

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

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**This brochure provides information about the qualifications and business practices of Gorelick Brothers Capital, LLC (hereinafter “Gorelick Brothers Capital”, “the firm” or “we”). If you have any questions about the contents of this brochure, please contact us at (704) 442-1094 or at [tgorelick@gorelickbrotherscapital.com](mailto:tgorelick@gorelickbrotherscapital.com). 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. Reference made to Gorelick Brothers Capital as being a registered investment adviser does not imply any particular level of skill or training by our firm or employees or that the SEC has endorsed our respective qualifications to provide investment advisory services.**

**Additional information about Gorelick Brothers is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Gorelick Brothers Capital is 160517.**

## **ITEM 2 MATERIAL CHANGES**

Pursuant to exemptions which are no longer available, Gorelick Brothers Capital was not required to register as an investment adviser with the Securities and Exchange Commission (SEC) prior to March 2012. This Firm Brochure (our “Brochure”), dated 02/14/2012, is our initial disclosure document prepared as a registered investment adviser in accordance with applicable SEC requirements. As you will see, this Brochure is a narrative providing detailed information regarding our firm, its practices, fees, actual and potential conflicts of interest and key mitigating circumstances, policies and controls.

After our initial filing of this Brochure, this Item 2 will be used to provide our clients and Fund investors with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with SEC rules, we will ensure that our clients and Fund investors receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide interim disclosures about material changes as necessary.

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#### ITEM 4. ADVISORY BUSINESS

Gorelick Brothers Capital is an SEC-registered investment adviser with its principal place of business in Charlotte, NC. The firm has been in business since 2003. Todd and Israel Gorelick and Christopher Skardon are the principal owners of the firm. (For purposes of this Brochure, principal owners include those with at least a 25% interest in the firm).

Gorelick Brothers Capital provides investment management services (either as adviser or subadviser) solely to the private funds set forth below (hereinafter collectively, “the Funds”). The Funds are not required to register under the Securities Act of 1933 or the Investment Company Act of 1940 in reliance upon certain exemptions available to issuers whose securities are not publicly offered. Interests in the Funds are limited to certain qualified investors as set forth in the applicable Fund’s offering documents. We manage the Funds on a discretionary basis in accordance with the terms and conditions of each Fund’s offering and organizational documents. As of December 31, 2011, the firm managed approximately \$239,997,680.

Each of the Funds is managed as a “fund of hedge funds” and, as a result of this investment approach, we primarily transact in the interests of the underlying hedge funds which in turn trade in various securities or other investments for the underlying fund. On a limited basis, however, we may also directly buy or sell securities or other investments for the Funds. Also, on a limited basis, we may allocate a percentage of the Funds’ assets to be managed by a third-party manager in a separate account, rather than through a hedge fund or other pooled investment vehicle.

*THE MORROCROFT SPECIAL OPPORTUNITY FUNDS:* Gorelick Brothers Capital serves as investment adviser to Morrocroft Special Opportunity Funds, which include:

- Morrocroft Special Opportunity Fund I, LP, a Delaware limited partnership (hereinafter “*Fund I*”);
- Morrocroft Special Opportunity Fund II, LP, a Delaware limited partnership (hereinafter “*Fund II*”);
- Morrocroft Special Opportunity Fund II-a, LP, a Delaware limited partnership (hereinafter “*Fund II-a*”);
- Morrocroft Special Opportunity Offshore Fund II, LP, a Cayman Islands exempted limited partnership (hereinafter “*Fund II Offshore*” and collectively with Fund II, and Fund II-a, the “*Morrocroft Funds*”).

In general, the Morrocroft Funds are managed in parallel with each other. In other words, these Funds will typically hold the same underlying funds and, if applicable, separately managed accounts or other securities or investments, in roughly the same percentages subject to cash availability, availability of interests in the underlying funds and other considerations. As such, they are managed according to the same strategy and have similar risk profiles.

Although Fund I has the same investment objectives and will be managed using the same strategy as the Morrocroft Funds, Fund I is not managed in parallel with the Morrocroft Funds and may hold the same or different funds, separately managed accounts or other securities or investments in similar or different percentages. In addition to being a fund of hedge funds, Fund I is structured as a private equity fund. Unlike the other Funds advised or subadvised by Gorelick Brothers Capital, private equity funds receive unfunded capital commitments from investors during one or more initial fundraising stages, after which the Fund is generally closed to new investors. Gorelick Brothers Capital then calls on Fund I investors to make capital infusions, based on their commitments, to support the Fund's investments once those investments have been identified and fully vetted through an extensive due diligence and negotiation process.

