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**Item 1 – Cover Page**

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**Part 2A of Form ADV  
Brochure for:**

**True Bearing Asset Management LP**

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**February 14, 2012**

**This brochure provides information about the qualifications and business practices of True Bearing Asset Management LP. If you have any questions about the contents of this brochure, please contact us at the phone number and/or email addresses listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Registration of an Investment Adviser does not imply any certain level of skill or training.**

**Additional information about True Bearing Asset Management LP is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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## **Item 2 – Material Changes**

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This brochure was prepared for True Bearing Asset Management LP's initial registration with the Securities and Exchange Commission. There have been no amendments and no material changes.

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**Item 3 – Table of Contents**

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## **Item 4 – Advisory Business**

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### **Description of the Advisory Firm**

True Bearing Asset Management LP was organized as a limited partnership in California in 2004 and is owned by Kenneth Heller and Annabelle Wong. Its sole general partner is True Bearing Holdings LLC, a California limited liability company, also owned by Kenneth Heller and Annabelle Wong (together, the “Principals”). The Principals are solely responsible for all operational and investment related decisions. J. Niel Armstrong is the Chief Compliance Officer.

True Bearing Asset Management LP currently has three clients, each of which is a pooled investment vehicle. It serves as the “General Partner” of Tramontana Point LP, a Delaware limited partnership (the “US Fund”) and as the “Investment Manager” to Wind Rose Fund Ltd., a Cayman Islands exempted company (the “Offshore Fund” and, together with the US Fund, “Funds”). True Bearing Asset Management LP also serves as investment manager to another Delaware limited partnership in a subadvisory capacity (the “Account”) pursuant to an investment management agreement with the Account and the Account’s investment adviser (the “Account Agreement”). Unless explicitly distinguished, “Account” is included in the term “Funds,” as the context requires.

### **Description of Advisory Services**

True Bearing Asset Management LP provides specialized discretionary advisory services to its clients. True Bearing Asset Management LP tailors its advisory services by constructing portfolios that seek to meet the investment objectives, strategies and other terms of each Fund and the Account. Generally both the Funds and the Account seek to maximize long-term capital appreciation primarily through investments in undervalued small-capitalization equities and short sales of overvalued equities of all market capitalizations while accepting a level of risk consistent with capital preservation; however, the Account’s portfolio may vary slightly compared to the Funds’ in accordance with the Account’s specific investment guidelines and limitations.

True Bearing Asset Management LP has complete control of the business of the Funds and full discretion with respect to the management of the Account’s assets, subject to supervision by the Account’s investment adviser. Investors have no power to take part in the Funds’ management or to influence or change a Fund’s investment objectives or limitations. Investors have no right to remove or replace True Bearing Asset Management LP. The Funds may impose limits on or expand the universe of securities or other instruments in which they may invest in the discretion of True Bearing Asset Management LP. The Account Agreement imposes restrictions or other limitations with respect to the securities or types of securities that True Bearing Asset Management LP may invest in on behalf of the Account.

### **Wrap Fee Programs**

True Bearing Asset Management LP does not participate in wrap fee programs.

**Assets Under Management**

As of December 31, 2011, True Bearing Asset Management LP had assets under management on a discretionary basis of approximately \$155,600,000.

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**Item 5 – Fees and Compensation**

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**Asset-Based Fee**

The Funds pay True Bearing Asset Management LP a fixed asset based (management) fee at a rate of 1.5% per annum of assets under management. The asset-based fee is calculated and paid quarterly in advance. As to capital contributed on a date other than the first day of a quarter, True Bearing Asset Management LP is paid a prorated fee. True Bearing Asset Management LP may waive or vary the asset-based fee as to particular clients or investors by separate agreement.

Lower fees for comparable services may be available from other sources.

**Performance Compensation**

True Bearing Asset Management LP is entitled to receive performance-based compensation generally calculated and made as of each December 31, equal to 20% of the net profit of each Fund during that calendar year. The performance-based compensation is also calculated and paid (if appropriate) when an investor withdraws capital other than as of December 31, in proportion to the withdrawal amount. True Bearing Asset Management LP may waive or vary the performance-based compensation as to particular investors by separate agreement. The performance-based compensation paid by the US Fund and the Account is structured as a partner profit allocation ("incentive" or "performance" allocation) to True Bearing Asset Management LP, and the Offshore Fund pays it as a fee.

The performance-based compensation is subject to a "high water mark" procedure. True Bearing Asset Management LP receives the performance allocation or fee only with respect to net profits after all net losses are recovered. This prevents True Bearing Asset Management LP from receiving any performance compensation on profits that simply restore prior losses. The performance compensation that True Bearing Asset Management LP has already received will not be reduced by losses incurred in later periods.

All investors meet the standard of a "Qualified Client" defined under rules of the Investment Advisers Act of 1940, as amended.

