

Item 1: COVER

Brochure of 7x7 Asset Management LLC

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This brochure provides information about the qualifications and business practices of 7x7 Asset Management LLC (“7x7”). If you have any questions about the contents of this brochure, please contact us at 415-249-6800 or stacy@7x7asset.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Registration with the SEC does not imply a certain level of skill or training.

Additional information about 7x7 is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Item 2: MATERIAL CHANGES

No material changes.

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Item 4: ADVISORY BUSINESS

7x7 is a Delaware limited liability company that began operation in May 2005. 7x7 provides specialized discretionary investment advisory services. 7x7 currently advises three private investment fund clients. Two of the private investment funds are Delaware limited partnerships (the “U.S. Funds”). 7x7 serves as the sole general partner of the U.S. Funds. The third private investment fund is an exempted company that is incorporated under the laws of the Cayman Islands (the “Offshore Fund”). 7x7 serves as investment manager to the Offshore Fund. Each fund is referred to in this brochure as a “Fund” or “Client.” All three private investment funds are collectively referred to in this brochure as the “Funds” or “Clients.” At this time 7x7 does not manage assets for, or provide investment advice to, any clients other than the Funds, although 7x7 may decide to do so in the future.

Douglas K. Lee is the principal equity owner of 7x7. Mr. Lee is primarily responsible for managing the Funds’ investment activities.

7x7 has full discretion to invest and trade the Funds’ assets. 7x7 invests primarily (but not exclusively) in publicly-traded equity securities and options, on both the long and short side, but is authorized to invest and trade in a broad range of investments. Fund assets are invested in accordance with the objectives and strategies set forth in the Fund’s limited partnership agreement (for the U.S. Funds) and the investment management agreement (for the Offshore Fund) and as specified in the materials by which the Funds offer ownership interests to investors.

7x7 provides investment advice to each of the Funds and not individually to investors in the Funds. Fund investors do not have the right to determine a Fund’s investment objectives, nor may Fund investors impose restrictions on investment decisions made by 7x7, including restrictions on investing in certain securities or types of securities.

Additional information on 7x7’s investment strategies and the types of securities 7x7 may trade is provided in Item 8, below.

7x7 does not participate in wrap fee programs.

As of March 31, 2012 the Funds’ aggregate net asset value (managed on a discretionary basis) was \$192 million. 7x7 does not manage assets on a nondiscretionary basis.

Item 5: FEES AND COMPENSATION

Management Fee and Performance Compensation

Each Fund pays 7x7 a “management fee” for managing its investment portfolio and for managing and administering certain of its operations. The management fee is calculated at a rate of 2% per year (0.1667% per month) of each investor’s capital account balance (for U.S. Fund investors) or of the net asset value of each series of shares (for Offshore Fund investors). The management fee is paid at the beginning of each calendar month.

In addition, as an incentive to promote investment success, 7x7 is entitled to receive performance compensation from the Funds. The Offshore Fund pays 7x7 an “incentive fee,” equal to 20% of the realized and unrealized profits from each series of shares. The U.S. Funds specially allocate to 7x7 an “incentive allocation” equal to 20% of the net profit (including both realized and unrealized gains) allocated to each limited partners’ capital account.

Performance compensation is generally calculated and made (if applicable) each December 31 and is only applied to profits that exceed any cumulative losses experienced by the investor. If an investor were to withdraw capital or redeem shares (or in the unlikely event a distribution were to be made to an investor) as of a time other than the end of a calendar year, 7x7 would also receive a partial incentive allocation/fee as of the time of the redemption, but only in proportion to the amount of capital withdrawn or shares redeemed. Once an incentive fee is paid or an allocation is made, it will not be subject to reversal, even if there are losses in later periods.

7x7 deducts fees and allocations directly from Client accounts in consultation with the Funds’ administrator. Incentive allocations from U.S. Funds take the form of increases in the value of 7x7’s general partner capital account in those Funds.

Management fees and performance compensation are not generally negotiable, but 7x7’s agreements with the Funds give 7x7 the authority to vary fees and compensation for particular investors in its sole discretion.

Fund Operating Expenses

In addition to the management fees and performance compensation described above, each Fund pays directly, or through reimbursing 7x7, all of its ongoing operating costs. These costs include: investment transaction costs; brokerage commissions; interest and transaction and other costs related to margin and other borrowings; borrowing charges on securities sold short; custodial fees; transfer and other taxes; bookkeeping, accounting and audit fees and expenses; legal fees (including fees paid to 7x7 legal counsel for services that benefit the Funds); fees of the administrator; fees of the board of directors and corporate secretary (for the Offshore Fund); tax preparation fees; other professional fees; governmental fees and taxes; filing fees; expenses 7x7 incurs for investment research, due diligence and decision making (including reports on or other information about particular companies, industries, or

securities, economic surveys and analyses, financial publications, portfolio evaluation services, financial database software and services, pricing and statistical services, analytical software, proxy analysis services and systems, quotation equipment, and communications and computer equipment used in connection with investment analysis and decision making); telephone expenses; costs of reporting to investors; costs of Fund governance activities (such as obtaining consents if an when necessary or appropriate); and all other reasonable expenses related to the management and operations of the Funds and/or the purchase, sale or transmittal of Fund assets, all as 7x7 determines in its sole discretion.