The investment objective of both Fund I and the Morrocroft Funds is to seek profit from opportunities arising as a result of the disruption in credit markets, especially those related to residential mortgage lending. We seek to achieve this objective by allocating each Fund's assets among a group of underlying funds or portfolio managers that primarily invest in agency residential mortgage-backed securities ("RMBS"), non-agency RMBS, and residential whole loans.

*ACCESS FUNDS:* The Access Fund Management Company, an unaffiliated corporation, serves as investment manager to the Access Funds. Beginning January 2012, Gorelick Brothers Capital was engaged by the Access Fund Management Company as sub-adviser to the Access Funds, which include:

- The Access Fund, LP, a California limited partnership (hereinafter the "*Access Fund*");
- Access Offshore Fund, Ltd., a Cayman Islands exempted company (hereinafter "*Access Offshore Fund*"); and
- Access Fund II, LP, California limited partnership (hereinafter "*Access Fund II*" and collectively with the Access Fund and the Access Offshore Fund, "*the Access Funds*").

Like the Morrocroft Funds, the Access Fund and Access Fund II are managed in parallel with each other. That is, these funds will typically hold the same underlying securities in roughly the same percentages subject to cash availability, availability of interests in the underlying funds and other considerations. As such, they will generally be managed according to the same strategy and have similar risk profiles. The Access Fund and the Access Offshore Fund use a master/feeder approach to investing. As such, investment and trading activity (if any) of the Access Offshore Fund will take place indirectly through an investment of substantially all of the Fund's assets in the interests of the Access Fund.

The investment objective of the Access Funds is to seek capital appreciation, preservation of capital and reduction of risk by allocating the Funds' assets among a selected group of underlying funds and managers for the Fund. The Fund seeks to benefit from a diversity of strategies and risk characteristics among such funds and managers. We seek to achieve this objective by allocating each Fund's assets among a group of underlying

funds or portfolio managers that invest in specific strategies broadly categorized as equities, specialized credit, relative value and event driven. The Access Funds may also invest in other investment strategies that we believe will further the Funds' investment objective.

For each of the Funds, Gorelick Brothers Capital evaluates, selects and monitors the underlying funds and managers through a robust due diligence process in which we seek to evaluate a prospective fund or separate account manager's business operations, integrity, execution ability, portfolio risk management and the risks and opportunities inherent to its strategy. The allocation of the Funds' assets to various funds, managers or other investments is intended to minimize overall risk while maximizing the ability to achieve each Fund's objective. Although some of the current managers underlying the Access Funds were initially selected by *Access Fund Management Company*, once engaged as subadviser, Gorelick Brothers Capital retroactively vetted these managers through our process and continues to monitor them in accordance with our strict criteria.

**ADDITIONAL CONSIDERATIONS:** The information provided herein merely summarizes the detailed information provided in each Fund's offering and organizational documents. Prospective investors in any one or more of the Funds should be aware of additional risks and requirements associated with investment. Prospective investors should refer to the appropriate Fund offering and organizational documents for important additional information and considerations.

## **ITEM 5. FEES AND COMPENSATION**

For our services to the Funds, we charge a Management Fee as described below. In addition, with respect to Fund I and the Morrocroft Funds, the General Partners (as defined at Item 10 of this Brochure) may receive an annual performance allocation or carried interest, a form of performance based compensation (hereinafter "Performance Fees"), as described below.

**MANAGEMENT FEES:** In general, with respect to Fund I and the Morrocroft Funds, Gorelick Brothers Capital receives a monthly management fee equal to 0.0833% (approximately 1.0% annually) from each investor's share of the Fund's Net Asset Value (the "Management Fee"). The Management Fee will generally be calculated and payable to Gorelick Brothers Capital monthly, in advance, as of the first day of each month.

As subadviser to the Access Funds, Gorelick Brothers is compensated by a percentage of the overall Management Fee charged to those Funds by Access Fund Management Company, General Partner and investment manager to the Access Funds. The total fee generally charged to the Access Funds by the Access Fund Management Company is equal to 0.1458% (approximately 1.75% annually) from each investor's share of the applicable Fund's Net Asset Value. The Access Funds' Management Fee is charged monthly, in advance, as of the first day of each month.