**Expenses**

The Funds bear all of their ongoing operating costs. These include, among other things, brokerage and futures commissions, interest on margin and other borrowings; borrowing charges on securities sold short; custodial fees; bookkeeping, accounting and audit fees and expenses; legal fees (including fees paid to True Bearing Asset Management LP's counsel for services for the benefit of the relevant Fund); expenses incurred by True Bearing Asset Management LP for investment research and due diligence; tax preparation fees; other professional fees; governmental fees and taxes; other expenses incurred by True Bearing Asset Management LP in connection with investment activities

(including attending professional investment and industry specific conferences but excluding travel costs therefor); costs of reporting to investors; cost of governing activities (such as obtaining investor consents); fees of a third-party administrator; and all other reasonable expenses related to the management and operation of the Funds or the purchase, sale or transmittal of Fund assets, all as True Bearing Asset Management LP determines in its sole discretion.

True Bearing Asset Management LP may, in its discretion, bear all or a portion of the Funds' operating expenses, either directly or through a waiver of a portion of fees to which it would otherwise be entitled.

True Bearing Asset Management LP may, out of its own assets or revenues, make payments to persons or entities that provide various investor relations and related services to True Bearing Asset Management LP and/or the Funds, including the introduction of investors to the Fund(s). Subject to any applicable regulatory restrictions, True Bearing Asset Management LP may also direct a portion of the Funds' portfolio transaction business to counterparties, brokers, dealers, and other financial intermediaries who provide those services to the Funds, who introduce prospective investment advisory clients to True Bearing Asset Management LP.

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

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Please see Item 5 for a discussion of True Bearing Asset Management LP's performance compensation structure.

As discussed under "Fees and Compensation," in connection with the Funds and the Account, True Bearing Asset Management LP generally has the right to receive compensation based on the performance of each of the Funds and the Account, in addition to an asset-based fee. The performance compensation provisions create an incentive for True Bearing Asset Management LP to make client investments that are riskier or more speculative than would be the case in the absence of compensation based on performance of the clients' portfolios.

True Bearing Asset Management LP currently receives the same ratio of performance compensation from all of its clients, and does not have any clients that do not pay, or pay a lower or higher, performance compensation. Therefore, currently True Bearing Asset Management LP does not face any conflicts of interest associated with differing fee arrangements among its clients. It may, however, advise additional funds or clients in the future. If and when it does, its compensation arrangement with the Funds may differ from that of the other clients. As a result of such differences in compensation arrangements, True Bearing Asset Management LP may, at that time, face a conflict of interest in managing the various accounts. True Bearing Asset Management LP will address any such conflict of interest at that time.

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## **Item 7 – Types of Clients**

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True Bearing Asset Management LP's clients include pooled investment vehicles that it sponsors, including the Funds. True Bearing Asset Management LP is also the subadviser to a pooled investment vehicle (the Account), as described in Item 4 above.

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

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**Methods of Analysis and Investment Strategy**

True Bearing Asset Management LP's goal is to maximize long-term capital appreciation for the Funds primarily through investments in undervalued small-capitalization equities and short sales of overvalued equities of all market capitalizations, while accepting a level of risk consistent with capital preservation.

**Investment Strategy: Inefficient Markets Provide Opportunity**

The primary methodology True Bearing Asset Management LP employs to seek to achieve this goal is fundamental analysis of underfollowed and out-of-favor securities that have low valuations and identifiable catalysts for appreciation as well as selective short sales of securities whose valuations True Bearing Asset Management LP believes reflect unrealistic expectations and which have catalysts for earnings disappointment. True Bearing Asset Management LP believes that the small capitalization universe of stocks is inefficient due to a lack of Wall Street research coverage as well as abandonment of companies that have been tarnished by earnings disappointment, management missteps or regulatory scrutiny. This inefficiency also presents short sale opportunities when business and product strategies, financial statements and management history are not broadly and thoroughly scrutinized. True Bearing Asset Management LP attempts to identify these opportunities before they receive wide recognition by the investment community.

Depending on conditions and trends in securities markets, True Bearing Asset Management LP may cause the Funds to pursue other strategies or employ other techniques True Bearing Asset Management LP considers appropriate and in the Funds' best interests. The constitutional documents and agreements governing the Funds' investment activities do not impose any limits on the types of securities or other instruments in which the Funds may invest, the types of positions they may take, the concentration of their investments by sector, industry, fund, country, class or otherwise, the amount of leverage they may employ or the number or nature of short positions they may take. The Funds may invest a portion of their assets in securities for which there is no ready market or in securities that may not be immediately resold. They may engage in these activities for hedging purposes, as an alternative to owning (or selling short) a particular security or group of securities, or for other purposes incidental to the Partnerships' other investment activities. The Funds also may invest in foreign currencies, foreign futures contracts and foreign currency forward contracts.