As stated in the preceding paragraph, the Funds incur brokerage and other transaction costs. For additional information on the brokerage costs incurred by investors and a description of 7x7's brokerage practices, see Item 12, below.

Each Fund bears the costs, either directly or through reimbursement to 7x7, of its ongoing offering of ownership interests.

7x7 provides the Funds with office space, utilities, office equipment and certain administrative services. To the extent those facilities and services comprise part of 7x7's own operating, general administrative and overhead costs, it is not entitled to direct reimbursement from the Funds.

Advance Payment of the Management Fee

The Funds pay management fees monthly in advance. Investors are generally only allowed to withdraw capital or redeem shares as of last day of a calendar month. If, however, 7x7 were to allow an investor to withdraw or redeem as of a time other than the last day of a calendar month, the investor will not receive any refund of any management fee as to the remaining portion of that month. In addition, an investor may be charged up to 1% of the amount withdrawn or redeemed to defray the administrative costs associated with the mid-month withdrawal or redemption.

Compensation for the Sale of Securities or Other Investment Products

7x7 and its employees do not accept compensation for the sale of securities or other investment products.

Item 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under the heading "Management Fee and Performance Compensation," in Item 5 above, all accounts advised by 7x7 pay performance-based compensation, in addition to a management fee. Neither 7x7, nor any of its supervised persons, manage accounts that are charged another type of fee (e.g., an hourly, flat or asset-based fee).

7x7 has the right to waive incentive fees or allocations as to particular investors in a Fund. Because each Fund's assets are managed as an undivided pool, 7x7 does not believe that any

such waiver causes a meaningful conflict of interest, in that there is no performance-based incentive for 7x7 or its supervised persons to favor one particular account over another.

Performance-based compensation, however, may create an incentive for 7x7 to engage in investment activities that are riskier or more speculative than it otherwise would if it did not receive performance compensation.

Item 7: TYPES OF CLIENTS

As described in Item 4 above, 7x7 provides investment advice to three Clients – the U.S. Funds and the Offshore Fund. Interests in the Funds are privately offered. The U.S. Funds are not registered as investment companies under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”) and rely on Sections 3(c)(1) and/or 3(c)(7) of the Investment Company Act for exclusion from registration. The Offshore Fund accepts certain qualifying U.S. investors as shareholders, and, therefore, also relies on Section 3(c)(7) of the Investment Company Act, as to U.S. investors, for exemption from registration.

7x7 provides investment advice solely to its Clients and does not provide investment advice to individual investors. The minimum initial investment in a Fund is \$1 million, but 7x7 may waive this minimum in its sole discretion.

Item 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment Objective

Each Fund’s goal is to maximize capital appreciation, while managing overall portfolio risk, through an investment process that emphasizes individual stock selection and disciplined trading practices. The Funds will invest and trade primarily in equity securities and options, on both the long and the short side. The Funds will take long or short positions in Exchange-Traded Funds, primarily to manage portfolio risk by either limiting or enhancing overall market exposure. When deemed appropriate by 7x7, the Funds may also invest in bonds, notes, bills, warrants, futures, rights, foreign currencies, foreign securities, restricted securities, including securities of non-public companies, and other securities and derivatives. The Funds may trade and invest on margin.

An investment in a Fund should be considered a long-term investment and is not intended to meet an investor’s short-term financial needs or to provide a complete or balanced investment program.

Investment Strategy

The Funds’ principal strategic focus will be on “bottoms-up,” company-specific research, with a goal of identifying securities that are undervalued or overvalued, misunderstood, or otherwise misperceived such that they may possess a favorable risk/reward ratio. Although the Funds may invest across all sectors of the global economy, 7x7 anticipates that a relatively greater concentration of investments will be within the information technology sector and

that the Funds' investments will fall within one of the two following classifications: (i) primary fundamental research ideas or (ii) catalyst or event-driven trades.

Primary Fundamental Research. 7x7 intends to employ various investment research techniques to identify individual investments. This "bottoms-up" approach to gathering information and making investments may include, but will not be limited to, the following activities:

- Direct meetings or conversations with company management personnel;
- Industry trade shows and publications;
- Third-party channel checks, including discussions with customers, competitors and suppliers of specific companies under review;
- Examination of SEC and other regulatory filings;
- Inputs from brokerage and industry analysts and reports; and
- Creation and maintenance of internal financial and valuation models.

