

BROCHURE OF
Galiam Capital, LLC

A Delaware Limited Liability Company registered with the Securities and Exchange
Commission as an Investment Adviser (CRD #159209)

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THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF GALIAM CAPITAL, LLC. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT MICHAEL STANLEY AT 415-526-4041 OR MIKE.STANLEY@GALIAM.COM.

NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION (“SEC”), NOR ANY STATE SECURITIES AUTHORITY HAS PASSED UPON THE ADEQUACY OR ACCURACY OF THIS BROCHURE. REGISTRATION AS AN INVESTMENT ADVISER DOES NOT IMPLY A CERTAIN LEVEL OF SKILL OR TRAINING. ADDITIONAL INFORMATION ABOUT GALIAM CAPITAL, LLC ALSO IS AVAILABLE ON THE SEC’S WEBSITE AT WWW.ADVISERINFO.SEC.GOV.

The date of this brochure (“Brochure”) is

March 30, 2011

The delivery of this Brochure at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above.

Item 2.

Material Changes

The following is a description of material changes (and only material changes) from the last update of our Brochure on November 7, 2011:

The Brochure has been updated as follows:

- (1) Leor Drori is no longer serving as chief compliance officer of Galiam Capital, LLC (the “**Firm**”). Michael Stanley now serves as chief compliance officer.
- (2) On March 1, 2012, Infinium Capital Corp. changed its name to Galiam Securities Canada Corp. (“**GSC**”).
- (3) On March 23, 2012, the Firm notified the Investment Industry Regulatory Organization of Canada (IIROC) that GSC is resigning from membership.
- (4) Infinium Securities Inc. is in the process of changing its name to Galiam Securities (USA) in order to bring all affiliated companies under the Galiam banner. The name change is expected to take place in April 2012.
- (5) The Firm previously indicated that it was conducting swaps. The only form of swaps that the Firm participates in will be in the course of derivative trading.

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I. Part 2A – DISCLOSURE ITEMS ABOUT THE FIRM

Item 4. Advisory Business:

- (A) **Operational and Organizational Information:** Galiem Capital, LLC (the “**Firm**”), a Delaware limited liability company is a U.S. Securities and Exchange Commission (“SEC”) registered investment adviser. As stated on the cover page of this brochure, registration as an investment adviser does not imply a level of skill or training. The Firm has been in business since January 3, 2011. Galiem Holdings, LLC (“**HoldingCo**”), a Delaware limited liability company, is the sole owner and managing member of the Firm. As the managing member of HoldingCo, Alan Grujic controls all of the operations and activities of the Firm.
- (B) **Types of Advisory Services Offered:** The Firm is the general partner of Galiem Fund, LP, a Delaware limited partnership (the “**Partnership**”) and serves as the investment manager of Galiem Master Fund, Ltd., a Cayman Islands exempted company (the “**Master Fund**”) and Galiem Fund (Offshore), Ltd., a Cayman Islands exempted company (the “**Offshore Fund**”). Unless the context otherwise requires, the Partnership, the Offshore Fund and the Master Fund shall be collectively referred to throughout this Brochure as the “**Partnership**.” The Partnership and Offshore Fund pool investment funds of investors to trade in a wide variety of actively traded securities, financial instruments and other assets, as more fully described herein.

Through a master-feeder fund structure, the Partnership intends to invest substantially all of its assets in the Master Fund. The Offshore Fund employs a substantially identical investment strategy to the Partnership and intends to invest substantially all of its assets in the Master Fund. The Firm has discretion over the management of the Partnership’s affairs and has discretionary investment authority over the Partnership’s assets. Whereas the Offshore Fund was formed for investment by non-U.S. investors and U.S. tax-exempt investors, the Partnership was formed for investment by U.S. taxable investors.

The Firm does not hold itself out as specializing in a particular type of advisory service. Please review the Firm’s investment guidelines, specified below under “Client Investment Guidelines and Parameters.”

Client Investment Guidelines and Parameters: Advisory services include among other things, providing advice regarding

asset allocation and the selection of investments. Specifically, the Firm provides advisory services to the Partnership which operates as a pooled investment vehicle and seeks to provide diversification, management expertise and other advantages to investors. Lower fees for comparable services may be available from other sources. The Firm provides discretionary investment advisory services to all clients' accounts.

The following is a general description of the principal types of trades and investments which the Firm currently contemplates engaging in, certain techniques that it may employ, the investment criteria that it plans to apply, and the guidelines that it has established regarding the composition of its investment portfolios. The following description is merely a summary and you should not assume that any descriptions of specific activities are intended in any way to limit the types of investment activities the Firm may undertake. The Firm's investment objective is to seek appreciation via frequent, speculative and systematic trading of actively traded securities as part of a global, well-diversified, multi-asset class investment portfolio. For inclusion in the Partnership's trading activities and portfolio, securities must generally have transparent, widely-published and market-based prices. The Partnership seeks to achieve its objective primarily by trading long and short positions according to proprietary mathematical models that attempt to identify market-making opportunities via statistical arbitrage, market microstructure and cost of carry analyses. The Partnership seeks to trade all major actively traded asset classes across the globe, initially with U.S. equities, and then expanding across global equity markets and fixed income, currencies and commodities, and ultimately credit products. The Partnership's goal is to provide stable growth, independent of market conditions and the economic environment. There is inherent risk in this type of trading that exceeds the risk associated with investment in securities. The Partnership is a speculative vehicle and may not be appropriate for some investors, especially those with a low tolerance for risk and/or volatility. **No assurance can be given that the Partnership will achieve its objectives, and investment results may vary substantially over time and from period to period.**

- (C) **Advisory Services:** The Firm directs the investment of the Partnership's assets pursuant to a pre-agreed investment objective and strategy, summarized above, which is disclosed to investors prior to their investment. The Firm does not tailor its advisory services to the individual needs of investors, and investors may not impose restrictions on investing in certain

securities or types of securities. Each investor's investment will be allocated in the same manner as each of the other investor who made investments in the Fund.

- (D) **Wrap Fee Programs:** The Firm does not participate in wrap fee programs.
- (E) **Client Assets Under Management:** *(rounded to the nearest \$100,000)*

Discretionary: \$140,200,000 as of March 30, 2012.

Non-discretionary: \$0 as of March 30, 2012.

Item 5. Fees and Compensation:

- (A) **Generally:** All fees are individually negotiated. The Firm, in its sole discretion, may modify fees.

Management fees for the Partnership are calculated based on a periodic percentage of the value of the assets under management.

In consideration for its services to the Partnership, the Firm will receive a management fee (the "**Management Fee**"), calculated at 2.0% annually (0.5% per quarter) of the net assets of the Partnership and Offshore Fund.

In addition, the Firm may collect incentive fees and/or incentive allocations based on the performance of investments. Please refer to Item 6, below, for a more detailed description of incentive fees and or incentive allocations, and related conflicts of interest.

