiving client referrals from a broker-dealer or third party. A potential conflict of interest may arise between the client's interest in obtaining best price and execution and Balcony's interest in receiving future referrals. Balcony may have an incentive to select or recommend a broker-dealer based on interest in receiving client referrals.

In the past fiscal year, Balcony has not directed client transactions to a particular broker-dealer in return for client referrals.

Balcony does not recommend, request, or require that a client direct transactions to be executed through a specific broker-dealer.

### 12.B:

When appropriate, Balcony may, but is not required to, aggregate client orders to achieve more efficient execution or to provide for equitable treatment among accounts. Clients participating in aggregated trades will generally be allocated securities based on the average price achieved for such trades.

## **ITEM 13: Review of Accounts**

### 13.A:

In general, the portfolio managers have authority and responsibility for reviewing client accounts and implementing investment decisions. The number of accounts assigned to each portfolio manager varies depending on the size and complexity of the accounts. In general, accounts are under continuous and ongoing review by the portfolio manager or, in his absence, a backup portfolio manager, assigned to the account. In general, all accounts are reviewed quarterly or more frequently based on changes in the firm's determination of equity valuations.

### 13.B:

Not applicable

### 13.C:

Generally, clients of Balcony receive, either quarterly or monthly, written information regarding transactions for that period, current portfolio holdings, market value of the account, and fee calculations from their selected custodian. Balcony does not provide regular reports to clients.

## **ITEM 14: Client Referrals and Other Compensation**

### 14.A:

Brokers who effect securities transactions for Balcony's accounts may provide Balcony with research and other brokerage services, which supplements Balcony's own research. Research services received by Balcony through the placement of securities transactions of clients are available for the general benefit of all accounts managed by Balcony, and, in some cases, research may be utilized in connection with managing accounts that have not placed securities transactions for the purpose of obtaining the research.

### 14.B:

Balcony may enter into agreements with third party consultants referring clients to the firm. As a result of client referrals, consultants may be paid a share of management fee and performance fee earned from assets under management of one or more clients, or such compensation as may be agreed upon between Balcony and such consultants. The consultants operate independently from Balcony and generally have developed relationships with suitable investors. Third party consultants generally perform independent due diligence reviews of Balcony.

Additionally, Balcony may compensate broker-dealers for investor referrals. These arrangements are discussed in detail in ITEM 12.

### **ITEM 15: Custody**

All client assets are held in custody by unaffiliated broker/dealers or banks. Clients will receive account statements from these unaffiliated custodians. Clients should carefully review statements received from these unaffiliated custodians.

Balcony may also provide clients with monthly NAV statements prepared by an independent administrator. Clients are urged to compare the account statements they receive from the custodian with those received by Balcony and prepared by the independent administrator.

## **ITEM 16: Investment Discretion**

Balcony manages accounts solely on a discretionary basis. Balcony will determine which securities are bought or sold for the account, the total amount of such purchases and sales. Balcony's authority may be subject to conditions imposed by the client, e.g. where the client restricts or prohibits the purchase of certain types or issuers of securities.

Prior to assuming full discretion in managing a client's assets, Balcony enters into an investment management agreement or other agreement that sets forth the scope of its discretion. In order for Balcony to assume full discretion in managing a client's assets, the client must execute (or sign) an investment management agreement which has also been signed by a managing member of Balcony Partners, LLC.



## **ITEM 17: Voting Client Securities**

### 17.A:

Balcony votes proxies with a view to enhancing the value of the shares of stock held in client accounts. The financial interest of our clients is the primary consideration in determining how, and if, proxies should be voted. Balcony generally votes in accordance with the recommendations of management and/or a third-party proxy service provider. However, Balcony may deviate from such recommendations upon a specific request from a client or if the firm believes it is in its clients' best interest to do so. Balcony may refrain from voting a proxy on behalf of its clients' accounts due to issues related with account size, extent of impact on the portfolio, timing issues related to the opening/closing of accounts and contractual arrangements with clients and/or their authorized delegate.

If a client has a proxy-voting policy and instructs us to follow it, we will comply with that policy except when doing so would be contrary to the client's economic interests or otherwise imprudent or unlawful.