Catalyst or Event-Driven Trades. 7x7 expects that, as a by-product of its primary fundamental research process, it may generate a significant amount of investment ideas that are shorter term in nature. Specifically, the Funds may attempt to benefit from particular stocks' price volatility, when that volatility stems from anticipated discrete and isolated events. These event-driven trades may be based on, among other things, earnings announcements, product releases, and expected changes in regulations and/or competitive actions, and 7x7 expects that they will be closed out upon the realization of the anticipated catalyst.

Additional Approaches

Prevailing sentiment and other technical factors play an important role in the day-to-day pricing of securities. Accordingly, 7x7 intends to be sensitive to the timing of securities transactions, constantly monitoring various market sentiment and technical indicators to determine when to enter, exit or build/reduce individual portfolio positions. These indicators may include the relative price performance of a security within a sector, volume of shares traded, distribution of sell-side analyst ratings, insider transactions, short interest and put/call ratios, among others.

Pair trading is another strategy 7x7 expects to employ, with the goal of capturing potential gains while attempting to minimize risk. Pair trading ideas may be implemented pursuant to a variety of different strategies. For example, 7x7 may deem one company in a sector as gaining share (long side) against a weaker competitor (short side), and detect potential value in establishing a pair trade at the prevailing security prices at that time. Or, it might observe two companies that are relatively similar in size and scope, profitability, and growth potential

but which have markedly different valuations. In such an instance, 7x7 may look to establish a long-short valuation-based position.

7x7 expects that the Fund will generally have both long and short positions within the portfolio at all times, although there may be times when it does not.

Other Considerations

The discussion above reflects 7x7's current investment philosophy, strategy and expectations as to the focus, techniques and activities of the Funds. However, depending on conditions and trends in securities markets, 7x7 may cause the Funds to pursue other strategies or employ other techniques it considers appropriate and in the Funds' best interests. The partnership agreement for the U.S. Funds and the investment management agreement for the Offshore Fund 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. The Funds 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 Funds' other investment activities.

Material Risks

An investment in a Fund entails substantial risks. The following is a summary of some of the material risks associated with 7x7's investment strategy. Prospective investors should carefully consider all risks of an investment in a Fund, including but not limited to those discussed below and should carefully review, in its entirety, the particular Fund's confidential offering memorandum, including the more detailed risk summaries described therein, before deciding whether to invest. In addition, prospective investors should consult their own legal, tax and financial advisers as to all these risks and as to an investment in a Fund generally.

Loss of Investment Capital. All investing and trading activities risk the loss of capital. Investors should be prepared to bear the risk of a substantial or complete loss of their investment capital.

Not a Complete Investment Program. An investment in a Fund is not intended as a complete investment program. It is designed only for sophisticated and experienced investors.

Reliance on 7x7. The success of a Fund depends on the ability of 7x7 and, particularly, Douglas K. Lee, to develop and implement investment strategies to achieve the Fund's investment objectives. The Fund's investment performance could be materially and adversely affected if Mr. Lee were to die, become ill or disabled, or otherwise cease to be involved in the active management of the business. Investors have no right or power to take part in the management of a Fund.

Reliance on Inaccurate or Incomplete Information. A primary investment strategy of 7x7 is to conduct primary fundamental research. When conducting its research, 7x7 evaluates the information it gathers, but cannot guarantee that the information is accurate or complete. If the information gathered by 7x7 is inaccurate, incomplete, misinterpreted, or the investment is not timed properly with market sentiment, the value of the investment could decline.

General Economic and Market Conditions. The success of a Fund's 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 a Fund's portfolio companies are engaged as well as the markets for the securities a Fund holds. Unexpected volatility or illiquidity could impair a Fund's profitability or result in losses.

Governmental Intervention; Dodd-Frank Wall Street Reform and Consumer Protection Act. The global "credit crisis" of 2007-2008 and related or concurrent market disruptions have led to extensive governmental intervention in financial markets and the structure and operation of financial institutions. Much of that intervention was implemented on an "emergency" basis, suddenly disrupting markets. In part due to the complexities of financial markets and the speed with which governments have taken action, many governmental interventions have been unclear in scope and application and have included apparent inconsistencies. For example, while the Federal Reserve assisted or otherwise intervened as to some distressed financial institutions, it refused to do so for others. That inconsistency caused both severe losses for a number of market participants — who assumed either no intervention or intervention consistent with past precedent — and contributed to a general confusion and uncertainty as to important market forces and to illiquidity of markets.