**PERFORMANCE FEES:** The General Partners of Fund I and the Morrocroft Funds are entitled to a percentage of the applicable Fund's distributions of net profits as performance compensation, generally 10% (specifically, the Regular Carried Interest), only after the applicable Limited Partner has received a return of its entire capital contribution to the Fund and a preferred return as set forth in the applicable Fund offering documents. In addition, generally, the distribution of performance compensation to the General Partner (specifically, the Special Carried Interest) is accelerated upon and with respect to any voluntary withdrawal of profits by a Limited Partner.

Except as otherwise agreed by and between Access Fund Management Company and any particular investor through a side letter arrangement or otherwise, investors in the Access Funds are not charged a Performance Fee in addition to the Management Fee set forth above.

#### **GENERAL INFORMATION:**

***Personal Investments in Funds:*** Certain executive officers and/or other employees of Gorelick Brothers Capital and/or their family members have invested or may invest a portion of their personal net worth in one or more of the Funds. In addition, certain trusts and other entities formed for the benefit of certain of the Managing Members' family members have invested in one or more of the Funds, and, in some cases, in some of the underlying funds in which the Funds have invested.

***Different Fee Schedules:*** The Management Fee and each General Partner's Performance Fee may be discounted or waived with respect to any investor for any particular period of time at the sole discretion of Gorelick Brothers Capital or the General Partner, as applicable. Such discounted rate or waiver is not available to all or even most investors in the Funds.

***Termination:*** In general, an investor in Fund I may not withdraw from the fund. An investor in any of the Morrocroft or Access Funds may withdraw all or any part of its investment from any of the Funds as set forth in the applicable Fund's offering documents. Gorelick Brothers Capital or the General Partner, as applicable, may in its sole discretion, waive or modify any of the terms of withdrawals for certain investors who are relatives, employees or affiliates of Gorelick Brothers Capital or the General Partner or its Principals, or for certain large or strategic investors as well as in any other case.

Investors in each Fund should refer to the appropriate Fund's private placement memorandum and offering documents for complete information regarding withdrawals of investments.

***Other Fees and Expenses:*** Prospective investors in any one of the Funds, each a fund of hedge funds, should note that he/she will incur at least two layers of fees: Our management fee (or, in the case of the Access Funds, Access Fund Management

Company's management fee, which is shared with Gorelick Brothers Capital) and performance based compensation, as set forth above, as well as the management fee and/or a performance-based compensation charged by the underlying hedge funds in which the Funds invest. This layering of fees is incorporated in the net income or loss of the Funds, is not readily apparent to investors and will lower the investor's overall return.

While it is not anticipated that mutual funds will be included in the clients' portfolios, money market mutual funds may be used to "sweep" unused cash balances until they can be appropriately invested. In addition, from time to time, as appropriate, we may invest a portion of the Funds' assets in real estate investment trusts ("REITs") or other publicly traded funds. Investors should recognize that all fees paid to Gorelick Brothers Capital for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, REITs, exchange traded funds (ETFs) and other funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee.

The Funds will also generally be responsible for certain Fund expenses, including, but not necessarily limited to, legal expenses, professional fees (including, without limitation, expenses of consultants and experts) relating to investments, accounting expenses, auditing and tax preparation expenses, organizational expenses, government fees and taxes, expenses incurred in connection with the offering and sale of the Fund's interests and other similar expenses related to the Fund. No Fund will be responsible for or otherwise incur the expenses attributable to any other of the Funds.

In addition to fees paid to our firm or the General Partner, as appropriate, and to each of the underlying fund managers, investors will also be responsible for the fees and expenses charged by custodians and imposed by any broker dealer with which Gorelick Brothers Capital or an underlying fund manager effects transactions for the Funds. Please refer to Item 12 of this brochure for additional information regarding brokerage.

***Side Letters:*** Gorelick Brothers Capital or the General Partner, as appropriate, has and may in the future, waive or modify the terms of investment for certain large or strategic investors, in side letters or otherwise, in its sole discretion, including but not necessarily limited to, a waiver or lowering of the Management or Performance Fees or fee structure. We may also agree to increased transparency or reporting though we would typically provide similar increased transparency and/or reporting to other investors upon their request.