Balcony's complete proxy voting policy and procedures are memorialized in writing and are available for review. In addition, Balcony's complete proxy voting record is available upon request. For further information, contact Balcony at the phone number listed on the front of this document.

### 17.B:

Not applicable

**ITEM 18: Financial Information**

18.A:

Balcony does not require prepayment of fees from any clients.

18.B:

Balcony does not have discretionary authority or custody of client funds or securities.

18.C:

Balcony has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts or otherwise impair its ability to meet contractual commitments to clients.

## ITEM 19: Requirements for State-Registered Advisers

### 19.A:

#### Formal Education and Business Background of Balcony's Management Persons

*Craig J. Greenwald*

Title:	Managing Member
Year of Birth:	1973
Education:	Johns Hopkins University, BA, 1995; USC-Marshall School of Business, MBA, 2003
Background:	Craig has more than 16 years of financial markets experience including principal investing, capital raising and fund formation. Most recently, he was senior managing director at Forefront Advisory, LLC and a managing director at Brookview Capital.

Previously Craig was a managing member and portfolio manager at Clean Energy Asset Management, LLC - an investment advisor to a number of investment vehicles focused on publicly traded securities of alternative energy companies. The flagship fund, The Clean Energy Fund, LP, was a long/short equity fund chartered with the mandate to generate absolute returns from the advances in clean energy technologies.

Craig originally gained money management experience evaluating long/short equity investment opportunities in biotech and pharmaceuticals at hedge fund Exis Capital (a spin-out of S.A.C. Capital Advisors). Previously, Craig spent several years as a trader for Merrill Lynch and Burlington Capital Markets with special focus on small-cap and illiquid equity execution. He has also spent

## BALCONY PARTNERS, LLC

---

Part 2A & 2B of Form ADV

time as a financial analyst for Brookview Capital and for Jesse Greenwald.

Craig received a BA from The Johns Hopkins University and earned an MBA as the Guilford C. Babcock Investment Management Fellow from USC-Marshall School of Business.

### *Logan N. Sugarman, CFA*

Title: Managing Member

Year of Birth: 1977

Education: Johns Hopkins University, BA, 1999

Background: Logan was an employee of Midsummer Capital, LLC, a registered investment advisor. Logan is also a Class B Entrepreneurial Member for VTrader Pro, LLC. Logan is also a managing member of Statler Capital, LLC, a sole member limited liability company.

Previously Logan was the Global Financials Sector Head at Swiss Re's alternative investment unit in New York where he ran a \$100 million long/short portfolio. Logan has over 10 years of experience as a financial sector analyst and portfolio manager.

Logan began his career at Exis Capital LLC (a spinout of S.A.C. Capital Advisors) as an equity analyst. He then helped launch the financials-only fund Kinyan Capital with the ex-head of Soros Fund Management's long/short financial services portfolio.

## BALCONY PARTNERS, LLC

---

Part 2A & 2B of Form ADV

Logan holds a BA in both Economics and Psychology from The Johns Hopkins University and is a Chartered Financial Analyst (CFA). He is also a member of the Association of Insurance and Financials Analysts.

## BALCONY PARTNERS, LLC

---

Part 2A & 2B of Form ADV

19.B:

Not applicable

19.C:

Not applicable

19.D:

Not applicable

19.E:

Not applicable

**BALCONY PARTNERS, LLC**  
(CRD#: 157426)

**Part 2B of Form ADV:  
BROCHURE SUPPLEMENT for**

**CRAIG J. GREENWALD**  
Balcony Partners, LLC  
527 Madison Avenue, 6th Floor  
New York, NY 10022  
Phone & Fax: (212) 252-2248

**March 19, 2012**

**This brochure supplement provides information about Craig J. Greenwald that supplements the Balcony Partners, LLC brochure. You should have received a copy of that brochure. Please contact the Balcony Partners operations department at (212) 252-2248 if you did not receive Balcony Partner's brochure or if you have any questions about the contents of this supplement.**

**Additional information about Craig J. Greenwald is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## ITEM 2: Educational Background and Business Experience

Birth Date: March 19, 1973

Education: Johns Hopkins University, BA, 1995; University of Southern California-Marshall School of Business, MBA, 2003

### Business Experience

(Past 5 Years): From August 2010 through January 2012, Mr. Greenwald was a Senior Managing Director at Forefront Capital Management, LLC in New York, NY.