In 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "*Reform Act*") became law. The Reform Act seeks to regulate markets, market participants and financial instruments that were previously unregulated and substantially alters the regulation of many other markets, market participants and financial instruments. Because many provisions of the Reform Act require rulemaking by regulators before becoming fully effective and mandate multiple agency reports and studies (which could result in additional legislative or regulatory action), and because as of the date of this brochure some of that rulemaking has not been completed, it remains difficult to predict the impact of the Reform Act on markets in which the Funds trade and invest or otherwise on 7x7 or the Funds. The Reform Act and resulting regulations could result in some investment strategies in which the Funds engage or may have otherwise engaged becoming non-viable or non-economic to implement. The Reform Act and regulations adopted pursuant to it could have a material adverse impact on the profit potential of the Funds.

It is impossible to predict what additional governmental restrictions or other actions may be imposed on the markets, particularly if new disruptions occur, and it is impossible to predict the effect those restrictions or other actions may have on 7x7's strategies or the Funds'

portfolios when implemented. Based on the effects of rapid government intervention in 2008 and 2009, additional actions could well create or exacerbate market disruptions and further expose the Fund to risks of the kinds described above.

Sector Emphasis. The Funds invest a portion of their assets in stocks of companies in high growth sectors, including, among others, the information technology and/or other technology sectors (including Internet or “new economy” companies). As a result, the Funds will be susceptible to market and other conditions and uncertainties that affect these and other high growth sectors. The stock prices of companies in these sectors have been, and likely will continue to be, highly volatile, and the market value of these companies may often be based on speculation and expectations about future products and research progress.

Short Selling. A Fund will sell securities short as a regular part of its investing activities. In a short sale, the Fund sells securities it does not own, in the hope that the market price will decline and that the Fund will be able to buy replacement securities later at a lower price. To accomplish this, the Fund borrows 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). A short sale theoretically involves the risk of unlimited loss: the price at which the Fund must buy “replacement” securities could increase without limit.

Small-Capitalization Stocks. A Fund may invest a portion of its assets (either directly or through derivative securities) in stocks of companies with relatively small market capitalizations. Investment in small-capitalization stocks can involve higher risks in some respects than investments in stocks of larger companies due to price volatility, risk of insolvency and potential illiquidity.

Options. Among the derivatives in which a Fund may invest or trade are options on specific securities and options on securities indices. A Fund may buy or sell (write) both call options and put options, and it may do so on a “covered” or an “uncovered” basis. The Fund’s 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 Fund 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 Fund writes. These activities involve risks that may be substantial. In particular, losses from the sale of uncovered options are theoretically unlimited (similar to the risk of selling a security short).

Concentration of Investments. The Funds’ governing documents do not limit the amount of capital that may be committed to any single investment, industry or sector. While a Fund generally attempts to spread capital among a number of investments, at times it may hold a relatively small number of positions, each representing a relatively large portion of the Fund’s capital. A Fund may at times have a relatively large portion of its 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 a Fund is concentrated, could materially adversely

affect the Fund's performance in a particular period and could have a materially adverse effect on the Fund's overall financial condition.

Portfolio Turnover. 7x7's investment strategy involves frequent trading of securities. Brokerage and other transaction costs of frequent trading, as well as the tax effects of such trading, may limit or reduce the potential for profit.

Insolvency of Brokers and Others. The Funds are subject to the risk that a brokerage firm that executes its trades, the clearing firms used by its executing brokers, the clearing houses of which such clearing firms are members, or other counterparties to transactions, may fail and default on their obligations to the Funds.

Suspension of Withdrawals. 7x7 may suspend the right of any investor to withdraw capital, redeem shares or to receive a distribution from a Fund if, in 7x7's judgment, such a suspension would be in the best interests of the Fund.

Reserves for Contingencies. 7x7 may create whatever reserves it determines are appropriate for estimated expenses, liabilities or contingencies and may withhold the proportionate amount of a withdrawal or redemption to cover those reserves.

Potential Mandatory Withdrawal. 7x7 may, in its sole discretion at any time, require an investor to withdraw all or a portion of that investor's capital account balance or redeem all or a portion of shares. A mandatory withdrawal could result in adverse tax and/or economic consequences to that investor.

Preferential Fee, Information and/or Liquidity Rights. 7x7 may provide some investors more advantageous fee, information and/or liquidity rights than it provides to other investors.

Incentive Compensation. Incentive compensation could encourage 7x7 to make investments on behalf of a Fund that are riskier or more speculative than it would if 7x7 were receiving only a flat fee. Further, because 7x7 will receive incentive compensation as to unrealized gains that may never be realized and will *not* return incentive compensation paid for one period if, in a subsequent period, the Fund experiences losses, the compensation may be greater than it would be if it were based solely on realized gains.

Broad Indemnification of 7x7. The U.S. Funds' partnership agreements and the Offshore Fund investment management agreement contain provisions for indemnification of 7x7 and its members, employees, directors (for the Offshore Fund), consultants, agents and other affiliates against claims or lawsuits arising out of a Fund's activities that are broader than the protections that would apply in the absence of such provisions.

