

FORM ADV PART 2A

FEDERAL WAY ASSET MANAGEMENT LP

MAIL STOP CH 1C32
33663 WEYERHAEUSER WAY SOUTH
FEDERAL WAY, WA 98003
(253) 924-7930

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This brochure provides information about the qualifications and business practices of Federal Way Asset Management LP. If you have any questions about the contents of this brochure, please contact us at (253) 924-7930. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Federal Way Asset Management LP also is available on the SEC’s website at www.adviserinfo.sec.gov.

We refer to ourselves as a “registered investment adviser”. Registration does not imply a certain level of skill or training.

ITEM 2. MATERIAL CHANGES

This is our initial brochure.

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ITEM 4. ADVISORY BUSINESS

Federal Way Asset Management LP (“Federal Way,” “us,” “we,” and “our”), a Delaware limited partnership, was formed in May 2011 and has not yet commenced operations. Our employees are based in offices in Federal Way, Washington and Vancouver, Canada.

We provide investment management services primarily to institutional clients, including:

- Managing client portfolios with a focus on investments in alternative investment strategies, which include hedge funds, private equity funds and other investment vehicles, most of which are not registered under the Investment Company Act of 1940; and
- Monitoring overall client portfolios and, where granted discretion, using a variety of derivative financial instruments, such as options, swaps, forwards and futures contracts to obtain or hedge various market exposures.

We also provide portfolio oversight services to clients, including:

- Assisting clients in the design and implementation of the architecture of overall investment programs, based on, among other things, the client’s financial circumstances, risk parameters, investment goals and cash flow needs;
- Providing recommendations with respect to liquidity management for the cash needs and goals of the client based on parameters and other information provided by the client; and
- Providing oversight, monitoring and review services with respect to the investment management services provided by third party investment advisers managing portions of a client’s assets.

We provide tailored advice to each client taking into account its investment objectives and stated investment restrictions.

Wrap Fee Programs

We do not participate in wrap fee programs.

Assets Under Management

We are a newly formed business. As of the date of this brochure, we do not have assets under management.

ITEM 5. FEES AND COMPENSATION

Management Fees

We charge an investment management fee, which is generally negotiated, and may vary with each client. The agreed upon management fee will be set forth in the investment management agreement entered into with the client. Generally, our management fee for providing

discretionary management services is based upon a percentage of the market value of assets under management and will be payable quarterly in advance, although we could enter into negotiated arrangements where our management fee will be paid quarterly in arrears. The management fee will be prorated for periods less than a full quarter and the client will be refunded any balance.

Our fee for other management services, such as designing investment architecture, liquidity management and account oversight, monitoring and review are negotiated on a case by case basis with each client based on the services to be provided.

To the extent permitted in our investment management agreement with a client, we may debit clients' accounts to pay our management fees.

Other Fees

Clients will be subject to the fees of the private investment vehicles in which their accounts are invested. Private investment vehicles typically charge a management fee based on the assets under management and a performance fee based on, or a carried interest in, the profits of the investment vehicle.

Clients may also incur other fees and expenses attributable to such client account. Such expenses may include, but are not limited to: (i) brokerage commissions and charges, trade commissions or spreads, (ii) custodian fees for maintaining brokerage and/or bank accounts and funds transfers, (iii) interest and commitment fees on loan and debit balances, (iv) income taxes, withholding taxes, transfer taxes and other governmental charges and duties, (v) fees of legal counsel, administrators, net asset value calculation agents, accountants, and independent auditors, (vi) costs of printing and distributing reports and notices, (vii) research, database and due diligence costs and expenses, technology and other software costs and expenses, (viii) blue sky fees, (ix) insurance costs, (x) regulatory filing fees, and (xi) consulting fees and expenses. These additional fees and expenses may be charged directly to the client by the applicable service provider or may be advanced by us and debited from a client's account. Please see Item 12 – *Brokerage Practices*.