**Certain Risk Factors**

**All investing involves a risk of loss and separate account clients and Fund investors should be prepared to bear losses in their accounts or on their Fund investments. Funds and separate accounts may produce gains and losses due to broader changes in the financial markets; however, gains and losses are also based on True Bearing Asset Management LP's investment acumen and securities selections, and may be impacted by other factors including market volatility, corporate activity, regulatory oversight, trading volume and money flows.**

**The risks described below are not a complete list of risks involved with True Bearing Asset Management LP's strategies – specific risks and conflicts of interest associated with an**

**account and an investment in a Fund are described in detail in the account's investment management agreement and the relevant Fund's confidential offering memorandum, respectively. Investors and prospective investors in a Fund should carefully review the Fund's confidential offering memorandum for further information.**

## **GENERAL**

Not a Complete Investment Program. The Funds may be deemed a speculative investment and are not intended as a complete investment program. They are designed only for sophisticated and experienced investors who are able to bear the risk of loss of their entire investment.

General Economic and Market Conditions. The success of investments may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, developments in governmental regulation and national and international political circumstances. These factors may affect the success of the businesses in which the Funds' portfolio companies are engaged as well as the markets for the securities the Funds hold. Unexpected volatility or illiquidity could impair the Funds' profitability or result in losses.

Investment and Trading Risks. An investment in the Funds involves a high degree of risk, including the risk that the entire amount invested may be lost. The Funds will invest in and actively trade securities and other financial instruments using strategies and investment techniques with significant risk characteristics, including risks arising from the volatility of the equity, fixed income, commodity and currency markets, the risks of borrowings and short sales, the leverage associated with trading on margin and in the currency and derivatives markets, the potential illiquidity of derivative instruments, and the risk of loss from counterparty defaults. No guarantee or representation is made that the Funds' investment program will be successful, that the Funds' various investment strategies will have low correlation with each other, or that the Funds' returns will exhibit low correlation with an investor's traditional securities portfolio. True Bearing Asset Management LP may utilize such investment techniques as option transactions, margin transactions, short sales, leverage, derivatives trading and futures and forward contracts. These transactions could impose substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which the Funds' investment portfolio may be subject.

Equity Securities. The equity and equity-linked securities in which the Funds invest will be subject to general movements in the stock market and the value fluctuations of each particular issuer's stock. Equity security prices fluctuate for several reasons, including changes in the financial condition of a particular issuer, investors' perceptions of the issuer's industry, the general condition of the relevant stock market, changes in interest rates, or when political or economic events affecting the issuers occur.

Small Capitalization Stocks. The Funds may invest a significant portion of their assets (either directly or through derivative securities) in stocks of companies with relatively small market capitalizations. While True Bearing Asset Management LP believes these stocks can provide significant potential for appreciation, they can involve higher risks in some respects than investments in stocks of larger companies. For example, prices of small-capitalization and even some medium-capitalization stocks are often more volatile than prices of large-capitalization stocks and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in some small-capitalization stocks, an investment in those stocks may be considered illiquid.



Investment in Technology Sector. The Funds may invest in stocks of companies in the "high technology" sector, including the computer hardware, computer software, semiconductor, semiconductor manufacturing, computer systems, networking, communications, technology services, and consulting industries. If they do so, the Funds will be susceptible to market and other conditions that affect those industries. Stock prices in this sector have been, and True Bearing Asset Management LP expects that they will continue to be, highly volatile. The market value of these companies may often be based on speculation and expectations about future products and research progress. Some companies' viability may depend on their ability to obtain additional financing at attractive valuations.

Technology companies are characterized by competition and rapid technological developments that may make their products or services obsolete in a short period of time. A company's ability to compete may depend, at least in part, on its ability to develop, introduce and market products or services that meet changing needs and that successfully anticipate or respond to technological changes on a cost-effective and timely basis. A lack of compatibility with existing or emerging technology, the lack of standardization among competing technologies attempting to serve the same market, a failure to conform to accepted industry standards, or obsolescence can be significant obstacles for such issuers. A company's ability to compete may also depend on its ability to prevent others from using its technology. Patent and other intellectual property protections may involve legal uncertainties.

Due to these and other factors, the Funds' investments in stocks in the technology sector may be considered speculative and may drop sharply in value in response to adverse research and development, marketing, regulatory or securities market events.

Use of Leverage. Extensive leverage through margin borrowing and other means is part of the Funds' "core" investment strategy. The Funds expect to leverage their investment positions by borrowing funds from securities brokers or dealers, banks, or others. They may also use derivatives to leverage their capital, as discussed below.

Leverage increases both the possibilities for profit and the risk of loss. Borrowings (and in some cases guarantees of performance of Fund obligations) will usually be from (or, in the case of guarantees, by) securities brokers and dealers (primarily the Funds' Prime Broker—see "Brokerage and Transactional Practices") and are typically secured by the Funds' securities and other assets. Under certain circumstances, such a broker or dealer may demand an increase in the collateral that secures the Funds' obligations, and if the Funds are unable to provide additional collateral, the broker or dealer could liquidate assets held in the Funds' respective accounts to satisfy the Funds' obligations. Liquidation in that manner could have extremely adverse consequences, including sales at disadvantageous times and prices and the acceleration of tax consequences.