Tax Liability without Distributions. Investors may have taxable income as a result of 7x7's investment activities. 7x7 does not intend to make distributions to investors corresponding to taxable income and investors should expect to pay tax liabilities out of separate funds.

Regulation. Investment advisers and private investment funds are subject to regulatory oversight by various federal, state and international government agencies. Increased regulation by such regulatory authorities could increase the time and resources 7x7 must devote to complying with such laws and regulations. In addition, regulatory authorities could make claims against 7x7 for violations of securities and other laws. Any such claims, even if baseless, may result in substantial costs to 7x7 and the Funds.

Item 9: DISCIPLINARY INFORMATION

Not applicable. Neither 7x7 nor a management person has been involved in any legal or disciplinary events that are material to an evaluation of 7x7's advisory business or the integrity of 7x7's management.

Item 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither 7x7 nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker dealer.

Neither 7x7 nor any of its management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Neither 7x7 nor any of its management persons have a relationship or arrangement with any of the related persons listed in Item 10C of Form ADV Part 2A that is material to 7x7's advisory business or to the Funds that pose material conflicts of interest. Sales coverage for one of 7x7's trading accounts is provided by the brother of one of 7x7's traders. 7x7 mitigates the potential conflict of interest regarding this relationship by having that trader abstain from voting for that broker-dealer in 7x7's annual broker poll (broker poll results set the annual brokerage commission goals for each broker-dealer with which 7x7 trades). In addition, all commissions paid to broker-dealers are periodically reviewed by the Chief Compliance Officer as part of 7x7's best execution review. For additional information on best execution, see Item 12, below.

7x7 does not recommend or select other investment advisers for its Clients.

Item 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

7x7 has adopted a Code of Ethics pursuant to rule 204A-1 of the Investment Advisers Act of 1940 (as amended) (the "Advisers Act"). The Code of Ethics describes the standards of business conduct that 7x7 requires of its employees and establishes procedures intended to prevent 7x7 and its personnel, and certain of their relatives, from inappropriately benefitting from 7x7's relationships with its Clients.

To avoid potential conflicts of interest, 7x7's Code of Ethics requires, among other things, that all employees:

- Act with integrity, competence, diligence, and in an ethical manner when dealing with Clients, investors, prospective investors, the public, third-party service providers, colleagues, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of Clients, and the interests of 7x7 above an employee's own personal interest;
- Avoid taking inappropriate advantage of their position(s);
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with the policies and procedures outlined in the Code of Ethics;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Promote the integrity of, and uphold the rules governing capital markets;
- Comply with applicable provisions of the federal securities laws.

7x7's Personal Securities Transactions policy requires employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide a detailed summary of certain holdings (upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest. The Code of Ethics also includes procedures for and restrictions on employee trading intended to prevent employees from benefitting from, or appearing to benefit from, any price movements that may be caused by the Funds' transactions or 7x7's recommendations regarding securities. Among other things, these include prohibitions on transactions in securities that 7x7 trades in or may trade in on behalf of Client accounts.

The Code of Ethics also contains restrictions on trading while 7x7 or an employee is in possession of material nonpublic information.

7x7 will provide a copy of its Code of Ethics to investors upon request.

Participation in Fund Transactions and Personal Trading

Employees, control persons and certain persons and entities associated with 7x7 are eligible to invest and may invest in one or more of the Funds managed by 7x7. 7x7 may reduce all or a portion of the management fees and/or performance fees/allocation as to those persons or entities.

From time to time, 7x7 may cause a Fund to buy, sell or sell short a security or related securities (e.g., warrants, options, futures) that 7x7 or a related person has an ownership position or allow a related person to buy, sell or sell short a security or related securities that is held by the Funds. The governing documents of the Funds permit 7x7 and related persons to engage in those activities and do not impose any particular restrictions on their doing so. The offering memoranda by which Fund interests are offered include disclosure of the potential for conflicts related to participation by related persons in Fund transactions. By executing and delivering a subscription application, the investor in the Fund acknowledges the potential for those conflicts and consents to the authorization contained in the Fund's governing documents. To mitigate conflicts that arise in connection with these activities, 7x7's Code of Ethics requires pre-clearance and places restrictions on the timing of certain personal securities transactions, as described above under the heading "Code of Ethics," above.

Item 12: BROKERAGE PRACTICES

The Funds will incur substantial brokerage commissions and other transaction expenses. 7x7 has complete discretion in deciding what brokers, dealers, banks and other financial intermediaries and counterparties with or through which to execute or enter into portfolio transactions (collectively, "Transacting Parties"). In addition to paying commissions to a Transacting Party executing transactions as a Fund's agent, the Funds may buy or sell securities directly from or to Transacting Parties acting as principal (such as market-makers for over-the-counter securities) at prices that include markups or markdowns and may enter into derivatives transactions with Transacting Parties on terms that provide other compensation to those Transacting Parties. 7x7 has complete discretion in negotiating all these compensation arrangements. The following describes some noteworthy aspects of 7x7's and the Funds' use of and relationships with Transacting Parties.