- (B) **Payment of Fees:** Management Fees are calculated and deducted quarterly in advance, as specified in the applicable confidential private placement memorandum and related offering documents ("**Offering Documents**") of each pooled vehicle.
- (C) **Additional Fees and Expenses:** The Firm will be responsible for its own general operating and overhead expenses associated with providing the management and investment management services. These expenses include all expenses incurred by the Firm in providing for its operating overhead, including, but not limited to, the cost of providing relevant support and administrative services (e.g., employee compensation and benefits, rent, office equipment, computer systems, insurance (other than as expressly set forth above), utilities, telephone, secretarial and bookkeeping services,

etc.). Nonetheless, the Partnership and any pooled vehicle which may be organized in the future will bear its own expenses as further described in the Offering Documents.

The Partnership may amortize its organizational expenses over a period of up to 60 months from the date such Partnership commences operations.

In addition, clients will incur brokerage and other transaction costs. Clients and/or investors should review Item 12, which discusses conflicts of interest related to brokerage practices.

Withdrawal from the Partnership: An investor may withdraw all or any portion of its capital account(s) in a minimum amount of \$100,000 on the last business day of each quarter and at such other times, with the consent of, and upon such terms of payment as may be approved by, the Firm in its sole discretion (such dates being referred to as “**Withdrawal Dates**”), upon at least thirty (30) days’ prior written notice to the Firm. Notwithstanding the foregoing, no partial withdrawal will be permitted if the value of the investor’s capital account(s) after such withdrawal is implemented will be less than \$500,000 (subject to the discretion of the Firm to waive such requirement). All withdrawals shall be deemed made prior to the commencement of the following month.

The Firm or another agent of the Partnership will acknowledge receipt of each request for withdrawal on behalf of the Partnership, and in the event an investor does not receive an acknowledgement from the Firm or such agent within five (5) days of submitting the request, the investor should assume that the request has not been received and the investor should contact the Firm or such agent via telephone to confirm the status of the request for withdrawal. No withdrawal proceeds will be paid to a withdrawing investor until the Firm or such agent has received a signed request for withdrawal from the investor. Neither the Partnership, the Firm nor their agents are responsible for any mid-delivery or non-receipt of any facsimile or email. Facsimiles or emails sent to the Firm or another agent of the Partnership are effective only when actually received by the Firm or such agent.

(D) **Fees Paid in Advance:** Management Fees shall be calculated and payable to the Firm quarterly in advance. If an investor withdraws

during any quarter, the amount to be refunded will be pro-rated for the quarter.

Termination of Services:

Termination terms in connection with the Partnership are specified in the Offering Documents. Generally, services may be terminated upon thirty (30) days' prior written notice.

(E) **Additional Compensation of Supervised Persons:** No supervised person accepts compensation for the sale of securities or other investment products.

1. This practice presents a conflict of interest and gives the Firm or its supervised persons an incentive to recommend investment products based on the compensation received, rather than on a particular client's needs. The Firm endeavors to disclose herein all conflicts of interest which could impair the rendering of unbiased and objective advice. Lower fees for comparable services may be available from other sources. N/A
2. All clients have the option to purchase investment products that the Firm recommends through other brokers or agents that are not affiliated with the Firm and/or not used by the Firm. N/A
3. If commissions provide more than 50% of the Firm's revenue or compensation, disclose: N/A
4. The Firm does/does not reduce advisory fees to offset the commissions and/or markups that it receives, as follows: N/A

Item 6. Performance Based Fees and Side-by-Side Management:

In addition to the Management Fee, the Firm is compensated for its investment management services through an incentive allocation and/or fee, also known as a performance based allocation and/or fee ("**Performance Allocation**"). The Firm will receive a Performance Allocation at the close of each fiscal year (or other period referred to below, as the case may be) equal to 20% of the Partnership's net income (including realized and unrealized gains and net of the Management Fee) attributable to each investor's capital account for such period, subject to a Loss Carryforward (as defined below).

Upon any withdrawal by an investor in the Partnership, whether voluntary or involuntary, the Performance Allocation will be allocated with respect to the amounts withdrawn. The Performance Allocation will also be allocated upon dissolution of the Partnership.

If any such redemption or termination from the Offshore Fund occurs as of a date other than the last day of a fiscal year, the Performance Allocation will be calculated on the basis of the Offshore Fund's performance over the period from the commencement of such fiscal year through the Withdrawal Date, as applicable.

The Performance Allocation will be allocated in addition to, and separately from, the proportionate allocations of income and profits, or losses, to the Firm and/or its affiliates based upon their capital accounts relative to the capital accounts of all investors. The Firm, in its sole discretion, may waive or reduce the Performance Allocation with respect to one or more investors for any period of time. The Firm, in its sole discretion, may reallocate a portion of the Performance Allocation to certain investors.

The Firm's receipt of Performance Allocations is intended to align the Firm's interests with those of the Partnership's investors and to provide the Firm with a greater incentive to manage assets well. The nature of the Performance Allocation, however, creates a potential conflict of interest among the Firm, its associated persons, and the Partnership's investors.

Generally: The Performance Allocation is subject to what is commonly known as a "high water mark" provision. The high water mark will be used in order to prevent a scenario whereby the Firm could receive a Performance Allocation merely for recouping prior losses. If an investor's capital account has a net loss in any fiscal year (or other period, as applicable), this loss will be recorded and carried forward as to such capital account to future fiscal years (or other periods) (such amount is referred to as the "**Loss Carryforward**"). Whenever there is a Loss Carryforward for an investor's capital account with respect to a fiscal year (or other period), the Firm will not receive a Performance Allocation with respect to such capital account for future fiscal years (or other periods) until the Loss Carryforward amount for such capital account has been recovered (i.e., when the Loss Carryforward amount has been exceeded by the cumulative profits allocable to such capital account for the fiscal years (or other periods) following the Loss Carryforward). Once the Loss Carryforward has been recovered, the Performance Allocation will be based on the excess profits (over the Loss Carryforward amount) as to such investor's capital account, rather than on all profits.

When an investor withdraws capital from the Partnership, any Loss Carryforward will be adjusted downward in proportion to the withdrawal.

The Firm may agree with any client to apply a different Loss Carryforward provision for such client.

Item 7. Types of Clients:

The Firm's clients are private investment funds whose investors are individuals and institutions. The minimum investment in the Partnership is \$5,000,000 and the minimum subsequent investment is \$100,000. Investors must maintain a minimum account balance of \$500,000. The Firm has discretion to accept lesser investment and minimum account balances.

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

(A) Methods of Analysis and Investment Strategies:

The Firm's investment objective on behalf of the Partnership is to seek appreciation via frequent, speculative and systematic trading of actively traded securities as part of a global, well-diversified, multi-asset class investment portfolio. For inclusion in the Partnership's trading activities and portfolio, securities must generally have transparent, widely-published and market-based prices. The Firm seeks to achieve the Partnership's investment objective primarily by trading long and short positions according to proprietary mathematical models that attempt to identify market-making opportunities via statistical arbitrage, market microstructure and cost of carry analyses. On behalf of the Partnership, the Firm seeks to trade all major actively traded asset classes across the globe, initially with U.S. equities, and then expand across global equity markets and fixed income, currencies and commodities, and ultimately credit products and derivatives.

The Firm believes that the Partnership's competitive advantage is based on use of an automated trading model ("**Trading Model**"). The Trading Model, designed to be global market-neutral, will seek to utilize proprietary mathematical methods to simultaneously derive profit and limit risk by exploiting short-term price movements in the securities markets. The Trading Model consists of multiple computerized trading systems operated in parallel and diversified across methodologies, time frames and holding periods. The Trading Model will execute multiple sessions of trading, seeking to capture slight swings in the market to methodically build up small earnings into large returns.