***"Side Pockets":*** A portion of any of the Funds' capital may, from time to time, be invested in illiquid securities and instruments or which become illiquid after an investment is made. Under these circumstances, Gorelick Brothers Capital has the authority to hold such investments in separate, special situation sub-accounts (each a "Side Pocket"). Side Pockets will generally carry significant or complete restrictions on transfer or liquidation prior to the occurrence of events, which will typically be outside of our control or that of the General Partner of the effected Fund(s). A Fund investor may



be required to hold Side Pocket assets for several years before any disposition can be effected.

**Direct Debiting:** All fees are directly debited from each investor's capital account as appropriate.

**General:** The information provided above is merely a summary of some of the salient terms and conditions of investing in the Funds. Investors and prospective investors should refer to the appropriate offering and organizational documents for additional detailed information, terms, conditions and risks involved with investing in the Fund(s).

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

As we disclosed at Item 5 of this Brochure, the General Partner to Fund I and the Morrocroft Funds and the Special Limited Partner to the Access Funds, each an affiliate of Gorelick Brothers Capital through common ownership and control, will receive performance-based compensation from the Funds, as appropriate. Such performance-based compensation is generally calculated based on a share of all net realized income and gains and losses of the Fund.

Investors and prospective investors in any of the Funds should note that performance-based compensation, in some contexts, can create an incentive for an adviser such as Gorelick Brothers Capital to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

Side-by-side management refers to multiple client relationships where an adviser manages more than one advisory client relationship or portfolio on a simultaneous basis. For example, at this time, Gorelick Brothers Capital provides advisory services to Fund I and the Morrocroft Funds from which our affiliates will receive performance based compensation, when applicable, and to the Access Funds, from which it will not generally earn performance based compensation. Various conflicts of interest arise by such side-by-side management. For example, in theory, we could have incentive to favor a Fund paying performance-based compensation over one that does not pay performance-based compensation or one paying higher aggregate performance-based compensation over one paying less. Again, in theory we could have incentive to favor a Fund in which members, officers and employees of Gorelick Brothers Capital and our affiliates have more of their personal or family assets invested. Since we endeavor at all times to put the interest of the Funds (and any new Fund launched by Gorelick Brothers Capital in the future) first as part of our fiduciary duty as a registered investment adviser, we will take the following steps to address any such conflicts, as applicable:

1. We will disclose to investors and prospective investors the existence of material conflicts of interest, including the potential for our firm and its employees to earn more compensation from some Funds than others, if applicable;

2. With respect to Funds managed in parallel and other limited situations where an investment may be appropriate for more than one of the Funds, we have implemented written policies and procedures for fair and consistent allocation of investment opportunities among the Funds, subject to the cash, availability of interests in the underlying portfolio companies and other appropriate considerations;
3. We educate our employees regarding the responsibilities of a fiduciary, including the equitable treatment of all clients, regardless of the fee arrangement.

Performance-based compensation will only be charged in accordance with the provisions of Rule 205-3 of the Investment Advisers Act of 1940 and/or applicable state regulations.

## **ITEM 7. TYPES OF CLIENTS**

Our firm provides investment management services to several private investment funds as disclosed at Item 4 of this Brochure.

Except as permitted by us or the General Partner, in accordance with the appropriate Fund's subscription documentation, the minimum required initial investment for the Access Funds is \$500,000 and for the Morrocroft Funds, \$2 million. With respect to Fund I the minimum required capital commitment was \$2 million.

Because interests in the Funds and any new Fund launched by Gorelick Brothers Capital or our affiliates were and will be offered pursuant to certain exemptions from registration under the Securities Act of 1934 and the Investment Company Act of 1940, any investor or prospective investor in a Fund managed by Gorelick Brothers Capital must meet certain minimum qualifications requirements as set forth in the applicable Fund's subscription documents.

Investors and prospective investors should refer to the appropriate Fund's offering documents for information regarding that Fund's minimum required capital investment as well as any additional qualifications required for investment.

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

As adviser to the Funds, each a fund of hedge funds, our firm primarily invests in the interests of other hedge funds. As such, traditional fundamental, technical or other securities analysis is not possible when formulating recommendations. Instead, we rely on a robust due diligence process of the hedge funds and their investment managers in determining which funds to invest in on behalf of our clients.

It is our policy and practice to conduct initial due diligence with respect to the investment manager of any prospective hedge fund investment and to monitor any selected investment manager on an on-going basis to determine and evaluate the portfolio

management team's background, experience and philosophy; the process by which the manager makes investment decisions; how those decisions are implemented; the manager's investment track record in both up and down markets; the manager's risk management controls, parameters and evaluation process, and the adequacy and effectiveness of the manager's operational and compliance controls and infrastructure. It is our policy and practice to seek to avoid investment in any hedge fund where we determine that the manager of such fund has failed to adopt certain minimal operational and compliance controls and safeguards.