Selection Criteria, Generally

In choosing Transacting Parties, 7x7 is not required to consider any particular criteria. For the most part, 7x7 seeks "best execution" of each Fund's securities transactions. What constitutes "best execution" and determining how to achieve it are inherently uncertain. In evaluating whether a Transacting Party will provide best execution, 7x7 considers a range of factors. These include, among others, historical net prices on other transactions (after markups, markdowns or other transaction-related compensation); the execution, clearance and settlement, and error correction capabilities of the Transacting Party, generally, and in connection with securities of the type and in the amounts to be bought or sold; the Transacting Party's willingness to commit capital; the Transacting Party's reliability and financial stability; the size of the transaction; the availability of securities to borrow for short sales; the market for the security; and, as discussed more fully below, the nature, quantity and quality of research and other services and products provided by the Transacting Party. 7x7 is not required to select the Transacting Party that charges the lowest transaction cost, even if that Transacting Party can provide execution quality comparable to other Transacting Parties, and the Funds should expect to pay more than the lowest transaction cost available in order to

obtain for themselves and/or 7x7 services and products other than the execution of securities transactions.

In addition, 7x7 executes securities transactions with various Transacting Parties many of whom provide it with access to proprietary research reports and other brokerage products and services (such as standard investment research, trading desk access, capital introduction events, etc.). Such products and services are used to assist with the management of all accounts at 7x7. It is 7x7's general understanding that this type of investment research and these other products and services are made available to all institutional investors doing business with such Transacting Parties and is provided on an unsolicited basis and without regard to the rates of commissions or compensation charged or paid by 7x7 or the volume of business 7x7 directs to such Transacting Parties. Since these products and services are made available by Transacting Parties as part of a bundled business package to 7x7 (which 7x7 may or may not use in its research process) and it is 7x7's understanding that such trading counterparties do not set discrete prices for such products and services, 7x7 does not believe it is "paying-up" for such proprietary research and services. Accordingly, 7x7 does not separately compensate such broker-dealers for the provision of such services.

Research and Other Soft Dollar Benefits

7x7 may select Transacting Parties in recognition of the value of various services or products, beyond transaction execution, that they provide to the Funds or 7x7. Selecting a Transacting Party in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with "soft dollars." Because many of those services and products could benefit 7x7, it may face conflicts of interest in allocating the Funds' securities transactional business. These may include incentives to cause the Funds to engage in the following practices to induce Transacting Parties to provide those benefits: (i) pay Transacting Parties higher compensation (including markups and markdowns on principal transactions with market-makers) than the compensation payable to other market participants who do not provide the services or products; (ii) select Transacting Parties that do not provide the best possible price; (iii) use (and pay) Transacting Parties who do not actually provide execution services (including Transacting Parties who are paid commissions on transactions effected on a principal basis with other Transacting Parties acting as market makers); and (iv) effect more transactions than might otherwise be optimal.

The Funds' governing documents authorize 7x7 to use the Funds' soft dollars for a wide range of purposes, notwithstanding the conflicts of interest those uses may involve. To mitigate these risks, 7x7 periodically reviews the products and services it obtains through soft dollars and the desirability of continued use of such products and services. In addition, the extent of the conflict of interest arising out of the use of soft dollars depends in large part on the nature and uses of the services and products acquired with soft dollars.

"Research and Brokerage." 7x7 may also use the Funds' soft dollars to acquire a variety of "research" and "brokerage" services and products for which the Fund would not otherwise be

required to pay. A federal statute, Section 28(e) of the Securities Exchange Act of 1934 (“Section 28(e)”), recognizes the potential conflict of interest involved in this activity but protects investment managers, such as 7x7, from claims that the activity involves a breach of fiduciary duty to advisory clients—even if the brokerage commissions paid are higher than the lowest available—if certain conditions are met. For these purposes, “research” means services or products that furnish advice (relating to the value of securities, the advisability of investing in, purchasing, or selling securities, and the availability of securities or purchasers or sellers of securities), analyses or reports (concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts), which reflect reasoning or knowledge as to the value of or investing in or trading securities, or as to issuers, industries, economic factors and trends, portfolio strategy or performance, but only to the extent they are used to provide lawful and appropriate assistance to 7x7 in making investment decisions for its Clients. “Brokerage” services and products are those used to provide lawful and appropriate assistance in effecting securities transactions and performing functions incidental thereto (such as clearance, settlement, and custody) for 7x7’s Clients.