The Trading Model executes trades through a fully automated trading system. The Trading Model is premised upon the concept

that ideas can be expressed in a precise mathematical language. The Trading Model learns from and analyzes a vast amount of information to detect patterns which suggest future relative price movements among securities within a certain period of time. These patterns are imperceptible without the application of the proprietary mathematical transformations of the Trading Model. The Trading Model is designed to dynamically adjust a low-risk optimized and globally diversified portfolio of long and short positions across multiple asset classes, and continuously sends re-balancing information to its resident execution model (“**Execution Model**”), which makes transactions in the open markets. The Trading Model requires no active human involvement to operate; however, there is a mechanism for manual override.

The Trading Model relies on a proprietary in-house Execution Model which interacts electronically with numerous global marketplaces and brokerage counterparties. The Execution Model communicates directly with these entities to place orders in the open market. It constantly adjusts positions in real-time in order to match prices and quantities dictated by the Trading Model. The Execution Model has all of its trades pre-cleared by a risk control module (“**Risk Module**”). The Risk Module contains numerous risk checks that monitor and automatically limit the Partnership’s activities in real-time in order to ensure conformity to risk limits, capital controls and concentration limits. The Firm’s trading staff supervises and controls the automated processes in real time through internal front-end display and manual override systems. In addition, all trading activity is reconciled with cash positions nightly.

The Partnership’s goal is to provide stable growth, independent of market conditions and the economic environment. There is inherent risk in this type of trading that exceeds the risk associated with investment in securities. The Partnership is a speculative vehicle and may not be appropriate for some investors, especially those with a low tolerance for risk and/or volatility. **No assurance can be given, however, that the Partnership will achieve its objectives, and investment results may vary substantially over time and from period to period.**

(B) **Risks Associated with the Firm’s Investment Strategies:**

Market Volatility: The profitability of the investments chosen by the Firm substantially depends upon the Firm correctly assessing the future price movements of stocks, bonds, options on stocks, and other financial instruments and the movements of interest

rates. The Firm cannot guarantee that it will be successful in accurately predicting price and interest rate movements.

Dependence Upon the Firm and the Principal; No Participation in Management: A client's success will depend on the management of the Firm and on the skill and acumen of its principal. If the principal should cease to participate in the Firm's business, the Firm's ability to select attractive investments and manage clients' portfolios could be severely impaired.

Limited Liquidity of Interests: An investment in the Partnership or the Offshore Fund involves substantial restrictions on liquidity and its interests and/or shares are not freely transferable. There is no market for the interests and/or shares in the Partnership or the Offshore Fund, respectively, and no market is expected to develop. Additionally, transfers are subject to the consent of the Firm, which consent may be granted or withheld in the Firm's sole discretion. Consequently, investors in the Partnership or the Offshore Fund will be unable to liquidate their interests or shares except by withdrawing or redeeming from the Partnership or the Offshore Fund in accordance with the partnership agreement or the memorandum of association and articles of association. Investors in the Partnership or the Offshore Fund may be unable to liquidate their investment promptly in the event of an emergency or for any other reason. Although an investor may attempt to increase its liquidity by borrowing from a bank or other institution, interests or shares may not readily be accepted as collateral for a loan. In addition, the transfer of interests or shares as collateral or otherwise to achieve liquidity may result in adverse tax consequences to the transferor.

Master-Feeder Structure; Concentration of Investors: The Partnership and the Offshore Fund will invest substantially all of their assets through the Master Fund. From time to time, other persons or entities may also invest in the Master Fund. The "master-feeder" fund structure presents certain risks to investors in the Partnership or the Offshore Fund. For example, a smaller feeder fund investing in the Master Fund may be materially affected by the actions of a larger feeder fund investing in the Master Fund. If a larger feeder fund redeems from the Master Fund, the remaining feeder funds may experience higher *pro rata* operating expenses, thereby producing lower returns. The Master Fund will be a single entity and creditors of the Master Fund may enforce claims against all assets of the Master Fund. It is not possible to isolate the assets attributable to each of the Partnership, the Offshore Fund, and any other funds or entities investing in the Master Fund to the extent that the liabilities of the Master Fund

exceed its assets.

Operating Deficits: The expenses of operating the Partnership (including the Management Fee) may exceed its income, thereby requiring that the difference be paid out of the Partnership's capital, reducing the Partnership's investments and potential for profitability.

No Distributions: The Firm does not intend to make distributions to the investors, but intends instead to reinvest substantially all Partnership income and gain, if any. Cash that might otherwise be available for distribution will also be reduced by payment of the Partnership's obligations, payment of the Partnership's expenses (including fees payable and expense reimbursements to the Firm) and establishment of appropriate reserves. As a result, if the Partnership is profitable, investors in all likelihood will be credited with the Partnership's net income, and will incur the consequent income tax liability (to the extent that they are subject to income tax), even though investors receive little or no Partnership distributions.

Investment Expenses: The investment expenses (e.g., expenses related to the investment and custody of the Partnership's assets, such as brokerage commissions, custodial fees and other trading and investment charges and fees) as well as other the Partnership's fees may, in the aggregate, constitute a high percentage relative to other investment entities. The Partnership will bear these costs regardless of their profitability.

Performance Allocation: Because the Performance Allocation is calculated on a basis that includes unrealized appreciation of the Partnership's assets, the Firm's allocation of the Partnership's capital to riskier or more speculative securities may be greater than if the Performance Allocation were based solely on realized gains.

Technology Risk: The Partnership's trading strategy relies heavily on the use of proprietary and non-proprietary software, data and intellectual property, specifically, the proprietary Trading Model, the Execution Model and the Risk Module. The reliance on this technology and data is subject to a number of important risks. First, the Partnership may be severely and adversely affected by the malfunction of the technology and/or data feeds. For example, an unforeseeable software or hardware malfunction could occur, as a result of a virus or other outside force, or as the result of a design flaw in the system or in its continued implementation. In the past, occurrences of this nature to other funds have

sometimes resulted in dramatically negative consequences for the portfolio of the related fund. In addition, changes in the market for publicly available data or in regulatory reporting requirements could cause a severe diminution in the data available for the technology to operate as designed. Such events can also have dramatically negative consequences for the Partnership. Furthermore, if any of the Firm's software, hardware, data and/or other intellectual property is found to infringe on the rights of any third party, the Partnership could be severely and adversely affected.

Supervision of Trading Operations: The Firm, with assistance from its brokerage and clearing firms, intends to supervise and monitor trading activity in the Partnership's accounts to ensure compliance with the Partnership's objectives. Despite the Firm's efforts, however, there is a risk that unauthorized or otherwise inappropriate trading activity may occur in the Partnership's accounts.