From August 2009 through August 2010 Mr. Greenwald was Managing Director at Brookview Capital in White Plains, NY. Responsibilities included business development. During part of his tenure at Brookview – from March 2010 through August 2010 – Mr. Greenwald was a FINRA registered securities representative.

From September 2006 – December 2010 Mr. Greenwald was the Managing Member and Portfolio Manager at Clean Energy Asset Management, LLC - an investment advisor to a number of investment vehicles focused on publicly traded securities of alternative energy companies. The flagship fund, The Clean Energy Fund, LP, was a long/short equity fund chartered with the mandate to generate absolute returns from the advances in clean energy technologies.

From September 2005 through September 2006 Mr. Greenwald was Vice President at Brookview Capital in White Plains, NY. Responsibilities included business development. During his tenure at Brookview Mr.



## BALCONY PARTNERS, LLC

---

Part 2A & 2B of Form ADV

Greenwald was a FINRA registered securities representative.

### **ITEM 3: Disciplinary Information**

Items 3.A, 3.B, 3.C, and 3.D:

Craig J. Greenwald has not been and is presently not involved in any legal or disciplinary events that would be material to a client's evaluation of him or of Balcony Partners, LLC.

## **ITEM 4: Other Business Activities**

### Item 4.A:

Craig J. Greenwald is not actively engaged in any other investment-related business or occupation. Craig J. Greenwald is not currently registered with a FINRA firm and he does not have an application pending to register as a broker-dealer, a registered representative of a broker-dealer, futures commission merchant (FCM), commodity pool operator (CPO), or commodity trading advisor (CTA). He is not an associated person of an FCM, CPO or CTA.

### Item 4.A.1:

This item is not applicable since Craig J. Greenwald is not actively engaged in any other investment-related business or occupation.

### Item 4.A.2:

Craig J. Greenwald does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products, including as a broker-dealer or registered representative, and including distribution or service (“trail”) fees from the sale of mutual funds.

### Item 4.B

Craig J. Greenwald is not actively engaged in any business or occupation for compensation not discussed in response to Item 4.A, above.

### **ITEM 5: Additional Compensation**

This item is not applicable. There are no situations in which someone who is not a client provides an economic benefit to Craig J. Greenwald for providing advisory services.

## **ITEM 6: Supervision**

Logan N. Sugarman, Managing Member of Balcony Partners, LLC is responsible for supervising the advice that Craig J. Greenwald provides to clients. Mr. Sugarman monitors and reviews all written communications that Mr. Greenwald provides to clients. Mr. Sugarman can be contacted via telephone at (212) 252-2247.

## **ITEM 7: Requirements for State-Registered Advisers**

### Item 7.A.1:

Craig J. Greenwald has not been found liable in any arbitration claims.

### Item 7.A.2:

Craig J. Greenwald has not been found liable in any civil, self-regulatory organization or administrative proceedings.

### Item 7.B:

Craig J. Greenwald has not been the subject of a bankruptcy petition.

**BALCONY PARTNERS, LLC**  
(CRD#: 157426)

**Part 2B of Form ADV:  
BROCHURE SUPPLEMENT for**

**LOGAN N. SUGARMAN, CFA**  
Balcony Partners, LLC  
527 Madison Avenue, 6th Floor  
New York, NY 10022  
Phone & Fax: (212) 252-2248

**March 19, 2012**

**This brochure supplement provides information about Logan N. Sugarman, CFA that supplements the Balcony Partners, LLC brochure. You should have received a copy of that brochure. Please contact the Balcony Partners operations department at (212) 252-2248 if you did not receive Balcony Partner's brochure or if you have any questions about the contents of this supplement.**

**Additional information about Logan N. Sugarman, CFA is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## ITEM 2: Educational Background and Business Experience

Birth Date: November 18, 1977

Education: Johns Hopkins University, BA, 1999

Business  
Experience

(Past 5 Years): Mr. Sugarman has been Class B Entrepreneurial Member at VTraderPro, LLC since April 2011.

Since October 2010, Mr. Sugarman had been a Managing Member of Statler Capital, LLC, a sole member limited liability company.

Mr. Sugarman was an employee of Midsummer Capital, LLC, a registered investment advisor from November 2009 through January 2012.

Prior to joining Midsummer and beginning in Nov 2007, Mr. Sugarman was the Global Financials Sector Head at Swiss Re's alternative investment unit in New York where he ran a \$100 million long/short portfolio.

From 2004-2007 Mr. Sugarman worked as a senior analyst at Kinyan Capital which was a financials industry focused hedge fund based in New York City.

Mr. Sugarman began his career at Exis Capital LLC (a spinout of S.A.C. Capital Advisors, LP) as an equity analyst.

Mr. Sugarman is a Chartered Financial Analyst (CFA) Charterholder. To become a CFA Charterholder candidates must pass each of three six-hour exams,



## BALCONY PARTNERS, LLC

---

Part 2A & 2B of Form ADV

possess a bachelor's degree from an accredited institution (or have equivalent education or work experience) and have 48 months of qualified, professional work experience. CFA Charterholders are also obligated to adhere to a strict code of ethics and standards governing their professional conduct.

### **ITEM 3: Disciplinary Information**

Items 3.A, 3.B, 3.C, and 3.D:

Logan N. Sugarman, CFA has not been and is presently not involved in any legal or disciplinary events that would be material to a client's evaluation of him or of Balcony Partners, LLC.

## **ITEM 4: Other Business Activities**

### Item 4.A:

Mr. Sugarman is a Class B Entrepreneurial Member of VTraderPro, LLC a proprietary professional and market making firm that is a registered broker/dealer, member of the CBOE, and an exempt pool under rule 4.13 of the C.F.T.C.

Mr. Sugarman is a Managing Member of Statler Capital, LLC a sole member limited liability company formed in Delaware in October 2010.

Mr. Sugarman is not currently registered with a FINRA firm and he does not have an application pending to register as a broker-dealer, futures commission merchant (FCM), commodity pool operator (CPO), or commodity trading advisor (CTA). He is not an associated person of an FCM, CPO or CTA.

There is no business relationship between Balcony Partners and VTraderPro, LLC.

There is a business relationship between Balcony Partners, LLC and Statler Capital, LLC. Statler is the general partner to Balcony Ultra Decay Strategies, LP, a private partnership. Balcony is the investment advisor to the same private partnership, Balcony Ultra Decay Strategies, LP.

### Item 4.A.1:

There is no relationship between Balcony Partners, LLC, Statler Capital, LLC, or VTraderPro, LLC that creates a material conflict of interest with clients.

### Item 4.A.2:

Logan N. Sugarman, CFA does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products, including as a broker-dealer or registered representative, and including distribution or service (“trail”) fees from the sale of mutual funds.

### Item 4.B

Logan N. Sugarman, CFA is not actively engaged in any business or occupation for compensation not discussed in response to Item 4.A, above.

### **ITEM 5: Additional Compensation**

This item is not applicable. There are no situations in which someone who is not a client provides an economic benefit to Logan N. Sugarman for providing advisory services.

## **ITEM 6: Supervision**

Craig J. Greenwald, Managing Member of Balcony Partners, LLC is responsible for supervising the advice that Logan N. Sugarman, CFA provides to clients. Mr. Greenwald monitors and reviews all written communications that Mr. Sugarman provides to clients. Mr. Greenwald can be contacted via telephone at (212) 252-2248.

## **ITEM 7: Requirements for State-Registered Advisers**

### Item 7.A.1:

Logan N. Sugarman, CFA has not been found liable in any arbitration claims.

### Item 7.A.2:

Logan N. Sugarman, CFA has not been found liable in any civil, self-regulatory organization or administrative proceedings.

### Item 7.B:

Logan N. Sugarman, CFA has not been the subject of a bankruptcy petition.