To be protected under Section 28(e), 7x7 must, among other things, determine that commissions paid are reasonable in light of the value of the “brokerage” and “research” services and products acquired. Section 28(e)’s “safe harbor” protects the use of the Fund’s soft dollars even when 7x7 uses research and brokerage services and products to benefit one Fund and not another. Notwithstanding this protection, 7x7 could be considered to have a conflict of interest when it uses soft dollars for research and brokerage services and products. Because 7x7 might otherwise have to pay cash for those services and products, it may have an incentive to use Transacting Parties who provide those products and services more than it otherwise would.

The types of “research” 7x7 expects to acquire include (but are not limited to): research reports on or other information about particular companies or industries; economic surveys and analyses; attendance fees for conferences and seminars; recommendations as to specific securities; research publications (as contemplated in SEC interpretations of Section 28(e)); portfolio evaluation services; financial database software and services; computerized news, pricing and statistical services; analytical software; proxy analysis services and systems (to the extent used in making investment decisions); and other products or services that furnish advice, analyses and reports used to enhance 7x7’s investment decision making. “Brokerage” services and products (beyond typical execution services) include (but are not limited to): computer systems and facilities used for such things as communicating orders and settlement-related information electronically to executing Transacting Parties and the Funds’ prime brokers, post-trade matching of trade information, communicating allocation instructions and other clearance and settlement functions.

In the last fiscal year, 7x7 acquired the following research and brokerage with soft dollars: proprietary and third party research reports and analyses; trade order management and execution systems; admission fees for industry conferences; software and tools which provide

fundamental data and analysis related to securities, industries and sectors; and data used in the portfolio management and trade execution processes.

Procedures. Transacting Parties from which 7x7 obtains soft dollar services or products generally establish “credits” based on past transactional business (including markups and markdowns on principal transactions), which may be used to pay or reimburse 7x7 for specified expenses. Credits established may exceed the amounts used to acquire services and products. This may be in part because the Fund’s investment activities generate aggregate commissions in excess of the research and brokerage products and services paid by the Transacting Party on behalf of or reimbursed to 7x7. And it may be in part because those Transacting Parties may also provide superior execution and may therefore be most appropriate for particular transactions.

Directed Brokerage

7x7 does not have any directed brokerage arrangements with its Funds.

Aggregation of Orders

7x7 may (but is not required to) combine orders on behalf of each Fund with orders for other Funds, or in which it or its principals have an economic interest. When it does, 7x7 will allocate the securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants. 7x7 believes combining orders in this way will, over time, be advantageous to all participants. However, the average price could be less advantageous to a particular Fund than if the Fund had been the only account effecting the transaction or had completed its transaction before the other participants. Because of 7x7’s interest in a Fund or Funds that it manages, there may be circumstances in which 7x7 concludes that a Fund’s transactions may not or should not, under certain laws, regulations and internal policies, be combined with those of other Clients of 7x7. That may cause the Fund to obtain less advantageous execution than other accounts whose transactions are aggregated.

“Prime Brokerage,” Custody, Clearing and Settling

The Fund obtains custodial, clearing and related services through what is known as a “prime brokerage” arrangement. Under this arrangement, a “Prime Broker” (i) maintains custody of the Fund’s assets (either directly or through its clearing brokerage firm); (ii) provides margin credit and locates securities to borrow to facilitate short sales; (iii) arranges for the receipt and delivery of securities bought, sold, borrowed and lent; (iv) makes and receives payments for securities; (v) tenders securities in connection with tender offers, exchange offers, mergers or other corporate reorganizations; (vi) provides detailed portfolio and related reports; and (vii) provides related services. Prime brokerage arrangements permit the Funds to use other brokers to execute transactions, permitting 7x7 to seek valuable research and to compare execution quality and commission rates. By using a brokerage firm for the functions listed above, the Funds also may avoid paying custodial fees that banks charge other institutional

investors. Prime Brokers are compensated through interest on credit balances, margin borrowings, stock loans and brokerage commissions. It is possible that a material amount of the Fund's capital may be deposited with a Prime Broker as margin and collateral.

Currently, the Funds' Prime Brokers are Morgan Stanley & Co. and National Financial Services LLC. The Funds may use additional Prime Brokers, change a Prime Broker, alter the terms of its arrangements with a Prime Broker, or make alternative arrangements to receive the services currently provided by a Prime Broker, all in 7x7's absolute discretion.

A Prime Broker may provide services to 7x7, distinct from the custodial, lending and related services the Prime Broker provides to the Funds. These services may include, among other things, consulting services with respect to various aspects of 7x7's business and introducing 7x7 to prospective advisory clients and prospective investors in the Funds. Any such service may be provided at lower than the market price for similar services or for no charge. The Prime Broker may also enter into financial transactions with (including lending money to) 7x7 or its affiliates, and these transactions may be on terms more favorable than the terms available with other counterparties. To the extent 7x7 or its affiliates receive services from its Prime Brokers at lower than market prices, or enter into transactions on terms better than terms available in the market, because 7x7 is responsible for selecting the Prime Broker or negotiating the rates of compensation paid to the Prime Broker by the Funds, conflicts may exist between the interests of 7x7 and those of the Funds. 7x7 may have an incentive to cause the Fund to accept less favorable pricing for prime brokerage services (including interest and similar charges on margin borrowings and short positions) than might be available otherwise or to continue to use the Prime Broker when the Funds would not otherwise do so. 7x7 believes the compensation the Fund will pay its Prime Brokers is reasonable and competitive with rates charged by other prime brokers for services of comparable quality.