Impact of Side Letters: The Partnership and/or the Firm may enter into side letters or other similar agreements (collectively, "**Side Letters**") with one or more investors that provide such investors with additional and/or different rights (including, without limitation, with respect to the Management Fee, the Performance Allocation, access to information, minimum investment amounts and liquidity terms) than such investors have pursuant to the offering documents. The Firm is not required to notify any of the other Partnership's clients of any such Side Letters or any of the rights and/or terms or provisions thereof, nor will the Firm be required to offer such additional and/or different rights and/or terms to any or all of the other Partnership's investors. The other investors will have no recourse against the Partnership, the Firm and/or any of their affiliates in the event that certain investors receive additional and/or different rights and/or terms as a result of such Side Letters. The chief compliance officer will maintain copies of all Side Letters.

Broad Discretionary Power to Choose Investments and Strategies: The Partnership's offering documents give the Firm broad discretionary power to decide what investments the Partnership will make and what strategies it will use. While the Firm currently intends to use the strategies described laid out in the Partnership's offering documents, it is not obligated to do so, and it may choose any other investments and strategies that it believes are advisable.

Limitation of Liability and Indemnification of the Firm and Affiliates:

The Firm will not be liable to the Partnership or investors for any action or inaction in connection with the business and affairs of the Partnership unless such action or inaction is determined by a final, non-appealable decision of a court of competent jurisdiction to constitute gross negligence or willful misconduct. The Partnership (but not the clients individually) will also indemnify and hold harmless the Firm and its managers, members, officers, employees, agents and affiliates from and against any and all claims, actions, demands, losses, costs, expenses (including attorneys' fees and other expenses of litigation), damages, penalties or interest, as a result of any claim or legal proceeding, or threat thereof, related to any action or inaction by any of them in connection with the business and affairs of the Partnership; *provided* that such indemnity will not extend to conduct determined by a final, non-appealable decision of a court of competent jurisdiction to constitute gross negligence or willful misconduct. Therefore, an investor may have a more limited right of action against the Firm (and such other persons) than an investor would have had absent these provisions in the offering documents. It is the policy of the SEC that indemnification for violations of securities laws is against public policy and therefore unenforceable.

No Minimum Size of the Partnership: The Partnership may begin or continue operations without attaining or maintaining any particular level of capitalization. At low asset levels, the Partnership may be unable to make its investments as fully as would otherwise be desirable or to take advantage of potential economies of scale, including the ability to obtain the most timely and valuable research and trading information from securities brokers. It is possible that even if the Partnership operates for a period with substantial capital, investors' redemptions could diminish the Partnership's assets to a level that does not permit the most efficient and effective implementation of the Partnership's investment program. As a result of losses or redemptions, the Partnership may not have sufficient capital to diversify its investments to the extent desired or currently contemplated by the Firm.

Liability of a Limited Partner for the Return of Capital Contributions: If the Partnership should become insolvent, the Firm may be required to return any property distributed to it at the time the Partnership was insolvent, and forfeit its capital accounts.

Delayed Schedule K-1s: The Firm will endeavor to provide a

Schedule K-1 to each investor of the Partnership for any given calendar year prior to April 15 of the following year. In the event that the Schedule K-1 is not available by such date, an investor may have to request an extension of time to file or may have to pay taxes based on an estimated amount.

Lack of Insurance: The assets of the Partnership are not insured by any government or private insurer, except to the extent portions may be deposited in bank accounts insured by the Federal Deposit Insurance Corporation or with brokers insured by the Securities Investor Protection Corporation and such deposits and securities are subject to such insurance coverage (which, in any event, is limited in amount). Therefore, in the event of the insolvency of a depository or custodian, the Partnership may be unable to recover all of its funds or the value of its securities so deposited.

Short Selling: When deemed appropriate by the Firm, it will sell securities short on behalf of client accounts. Short selling involves the sale of a security that the client account does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. In order to make delivery to its purchaser, the client account must borrow securities from a third party lender. The client account subsequently returns the borrowed securities to the lender by delivering to the lender the securities it receives in the transaction or by purchasing securities in the open market. The client account must generally pledge cash with the lender equal to the market price of the borrowed securities. This deposit may be increased or decreased in accordance with changes in the market price of the borrowed securities. During the period in which the securities are borrowed, the lender typically retains its right to receive interest and dividends accruing to the securities.

Risks Associated with Non-Diversification: The Firm intends to hold diversified positions, however, the Firm is not subject to any formal policies regarding diversification. The Firm may sometimes concentrate holdings in industries, geographic regions or companies which, in light of investment considerations, market risks and other factors, the Firm believes will provide the best opportunity for attractive risk-adjusted returns. The concentration of assets in a small number of issuers, in any one industry or a small number of industries, or in a single industry would subject clients to a greater degree of risk with respect to the failure of one

or a few investments or with respect to economic variations in relation to such industry or industries.

Investments in Undervalued Securities and Other Assets: The Firm's investment program contemplates that a portion of the Partnership's portfolio will be invested in securities and other assets that the Firm believes to be deeply undervalued. The identification of such investment opportunities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While such investments offer the opportunities for above-average capital appreciation, they also involve a high degree of financial risk and can result in substantial losses. Returns generated from the Partnership's investments may not adequately compensate for the business and financial risks assumed. Such investments include bonds and other fixed income securities, including, without limitation, commercial paper and "higher yielding" (and, therefore, higher risk) debt securities. It is likely that a major economic recession could severely disrupt the market for such investments and severely impact on their value. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such obligations to repay principal and pay interest thereon and increase the incidence of default for such securities. Additionally, there can be no assurance that other investors will ever come to realize the value of some of these investments, and that they will ever increase in price. Furthermore, the Partnership may be forced to hold such investments for a substantial period of time before realizing their anticipated value. During this period, a portion of the funds would be committed to the investments made, thus possibly preventing the Partnership from investing in other opportunities.

Competition: The securities industry and the varied strategies and techniques to be engaged in by the Firm are extremely competitive and each involves a degree of risk. The Firm will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

The Partnership's Investment Activities: The Partnership's investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the Firm.

Such factors include a wide range of economic, political, competitive and other conditions (including acts of terrorism and war) that may affect investments in general or specific industries or companies. In recent years, the securities markets have become increasingly volatile, which may adversely affect the ability of the Partnership to realize profits. As a result of the nature of the Partnership's investing activities, it is possible that the Partnership's financial performance may fluctuate substantially from period to period.

Material Non-Public Information: By reason of their responsibilities in connection with other activities of the Firm and/or its affiliates, certain principals or employees of the Firm and/or its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. Clients will not be free to act upon any such information. Due to these restrictions, the Firm may not be able to initiate a transaction on behalf of a client that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Accuracy of Public Information: The Firm may select investments for clients, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Firm by the issuers or through sources other than the issuers. Although the Firm evaluates such information and data and may seek independent corroboration when the Firm considers it is appropriate and when it is reasonably available, the Firm is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments may not perform as expected if information is inaccurate.

Volatility of Currency Prices: The profitability of a client's portfolio depends, in part, upon the Firm correctly assessing the future price movements of currencies. However, price movements of currencies are difficult to predict accurately because they are influenced by, among other things, changing supply and demand relationships; governmental, trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; and changes in interest rates. Governments

from time to time intervene in certain markets in order to influence prices directly. The Firm cannot guarantee that it will be successful in accurately predicting currency price and interest rate movements.