Short Selling. The Funds may sell securities short as a regular part of their investing activities. In a short sale, the Funds sell securities they do not own, in the hope that the market price will decline and that the Funds will be able to buy replacement securities later at a lower price. To accomplish this, the Funds borrow the securities from a broker or other third party. It "closes" the position by "returning" the security (buying a replacement security on behalf of the lender). The obligation to replace the borrowed securities does not typically have a specified "maturity" date and the lender generally may require replacement of the securities whenever it chooses. A short sale theoretically involves the risk of unlimited loss: the price at which the Funds must buy "replacement"

securities could increase without limit. As collateral for its replacement obligation, the Funds are generally required to leave the proceeds of its short sales with the broker that effected the transactions, and deliver an additional amount of cash or other collateral upon the lender's request if the amount of the Funds' liability increases due to increases in the security's price or decreases in the value of the existing collateral. The lender for the Funds' short sales will ordinarily be the Funds' Prime Broker and all of the Funds' assets will ordinarily serve as collateral. Therefore, if the value of the collateral were to become inadequate to secure the Funds' obligations under its short positions, it is unlikely that the Funds would be able to provide additional collateral. If that were to occur, the Prime Broker would likely cause the Funds to "buy in" or "close" some or all of its short positions, likely at a time and on terms that are adverse to the Funds. There can be no assurance that the Funds will not experience losses on short positions or that it will have long positions that appreciate in value enough to offset any such losses.

Hedging, Generally. Although hedging strategies in general are usually intended to limit or reduce investment risk, they may not achieve the anticipated effect. In fact, they may result in poorer overall performance for the Funds than the Funds could have achieved had it not engaged in such hedging transactions. In addition, although True Bearing Asset Management LP may utilize a variety of instruments, including options and other derivatives, for hedging and risk management purposes, it is not obligated to, and may not, hedge against certain risks. Furthermore, the Funds' portfolio will always be exposed to risks that cannot be hedged.

Risk of Derivatives, Generally. The Funds may trade and invest in a variety of derivative instruments. Derivatives are financial instruments or arrangements in which the risk and return are related to changes in the value of other assets such as stocks, reference rates or indices. They can provide a form of "leverage" in that they permit the Funds to speculate on fluctuations in the prices of securities indices or other assets while investing only a small percentage of the value of the underlying securities, or other assets. Trading and investing in derivatives can be highly speculative and can entail greater risks than the risks of investing in other securities.

Prices of equity derivatives are generally more volatile than prices of the securities on which they are based. A change in the market price of the underlying securities, indices or other assets or rates will cause a much greater change in the price of the derivative. The ability to profit or avoid risk through trading or investing in derivatives will depend largely on True Bearing Asset Management LP's ability to anticipate changes in the prices of underlying assets, reference rates or indices.

Options. Among the derivatives in which the Funds may invest or trade are options on specific securities and options on securities indices. The Funds may buy or sell (write) both call options and put options, and when it writes options it may do so on a "covered" or an "uncovered" basis. The Funds' options transactions may be part of a hedging tactic (i.e., offsetting the risk involved in another securities position), a form of leverage in which the Funds has the right to benefit from price movements in a large number of securities or other assets with a small commitment of capital, or an attempt to obtain profits through premiums received on options the Funds writes. These activities involve risks that can be large. In general, the fundamental risks involved in options trading can be described as follows. For the most part, these descriptions do not take into account other positions or transactions the Funds may enter into. Combinations of options positions, or combinations of options positions with positions in stocks or other securities, can mitigate or can increase the risks inherent in each component option position.

- When the Funds buy a call option, they will pay a premium for the right to buy a security at a specified exercise price through a specified expiration date. If, at the expiration date, the market price of the underlying security is equal to or lower than the exercise price, the option will expire worthless and the Funds will lose its entire investment in the option (the premium plus commissions). When the Funds buys a put option, it will pay a premium for the right to sell a security at a specified exercise price through a specified expiration date. If at expiration the market price of the underlying security is equal to or higher than the exercise price, the option will expire worthless and the Funds will lose its investment.
- When the Funds sell (write) an option, the risk can be substantially greater than when it buys one. When it sells a call option, it will receive a premium and grant the option's buyer the right to buy the underlying security from the Funds at a specified exercise price. If the market price of the underlying security does not increase above the exercise price, the premium the Funds receive will represent a profit. However, if the market price does increase above the exercise price, the Funds will lose the amount of the difference (less the premium it received when it sold the option). This risk is theoretically unlimited (similar to the risk of selling a security short) in that the price of the underlying security could theoretically increase without limit. When the Funds sells a put option, and grants the holder the right to force the Funds to buy the underlying security at the exercise price, it will bear the risk of a decline in the price of the underlying security below the exercise price. Thus, it theoretically could lose an amount equal to the entire aggregate exercise price of the option (minus the premium the Funds received when it sold the put), if the underlying security were to become valueless. The Fund's risks in writing options can be limited by writing them on a "covered" basis—e.g., owning securities of the same class and in the same amount as the securities underlying a call option it writes, or having a short position in the securities underlying a put option it writes. Although covering reduces the risks of selling options, as with all hedging strategies, it can involve transaction costs and may inherently limit the potential for profit in the option position.