Item 13: REVIEW OF ACCOUNTS

Douglas K. Lee, as portfolio manager, periodically reviews Client accounts as part of 7x7's ongoing portfolio management activities. These reviews typically include an assessment of the composition of the portfolio, news and technical data affecting securities, cash availability, availability of securities to sell short and general market conditions and sentiment.

7x7 does not provide regular reports to the Funds. 7x7, as general partner of the U.S. Funds, and as investment manager to the Offshore Fund sends to each investor annual audited financial statements of the relevant Fund. In addition, investors can elect to receive weekly unaudited performance estimates, monthly unaudited performance estimates and monthly transparency reports. 7x7 may provide additional information relating to a Fund to one or more investors as it deems appropriate.

Item 14: CLIENT REFERRALS AND OTHER COMPENSATION

Except as described in Item 12, above, under the heading "Brokerage Practices," (i) 7x7 is not provided economic benefits from someone who is not a client for providing investment advice

or other advisory services to a Client and (ii) 7x7 does not compensate any persons for client referrals.

Item 15: CUSTODY

7x7 is considered to have custody of Client assets. The Investment Advisers Act requires investment advisers that have custody of Client assets to provide account statements to be sent to Clients by a qualified custodian. However, advisers to unregistered pooled investment vehicles (*i.e.*, each of the Funds) who (i) maintain accounts with qualified custodians, (ii) undergo annual audits prepared in accordance with generally accepted accounting principles by an independent public accountant registered with the Public Company Accounting Oversight Board and (iii) distribute audited financial statements to all investors in the pool within 120 days of the pool's fiscal year-end, are not required to send account statements through a qualified custodian. 7x7 satisfies the conditions outlined above and is not subject to the account statement requirements.

Item 16: INVESTMENT DISCRETION

7x7 has full discretion to invest and trade each Fund's assets pursuant to the terms of limited partnership agreement (for the U.S. Funds), and, for the Offshore Fund, pursuant to a power of attorney set forth in the investment management agreement entered into by the Offshore Fund and 7x7. For more information regarding 7x7's investment discretion, please see Item 4, "Advisory Business" and Item 8, "Methods of Analysis, Investment Strategies and Risk of Loss," above.

Item 17: VOTING CLIENT SECURITIES

The limited partnership agreements for the U.S. Funds and the investment management agreement for the Offshore Fund grant 7x7 authority to vote or abstain from voting Client securities. Investors do not have the right to direct 7x7 to vote in any particular solicitation.

7x7 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 from time to time. As a substantial part of 7x7's portfolio management strategy, its activities include, buying and selling securities on a short-term basis to take advantage of market opportunities without regard for the potential for long-term appreciation or the development and maintenance of successful business strategies of corporate issuers. As to securities bought for those purposes, it will rarely be in the Clients' best interests for 7x7 to devote significant resources to assessing issues presented for shareholder vote and casting votes. Under those circumstances, 7x7 will refrain from reviewing or voting proxies.

Where the purpose of holding a security relates to its growth or value over an extended period, voting proxies may further that purpose. As to those types of holdings, Douglas K. Lee, in consultation with the Chief Compliance Officer and any other employees knowledgeable about the issuer, will determine how to vote the proxy, generally following

the guidelines provided in 7x7's proxy policy and procedures. If 7x7 determines to vote a proxy, other than as specified in the guidelines (or if the guidelines as to the particular issue specify that the decision is to be made on a "case-by-case" basis), the Chief Compliance Officer will maintain a record of the reasons for that voting decision.

Upon request, 7x7 will provide information regarding 7x7's voting records and its proxy voting policies and procedures.

Item 18: FINANCIAL INFORMATION

N/A

Item 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

N/A

TRADE ERROR POLICY

7x7 must rectify trade errors in a manner designed to make Clients whole, to the extent practicable, for any material losses they may suffer as a consequence of a trade error. "Trade error" means a mistake 7x7 has made that is directly related to a trade, e.g., buying a security instead of selling. 7x7 has established a trade error account with its custodians. Any material¹ loss resulting from a trade error or error correction will be recorded in that error account, and 7x7 will pay the amount of that loss. If a trade error results in a gain, the relevant Client accounts will keep that gain.

¹ Material is generally considered to be greater than \$5,000.