Leverage: The Firm may use leverage on behalf of certain clients, including the use of borrowed funds and investments in certain types of options, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. To the extent the Firm purchases securities on behalf of certain clients with borrowed funds, the value of such clients' accounts will tend to increase or decrease at a greater rate than if borrowed funds are not used. In connection with the Partnership, the level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the operating results of the Partnership. If the interest expense on borrowings were to exceed the net return on the investments made with borrowed funds, the Partnership's use of leverage would result in a lower rate of return than if the Partnership was not leveraged.

If the amount of borrowings which the Partnership may have outstanding at any one time is large in relation to its capital, fluctuations in the market value of the Partnership's portfolio will have disproportionately large effects in relation to the Partnership's capital and the possibilities for profit and the risk of loss will therefore be increased. Any investment gains made with the additional monies borrowed will generally cause the net asset value of the Partnership to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the additional monies borrowed fails to cover their cost to the Partnership, the net asset value of the Partnership will generally decline faster than would otherwise be the case.

Certain of the Partnership's trading and investment activities may be subject to U.S. Federal Reserve Board ("**FRB**") margin requirements, which are computed each day. At present, the FRB's Regulation T permits a broker to lend no more than 50% of the purchase price of "margin stock" bought by a customer. When

the market value of a particular open position changes to a point where the margin on deposit does not satisfy maintenance margin requirements, a “margin call” on the customer is made. If the customer does not deposit additional funds with the broker to meet the margin call within a reasonable time, the customer’s position may be closed out. In the event of a precipitous drop in the value of the assets managed by the Partnership, the Partnership might not be able to liquidate assets quickly enough to pay off the margin debt and might suffer mandatory liquidation of positions in a declining market at relatively low prices, incurring substantial losses. With respect to the Partnership’s trading activities, the Partnership, and not the clients personally, will be subject to margin calls.

Hedging Transactions. Hedging strategies in general are usually intended to limit or reduce investment risk, but can also be expected to limit or reduce the potential for profit. No assurance can be given that any particular hedging strategy will be successful. The Firm may utilize financial instruments on behalf of certain clients, including, but not limited to, forward contracts, options and interest rate swaps, caps and floors to seek to hedge against fluctuations in the relative values of its portfolio positions as a result of changes in currency exchange rates, certain changes in the equity markets and changes in interest rates. Hedging against a decline in the value of portfolio positions 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 portfolio positions’ value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase. Moreover, it may not be possible for the Firm to hedge against a fluctuation at a price sufficient to protect the Partnership’s assets from the decline in value of the portfolio positions anticipated as a result of such fluctuations. For example, the cost of options is related, in part, to the degree of volatility of the underlying securities. Accordingly options on highly volatile securities may be more expensive than options on other securities and of limited utility in hedging against fluctuations in those securities.

The Firm is not obligated to establish hedges for portfolio positions and may not do so. To the extent that hedging transactions are effected, their success is dependent on the Firm's ability to correctly predict movements in the direction of currency and interest rates and the equity markets or sectors thereof.

Market or Interest Rate Risk. The price of most fixed income securities move in the opposite direction of the change in interest rates. For example, as interest rates rise, the prices of fixed income securities fall. If a client holds a fixed income security to maturity, the change in its price before maturity may have little impact on such client's account performance; however, if a client has to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss to such client.

Call Option Risk. Many bonds, including agency, corporate and municipal bonds, and all mortgage-backed securities, contain a provision that allows the issuer to "call" all or part of the issue before the bond's maturity date. The issuer usually retains this right to refinance the bond in the future if market interest rates decline below the coupon rate. There are three disadvantages to the call provision. First, the cash flow pattern of a callable bond is not known with certainty. Second, because the issuer will call the bonds when interest rates have dropped, a client is exposed to reinvestment rate risk – a client will have to reinvest the proceeds received when the bond is called at lower interest rates. Finally, the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.

Maturity Risk. In certain situations, the Firm, on behalf of certain clients, may purchase a bond of a given maturity as an alternative to another bond of a different maturity. Ordinarily, under these circumstances, the Firm will make an adjustment to account for the interest rate risk differential in the two bonds. This adjustment, however, makes an assumption about how the interest rates at different maturities will move. To the extent that the yield movements deviate from this assumption, there is a yield-curve or maturity risk. Another situation where yield-curve risk should be considered is in the analysis of bond swap transactions where the potential incremental returns are dependent entirely on the parallel shift assumption for the yield curve.

Inflation Risk. Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if the Firm, on behalf of certain clients, purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For all but inflation linked bonds, adjustable bonds or floating rate bonds, a client is exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security. To the extent that interest rates reflect the expected inflation rate, floating rate bonds have a lower level of inflation risk.

Investments in Non-U.S. Investments. The Firm, on behalf of certain clients, may invest and trade a portion of its assets in non-U.S. securities and other assets (through ADRs and otherwise), which will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and non-U.S. issuers and markets are subject. Such risks may include:

- Political or social instability, the seizure by foreign governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets.
- Enforcing legal rights in some foreign countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against foreign governments.
- Non-U.S. securities and other assets often trade in currencies other than the U.S. dollar, and a client may directly hold foreign currencies and purchase and sell foreign currencies through forward exchange contracts. Changes in currency exchange rates will affect the value of a client's account, the value of dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of a client's investments to decline. Some foreign currencies are particularly volatile. Foreign governments may intervene in the currency markets, causing a decline in value or liquidity of a client's foreign currency holdings. If a client

enters into forward foreign currency exchange contracts for hedging purposes, it may lose the benefits of advantageous changes in exchange rates. On the other hand, if a client enters forward contracts for the purpose of increasing return, it may sustain losses.

- Non-U.S. securities, commodities and other markets may be less liquid, more volatile and less closely supervised by the government than in the United States. Foreign countries often lack uniform accounting, auditing and financial reporting standards, and there may be less public information about the operations of issuers in such markets.

Risk of Default or Bankruptcy of Third Parties. The Firm, on behalf of certain clients, may engage in transactions in securities and financial instruments that involve counterparties. Under certain conditions, a client could suffer losses if a counterparty to a transaction were to default or if the market for certain securities and/or financial instruments were to become illiquid. In addition, a client could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the Partnership does business, or to which securities have been entrusted for custodial purposes. For example, if the Partnership's clearing broker and custodian were to become insolvent or file for bankruptcy, the Partnership could suffer significant losses with respect to any securities held by such firm.

Exchange Traded Funds. Because exchange-traded funds ("ETFs") are, by definition, portfolios of securities, the Firm believes that the unsystematic risk associated with investments in ETFs is generally very low relative to investments in ordinary securities of individual issuers. However, there are events that can trigger sharp and sometimes adverse price movements in ETFs that are not related to movements of the market in general. Not limited to, but among these, are surprise dividends, changes to regular dividend amounts, announcements of rights offerings and possible surprise revisions to net asset values.

Side Letter clients are subject to substantially similar risks as those described in Item 8.(B) above.

- (C) **Security-Specific Risks:** Please see the response to Item 8(B), above.