Counterparty and Settlement Risk. The Funds may enter into over-the-counter derivative contracts or transactions (i.e. transactions in options or other derivatives that are not cleared through the facilities of an exchange or clearing organization such as the Options Clearing Corporation), it may be exposed to the risk of default by its counterparty or to settlement difficulties. These may include "swaps," contracts for differences and specially-tailored options, and instruments or interests underlying them that may include securities, securities indices, interest rates, commodities and commodities indices. This risk may be materially greater than default or settlement risks involved in standardized and exchange-traded transactions. The latter are generally backed by clearing organizations' guarantees, are generally marked to market daily, and intermediaries are generally subject to settlement and segregation and minimum capital requirements. Transactions directly with a counterparty generally do not benefit from those protections and expose each party to a greater risk of the other's default.

Although a broker or dealer or other counterparty may collateralize its obligations to the Funds by segregating its assets and identifying them on its records as assets of the Funds, it may not always be required to and, even if it does, those or similar arrangements may not always be adequate to protect the Funds if the counterparty were to become insolvent and, even if they are, the Funds could expect delays in receiving the benefit of the derivative or other contract.

Concentration of Investments. The Partnership Agreement does not limit the amount of capital that may be committed to any single investment, industry or sector. While the Funds generally attempt to spread capital among a number of investments, at times they may hold a relatively small number of positions, each representing a relatively large portion of the Funds' capital. The Funds may at times have a relatively large portion of their capital exposed to a particular industry or market sector. Losses in one or more large positions, or a downturn in an industry or market sector in which the Funds are concentrated, could materially adversely affect the Funds' performance in a particular period and could have a materially adverse effect on the Funds' overall financial condition.

Limited Liquidity of Some Investments. The Funds may invest in securities that, while they are publicly traded, are relatively illiquid. That may be because a security is thinly traded or because the Funds' position in a security is large in relation to the overall market for the security. The Funds may own securities that are relatively liquid when acquired but that become illiquid after the Funds invest. The Funds may not be able to liquidate illiquid securities positions if the need were to arise; rapid sales of such securities could depress the market value of those securities, reducing the Funds' profits, or increasing its losses, in the positions. The value assigned to illiquid securities (including thinly traded securities) and large blocks of securities for purposes of determining Partnership Percentages and determining Net Profit and Net Loss may differ from the value the Funds are ultimately able to realize on those securities.

Substantial Positions in Portfolio Companies. The Funds may from time to time acquire positions in the securities of particular companies that, when combined with positions held in other investment funds and accounts True Bearing Asset Management LP manages, comprise a substantial percentage of those companies' outstanding securities. True Bearing Asset Management LP and the Funds may be required to file with the Securities and Exchange Commission ("SEC") and/or other regulatory authorities reports of beneficial ownership of securities. True Bearing Asset Management LP may obtain representation on the boards of directors or other committees or governing groups of companies in which the Funds invests. Representation on the board or committee of a company would increase the possibility that the Funds will be deemed an affiliate of the company and may restrict the Funds' trading of its investments in the company. There may be other circumstances under which the aggregate holdings of a security by the Funds and other accounts True Bearing Asset Management LP manages, or True Bearing Asset Management LP's involvement with the issuer of that security, limit the Funds' ability to liquidate or reduce its position.

Non-U.S. Investments. The Funds may invest in securities of non-U.S. companies and/or securities denominated in currencies other than U.S. dollars. These may include securities issued by companies in, and traded in, so-called "emerging markets." Non-U.S. investing, and investing in emerging markets in particular, will subject the Funds to certain risks not typically associated with investing in securities in the United States. Many foreign stock markets are not as developed or efficient as those in the United States and may be more volatile than U.S. markets. The costs and expenses of investing in foreign markets are generally higher than in the United States. There is generally less publicly available information about foreign companies than about domestic companies. This makes it more difficult for True Bearing Asset Management LP to keep informed of corporate action that may affect the price of a particular security. Additionally, some foreign economies are less stable than the U.S. economy, due to, among other things, volatile political environments, less stable monetary systems and/or external political risks.