The principal driver of portfolio selection is the relative skill set of the underlying fund managers in research, trading, risk management and organization building, with integrity of the individual(s) managing the hedge funds the paramount consideration.

The identity of underlying fund managers is likely to change over time; they may be removed by us or a new manager may be appointed without prior notice or consent of investors.

A primary source of information used to identify potential hedge funds for investment include personal references, qualitative reviews of fund's portfolio managers as described above, and review of the Fund Offering Memorandum, Limited Partnership Agreement, Subscription Agreement, performance records and other documents.

One of the primary risks of investing with a third-party fund manager based, in part, on successful past performance is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for the Funds. Moreover, as we do not control the manager's daily business and compliance operations, it is possible for us to miss the absence of internal controls necessary to prevent fraud or other business, regulatory or reputational deficiencies.

We generally purchase interests in underlying hedge funds with the idea of holding them in the Funds for a year or longer. This investment strategy is typically referred to as "long-term purchases." A risk in a long-term purchase strategy is that, if our projected analysis of the underlying fund's performance is incorrect or if the of the underlying fund's manager deviates from the stated investment mandate or strategy of the portfolio, it will usually take 90 days or longer before we can liquidate the position.

Risks in General: Securities investments are not guaranteed and you may lose money on your investments. Investors or prospective investors should carefully review the Private Placement Memorandum for the applicable Fund under consideration for a detailed explanation of many of the risks associated with the particular fund based on its objective and investment strategy as well as the underlying investments and other specific risks.

## **ITEM 9. DISCIPLINARY INFORMATION**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Neither our firm nor our management personnel have reportable disciplinary events to disclose.

## **ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

MSO Capital Partners, LLC (hereinafter the "Fund I General Partner"), a Delaware limited liability company affiliated with us through common ownership and control, is the General Partner to Fund I. Similarly, MSO Capital Partners II, LLC (hereinafter the General Partner and together with the Fund I General Partner, "the General Partners"), also a Delaware limited liability company affiliated with us through common ownership and control, is the General Partner to the Morrocroft Funds. Morrocroft Capital Partners, LLC, a Delaware limited liability company affiliated with us through common ownership and control, is Special Limited Partner to the Access Funds.

Todd Gorelick, Israel Gorelick, and Christopher Skardon, each Managing Members of Gorelick Brothers Capital, are also the Managing Members of the General Partners and the Special Limited Partner. As disclosed at Item 4 of this Brochure, Gorelick Brothers Capital is not affiliated with Access Fund Management Company, General Partner and Investment Manager to the Access Fund and Access Fund II, but has been engaged by Access Fund Management Company to act as subadviser to the Access Funds. Harold S. Zlot, President of Access Fund Management Company serves on the Gorelick Brothers Capital investment committee when the committee considers matters relating to the Access Funds.

As disclosed at Item 5 of this Brochure, the General Partners are entitled to any Carried Interest (Performance Fees), if any, earned pursuant to the terms and conditions of the Morrocroft Funds' offering documents and the Special Limited Partner is entitled to receive the Performance Fees, if any, earned pursuant to the terms and conditions of the Access Funds' offering documents (and side letter agreements). As such, these fees will ultimately inure to the benefit of the principals of Gorelick Brothers Capital.

## **ITEM 11. CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings

reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering and provides for oversight, enforcement and recordkeeping. A copy of our Code of Ethics is available to our advisory clients and prospective clients, including investors and prospective investors in one or more of the Funds, upon request to the Chief Compliance Officer, at the firm's principal office address.

As disclosed at Item 5 of this Brochure, certain executive officers and/or other employees of Gorelick Brothers Capital and/or their family members have invested or may invest a portion of their personal net worth in one or more of the Funds. In addition, certain trusts and other entities formed for the benefit of certain of the Managing Members' family members have invested in one or more of the Funds, and, in some cases, in some of the underlying funds in which the Funds have invested.

It is the expressed policy of our firm that no person employed by us may usurp an investment opportunity for a personal account, family member's account, or any other account over which the officer or employee may have investment authority, when the opportunity may be appropriate for one or more of the Funds, without first presenting the opportunity to our Investment Committee, particularly when there is limited availability for participation in the opportunity.