Item 9. Disciplinary Information:

Neither the Firm nor any of its supervised persons has been involved in any legal or disciplinary event that is material to a client's or prospective client's evaluation of the Firm's advisory business or the integrity of the Firm's management, including without limitation the following (see response after each event):

- (A)** A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the Firm or a management person:

 - (i)** Was convicted of, or pled guilty or nolo contendere ("no contest") to: (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses. **N/A**
 - (ii)** Is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses. **N/A**
 - (iii)** Was found to have been involved in a violation of an investment-related statute or regulation. **N/A**
 - (iv)** Was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order. **N/A**
- (B)** An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which the Firm or a management person:

 - (i)** Was found to have caused an investment-related business to lose its authorization to do business. **N/A**
 - (ii)** Was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority:

- a. Denying, suspending, or revoking the authorization of the Firm or a management person to act in an investment-related business. **N/A**
 - b. Barring or suspending the Firm's or a management person's association with an investment-related business. **N/A**
 - c. Otherwise significantly limiting the Firm's or a management person's investment-related activities. **N/A**
 - d. Imposing a civil money penalty of more than \$2,500 on the Firm or a management person. **N/A**
- (C) A self-regulatory organization (SRO) proceeding in which the Firm or a management person:
- (i) Was found to have caused an investment-related business to lose its authorization to do business. **N/A**
 - (ii) Was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500. **N/A**

Item 10. Other Financial Industry Activities and Affiliations:

- (A) As discussed in Item 4.(A) above, the Firm is owned by HoldingCo which also owns Galiem Securities Canada Corp. ("**GSC**") (formerly, Infinium Capital Corp. and Infinium Securities Inc., effective December 30, 2011) and Infinium Capital (UK) Ltd. ("**ICUK**"). These affiliates provide financial assistance and human resources to the Firm. Various officers of the Firm carry similar officer/management positions of the affiliated companies. The services of these positions are outlined through service agreements amongst the affiliated companies. Since the Firm is affiliated with HoldingCo, GSC and ICUK, it may have a conflict of interest with clients in this regard.
- (B) The Firm has no existing or pending affiliations with a Futures Commission Merchant (FCM), Commodity Pool Operator (CPO), or Commodity Trading Advisor (CTA).

(C) The Firm and/or its management persons have a relationship or arrangement that is material to its advisory business or to its clients with the related persons as discussed below.

1. Broker-dealer, municipal securities dealer, or government securities dealer or broker. *Please refer to Item 10.(A).*
2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund). *N/A except as discussed in Item 4.*
3. Other investment adviser or financial planner. **N/A**
4. Futures commission merchant, commodity pool operator, or commodity trading advisor. **N/A**
5. Banking or thrift institution. **N/A**
6. Accountant or accounting firm. **N/A**
7. Lawyer or law firm. **N/A**
8. Insurance company or agency. **N/A**
9. Pension consultant. **N/A**
10. Real estate broker or dealer. **N/A**
11. Sponsor or syndicator of limited partnerships. **N/A**

(D) The Firm recommends or selects other investment advisers for clients: **N/A**

Item 11. Code of Ethics, Participation or Interest in Client Transactions, Personal Trading, and Privacy Policy:

(A) **Code of Ethics:** A copy of the code of ethics (the “**Code of Ethics**”) is available upon request to the Partnership’s investors/prospective investors or the Firm’s clients/prospective clients (collectively in this section, “**Clients**”).

The Code of Ethics is based upon the premise that all the Firm personnel have a fiduciary responsibility to render professional, continuous and unbiased investment advisory service. The Code

of Ethics requires all personnel to: (1) comply with all applicable laws and regulations; (2) observe all fiduciary duties and put Client interests ahead of those of the Firm; (3) observe the Firm's personal trading policies so as to avoid "front-running" and other conflicts of interests between the Firm and its Clients; (4) ensure that all personnel have read the Code of Ethics, agreed to adhere to the Code of Ethics, and are aware that a record of all violations of the Code of Ethics will be maintained by the Firm's chief compliance officer and that personnel who violate the Code of Ethics are subject to sanctions by the Firm, up to and including termination.

Participation or Interest in Client Transactions: The Firm recognizes that the personal securities transactions of its employees demand the application of a high code of ethics, and the Firm requires that all such transactions be carried out in a way that does not conflict with the interests of Client trading objectives. The Firm and its related persons may invest their personal funds in the Partnership. Therefore, in order to address conflicts of interest, the Firm has adopted a set of procedures, included in its Code of Ethics, with respect to transactions effected by its officers, directors, partners, members and employees (hereafter in this section, "Employees") for their personal accounts. In order to monitor compliance with its personal trading policy, the Firm has adopted a quarterly securities transaction reporting system for all of its Employees. For purposes of the policy, an Employee's "personal account" generally includes any account (a) in the name of the Employee, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which the Employee is a trustee or executor, or (c) which the Employee controls, including the Firm's Client accounts which the Employee controls and in which the Employee or a member of his/her household has a direct or indirect beneficial interest.

Associated persons of the Firm may recommend to Clients the purchase or sale of investment products in which it or a related person may have some financial interest, including but not limited to, the receipt of compensation by the Firm. Records will be maintained of all securities bought and sold by associated persons and related persons.

Additionally, the Code of Ethics sets forth the Firm's policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary duties that the Firm and each of its Employees has to each of its Clients. The Code of Ethics is circulated to all new Employees, and to existing

Employees at least annually. Each Employee, at least annually, must certify in writing that he or she has received and followed the Code of Ethics and any amendments thereto.

Other Activities of the Firm and its Affiliates: Neither the Firm, nor any affiliate or employee, is required to manage Client accounts as its sole and exclusive function. Each of them may engage in other business activities, including competing ventures and/or other unrelated employment. In addition to managing Client accounts, the Firm, and its respective affiliates or employees may provide investment advice to other parties and may manage other accounts in the future.

Trade Error Policy: The Firm has internal controls in place to prevent trade errors from occurring. On those occasions when such an error nonetheless occurs, the Firm will use reasonable efforts to correct the error. If the error cannot be corrected, the Firm will use reasonable efforts to make an adjustment in a manner it considers reasonable under the circumstances in its sole discretion. The Firm will endeavor to maintain a record of each trade error, including information about the trade and how such error was corrected or attempted to be corrected.

Privacy Policy: The Firm has adopted a privacy policy that explains the manner in which the Firm collects, utilizes and maintains nonpublic personal information about Clients, as required under federal legislation.

Collection of Information and Disclosure of Nonpublic Personal Information: In an attempt to provide Clients with superior service, the Firm may collect several types of nonpublic personal information about Clients, including:

- Information from forms that Clients may fill out, such as subscription forms, questionnaires and other information provided by Clients in writing, in person, by telephone, electronically or by any other means. This information includes name, address, nationality, tax identification number, and financial and investment qualifications;
- Information Clients may give orally;
- Information about transactions within the Firm, including account balances, investments and withdrawals;

- Information about the amount Clients have invested, such as initial investment and any additions to and withdrawals from an investment in the Partnership; and
- Information about any bank accounts Clients may use for transfers to or from separately managed accounts.

The Firm does not sell or rent Client information. The Firm uses this information to conduct business with its Clients: to develop or enhance its products and services; to understand the financial needs of its Clients so that the Firm can provide such Clients with quality products and superior service; and to protect and administer its Clients' records, accounts and funds. The Firm does not disclose nonpublic personal information about its Clients to nonaffiliated third parties or to affiliated entities, except as permitted or required by law. For example, the Firm may share nonpublic personal information in the following situations:

- To service providers in connection with the administration and servicing of the Firm; this may include attorneys, accountants, auditors and other professionals. The Firm may also share information in connection with the servicing or processing of Partnership transactions;
- To affiliated companies in order to provide Clients with ongoing personal advice and assistance with respect to the products and services Clients have purchased through the Firm and to introduce Clients to other products and services that may be of value to such Clients;
- To respond to a subpoena or court order, judicial process or regulatory authorities;
- To protect against fraud, unauthorized transactions (such as money laundering), claims or other liabilities; and
- Upon consent of a Client to release such information, including authorization to disclose such information to persons acting in a fiduciary or representative capacity on behalf of the Client.

Protection of Information:

- The Firm's policy is to require that all employees, financial professionals and companies providing services on its behalf keep Client information confidential.

The Firm maintains safeguards that comply with federal standards to protect Client information. The Firm restricts access to the personal and account information of Clients to those employees who need to know that information in the course of their job responsibilities. Third parties with whom the Firm shares Client information must agree to follow appropriate standards of security and confidentiality. The Firm's privacy policy applies to both current and former Clients. The Firm may disclose nonpublic personal information about a former Client to the same extent as for a current Client.

Changes to Privacy Policy:

The Firm may make changes to its privacy policy in the future. The Firm will not make any change affecting an individual without first sending that individual a revised privacy policy describing the change.

- (B) If Firm or a related person recommends to Clients, or buys or sells for Client accounts, securities in which Firm or a related person has a material financial interest, describe Firm's practice and discuss the conflicts of interest it presents. Describe generally how Firm addresses conflicts that arise. *Please refer to Item 11.(A).*
- (C) If Firm or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that Firm or a related person recommends to Clients, describe Firm's practice and discuss the conflicts of interest this presents and generally how Firm addresses the conflicts that arise in connection with personal trading. *Please refer to Item 11.(A).*
- (D) If Firm or a related person recommends securities to Clients, or buys or sells securities for Client accounts, at or about the same time that Firm or a related person buys or sells the same securities for Firm's own (or the related person's own) account, describe Firm's practice and discuss the conflicts of interest it presents. Describe generally how Firm addresses conflicts that arise. *Please refer to Item 11.(A).*

Item 12. Brokerage Practices:

The factors that the Firm considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation are described below:

- (A) **Factors Considered in Selecting or Recommending Broker-Dealers:** The Firm may utilize the services of one or more

brokers who will execute clients' brokerage transactions through another broker (or other broker and custodian who will clear the transactions or who are self-clearing). Securities transactions for clients are executed through brokers selected by the Firm in its sole discretion and without the consent of clients. In placing portfolio transactions, the Firm will seek to obtain the best execution for 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 and the efficiency of error resolution, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; special execution capabilities; clearance; settlement; reputation; on-line pricing; block trading and block positioning capabilities; willingness to execute related or unrelated difficult transactions in the future; order of call; on-line access to computerized data regarding investors' accounts; performance measurement data; the quality, comprehensiveness and frequency of available brokerage and research products and services considered to be of value; the availability of stocks to borrow for short trades; and the competitiveness of commission rates in comparison with other brokers satisfying the Firm's other selection criteria.

1. **"Soft Dollar" Policy:** The term "soft dollars" refers to the receipt by an investment manager of products and services provided by brokers, without any cash payment by the investment manager, based on the volume of brokerage commission revenues generated from securities transactions executed through those brokers on behalf of the investment manager's clients. Soft dollars accumulated by the broker for the investment manager's use may then be used to pay for various products and services, including research and brokerage services. The availability of soft dollars from certain brokers presents investment managers with significant conflicts of interest, and may give incentives for investment managers to disregard their obligations to clients (including, without limitation, their best execution obligations) when directing orders.

The Firm intends to use "soft dollars" generated by the Partnership's securities transactions only to pay for research, products and services that fall within the Section 28(e) safe harbor. Section 28(e) of the Exchange Act ("**Section 28(e)**") provides a "safe harbor" to those investment managers who use soft dollars to obtain investment research and brokerage

services. In order to qualify for the safe harbor, the research must provide assistance to the investment manager in its performance of its investment decision-making responsibilities. Brokerage services must relate to the execution, clearance and settlement of securities transactions in order to fall within the safe harbor provided by Section 28(e).

Products and services provided by broker-dealers with soft dollars may be utilized by the Firm and its affiliates in connection with the services they offer for other clients. Likewise, products and services provided by broker-dealers with soft dollars generated by other clients may be utilized by the Firm in performing its services for the Partnership. The Firm's receipt of information, products or services paid for with soft dollars are in addition to, and not in lieu of, the Management Fee and Performance Allocation, and such fees are not reduced as a consequence of the receipt of such products or services purchased with soft dollars.

In addition to research services, the Firm may be offered other non-monetary benefits by broker-dealers that it may engage to execute securities transactions on behalf of clients. These benefits may take the form of special execution capabilities, clearance, settlement, online pricing, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, order of call, online access to computerized data regarding clients' accounts, performance measurement data, consultations, economic and market information, portfolio strategy advice, industry and company comments, technical data, recommendations, general reports, efficiency of execution and error resolution, quotation equipment and services, the availability of stocks to borrow for short trades, custody, travel, record keeping and similar services. These other services may also include payment of all or a portion of the clients' or the Firm's or its affiliates' administrative costs and expenses of operation, such as: office rent; office equipment and supplies; utilities (e.g., electricity, gas, oil, water); taxes; storage; employee salaries, *including, but not limited to*, bonuses, contingent salaries, and any other form of compensation determined by the Firm, and benefits (including medical, dental and worker's compensation insurance); temporary help; recruiting services; newswire and quotation equipment and services (e.g., Reuters, Bloomberg, Bridge, First Call); data processing charges; periodical subscription fees (e.g., The Financial Times, The Wall Street Journal, The New York Times, Investors Business Daily);

computer equipment used for brokerage or research purposes (e.g., computers, computer hardware, software, hard drives, monitors, PDAs, LANs) and related technical support, repair and maintenance; television and cable services used for research purposes; telephone and facsimile charges, equipment and installation and maintenance costs (e.g., telephones, telephone leases, telephone and facsimile lines, cellular phones used for business purposes, telephone call recording equipment, headsets, cordless phones, speaker phones, telephone switchboards and monthly and long distance telephone charges); facsimile machines and facsimile rental and repair costs; account record-keeping and related clerical services; printing services; messenger services; postal and courier expenses; car service; expenses incurred in connection with investigating and researching issuers of securities and attending research conferences (e.g., airfare, car rentals, taxi fares, conference fees and related expenses, hotel accommodations and meals); economic consulting services; placement fees and other marketing costs; legal and accounting fees; and other reasonable expenses as determined by the Firm.

The foregoing benefits may be available for use by the Firm in connection with transactions in which clients will not participate. The availability of these benefits may influence the Firm to select one broker rather than another to perform services for clients. Nevertheless, the Firm will attempt to assure either that the fees and costs for services provided to clients by brokers offering these benefits are not materially greater than they would be if the services were performed by equally capable brokers not offering such services or that clients also will benefit from the services.

The Firm reserves the right to pay a fee or commission, in its sole discretion, to brokers or other persons who introduce clients to the Firm, provided that any such fee or commission will be paid solely by the Firm or its affiliates and no portion thereof will be paid by clients.

- (a) When the Firm uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, the Firm receives a benefit because the Firm does not have to produce or pay for the research, products or services. *Please refer to Item 12(A)(1).*

- (b) The Firm may have an incentive to select or recommend a broker-dealer based on the Firm's interest in receiving the research or other products or services, rather than on clients' interest in receiving most favorable execution. *Please refer to Item 12(A)(1).*
- (c) The Firm may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up). *Please refer to Item 12(A)(1).*
- (d) The Firm may use soft dollar benefits to service all clients or only those clients that paid for the benefits. The Firm may or may not seek to allocate soft dollar benefits to clients proportionately to the soft dollar credits the accounts generate. *Please refer to Item 12(A)(1).*
- (e) The types of products and services the Firm or any related persons acquired with client brokerage commissions (or markups or markdowns) within the Firm's last fiscal year were: *Please refer to Item 12(A)(1).*
- (f) The procedures the Firm used during its last fiscal year to direct transactions to a particular broker-dealer in return for soft dollar benefits the Firm received were: *Please refer to Item 12(A)(1).*

2. Brokerage for Client Referrals:

- (a) The Firm reserves the right to pay a fee or commission, in its sole discretion, to brokers or other persons who introduce clients to the Firm, provided that any such fee or commission will be paid solely by the Firm or its affiliates and no portion thereof will be paid by clients. As a result, the Firm may have an incentive to select or recommend a broker based on the Firm's interest in receiving client referrals rather than on clients' interest in receiving most favorable execution. Because such referrals, if any, are likely to benefit the Firm but will provide an insignificant (if any) benefit to clients, the Firm will have a conflict of

interest with clients when allocating client brokerage business to a broker who has referred investors to a client. To prevent client brokerage commissions from being used to pay referral fees, the Firm will not allocate client brokerage business to a referring broker unless the Firm determines in good faith that the commissions payable to such broker are not materially higher than those available from non-referring brokers offering services of substantially equal value to clients.

- (b) The procedures used during the last fiscal year to direct client transactions to a particular broker-dealer in return to client referrals were: *Please refer to Item 12.(A)(ii)a.*

3. Directed Brokerage:

- (a) The Firm does not recommend, request, or require a client to direct the Firm to execute transactions through a specified broker-dealer.
- (b) The Firm does not permit a client to direct the Firm to execute transactions through a specified broker-dealer.

- (B) **Aggregation of Orders:** The Firm may aggregate purchase and sale orders of investments held by clients with similar orders being made simultaneously for other accounts or entities if, in the Firm's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to clients based on an evaluation that the client will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In many instances, the purchase or sale of investments for clients will be effected simultaneously with the purchase or sale of like investments for other accounts or entities. Such transactions may be made at slightly different prices, due to the volume of investments purchased or sold. In such event, the average price of all investments purchased or sold in such transactions may be determined, at the Firm's sole discretion, and clients may be charged or credited, as the case may be, with the average transaction price.

Allocation of Trades: The Firm may at times determine that certain investments will be suitable for acquisition by clients and

by other accounts managed by the Firm, the Firm's own accounts or accounts of an affiliate. If that occurs, and the Firm is not able to acquire the desired aggregate amount of such investments on terms and conditions which the Firm deems advisable, the Firm will endeavor to allocate in good faith the limited amount of such investments acquired among the various accounts for which the Firm considers them to be suitable. The Firm may make such allocations among the accounts in any manner which it considers to be fair under the circumstances, including, but not limited to, allocations based on relative account sizes, the degree of risk involved in the investments acquired, and the extent to which a position in such investment is consistent with the investment policies and strategies of the accounts.

Item 13. Review of Accounts:

- (A) Accounts managed by the Firm are reviewed on a monthly basis by the chief compliance officer, or designated compliance officer, of the Firm. In addition, all accounts are reviewed in light of emerging trends and developments as well as market volatility.
- (B) The calendar is the main triggering factor of a review of an account, although more frequent reviews may be also be triggered by changes in a client's circumstances, client request, or unusual market activity. Clients may be contacted periodically by the Firm to discuss the management and performance of their account.
- (C) Reports showing performance are sent to investors by the Firm and/or Fund Administrator. In addition, realized gains/losses, interest and dividends earned are reported to investors annually. Each investor will receive the following: (i) annual financial statements of the Partnership, audited by an independent certified public accounting firm; (ii) in the discretion of the Firm or an affiliate of the Firm, a periodic letter and/or report discussing the results of the accounts; (iii) copies of such investor's Schedule K-1 to the Partnership's tax returns; and (iv) other reports as determined by the Firm or an affiliate of the Firm in its sole discretion. Additionally, within 120 days of the calendar year-end of the Partnership, investors shall receive GAAP-compliant audited financial statements.

Item 14. Client Referrals and Other Compensation:

- (A) Firm does not receive, from any non-client, any economic benefit associated with advising clients.

- (B) The Firm does not currently compensate any person who is not a supervised person for client referrals.

Item 15. Custody:

The Firm maintains client funds and securities at a qualified custodian. As stated above in Item 13, Review of Accounts, the Firm's auditor sends annual audited financial statements, prepared in accordance with GAAP, to investors in the Partnership within 120 days after the Partnership's calendar year end.

Item 16. Investment Discretion:

The Firm has discretionary investment authority over client assets that are managed by the Firm.

Item 17. Voting Client Securities – Proxy Policy:

- (A) The Firm monitors corporate actions of those securities it has purchased on behalf of the Partnership. Receipt of all proxy materials is logged into a proxy control sheet. Proxy votes will generally be submitted electronically but may be submitted by mail. A record of the proxy votes cast will be made and retained by the Firm. Investors can obtain information on how the proxies were voted and a detailed description of the Firm's policies and procedures regarding proxy voting by requesting such information from the chief compliance officer.

The Firm understands and appreciates the importance of proxy voting. To the extent that the Firm has discretion to vote the proxies of its advisory clients, the Firm will vote any such proxies in the best interests of its clients.

In evaluating how to vote a proxy, the Firm will first determine whether there is a conflict of interest related to the proxy in question between the Firm and its investors. This examination will include (but will not be limited to) an evaluation of whether the Firm (or any affiliate of the Firm) has any relationship with the company (or an affiliate of the company) to which the proxy relates outside an investment in such company by investors of the Firm. If a conflict is identified and deemed "material" by the Firm, on a Proxy Voting Committee organized by the Firm, the Firm will determine whether voting in accordance with these proxy voting guidelines is in the best interests of affected investors (which may include utilizing an independent third party to vote such proxies). With respect to material conflicts, the Firm will determine whether it is appropriate to disclose the conflict to affected investors and

give investors the opportunity to vote the proxies in question themselves, if applicable.

Item 18. Financial Information:

- (A) The Firm does not solicit prepayment of more than \$1,200 in fees per client six months or more in advance.
- (B) Because the Firm has discretionary authority over and/or custody of client funds or securities, the Firm has disclosed, as follows, any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients: None.
- (C) The Firm has not been the subject of a bankruptcy petition during the past ten years.

Item 19. Requirements for State-Registered Advisers: N/A