Currency Hedging. To the extent the Funds invest in non-U.S. securities or securities traded in currencies other than U.S. dollars, the Funds may seek to hedge their exposure to currency fluctuations. In addition to trading in futures contracts on currencies (subject to the conditions described above), the Funds may enter into foreign currency forward contracts (agreements to exchange one currency for another at a future date). These contracts involve a risk of loss if the Funds fail to predict accurately the direction of currency exchange rates. For example, the Funds may experience a loss if they increase their exposure to a foreign currency and that currency's value in relation to the U.S. dollar subsequently falls. In addition, forward contracts are not guaranteed by an exchange or clearinghouse. Therefore, a default by the forward contract counterpart may result in a loss to the Funds for the value of unrealized profits on the contract or for the difference between the value of their commitments, if any, for purchase or sale at the current currency exchange rate and the value of those commitments at the forward contract exchange rate.

New Issues. The Funds may invest in "New Issues"—initial public offerings of equity securities. Partners who are "restricted" under FINRA rules may be limited in the amount of profits (if any) that they may be allocated from New Issues in which the Funds may invest or prohibited entirely from participating in a New Issue. To the extent a Partner is "restricted," an investment in the Funds may produce lower performance than that experienced by investors who are not restricted. Any Partner who does not provide True Bearing Asset Management LP with information sufficient to show that he or she is not restricted will be presumed to be restricted.

#### **FUND RISKS**

Limited Liquidity. An investment in the Funds is relatively illiquid and is not suitable for an investor who needs liquidity. True Bearing Asset Management LP has the discretion to deliver amounts withdrawn in assets other than cash.

Effect of Substantial Withdrawals. Substantial withdrawals by investors within a short period of time could require the Funds to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the Funds' assets and/or disrupting True Bearing Asset Management LP's investment strategy. Reduction in the size of the Funds could make it more difficult to generate a positive return or to recoup losses. Among other things, at lower asset sizes the Funds may be less able to take advantage of particular investment opportunities, and withdrawals can decrease the ratio of the Funds' income to its expenses.

Suspension of Withdrawals. True Bearing Asset Management LP may suspend the right of any investor to withdraw capital or to receive a distribution from the Funds if, in True Bearing Asset Management LP's judgment, such a suspension would be in the best interest of the Funds.

Risks Associated with the Performance Compensation. The performance compensation could encourage True Bearing Asset Management LP to make investments on behalf of the Funds that are riskier or more speculative than it would if True Bearing Asset Management LP were receiving only a flat fee. Further, because True Bearing Asset Management LP will receive performance compensation as to unrealized gains that may never be realized and will not return any performance compensation paid for one period if, in a subsequent period, the Fund experiences losses, the Incentive Allocation may be greater than it would be if it were based solely on realized gains.

Conflicts of Interest. True Bearing Asset Management LP will be subject to a variety of conflicts of interest in managing its clients' assets and affairs. For example, True Bearing Asset Management LP will have an incentive to assign higher values to investment positions for which there are no readily available quotations than the values that may ultimately be realized by the relevant Fund. True Bearing Asset Management LP manages the assets of multiple clients and divides its time and efforts among them. It may in the future take on additional clients. True Bearing Asset Management LP and its partners and affiliates may invest or have an interest in such other investment vehicles and themselves invest or trade in securities and other instruments, including positions in which the Funds invest, they may do so at different times and for different purposes than the Funds. Notwithstanding any conflicts, True Bearing Asset Management LP will seek to allocate transactions and opportunities among clients in a manner it believes to be as equitable as possible.

Broad Indemnification of True Bearing Asset Management LP. Each Fund's applicable documents contain provisions for indemnification of True Bearing Asset Management LP and its officers, employees, members and other affiliates against claims or lawsuits arising out of the Fund's activities that is broader than the protections that would apply in the absence of such provisions. In general, those persons and entities are to be held harmless from any claims, losses, damages and other types of liabilities ("Losses"), arising out of their activities involving the Fund, except to the extent those Losses are found to have resulted from their gross negligence or willful violation of law. True Bearing Asset Management LP has not purchased, and does not presently intend to purchase, any insurance relating to its indemnity obligations.

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## **Item 9 – Disciplinary Information**

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True Bearing Asset Management LP and its employees have not been involved in any legal or disciplinary events that would be material to a client's evaluation of the company or its personnel.

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## **Item 10 – Other Financial Industry Activities and Affiliations**

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Neither True Bearing Asset Management LP nor any of its principals are registered or have an application pending to register as:

- a) a broker-dealer or a registered representative of a broker-dealer; or
- b) a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entity.

True Bearing Asset Management LP and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

True Bearing Asset Management LP does not recommend or select other investment advisers for its clients for compensation.

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

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True Bearing Asset Management LP has adopted a Code of Ethics ("Code") that describes the standards of business conduct that it requires of employees and accounts owned predominantly by persons associated with True Bearing Asset Management LP, and establishes procedures intended to prevent True Bearing Asset Management LP, and its personnel and certain of their relatives, from inappropriately benefiting from True Bearing Asset Management LP's relationships with its clients.