Neither we nor any of our "supervised persons" accepts compensation for the sale of securities or other investment products.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

To date, we have not entered into any performance-based fee arrangements. However, we may in the future charge performance-based fees to some or all of our clients. A performance fee arrangement may create an incentive for us to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. In addition, we may receive such compensation with regard to unrealized as well as realized gains in a client's account. Any performance fee or allocation received by us will be in compliance with the requirements of Section 205 of the Investment Advisers Act of 1940, as amended (the "Advisers Act") and Rule 205-3 thereunder.

Conflicts of interest may arise where one or more client accounts are charged a performance fee and others are not, because we may have an incentive to focus greater efforts on those clients that pay a performance fee. We have adopted allocation policies that prohibit our portfolio managers and investment committee members from taking into account performance fee issues when making investment allocation decisions among accounts. Such allocation procedures were designed to ensure that all investment allocation decisions are being made fairly and equitably among accounts over time.

ITEM 7. TYPES OF CLIENTS

We offer investment management services to institutional clients (which may include, without limitation, trusts, employee benefit plans, endowments, foundations, corporations, and other types of entities, including private funds of funds) and high net worth individuals. Investors must meet the requirements for “qualified clients” under the Advisers Act to incur performance-based fees. In addition, each U.S. investor must be (i) an “accredited investor,” as defined in Regulation D promulgated under the Securities Act of 1933, as amended and/or (ii) a “qualified purchaser,” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended, and must also meet other suitability requirements.

The minimum account size for a separate client account, and requirements for opening or maintaining a client account, may vary and are negotiated on a case-by-case basis.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment Management Services and Services Overseeing Third Party Managers

Our investment strategy is based upon broad diversification, obtained primarily through investments in private investment vehicles applying a range of strategies, including alternative investment strategies. For those clients that have granted us discretion, we apply derivative overlays including options, swaps, forwards and futures contracts to obtain or hedge against market exposures. We have access to a broad range of third-party managers (the “Managers”) and apply risk assessment and portfolio risk controls. We use both quantitative and qualitative factors to analyze and monitor investment vehicles and their respective Managers, and look at numerous factors for each Manager and investment vehicle including:

- Strategy in light of their performance history and methodology;
- Performance versus applicable benchmark(s) and peers and with regard to consistency, volatility, and compounded return;
- Structure, including make-up and size, legal and accounting framework, prime brokerage relationships, trade execution capability, and potential conflicts of interest;
- Principals, including their personal and business history and background; and
- Alignment as determined by a Manager’s investment in the fund(s) it manages.

We also receive information, including reports and financial information, directly from each investment vehicle, which we analyze and monitor.

Other Services For Investment Programs

We analyze the client's financial circumstances and needs in the context of our experience, projections and analysis of asset allocation models. In advising on investment mandates, we apply our collective experience to assist the client in designing, adopting and adjusting, as necessary or advisable, a program with a variety of asset classes, strategies, goals and parameters tailored to the client's needs and circumstances.

For liquidity management, we analyze the client's current and projected cash needs, and make recommendations based on our analysis of the assets currently in the client's overall portfolio across all of its Managers and investments. In performing this analysis, we consider, among other things, asset classes in the portfolio, particular investment positions, market conditions, asset liquidity, the client's current and future investment commitments and, where known, investment plans of Managers. We recommend, where applicable, increases or decreases in the cash position of a client when we believe it to be in that client's best interest.

Risk of Loss

All investments involve the risk of loss of capital that clients should be prepared to bear. We believe that our investment programs, research techniques and derivative overlays moderate this risk over the long-term. However, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money. The following is a description of certain of the principal risks that client investment portfolios face.

Reliance on Key Individuals. We are dependent on the services of certain key individuals. The loss of the services of any one such key individual could adversely affect our ability to continue in business and to manage our clients' accounts.

Management Style Risks. While we manage client portfolios based on our experience, research and proprietary methods, the value of client portfolios will change daily based on the performance of the underlying securities in which they are invested. Client portfolios are subject to the risk that our investment style is out of favor in the market.