As these situations present conflicts or potential conflicts of interest, we have established the following restrictions in order to ensure our fiduciary responsibilities:

1. No officer or employee of our firm may prefer his or her own interest, or the interests of immediate family members or other beneficial owners of accounts in which the officer or employee may have investment authority, to that of an advisory client.
2. We maintain a list of all securities holdings for our firm and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by the Chief Compliance Officer.
3. All of our officers and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
4. Any individual not in observance of the above may be subject to disciplinary action up to and including termination.

The Investment Advisers Act of 1940 makes it unlawful for any investment adviser, directly or indirectly, acting as principal for its own account, to knowingly sell any security to, or purchase any security from, a client without disclosing to the client in writing the capacity in which the adviser is acting and obtaining the client's consent to the transaction. This rule may apply to certain transactions involving accounts in which investment advisers have interests, such as private fund investments by the firm's owners,

principals, or employees. The SEC has indicated that when an investment adviser and/or its controlling persons own more than 25% of a fund's outstanding securities, it would be effectively treated as a principal transaction if such an account were to engage in a trade with another client account or fund.

Gorelick Brothers Capital has adopted specific policies and procedures for monitoring the level of proprietary ownership in each Fund it manages. As a general matter, neither the Firm nor our related persons are permitted to engage in principal transactions with the Funds. In the event of a change to this policy, Gorelick Brothers Capital will obtain the requisite consent before engaging in such a transaction as required and will amend these disclosures accordingly.

## **ITEM 12. BROKERAGE PRACTICES**

Because each of the Funds is structured as a fund of hedge funds, we do not directly manage client portfolios in the traditional sense, but rather, we invest in the interests of other hedge funds that are directly managed by unrelated third-party investment managers. The manager of any fund considered for investment will generally have their own policies, practices and procedures with respect to brokerage. These underlying fund managers will generally have been granted the discretionary authority to select the broker dealer through which to execute trades on behalf of the underlying fund through the fund's organizational documents, offering documents or investment management agreement.

As part of its due diligence, Gorelick Brothers Capital will seek to ensure that any manager of a hedge fund recommended for the Funds has adopted written policies and procedures reasonably designed to ensure that the manager will obtain best execution for trades placed in the underlying fund and that the manager endeavors to select brokers, dealers or other counterparties that will provide the best services at the lowest commission rates possible under the circumstances. It should be noted, however, that we do not have any direct influence or control over the underlying managers' selection of brokers or counterparties when executing transactions.

Due to the nature of our advisory services and investment model, we will directly execute a transaction for a Fund primarily when implementing a recommendation that the Fund invest in a hedge fund or other private fund. Depending on the specific circumstances, we will typically subscribe to the interests of a fund on behalf of one or more of the Funds through direct contact with the private fund's general partner or manager or by responding to a solicitation of a finder or the fund's placement agent or prime broker. Typically, due to the limited nature and regulatory structure of the private funds, multiple subscription sources, finders or prime brokers will not be available and we may not be able to seek to execute the transaction through any other source or to negotiate finder fees, if any.

On a limited basis, we may directly trade in securities or other investments (other than the interests of other hedge funds or private funds) on behalf of the Funds. Under these

circumstances, it is our policy to seek the best overall execution under the circumstances when selecting a broker through which to place the trade. Our principal considerations when selecting a broker is the broker's compatibility with the Fund custodian's clearing and settlement platform and the capacity for the assets to be held in the name of the Fund rather than in "street name." Assuming that a broker meets these principal criteria, additional considerations when selecting a broker, as applicable, may include the following:

- Overall costs of a trade (*i.e.*, net price paid or received) including commissions, mark-ups, mark-downs or spreads in the context of Gorelick Brothers' knowledge of negotiated commission rates currently available and other current transaction costs;
- Quality of execution including accurate and timely execution, clearance and error/dispute resolution;
- The broker's ability to execute transactions of size in both liquid and illiquid markets at competitive market prices without disrupting the market for the security traded and the ability of the broker to obtain exposure in the countries traded;
- The range of services offered by the broker, including the quality and timeliness of market information (market color, ideas), range of markets and products covered, quality of research services provided and recommendations made by the broker;
- The broker's access to particular issuers (e.g., coverage of securities, access to public offerings and research materials);
- The broker's financial responsibility, creditworthiness and responsiveness;
- The broker's reputation, financial strength and stability as compared with others.

As a matter of practice, where the Investment Committee has determined that a security or other investment should be bought or sold for more than one Fund, it is our policy, so far as is practical within the constraints of each Fund's investment guidelines, that purchases and sales generally be executed in large blocks and allocated proportionately among each Fund for which they are appropriate. In these instances the Funds participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis.

We do not have any formal or informal soft-dollar arrangements and do not receive any soft-dollar benefits from any broker, dealer or other counterparty.

### **ITEM 13. REVIEW OF ACCOUNTS**

Gorelick Brothers Capital monitors the portfolio managers of each underlying fund on an ongoing basis and investment policies and philosophies are discussed with each manager regularly.

On at least a weekly basis, the Investment Committee conducts internal meetings to discuss the underlying funds and fund managers, though not every fund or manager will

necessarily be discussed each week. Key investment personnel at Gorelick Brothers Capital include Todd Gorelick, Israel Gorelick and Christopher Skardon, each of whom is a Managing Member of Gorelick, as well as David Piho, assistant portfolio manager of the firm. As disclosed at Item 10 of this Brochure, Harold S. Zlot, President of Access Fund Management Company serves on the Gorelick Brothers Capital Investment Committee when the committee considers matters relating to the Access Funds.

The Funds are audited annually by an independent certified public accountant that is both registered with and subject to regular inspection by the Public Companies Accounting Oversight Board and a copy of the audited financials are sent to each investor on a timely basis.

In addition to annual audited financials, investors will receive at least monthly reports of the performance of the applicable Fund as compared to an applicable benchmark.

#### **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

Other than as already disclosed at Item 10 of this Brochure, neither Gorelick Brothers Capital, nor any officer, director or employee of the firm, receives compensation from third parties in connection with providing investment advice to its clients.

Currently, the Funds are the firm's only clients. As part of our marketing efforts, we, or the Fund General Partner, as applicable, have entered into arrangements to compensate certain persons, including third party placement agents and/or others, for referring investors to the Funds. If an investor is referred to one of the Funds through one of these arrangements, we will pay the referring party a fee calculated as an agreed percentage of the investor's initial investment in the Fund and/or an on-going fee based on a percentage of the Management Fee and/or Performance Fee or Allocation charged to the investor's capital account by Gorelick Brothers Capital.

We reserve the right to enter into additional, similar arrangements in the future. Although common, such referral arrangements do create a potential conflict of interest because, in theory, the referrer may be motivated, at least partially, by financial gain and not because the Funds are the most suitable to the prospective investor's needs. To address this potential conflict of interest, all referred investors are carefully screened to ensure that the particular Fund is suitable to the prospective investor's investment needs, objectives and risk tolerance before any subscription is accepted.

#### **ITEM 15. CUSTODY**

Because we act as investment adviser and as general partner to some of the Funds, we are deemed to have custody of client assets under current applicable regulatory interpretations. As an adviser with custody, we seek to have each of the Funds audited on an annual basis by an independent public accountant that is both registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB). Because each of the Funds is a fund of funds, we seek to send the audited



financials to each investor within 180 days of the applicable Fund's fiscal year end.

#### **ITEM 16. INVESTMENT DISCRETION**

As investment adviser to the Funds, Gorelick Brothers Capital is granted the discretionary authority in the relevant organizational documents and/or advisory agreements to determine which securities and the amounts of securities that are bought or sold for the Funds.

#### **ITEM 17. VOTING CLIENT SECURITIES**

Typically, the underlying fund managers will vote proxies with respect to the holdings in their respective funds. However, in certain circumstances Gorelick Brothers Capital may be required to vote proxies solicited by the underlying funds whose interests are held directly by the Funds or with respect of direct securities investments made by the Funds. Under these circumstances, Gorelick Brothers Capital will vote proxies in the best interest of the Funds, typically with the goal of maximizing value for the Funds and the investors in the Funds. To that end, Gorelick Brothers Capital endeavors to vote proxies in the manner that it determines in good faith will be the most likely to cause the Funds' investments to increase the most or decline the least in value. Consideration is given to both the short and long-term implications of the proposal to be voted on when considering the optimal vote. Gorelick Brothers Capital's complete proxy voting policy and procedures has been memorialized and is available for investors to review.

#### **ITEM 18. FINANCIAL INFORMATION**

Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered, therefore, we are not required to include a financial statement with this brochure.

Gorelick Brothers Capital has not been the subject of a bankruptcy petition at any time during the past ten years.