The Code provides that:

(i) True Bearing Asset Management LP's clients' interests come before True Bearing Asset Management LP's or its employees' interests;

(ii) True Bearing Asset Management LP must disclose to clients all material facts about conflicts of which it is aware between True Bearing Asset Management LP's and its employees' interests on the one hand and clients' interests on the other;

(iii) Employees must operate on True Bearing Asset Management LP's and their own behalf consistently with True Bearing Asset Management LP's disclosures to and arrangements with clients regarding conflicts and its efforts to manage the impacts of those conflicts;

(iv) True Bearing Asset Management LP and its employees must not take inappropriate advantage of True Bearing Asset Management LP's clients or their positions of trust with or responsibility to clients; and

(v) True Bearing Asset Management LP and its employees must comply with all applicable securities laws. The Code generally prohibits employees from trading in any securities held by client accounts and requires employees to report personal securities holdings on an annual basis.

In addition, True Bearing Asset Management LP monitors all employees' securities transactions: employees must arrange for duplicate copies of their brokerage statements and trade confirmations to be sent to the Chief Compliance Officer. The Code includes procedures for and restrictions on employee trading intended to prevent employees from benefiting from, or appearing to benefit from, any price movement that may be caused by client transactions or True Bearing Asset Management LP's recommendations regarding securities. Among other things, these include requirements that employees make a written request for and receive clearance from True Bearing Asset Management LP's Chief Compliance Officer (or his or her designee) before they buy or sell any security (other than certain government securities, shares of mutual funds not managed by True Bearing Asset Management LP, and certain other types of securities that True Bearing Asset Management LP does not believe create a potential for conflicts of interest). Pre-cleared transactions must be completed within a specified time frame. The Code also contains restrictions on and procedures to prevent inappropriate trading while True Bearing Asset Management LP is in possession of material nonpublic information.

True Bearing Asset Management LP will provide a copy of its Code of Ethics to any client or prospective client upon request. Such a request may be made by submitting a written

request to True Bearing Asset Management LP at the address on the cover page of this brochure.

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## Item 12 – Brokerage Practices

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True Bearing Asset Management LP is responsible for selecting broker-dealers to execute trades and negotiating any commissions paid on such transactions. The primary consideration in placing transactions with particular broker-dealers is to obtain execution in the most effective manner possible. True Bearing Asset Management LP also takes into account a variety of other factors, including the financial strength, integrity and stability of the broker-dealer and the commissions charged. Also considered are the quality, comprehensiveness and frequency of available research and other products and services considered to be of value. The products and services furnished by broker-dealers may include, among other things, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; and statistics and pricing or appraisal services, discussion with research personnel, special execution capabilities, order of call and the availability of stocks to borrow for short trades. True Bearing Asset Management LP is authorized by the Funds to pay higher prices for the purchase of securities from, or accept lower prices for the sale of securities to, brokerage firms that provide it with such research and trading relating products and services or to pay higher commissions to such firms if we determine that such prices or commissions are reasonable in relation to the overall services provided. Accordingly, a Fund may be deemed to be paying for research and other products and services with "soft" or commission dollars. It is anticipated that the use of commissions or "soft dollars" to pay for research products or services will fall within the safe harbor created by Section 28(e) of the U.S. Securities Exchange Act of 1934. Under Section 28(e), research obtained with soft dollars generated by a Fund may be used by the Investment Adviser to service accounts other than the Fund. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Firm, we will make a reasonable allocation of the cost that may be paid for with soft dollars.

True Bearing Asset Management LP currently uses "soft dollars" to the benefit of all Funds and accounts, and seeks to allocate such benefits proportionately. The "soft dollar" benefits received are resources that assist in the deep fundamental research performed on investments.

When brokerage commissions relating to transactions for Funds are used to obtain research or other products or services, True Bearing Asset Management LP receives a benefit because it does not have to produce or pay for the research, products or services. True Bearing Asset Management LP may have an incentive to select a broker-dealer based on its interest in receiving the research or other products or services, rather than on the Funds' interest in receiving most favorable execution.

Each Fund has an account established at one (or more) prime brokers for the prime broker to clear and settle each Fund's transactions. Settlement functions normally include, among other matters, arranging for (i) the receipt and delivery of securities purchased, sold, borrowed and loaned, (ii) the making and receiving of payments, (iii) custody of securities fully paid for or not fully paid for and (iv) custody of all cash, dividends and exchanges, distributions and rights accruing to the Fund's account. Each Fund may utilize other prime brokers from time to time. Each Fund is not committed to



continue its relationship with the prime broker for any minimum period and the Fund may, in its sole discretion, select other brokers to act as prime broker to the Fund. The prime broker will generally maintain custody of each Fund's securities, although in certain instances other brokers that execute transactions for a Fund will maintain custody of a Fund's assets.

True Bearing Asset Management LP does not direct client transactions to a particular broker-dealer in return for client referrals. True Bearing Asset Management LP does not recommend, request, require or permit a client to direct it to execute transactions through a specified broker-dealer.