Risks Related to Investment Vehicles. The value of client portfolios will be based in part on the value of the investment vehicles in which they are invested, the success of each of which will depend heavily upon the efforts of their respective Managers. We will have no management authority or control over such Managers. When the investment objectives and strategies of a Manager are out of favor in the market or a Manager makes unsuccessful investment decisions, the investment vehicles managed by that Manager may lose money. A client account may lose a substantial percentage of its value if the investment objectives and strategies of many or most of the investment vehicles in which it is invested are out of favor at the same time, or many or most of the Managers make unsuccessful investment decisions at the same time. Client portfolios will be subject to restrictions on their ability to withdraw or reduce capital that has been invested with certain Managers. Therefore, we may be unable to react rapidly to market changes should a Manager fail to effect portfolio changes consistent with such market changes and/or our

intentions. While we attempt to build a portfolio of Managers within a range of non-correlated investment strategies that we regard as likely to provide favorable investment opportunities in most economic environments, there is a risk that a Manager's performance will be more highly correlated to the broader markets than was anticipated. Furthermore, as the funds under management by a particular Manager increase, the Manager may have difficulty implementing an investment strategy which may have been successful in the past, or difficulty finding sufficient investment opportunities which are attractive. There can be no assurances that a Manager's future results will be as successful as its past performance.

Manager Compensation Arrangements. By engaging us to provide investment management services in respect of investments in private investment vehicles, clients will, in effect, incur the costs of two forms of investment management services, namely the services that we provide in identifying Managers, performing due diligence and making investment decisions, and the services provided by the Managers in selecting investments on behalf of the investment vehicles in which our clients are invested. Managers may be paid performance fees or incentive allocations related to the investment vehicles in which client portfolios are invested. Performance-based compensation arrangements with Managers may create an incentive to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In addition, because performance-based compensation is calculated on a basis that may include unrealized appreciation of client account assets, this compensation may be greater than if such compensation were based solely on realized gains.

Economic Conditions. Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws may adversely affect the investment vehicles in which client portfolios are invested. In addition, the securities markets have recently been the subject of severe volatility. While we perform due diligence on the investment vehicles in which we invest, economic conditions are not within our control and no assurances can be given that we can anticipate and act on adverse developments.

Illiquid and Long-Term Investments; Lack of Transferability. Investments in private investment vehicles are generally illiquid investments that offer no, or only limited, withdrawal or redemption rights. Such investments are typically held for a number of years before they are sold. In some cases, the resale of such investments may be prohibited or limited by contract for extended periods of time, and as a result, we may not be permitted to sell such investments at a time we might otherwise desire to do so. There is also a risk that due to market conditions, one or more Managers may be unable to honor a withdrawal request and will, as a result, impose a gate or suspend withdrawals for an indefinite period of time. It is unlikely there will be a trading market for investments in private investment vehicles.

Operational Risk. We conduct regular due diligence and monitor Managers to ensure adherence to stated investment philosophy and objectives. However, due diligence is not foolproof and there can be no assurance that our due diligence will be sufficient to detect operational issues or problems at a Manager.

Leverage. Depending on their investment strategy, Managers may employ leverage to varying degrees. The use of leverage will magnify gains but will also magnify losses. The expense paid on borrowings will erode the income and gains generated by leveraged positions. If asset values decline, a Manager may be forced to unwind and liquidate leveraged positions at an inopportune time. Leveraged investment vehicles may be more sensitive to adverse business or financial developments or economics factors, such as changing interest rates.

Risks of Concentration of Investments. While we attempt to diversify portfolios among a range of Managers with different strategies, there is a risk of inadvertent excess concentration and, therefore, excess exposure to a particular issuer, security, industry sector or geographic region. Additionally, Managers may be relatively concentrated as to investments. Limitations as to strategy, amount of capital or analytical resources can lead to significant concentration practices among Managers. Concentration of investments in a limited number of issuers or securities, industries, industry groups or countries or regions can increase investment risk and portfolio volatility. Accordingly, client portfolios may be subject to greater risk of loss than if they were invested directly in a diversified portfolio of securities, and the failure or poor performance of any one Manager could have a material adverse effect on overall portfolio performance.

Highly Competitive Market for Investment Opportunities. The activity of identifying and investing in private investment vehicles is highly competitive and involves a high degree of uncertainty. There can be no assurance that we will be able to identify and complete investments that satisfy our clients' investment objectives.

Short Selling. A Manager may engage in short selling (selling securities they do not own). While short selling may be used for risk management or hedging purposes, as well as to create profit opportunities, there is substantial risk to this strategy because the Manager may be required to cover its short positions (the purchase of the securities to replace those borrowed and delivered on sale) involuntarily or otherwise and there is no limitation on the potential upward movement of the purchase price. Short selling can also involve significant borrowing and other costs which can reduce the profit or create losses in particular positions.

Options and Other Derivatives. We and any Manager may invest for risk management and/or speculative purposes in options, financial futures and/or other derivative instruments (collectively, "Derivatives"). The amount of leverage and volatility on Derivatives and, therefore, potential for gain and risk of loss is substantially greater than that of the underlying interest. Derivatives may also be more volatile and less regulated than traditional debt and equity securities. Options trading entails an entirely distinct set of risks. Options positions may include both long positions, where the underlying portfolio is the holder of put (an option to sell a security at a specified price) or call (an option to buy a security at a specified price) options, as well as short positions, where the underlying portfolio is the seller ("writer") of an option. Although option techniques can increase investment return, they can also involve a relatively higher level of risk. The expiration of unexercised long option positions effectively results in the loss of the entire cost or premium paid for the option. The writing or selling of an uncovered put or call option can involve, similar to short selling, a theoretically unlimited risk of an increase in the cost of selling or purchasing the underlying securities in the event of exercise of the option.

Hedging Limitations. We and any Manager may employ a variety of hedging techniques, the extent and effectiveness of which may vary. Most hedging techniques will be directed toward general market risks or certain Manager risks. There may be investment risks that will not be hedged or necessarily capable of being hedged as a practical matter. Hedging techniques have a variety of limitations. Hedging against a decline in the value of a portfolio position by selling short, for example, does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the overall portfolio positions' value. Hedging through market index options may only protect against an overall market downturn, as compared with price declines in specific securities. Hedge transactions generally also limit the opportunity for gain if the value of the portfolio position should increase, due to the hedging cost or price decline in the hedging position. We and any Manager may not seek or be able to establish a sufficiently accurate correlation between hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent a portfolio from achieving the intended hedge or may expose the portfolio to risk of loss. Such losses can include losses on the hedged position, the attempted hedge position, or both, and could be substantial. There can be no assurance, therefore, that portfolios will be significantly hedged against investment risks or that such hedging strategies, if any, will prove successful.

Futures and Options on Futures. We and any Manager may invest in certain futures contracts, including stock index futures contracts, futures contracts on government securities, interest rates, foreign currencies, metals and energy products, and may trade options on such futures contracts, including purchasing call options, writing (selling) naked or covered call options and purchasing or selling put options on such futures contracts, and may also purchase or sell options on securities and securities indices. In addition, we and any Manager may enter into forward contracts, currency transactions and various swap and swap-like arrangements. Futures contracts markets are highly volatile and are influenced by a variety of factors, including national and international political and economic developments. In addition, because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to a portfolio. Moreover, futures positions are marked to market each day and variation margin payments may be required to be paid to or by the underlying client account. Prior to exercise or expiration, a futures or option position can be terminated only by entering into an offsetting transaction. This requires a liquid secondary market on the exchange on which the original position was established. If a liquid secondary market does not exist for such futures or options, it might not be possible to liquidate the position. No assurance can be given that an active market will exist for the contracts at any particular time. Certain futures exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits, we or a Manager, as applicable, could be prevented from promptly liquidating unfavorable positions and thus be subjected to substantial losses. In addition, the Commodity Futures Trading Commission (the "CFTC") and various exchanges impose speculative position limits on the number of positions a person or group may hold or control in particular commodities. Unlike trading on domestic futures exchanges, trading on foreign futures exchanges is not regulated by the CFTC and may be subject to greater risks than trading on domestic exchanges.

Swap Contracts. A credit default swap (“CDS”) is a contract between two parties that transfers the risk of loss if a company defaults in its obligation to pay principal or interest on time or files for bankruptcy. In the event of a default, the swap may be terminated and the purchaser of credit protection will receive from the counterparty, the person who wrote the protection, a payment of the agreed amount. We and any Manager may purchase for client accounts credit default protection as a hedge, or write credit default protection with a view to receiving spread income. We and any Manager also may purchase for any client account credit default protection even though the client account does not hold the referenced instrument. A total return swap (“TRS”) is a two-party contract under which each party agrees to exchange with the other specified investment returns from investments or instruments. A TRS enables the client to gain exposure to an underlying credit instrument without actually owning the credit instrument. Generally, a total return (interest, fixed fees and capital gains/losses on an underlying credit instrument) is paid to a counterparty in exchange for the receipt of a floating rate payment. The TRS investor pays only a fraction of the value of the total amount of the credit instrument that is referenced in the swap as collateral posted with the counterparty, so that the TRS is a leveraged investment in the underlying credit instrument. In general, swap agreements are not currently traded or cleared by an exchange or clearinghouse and are thus subject to the risk of counterparty default. Transactions in swap contracts, such as CDSs and TRSs, expose our clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem with the counterparty and, as a result, there will be a loss in the investment. If the counterparty to a swap agreement defaults, then the client portfolio could lose the net amount of payments that it is contractually entitled to receive. If a client portfolio deposits collateral to support its obligation under a swap agreement, then the client portfolio could also lose those collateral deposits. The lack of a complete and “foolproof” evaluation of the financial capabilities of swap counterparties and the absence of credit evaluation and regulatory oversight of market participants may increase the potential for such losses.

Business, Legal, Tax and other Regulatory Risks. Legal, tax and regulatory changes, as well as judicial decisions, could adversely affect our and Managers’ methods of doing business and costs of doing business. The regulatory environment for private investment vehicles continues to evolve, and changes in the regulation of private investment vehicles may adversely affect the value of client portfolios. The financial services industry generally and the activities of private investment vehicles and their investment advisers, in particular, have been the subject of increasing legislative and regulatory scrutiny. In addition, securities and futures markets are subject to extensive statutes, regulations and margin requirements. Various U.S. federal and state regulators, including the SEC, the CFTC, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. U.S. or non-U.S. rules or legislations regulating investment vehicles or advisers may be adopted and the possible scope of any rules or legislation is unknown. For example, recently proposed regulatory changes related to swap transactions, if adopted, may have an adverse effect on swap transactions to which our clients may directly or indirectly be a party, and may affect our and Managers’ ability to engage in similar transactions on behalf of clients in the future. There can be no assurance that these or any other regulatory changes will not adversely affect our client portfolios and the way in which we do business generally.

Non-U.S. Investments. We and Managers may invest portfolios globally. Foreign securities involve risks not typically associated with investing in U.S. securities, including risks relating to (i) currency exchange matters, (ii) differences between the U.S. and foreign securities markets, (iii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation, (iv) certain economic and political risks, (v) obtaining foreign governmental approvals and complying with foreign laws and (vi) the possible imposition of foreign taxes on income and gains recognized with respect to such securities. Furthermore, the legal systems in these countries may offer no effective means for us or a Manager to seek to enforce rights or otherwise seek legal redress.

ITEM 9. DISCIPLINARY INFORMATION

None

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

We are not registered, nor do we have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

We are also not registered, nor do we have any application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.

We are principally owned by private equity funds managed by Goldberg Lindsay & Co. LLC (“GL&Co”), a registered investment adviser, and by our management and we may recommend to our clients investment in one or more of GL&Co’s private equity funds that may be formed and open to accepting capital commitments.

See *Conflicts of Interest* in Item 11 below.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics. We have adopted a code of ethics in accordance with Rule 204A-1 under the Advisers Act and implemented procedures relating to, among other things, portfolio management and trading practices, personal investment transactions, and insider trading. These policies and procedures are designed to detect and prevent or otherwise mitigate actual conflicts of interest. Our code of ethics is documented in our Compliance Manual (“Manual”), a copy of which (and any amendments) is provided to each employee. Each employee must certify that he or she has read, understands and agrees to comply with our Manual. Furthermore, each employee must certify annually that he or she has complied with the Manual. We review our compliance policies and procedures with all new employees and conduct periodic compliance training sessions with employees, either individually or in groups, as necessary or appropriate].

Our Manual requires all of our employees to conduct themselves with integrity and dignity and act in a professional and ethical manner in all dealings on our behalf; act with competence and

strive to maintain and improve their competence; use proper care and exercise independent professional judgment in the execution of their duties; avoid actions or relationships that might conflict, or appear to conflict with, job responsibilities or the interests of our firm and our clients; and comply with all applicable federal securities laws.

Our Manual also requires all of our employees (except for certain employees involved only in clerical and administrative activities) ("Access Persons") to notify us of all of their securities holdings and accounts and submit to us within 30 days after the end of each calendar quarter securities transaction reports identifying all securities purchased and sold. Furthermore, we require that each Access Person re-affirm the accuracy of his or her list of accounts on record with us at least annually. These policies apply to any personal transaction involving equity or debt securities (or derivative products related to these securities). The policy does not apply to transactions involving, among other limited exceptions, open-end mutual funds or other instruments which afford the investor no discretion over individual securities transactions.

Our Manual also requires that employees obtain our approval before investing in any initial public offering of securities or in any private placement of securities.

A copy of our code of ethics will be provided to any client or prospective client upon request.

Allocation of Investment Opportunities. Our overall policy with respect to the allocation of investment opportunities is to treat all clients in a fair and reasonable manner and in accordance with contractual obligations and fiduciary duties. We do not favor any client over any other client for any reason, including but not limited to the fee structure or amount of fees payable by a client. In accordance with our allocation policy and procedures with respect to investments vehicles, we consider a variety of factors in making allocation determinations, including (i) the amount of total allocation we request for all of our clients, (ii) restrictions imposed by the Manager, (iii) the investment guidelines applicable to each client, as well as the strategic plans and current portfolios of each client, (iv) investment opportunities expected to be available to us in the market during the next six to twelve months, (v) the current market environment, (vi) the clients' risk/return profile and (vi) such other factors as we determine to be relevant. In considering these factors, we will make subjective judgments and may not necessarily allocate investment opportunities among all of our clients on a pro rata basis.

Conflicts of Interests. We may manage accounts of clients with similar investment strategies. Certain conflicts may arise from the fact that we may give advice or take action with respect to investments of one or more of our clients that may not be given to or taken with respect to other clients. Accordingly, clients with similar objectives or strategies may not hold the same securities or instruments or achieve the same performance.

Principal Transactions. Generally, we do not purchase or sell any securities for our own account to or from those of a client. In the event that we would consider entering into a principal transaction, we would comply with the requirements of applicable law, including Section 206(3) of the Investment Advisers Act of 1940, as amended.

Cross Transactions. Under certain circumstances, we may arrange for a transaction between certain clients, in which one client buys a security from, or sells a security to, the account of another client (“cross transaction”). We may engage in cross transactions only after determining the transaction is in the best interest of each participating client and that the securities are suitable and appropriate for each client. We will generally not execute cross transactions in investments in private investment vehicles through a broker-dealer. However, other cross transactions, including as part of our overlay or hedging strategy, may be executed through a broker-dealer or futures commission merchant, in which case clients may be required to pay a brokerage commission or spread (e.g., mark-up or mark-down on the price of the security).

Participation or Interest in Client Transactions. We generally do not expect to participate in client transactions or invest in the same securities that we recommend to clients.

Participation in GL&Co Funds. We may from time to time recommend that a client participate in private funds sponsored by GL&Co, which is a related person of Federal Way. GL&Co and its affiliates may receive substantial additional compensation in connection with any such investment by a client in addition to the fees that we receive from such client. In order to mitigate this conflict, we would obtain a client’s consent prior to having it make an investment in any private fund sponsored by GL&Co.

ITEM 12. BROKERAGE PRACTICES

Our investment management services are generally focused on advice with respect to investments in private investment vehicles. In most cases, these investments are made directly through the issuer, without the involvement of a broker-dealer or with only the involvement of a single broker-dealer acting as placement agent. As such, investments in private investment vehicles directed by us generally do not involve brokerage determinations. Nevertheless, to the extent that we have discretion with respect to broker-dealer selection, either for an investment, any other security purchase or sale or any hedging strategy or position, we seek best execution for each trade. In determining best execution, we may consider a number of judgmental factors, including, without limitation, price; execution, clearance and settlement capabilities; quality of confirmations and account statements; the ability of the broker-dealer to settle the trade promptly and accurately; the financial standing, reputation and integrity of the broker-dealer; the broker-dealer’s access to markets; research capabilities; market knowledge; any “value added” characteristics; and our past experience with the broker-dealer, past experience with similar trades and other factors. Recognizing the value of these factors, a client account may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction.

Certain broker-dealers may provide us with research products and services, including research reports on particular industries and companies, economic surveys and analyses, advice from legal, strategic, financial and industry consultants and advisors, recommendations as to specific investment securities and other products and services providing lawful and appropriate assistance to us in the performance of our investment decision-making responsibilities. We may take into account in determining best execution a higher commission rate based on the value of such research products and services provided to us (so-called “soft dollars”). While we have not

entered into any soft dollar commitments or arrangements, any use of soft dollars generated by clients to pay for research and research-related products or services is expected to fall within the safe harbor created by Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended. Under Section 28(e), research products or services obtained with soft dollars generated by one or more of our clients may be used by us to service the accounts of other clients.

ITEM 13. REVIEW OF ACCOUNTS

Our Chief Investment Officer, Deputy Chief Investment Officer and Chief Financial Officer, together with other investment professionals, review client portfolios and accounts on a periodic, but not less than quarterly, basis. These reviews focus on appropriateness of the client's investments for the client's portfolio, compliance with any investment guidelines applicable to the client's portfolio, and the performance of the client's account.

On a quarterly basis, we generally provide to clients a summary of account performance, including portfolio strategy exposure and manager allocations. However, the nature and frequency of such reports are negotiated with clients on an individual basis to suit the client's needs.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

We do not engage or compensate third party referral agents to solicit new clients.

ITEM 15. CUSTODY

We do not have custody of client investments in private investment vehicles as they are subscribed to by the client, are generally uncertificated and each investment is recorded in the name of the client on the books of the respective investment vehicle issuer. Generally, clients investing in private investment vehicles will be required to have a brokerage and/or bank account maintained with a qualified custodian and, pursuant to our investment management agreement with the client, to provide us with discretionary authority or power of attorney over such account(s) sufficient to enable us to invest the assets of the account in market overlay and hedging transactions and to debit the account to pay our management fees. Each such client is expected to receive statements from their custodians at least quarterly, with paper or electronic copies provided to us. Clients should carefully review their statements, including as to the amount of fees paid to us. We are not a custodian and we do not receive, retain or physically control any cash, securities, or other assets forming any part of a client's portfolio or account. A client should promptly notify their custodian and us in the event it does not receive the quarterly statement on a timely basis.

ITEM 16. INVESTMENT DISCRETION

We expect to be granted discretionary authority to manage the securities accounts of certain of our clients pursuant to investment management agreements entered into with such clients. We endeavor to buy and sell securities and other instruments for our clients on a discretionary basis in a manner consistent with each client's stated investment objectives and restrictions. For

clients who have selected our private investment vehicle overlay hedging strategy, we generally have discretion to direct the investments of client assets in hedging and other portfolio overlay transactions. Limitations on our investment discretion are set forth in each client's investment management agreement with us.

ITEM 17. VOTING CLIENT SECURITIES

Our investment management agreements will provide us with full discretion to vote proxies and securities held in client accounts in a manner that serves the best interests of all of our clients. In voting securities held in a client account, we will attempt to resolve any conflict of interest between the client and our business interests in the way that will most benefit the client. We maintain a Proxy Voting Policy and a record of how we have voted proxies, each of which are available to clients upon request.

ITEM 18. FINANCIAL INFORMATION

Not applicable.

ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.