True Bearing Asset Management LP does not engage in cross trades between funds as such trades could potentially pose a conflict of interest for one or more clients.

Each Fund may not always invest in the same securities and Funds with similar strategies may not always invest proportionately due to, among other factors, the cash availability of each Fund and certain tax considerations. Allocation of investment opportunities among the Funds and any other accounts will be made in judgment based upon the investment objectives and investment portfolio of each Fund and such other accounts. When the purchase and sale of securities is considered to be in the best interest of more than one Fund, the securities to be purchased or sold may be aggregated in order to obtain superior execution and/or lower brokerage expenses. Execution prices for identical securities purchased or sold on behalf of multiple accounts in any one business day may be averaged. In such instances, allocation of prices, as well as expenses incurred in the transaction, shall be made in a manner that is considered to be equally as favorable to a Fund as to any other party.

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### **Item 13 – Review of Accounts**

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Client investment positions are actively monitored and are reviewed regularly, typically daily, but no less frequently than weekly, by the Principals.

True Bearing Asset Management LP, on behalf of the Funds, sends to each limited partner or shareholder an unaudited monthly net asset value statement (i.e. performance update). In addition, limited partners and shareholders are provided annual audited financial statements of each of True Bearing Asset Management's Funds. The Account is responsible for its own audit.

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

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True Bearing Asset Management LP does not receive any economic benefit from a person who is not a client for providing investment advice or other advisory services. True Bearing Asset Management LP does not directly or indirectly compensate any person who is not a supervised person for client referrals.

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**Item 15 – Custody**

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True Bearing Asset Management LP obtains custodial, clearing, settlement and related services on behalf of its clients through what is known as a “prime brokerage” arrangement. Under that arrangement, a single brokerage firm (the “Prime Broker”) maintains custody of each client's assets (either directly or through its clearing brokerage firm). The Prime Broker is a “qualified custodian” and maintains custody of each client's funds and securities in a separate account for that client.

As of the end of each Fiscal Year, each of True Bearing Asset Management LP's Funds has its financial statements examined and certified by a PCAOB<sup>1</sup>-registered independent certified public accountant in accordance with generally accepted accounting principles. Copies of the audited financial statements are furnished to each limited partner or investor of a Fund as soon as practicable after the end of each Fiscal Year. Unaudited monthly performance reports also will be provided to each limited partner or investor in a True Bearing Asset Management LP Fund. The Account is responsible for its own administration and for maintaining custody of its own cash and securities..

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**Item 16 – Investment Discretion**

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True Bearing Asset Management LP has full investment discretion over all client accounts. Clients (the Funds and the Account) grant True Bearing Asset Management LP that discretion through the execution of an investment management agreement or similar contract. By signing a subscription application, each investor in the U.S. Fund also grants True Bearing Asset Management LP discretion through a power of attorney.

Separate account clients can place reasonable restrictions on True Bearing Asset Management LP's investment discretion by establishing guidelines or restrictions in the investment management or other contract between the client and True Bearing Asset Management LP. Fund investors have no ability to modify a Fund's investment strategy. They must, therefore, carefully read the Fund's confidential offering memorandum to understand the investment strategy and risks involved.

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**Item 17 – Voting Client Securities**

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True Bearing Asset Management LP has adopted policies and procedures that address generally the guidelines it expects to follow in the exercise of its voting authority over proxies it receives on behalf of clients. True Bearing Asset Management LP will vote client proxies in the best interest of its clients. True Bearing Asset Management LP will consider a number of factors to determine whether exercising the clients' voting rights as to its

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<sup>1</sup> PCAOB is the Public Company Accounting Oversight Board, a nonprofit corporation established by Congress to oversee the audits of public companies in order to protect the interests of investors and further the public interest in the preparation of informative, accurate and independent audit reports. The PCAOB also oversees the audits of broker-dealers, including compliance reports filed pursuant to federal securities laws, to promote investor protection.

securities is in the relevant clients' best interest, such as whether the securities are being held for a short or long period of time.

When voting a proxy, True Bearing Asset Management LP will generally follow its voting guidelines. True Bearing Asset Management LP attempts to identify conflicts of interest that may arise in the proxy decision-making process. If a material conflict of interest over proxy voting arises between True Bearing Asset Management LP and a client, True Bearing Asset Management LP will seek to resolve the conflict and vote the proxies in a manner that is in the relevant clients' collective best interests. True Bearing Asset Management LP will provide, upon request, a copy of those policies and procedures and/or information concerning its voting record on account proxy matters. Such a request may be made by submitting a written request to True Bearing Asset Management LP at the address on the cover page of this brochure.

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## **Item 18 – Financial Information**

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True Bearing Asset Management LP has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. True Bearing Asset Management LP has not been the subject of a bankruptcy petition.

True Bearing Asset Management LP does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance.