
PART 2A OF FORM ADV: FIRM BROCHURE

BARINGTON COMPANIES INVESTORS, LLC

October 31, 2012

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This brochure provides information about the qualifications and business practices of Barington Companies Investors, LLC (the “Adviser”). If you have any questions about the contents of this brochure, please contact us at (212) 974-5700 or info@barington.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

The Adviser is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply any level of skill or training.

Additional information about the Adviser also is available at the SEC’s website www.adviserinfo.sec.gov.

ITEM 2

MATERIAL CHANGES

In September 2012, the Adviser filed its initial application to register as an investment adviser with the SEC, and the SEC registered the Adviser on September 28, 2012.

In October 2012, the Adviser made changes to Items 4, 5, 6, 7, 8, 12, 13, 15, 16 and 17 of this Brochure. The changes were made primarily to disclose the fact that in October 2012 the Adviser entered into an agreement to provide research, analytical and non-discretionary investment advisory services to a corporation and provide related disclosure with respect thereto.

If the Adviser makes any further material changes to this Brochure, this Item will be revised to identify and discuss such changes.

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ITEM 4

ADVISORY BUSINESS

A. General Description of Advisory Firm.

The Adviser, Barington Companies Investors, LLC, is a Delaware limited liability company that commenced operations in 2000. James A. Mitarotonda (the “Principle Owner”) is the managing member of the Adviser.

The Adviser is a majority-owned subsidiary of Barington Capital Group, L.P., a New York limited partnership. The general partner of Barington Capital Group, L.P. is LNA Capital Corp., a Delaware corporation. The Principle Owner is the sole stockholder and director of LNA Capital Corp.

B. Description of Advisory Services.

1. Advisory Services.

The Adviser is the general partner and investment advisor for Barington Companies Equity Partners, L.P., a Delaware limited partnership that commenced operations in January 2000 (the “Fund”). Interests in the Fund are offered on a private placement basis in compliance with Section 3(c)(7) of the Investment Company Act of 1940, as amended (the “Company Act”), subject to certain conditions that are set forth in the offering documents for the Fund.

On October 26, 2012, the Adviser entered into an agreement to provide research, analytical and non-discretionary investment advisory services to a publicly traded company (the “Company”), to assist the Company in identifying public companies that may be appropriate for investment or acquisition by the Company.

While the Adviser currently only provides advisory services to the Fund and the Company, the Adviser may, from time to time in the future, provide advisory services to additional clients which may invest alongside the Fund.

2. Investment Strategies and Types of Investments.

With respect to the Fund, the Adviser seeks to invest the Fund’s assets in public companies that generally have a total market capitalization of between \$100 million and \$2 billion and in private companies, or portions thereof, that have a total acquisition price of \$10 to \$100 million, with private company investments limited to not more than 20% of the Fund’s capital (in terms of cost at the time of investment). The Adviser has the authority, however, to invest in companies with larger capitalizations and acquisition prices and may expand its focus to include companies with a market capitalization of up to \$10 billion.

As set forth in the Amended and Restated Confidential Private Offering Memorandum for the Fund (the “Offering Memorandum”), the Adviser establishes sizable, long-term positions

in a concentrated number of companies whose value could appreciate significantly as a result of financial or operational improvements or a change in corporate strategy. Core positions in the Fund's portfolio are expected to consist generally of a limited number of companies, generally ranging from approximately five to twenty issuers. The Adviser and its affiliates (collectively, "Barington") then seeks to function as a value-added investor to help effectuate change and consequently improve shareholder value. Among other things, Barington may seek to act as a catalyst to compel a merger or an acquisition, the sale of the entire company or the divestiture of one or more underperforming divisions, the implementation of operating improvements and expense reductions, a change in strategic direction or a change in management.

THERE CAN BE NO ASSURANCE THAT THE INVESTMENT OBJECTIVES OF THE FUND WILL BE ACHIEVED. INTERESTS IN THE FUND ARE SPECULATIVE AND, BY THEIR NATURE, MAY BE CONSIDERED TO INVOLVE A HIGH DEGREE OF RISK. SEE ITEM 8 BELOW.

With respect to the Company, the Adviser provides research, analytical and non-discretionary investment advisory services to assist the Company in identifying public companies that may be appropriate for investment or acquisition by the Company. Pursuant to an agreement the Adviser entered into with the Company, the Adviser will present potential investment or acquisition opportunities to the Company that it believes may be appropriate for the Company, based on direction and feedback it receives from the Company from time to time. The Company will determine, in its sole discretion, whether or not to pursue any opportunity presented by the Adviser. The Company is not required to pursue any investment or acquisition opportunity presented to it by the Adviser, and may reject any investment or acquisition opportunity that is presented to it by the Adviser for any reason whatsoever.

THERE CAN BE NO ASSURANCE THAT THE ADVISER WILL BE SUCCESSFUL IN ASSISTING THE COMPANY IN ACHIEVING ITS INVESTMENT OBJECTIVES. THE TYPE OF INVESTING BEING CONSIDERED BY THE COMPANY IS SPECULATIVE AND, BY ITS NATURE, MAY BE CONSIDERED TO INVOLVE A HIGH DEGREE OF RISK. SEE ITEM 8 BELOW.

C. Availability of Customized Services for Individual Clients.

With respect to advisory services provided to private funds such as the Fund, the Adviser does not tailor its advisory services to the individual needs of its investors nor accept investor-imposed investment restrictions. The Adviser reserves the right to tailor its advisory services to the specific needs and specifications of future clients having individual accounts, and may do so for a large or strategic investor if deemed appropriate by the Adviser.

The Adviser does tailor the advisory services it provides to the Company to meet the individual needs of the Company, and may do so for similar clients if deemed appropriate by the Adviser.

D. Wrap Fee Programs.

The Adviser does not participate in any wrap fee programs.

E. Assets Under Management.

The Adviser managed approximately \$57,970,005 as of October 1, 2012 on a discretionary basis. As of the same date, the Adviser did not manage any assets on a non-discretionary basis.

ITEM 5 FEES AND COMPENSATION

A. Advisory Fees and Compensation.

The fees applicable to the Fund are set forth in detail in the Fund's offering documents. A brief summary of these fees is provided below.

1. Management Fee

Under the Sixth Amended and Restated Limited Partnership Agreement for the Fund (the "Limited Partnership Agreement"), Barington Companies Management, LLC (the "Manager"), an affiliate of the Adviser, receives a management fee (the "Management Fee") from the Fund as compensation for its services. The Management Fee is payable on a quarterly basis in advance in an amount equal to 0.25% - 0.50% of the net asset value of each investor's interests in the Fund on the first business day of each calendar quarter (approximately 1.0% - 2.0% on an annualized basis). Management Fees vary based upon the class of interests held by each investor, with classes with investment terms that include a longer lockup period having lower Management Fees. While it has not done so to date, the Adviser may from time to time, in its sole discretion, waive a portion of the Management Fee attributable to investors making significant investments in the Fund. Please read the Fund's Offering Memorandum and Limited Partnership Agreement for additional information.

2. Performance Allocation

The Adviser also receives an annual incentive fee from the Fund in an amount equal to 15% - 20% of the amount of aggregate appreciation in each investor's capital account (the "Performance Allocation"), subject to a loss carryforward provision designed to assure that an investor recoups any prior losses before a Performance Allocation is charged (a so-called "high watermark" provision). Performance Allocations vary based upon the class of interests held by each investor, with classes with investment terms that include a longer lockup period having lower Performance Allocations. Please read the Fund's Offering Memorandum and Limited Partnership Agreement for additional information.

Investors are referred to the Fund's Offering Memorandum and Limited Partnership Agreement for a more complete description of how the Adviser is compensated for its advisory services. The information contained in this Item 5 is a summary only and is qualified in its entirety by reference to the Fund's offering documents.

With respect to the Company, the Adviser receives a monthly fee in the amount of \$7,500 for the research, analytical and non-discretionary investment advisory services it provides, payable in monthly installments within five (5) business days after the end of each month. The advisory services provided to the Company by the Adviser are non-discretionary, and the Adviser does not receive a management fee for such services. The Adviser may receive a performance based fee from the Company, in an amount to be agreed upon, in the event that the

Company elects to make an investment in, or enter into a transaction with, an investment or acquisition opportunity presented to the Company by the Adviser. Any performance based fee payable to the Adviser by the Company would be net of the monthly fee referenced above.

B. Payment of Fees.

Fees and compensation paid to the Adviser or its affiliates by the Fund are generally deducted from the assets of the Fund. As discussed above, Management Fees are generally deducted on a quarterly basis in advance and Performance Allocations are generally deducted on an annual basis as of the last day of each fiscal year, subject to the Fund's loss carryforward provision. Please see the Fund's Offering Memorandum and Limited Partnership Agreement for additional information.

Investors are referred to the Fund's Offering Memorandum and Limited Partnership Agreement for a more complete description regarding the payment of fees. The information contained in this Item 5 is a summary only and is qualified in its entirety by reference to the Fund's offering documents.

With respect to the Company, the monthly fee is payable to the Adviser on a monthly basis within five (5) business days after the end of each month. Any performance based fees that may be payable to the Adviser by the Company would be paid at such times and in such amounts as may be agreed to between the parties.

C. Additional Fees and Expenses.

The Adviser and/or the Manager are responsible for all ordinary expenses related to the provision of their services to the Fund. The Fund is responsible for all other expenses, including, but not limited to, the following: (i) all costs and expenses of organizing and any restructuring of the Fund and offering of interests in the Fund (excluding any placement fees); (ii) all unreimbursed expenses related to consummated or unconsummated transactions, including, but not limited to, outside professional fees; travel, lodging, meals and related expenses; and compensation to agents of the Fund; and (iii) the Fund's operating and administrative costs, including, but not limited to, brokerage commissions and other charges for transactions in securities and other instruments; the fees and expenses of the Fund's independent administrator; custodial fees and expenses; tax return preparation; legal fees and expenses; outside auditing and accounting services; and all extraordinary expenses. The Adviser does not receive any portion of these fees and expenses and does not receive a brokerage commission attributable to the purchase or sale of any security for the Fund. See Item 12 below for a discussion of brokerage practices.

Certain investors in the Fund, which are affiliates or employees of an affiliate of the Adviser, do not pay management or performance-based fees on their investment in the Fund. Notwithstanding this exception, such investors do pay their pro-rata share of all other Fund expenses.

The Adviser is not entitled to the reimbursement of expenses it may incur providing services to the Company. In the event that the Adviser and the Company decide to co-invest

and act as a group with respect to any investment opportunity, it has been agreed that each party would be responsible for its pro rata share of all expenses incurred by the Adviser and the Company on behalf of the group in connection with the co-investment and the execution of the group's investment strategy, including, without limitation, (i) trading costs and expenses related to the co-investment, (ii) due diligence, travel and all other unreimbursed out-of-pocket costs and expenses incurred in connection with the co-investment, such as legal and litigation costs, costs of communications with shareholders, (iii) fees and expenses of proxy advisors, public relations firms and any other third party consultants and advisors and (iv) any filings, reports or forms required pursuant to any applicable law, rule or regulation.

D. Prepayment of Fees.

As noted in Item 5A above, the Fund's Management Fees are paid quarterly in advance. Generally, an investor may withdraw all or any portion of its capital account as of the last business day of any calendar quarter (the "Withdrawal Date"), upon at least 90 days' prior written notice to the Fund's general partner, subject to any limitations set forth in the Fund's offering documents. As a result, withdrawals are typically not made mid-quarter. The Fund normally will pay a withdrawing investor 80% of its withdrawal amount within ten (10) business days after the Withdrawal Date and the balance within an additional 90 business days. An investor is not charged a Management Fee during the period after the Withdrawal Date while the investor is waiting to receive its withdrawal proceeds.

Investors are referred to the Fund's Offering Memorandum and Limited Partnership Agreement for a more complete description of how withdrawals may be made from the Fund and the timing of the payment of withdrawal proceeds. The information contained in this Item 5 is a summary only and is qualified in its entirety by reference to the Fund's offering documents.

With respect to the Company, as noted in Item 5A above, the Adviser receives a monthly a monthly fee for the services it provides, payable in monthly installments within five (5) business days after the end of each month. The Adviser may also receive a performance based fee from the Company, in an amount to be agreed upon, in the event that the Company elects to make an investment in, or enter into a transaction with, an investment or acquisition opportunity presented to the Company by the Adviser. Any such performance based fees payable to the Company would be net of the monthly fee referenced above, and would payable at such time as agreed to between the Company and the Adviser.

E. Additional Compensation and Conflicts of Interest.

The Adviser does not accept compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

ITEM 6

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described in Item 5A above, the Adviser accepts performance-based fees from the Fund in the form of a Performance Allocation. The Adviser does charge higher or lower Performance Allocations to different classes of investors in the Fund (with classes with investment terms that include a longer lockup period typically having lower Performance Allocations). Furthermore, certain investors in the Fund, which are affiliates or employees of an affiliate of the Adviser, do not pay management or performance-based fees on their investment in the Fund.

Although the acceptance of performance-based fees has largely become a customary standard for private investment partnerships, it may create an incentive for the Adviser to enter into speculative investments and thus create a potential conflict with the interests of the investors in the Fund. Furthermore, since the performance allocation is based upon portfolio gains, both realized and unrealized (net of realized and unrealized losses), it is possible that the Adviser may receive a performance allocation based upon unrealized appreciation in particular positions which are not in fact achieved upon the eventual disposition of such positions.

With respect to the Company, as noted in Item 5A above, the Adviser may receive a performance based fee from the Company, in an amount to be agreed upon, in the event that the Company elects to make an investment in, or enter into a transaction with, an investment or acquisition opportunity presented to the Company by the Adviser. Any such performance based fees payable to the Company would be net of the monthly fee payable to the Adviser as referenced in Item 5A above, and would payable at such time as agreed to between the Company and the Adviser.

The Adviser believes that it has more than adequate resources to provide advisory services to both the Fund and the Company, and expects that in many instances the research and analytical services it provides for the Fund will generate ideas for potential investment or acquisition opportunities for the Company. The Adviser does not believe that the services it provides to the Company will create a material conflict of interest with respect to the advisory services it provides to the Fund, nor does it create an incentive to favor, in the provision of investment ideas, one client as opposed to the other. Furthermore, the Adviser believes that the services it provides to the Company may lead to the identification of co-investment opportunities that could benefit both clients. However, the Adviser may arguably have an incentive to (a) present investment ideas to the Fund as opposed to the Company, as the Adviser may be more assured of receiving a performance based fee from the Fund than from the Company, and/or (b) present investment or acquisition ideas to the Company that relate to investments made by the Adviser on behalf of the Fund, as any action taken by the Company may potentially benefit the Fund and therefore could increase the compensation payable to the Adviser from the Fund.

The Company is aware of these potential conflicts of interests, and has acknowledged that the Adviser advises other clients and agreed that it may recommend that such clients invest in the same or similar opportunities the Adviser presents to the Company, either before, concurrently or after such investment opportunities are presented to the Company. The Adviser

believes that the Company is able to protect itself from any potential conflicts of interests due to the fact any investment advisory services provided to the Company by the Adviser are provided on a non-discretionary basis, with the Company determining, in its sole discretion, whether or not to pursue any opportunity presented by the Adviser. Furthermore, the Adviser has agreed that, without the consent of the Company, the Adviser will not cause or advise any of its clients (including the Fund) to purchase shares in a publicly traded company from and after the date that the Company has informed the Adviser that it wishes to enter into a transaction with such company, for so long as the Company is working in good faith towards the completion of such a transaction. Finally, the Fund has an investment in the Company, which the Adviser believes creates an incentive for the Adviser to ensure that the services it provides to the Company are beneficial to both the Company and the Fund.

ITEM 7

TYPES OF CLIENTS

The Adviser currently provides investment advisory services to a pooled investment vehicle operating as a private investment fund. Investors in the Fund include high net worth individuals, trusts, estates, corporations, business entities, defined contribution plans, affiliates of the Adviser and employees of an affiliate of the Adviser.

Each investor in the Fund must meet the eligibility provisions as outlined in the Fund's offering documents. The minimum initial investment for the Fund is \$500,000, subject to waiver in the discretion of the Adviser.

The Adviser also provides research, analytical and non-discretionary investment advisory services to the Company, a publicly traded company that the Adviser is assisting in identifying public companies that may be appropriate for investment or acquisition by the Company.

As disclosed in the Fund's offering documents, affiliates of the Adviser have had in the past, and may again have in the future, investment responsibilities for additional investment vehicles with similar investment strategies to that of the Fund. The Adviser or its affiliates may further determine to enter into other businesses and ventures, including, without limitation, the provision of investment advisory services to other clients, investment vehicles and accounts. The existence of such multiple clients, vehicles or relationships could create additional conflicts of interest.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies.

The descriptions set forth in this brochure of specific advisory services that the Adviser offers to clients, and investment strategies pursued and investments made by the Adviser on behalf of its clients, should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that the Adviser considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies the Adviser pursues entail substantial risk and there can be no assurance that the investment objectives of any client will be achieved. Clients should be prepared to bear the risk of losing their entire investment.

1. With Respect to the Fund

The Fund's investment objective is to realize superior long-term returns, principally in the form of capital appreciation, through the purchase of equity securities of small- and mid-capitalization, publicly traded and privately held companies.

The Principals are value-oriented investors who have taken active roles in assisting management teams in designing and implementing strategic plans to create or unlock value. The Adviser seeks to invest the Fund's assets in public companies that generally have a total market capitalization of between \$100 million and \$2 billion and in private companies, or portions thereof, that have a total acquisition price of \$10 to \$100 million, with private company investments limited to not more than 20% of the Fund's capital (in terms of cost at the time of investment). The Adviser has the authority, however, to invest in companies with larger capitalizations and acquisition prices and may expand its focus to include companies with a market capitalization of up to \$10 billion.

The Adviser establishes sizable, long-term positions in a concentrated number of companies whose value could appreciate significantly as a result of financial or operational improvements or a change in corporate strategy. Core positions in the Fund's portfolio are expected to consist generally of a limited number of companies, generally ranging from approximately five to twenty issuers. The Adviser then seeks to function as a value-added investor to help effectuate change and consequently improve shareholder value. Among other things, the Adviser may seek to act as a catalyst to compel a merger or an acquisition, the sale of the entire company or the divestiture of one or more underperforming divisions, the implementation of operating improvements and expense reductions, a change in strategic direction or a change in management.

Set forth below is a description of the Fund's general investment methodology with respect to investing in public and private companies.

Strategic Investing in Public Companies. The Adviser will invest in publicly-traded companies that it believes are undervalued by the marketplace and whose value would appreciate significantly as a result of operational improvements, or a change in strategic direction, management, corporate governance or ownership. The Fund's investment strategy is to identify and invest in undervalued companies and, if necessary, take action that will improve shareholder value. These actions could range from re-orienting management's operational focus, to initiating the sale of the company to a third party, to an acquisition of the company by the Fund, either by itself or in conjunction with management and other partners, through a leveraged buyout.

The Adviser uses a "value investor" approach to search for investment opportunities at companies where their intrinsic or economic value is not reflected in their current market valuation. The Adviser believes that there are pricing inefficiencies with respect to many smaller companies, particularly in instances where there is limited research on such companies. Furthermore, the management teams of such companies may go unchecked and, as a result, may not always operate such companies with a focus on maximizing shareholder value.

A differential between the market value and the intrinsic value of a company can be caused, in the Adviser's view, by strategic, operational, financial and corporate governance issues that it believes can often be resolved. Operational issues that negatively affect valuations include (i) poor management, (ii) inadequate product distribution, (iii) inappropriate marketing, (iv) lack of focus resulting from operating disparate businesses, (vi) lack of cost control and (vii) poor execution. Financial issues not reflected in value that may represent opportunities include (a) "hidden" asset values, such as real estate holdings which are accounted for based upon historical cost that may have appreciated over the holding period, (b) complex accounting treatments that are not easily understood by the general public resulting in discounted valuations, (c) substantial cash positions which are not reflected in the stock price, and (d) problematic capital structures which, if restructured, can lead to an increase in value. Corporate governance issues that may impede the ability of a company to maximize shareholder value include (1) a lack of directors independent from the CEO with relevant industry experience, (2) the absence of an independent chairman, and (3) excessive corporate defenses (such as a poison pill, a staggered board of directors and supermajority voting provisions) that may have the effect of entrenching a company's board and its management team.

Once a company is identified as undervalued by the Adviser, it will determine if an alternate strategy could potentially improve shareholder value. In certain circumstances, it may be determined that a passive investment approach is the best course to follow. However, if an alternate strategy is deemed necessary, the Adviser has extensive experience in a variety of activist investment approaches. The strategies that the Adviser may employ include working with management or the company's board of directors on strategic, operational, financial and/or corporate governance issues, recommending a management change, acquiring a significant ownership interest, or influencing management to sell the entire company (or a division thereof). Depending on the individual transaction, the exit strategy for the investment will range from sale of the entire company to a third party, the Fund's sale of its ownership interest at an appreciated value or the outright purchase of the company by the Fund, alone or in conjunction with management and other partners, through a leveraged buyout.

Controlling Investments in Private Companies. The Adviser may cause the Fund to make controlling investments, either by itself or in conjunction with other investors, in companies that it believes can be purchased at attractive prices in the private markets. The Adviser believes that it can create additional value for the Fund's investments by applying the business expertise, management skills, financial acumen and capital markets experience of its principals and its advisors to each private company. In such case, the Fund will either support existing management or will attempt to install a management team that it finds acceptable. In each case, company management will report to a board of directors which may be controlled by the Fund or on which it has substantial representation.

The Adviser intends to target transactions with a total purchase price generally ranging between \$10 million and \$100 million, with an equity investment by the Fund to represent at least a portion of the purchase price. The non-equity portion of the purchase price will typically take the form of bank and/or subordinated debt or preferred stock. The Adviser does not intend to invest more than a total of 20% of the Fund's capital (in terms of cost at time of investment) in private company investments; however, the Adviser will have the authority to exceed this limit if it considers it appropriate to do so.

Opportunities to invest in private companies are generated primarily from the following sources:

- privately held family businesses that have limited exposure to sophisticated operating, marketing or financial management who recognize that they require additional talent, knowledge, experience or capital to increase the company's sales and profitability;
- larger corporations that are interested in spinning off divisions or subsidiaries in order to focus their efforts on a core strategy;
- the extensive network of contacts of the Adviser, its principals and the advisors to the Fund, including many successful investor partners and business operators; and
- public companies that are taken private in connection with the sale to a financial buyer.

In each of the above situations, the owners/managers of the company may lack a partner who can add capital and value to help in the transition of the company to its next phase of development. The Fund believes that it has the access to capital and the expertise to be a valuable resource to such companies or their management teams. Typically, the Fund will seek to purchase companies with strong management and create incentives with equity. However, if current management, in the Fund's view, is not sufficient or qualified, the Fund may either invest based upon a new management team or may participate in selecting new management once the investment is consummated.

THE INFORMATION CONTAINED IN THIS ITEM 8A IS A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FUND'S OFFERING DOCUMENTS. INVESTORS SHOULD REFER TO THE FUND'S OFFERING

DOCUMENTS FOR A COMPLETE UNDERSTANDING OF THE FUND'S METHODS OF ANALYSIS AND INVESTMENT OBJECTIVE STRATEGIES.

INTERESTS IN THE FUND ARE SPECULATIVE AND, BY THEIR NATURE, MAY BE CONSIDERED TO INVOLVE A HIGH DEGREE OF RISK. INVESTMENT IN THE FUND IS DESIGNED ONLY FOR SOPHISTICATED INVESTORS WHO ARE ABLE AND PREPARED TO BEAR THE RISK OF LOSING THEIR ENTIRE INVESTMENT IN THE PARTNERSHIP.

2. With Respect to the Company

In October 2012, the Adviser entered into an agreement to provide research, analytical and non-discretionary investment advisory services to the Company, to assist the Company in identifying public companies that may be appropriate for investment or acquisition by the Company. The Adviser will present potential investment or acquisition opportunities to the Company that it believes may be appropriate for the Company, based on direction and feedback provided to the Adviser from the Company from time to time. The Company will determine, in its sole discretion, whether or not to pursue any opportunity presented by the Adviser. The Company is not required to pursue any investment or acquisition opportunity presented to it by the Adviser, and may reject any investment or acquisition opportunity that is presented to it by the Adviser for any reason whatsoever. The types of investment or acquisition opportunities the Adviser will seek to identify for the Company, and the methods of analysis used by the Adviser to seek to identify them, are expected to vary based on the direction and feedback provided to the Adviser by the Company. The Adviser will not be implementing any investment strategies or managing any assets or accounts on behalf of the Company.

THE TYPE OF INVESTING BEING CONSIDERED BY THE COMPANY IS SPECULATIVE AND, BY ITS NATURE, MAY BE CONSIDERED TO INVOLVE A HIGH DEGREE OF RISK. SUCH INVESTING IS ONLY FOR SOPHISTICATED INVESTORS WHO ARE ABLE AND PREPARED TO BEAR THE RISK OF LOSING THEIR ENTIRE INVESTMENT.

B. Material, Significant or Unusual Risks Relating to Investment Strategies.

1. With Respect to the Fund

The summary below described in general terms some of the risk factors relating to the Fund's investment strategy and trading practices. It does not purport to be a complete enumeration or explanation of the risks involved and is qualified in its entirety by reference to the Fund's offering documents. It is critical that investors refer to the Fund's offering documents for a more complete description of these and other risks.

Market Risks

No assurance can be given that the Fund will achieve its overall investment objectives or that the Adviser will be able to allocate the Fund's assets in a manner that is profitable to the

Fund. Additionally, the profitability of a significant portion of the Fund's investment program depends to a great extent on correct assessments of the future course of the price movements of securities and other investments. There can be no assurance that the Adviser will be able to accurately predict such price movements. The securities markets have in recent years been characterized by volatility and unpredictability. In addition to market risk, there is unpredictability as to changes in general economic conditions, which may affect the profitability of the Fund's investment program. With respect to the investment strategies utilized by the Fund, there is always some, and often a significant, degree of market risk.

Strategy Risks

The investment strategies which are employed by the Fund involve a number of important risks, including those described below.

Strategies Generally. As the Fund's value-oriented investment approach includes identifying securities which are generally undervalued (or, in the case of short positions, overvalued) by the marketplace, success of the strategy necessarily depends upon the market eventually recognizing such value in the price of the security, which may not necessarily occur, or may occur over extended time frames. Many of the Fund's investments may be event-driven, where success may be dependent upon an expected "catalyst," which may or may not occur in a timely fashion. Particularly in the case of private companies, the Fund's exit strategy, such as a sale of the company or public sale of securities, may involve prolonged effort and be subject to numerous contingencies and consequent uncertainty. As a result, the holding periods for the Fund's core positions may vary substantially, with holding periods of core positions anticipated to be between two (2) to five (5) years, and perhaps longer. The Fund's strategy will inherently involve considerable expertise and skill, including elements of subjective analysis and judgment, on the part of the Adviser's principals in selecting investments, as well as their ability to timely execute trades and take a variety of action with regard to ongoing investments.

Investing in Small- and Mid-Capitalization Companies. The Adviser expects that on account of its investment focus, most of the companies selected for investment are likely to be small- and mid-capitalization issuers. Investing in such companies may often be regarded as more speculative in nature and involving increased levels of investment risk as compared to larger-capitalized companies. Although the Adviser will employ variety of screening and analytical techniques, there will be no fixed requirements as to levels of revenues or earnings, cash flow, market capitalization or other fundamentals applicable to the Fund's investments. It is likely that many investments of the Fund will occur in unseasoned companies, in companies requiring management changes or in turnaround or other troubled companies. Given the nature of the Fund's investment approach, investors in the Fund must be prepared to assume the higher levels of risks inherent in such investments.

Potential Price Volatility. Even assuming that the Adviser accurately identifies mispricing of securities by the marketplace, the market may require considerable time, if ever, to correctly revalue such securities and enable the Fund to realize upon its investments. The Fund may be expected to require longer-term holding periods for many of its positions in order to be successful. Many portfolio positions may be thinly traded, inaccurately priced by the market or subject to considerable price fluctuation. Accordingly, such positions may experience

considerable price volatility over the Fund's holding periods. An investment in the Fund, therefore, may not be appropriate for investors requiring short-term liquidity or stable returns.

Concentration of Investments. As described herein, the Fund's investment portfolio, on account of size, investment strategy and other considerations, is likely to be confined to the securities of relatively few issuers. Apart from a 20% limit upon investments in private companies (in terms of cost at the time of investment), which could be exceeded if the Adviser deems appropriate, there will be no fixed limits regarding concentration as to issuers, industries, industry sectors or types of investments. Such concentration necessarily increases the degree of Fund exposure to a variety of issuer-related, industry or market risks. By concentrating investments in a small number of large security positions relative to Fund capital, a loss in any such position could materially reduce the Fund's performance or asset base, to the extent not offset by other gains.

Investments with Limited or No Liquidity. The Fund may take positions in particular securities which are relatively large as compared to their trading volume or overall market capitalization. Such positions may at times prove more difficult to sell in a timely or efficient manner and could thus impair to some extent the Fund's ability to fully realize portfolio gains or limit losses. The Adviser does not intend to generally limit investments to issuers of any particular minimum capitalization and is likely, in fact, to focus upon small- and mid-capitalization stocks. Such stocks often have less liquidity than large capitalization issuers.

Many securities of the small- and mid-capitalization companies which may be invested in by the Fund may be thinly traded or otherwise have markets of limited liquidity. In addition, the Fund may invest in "restricted securities," which are subject to legal restrictions on their public resale. The Fund may also hold positions in companies where representatives of Barington or one of its affiliates sits on the board of directors. As a result, public resale of these securities may be limited under the Securities Act, as the Fund's investments in these companies may be deemed "control securities" under the securities laws. Furthermore, the Fund may be subject to the trading windows and insider trading policies of such companies as well as obligations under Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which, among other things, subjects trading in certain of these companies' securities to the "short swing profit rule." Investing in securities with limited or no liquidity or where representatives of Barington sits on the board of directors may impair the Fund's ability to dispose of such securities on a timely basis. As a result, the ability of the Fund to timely execute transactions in order to realize gains and avoid losses may be hindered. Fund positions in such securities could be substantial.

Activist Investing. The Fund may assume positions, perhaps frequently, in a particular issuer with the intention of seeking one or more significant changes in the business or management of the issuer or the consummation of specific transactions. Such activist positions typically involve greater time and effort than so-called "passive" investing and could involve litigation or other proceedings or subject the Fund to public criticism from the issuer. Successful activist approaches are often subject to a variety of contingencies not present in typical passive investing situations. Although the Adviser and its Principals and their advisors have considerable experience in such investments, the level of skill, expertise and effort required for successful activist investing may be regarded as high. As the Fund may engage the services of a

number of outside professionals to assist it in achieving its investment objectives – which may include lawyers, proxy advisors and public relations firms, among others – activist investing frequently involves greater expense than passive investing. There can be no assurance that the Adviser will necessarily be successful in achieving the changes sought in activist circumstances or that such investments will necessarily be profitable.

Schedule 13D Disclosure. Section 13(d) of the Exchange Act provides that any “group” acquiring in excess of 5% of a company’s equity must make certain public disclosures on Schedule 13D. Should the Fund, either alone or together as a “group” with other funds or managed accounts affiliated with Barington and/or other persons, acquire in excess of 5% of a target company’s equity securities, the Fund would be required to file a Schedule 13D with the SEC. The filing of such a Schedule 13D might adversely affect the Fund’s ability to acquire sufficient additional securities at appropriate prices to pursue its strategy with respect to that target company. In addition, even if the Fund is not acting as part of a “group” in acquiring a target company’s equity securities, the target company or the SEC could challenge the Fund’s strategy by alleging that it is part of a “group” and should have made a Schedule 13D filing. If such a challenge were successful, the Fund could be treated as having violated the Exchange Act, which could have a material adverse affect on the Fund. The determination of what is a “group” is fact-specific; however, the Fund does not intend to possess beneficial ownership, either alone or together with other persons, over more than 5% of a target company’s equity securities without making all required filings.

Turnaround Investing. The Fund may invest in companies involved in acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies, turnarounds, minority freeze outs and similar scenarios. In any investment opportunity involving any such type of business enterprise situation, there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Fund of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Fund may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Fund may invest, there is a potential risk of loss by the Fund of its entire investment in such companies.

Distressed Securities or Special Situation Investing. The Fund may invest in securities of issuers in weak financial condition, experiencing poor operating results, having substantial financial needs or negative net worth, facing special competitive or product obsolescence problems or that are involved in bankruptcy or reorganization proceedings. Investments of this type involve substantial financial business risks that can result in substantial or total losses. Among the problems involved in investments in troubled issuers is the fact that it frequently may be difficult to obtain information as to the conditions of such issuers. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than normally expected. It may take a number of years for the market price of such securities to reflect their intrinsic value. These types of securities require active monitoring and may, at times, require participation in bankruptcy or reorganization proceedings by the Fund. To the extent that the Fund becomes

involved in such proceedings, the Fund may have a more active participation in the affairs of the issuer than that assumed generally by an investor.

Limited Hedging. Although the Adviser does engage in certain transactions for hedging purposes, such as by making short sales against various indices or exchange traded funds, it is not an objective of the Adviser to fully hedge the Fund's portfolio and many risks may not be effectively hedged. Accordingly, it should be assumed that the Fund will be exposed to specific issuer risk attendant to particular positions as well as to broader market risks, such as adverse price movements in the securities markets generally, and systemic risks of equity investing.

Trading Risks

The investment techniques which may be employed by the Fund involve a number of risks, including those described below.

General Investment and Trading Risks. All investments present a risk of loss of capital. Supply and demand for securities and other financial instruments change rapidly and are affected by a variety of factors, including investment-specific price fluctuations as well as macro-economic, market and industry-specific conditions, including but not limited to national and international economic conditions, domestic and international financial policies and performance, conditions affecting particular investments (such as the financial viability, sales and product lines of corporate issuers), national and international politics, governmental events and changes in income tax laws. Moreover, the Fund may have only limited ability to vary its investment portfolio in response to changing economic, financial and investment conditions. No guarantee or representation is made that the Fund's program will be successful. The market price of securities and other financial instruments owned by the Fund may go up or down, sometimes unpredictably.

Recent Financial Market Dislocation and Illiquidity. Recent developments in the U.S. and global financial markets have illustrated that the current environment is one of extraordinary and possibly unprecedented uncertainty and instability for all market participants. U.S. and global financial markets and their participants, including the brokers and other financial institutions that the Fund will retain, have already been negatively affected by such market turmoil. It is unclear what resulting legal, regulatory, reputational and other unforeseen risks market participants will become subject to in the future. The impact of such risks on the markets in which the Fund will operate in general cannot be determined with precision and could adversely affect the business of the Adviser and therefore the Fund, restrict the ability of the Adviser to acquire, sell or liquidate securities and other financial instruments at favorable times and/or for favorable prices, restrict the Adviser's investment and trading activities and impede the Adviser's, and therefore the Fund's, ability to effectively achieve its investment objectives.

Leverage. While historically the use of leverage by the Adviser has been modest, the Adviser may utilize leverage, which may range from margin borrowings, in the case of public portfolio companies, to a variety of negotiated or structured debt or senior equity, in the case of private issuers. Overall leverage levels of the Fund may range from low to moderate (or higher) and may include some transactions, such as leveraged buyouts, which reflect substantial use of leverage. There is no fixed restriction on the maximum use of leverage by the Fund. While

leverage presents opportunities for increasing the Fund's total return, it has the effect of potentially increasing losses as well, in addition to increasing portfolio volatility. Adverse market fluctuations in the case of leveraged positions may require the untimely liquidation of one or more investment positions. Interest costs of borrowings will be an expense of the Fund and therefore both borrowing levels and fluctuations in interest rates may affect the operating results of the Fund. To the extent that a creditor has a claim on assets of the Fund, such claim would be senior to the rights of a Partner in the Fund.

Other Possible Investment Techniques. The Adviser is authorized to utilize a broad variety of instruments and investment techniques, such as the use of options, derivatives and structured securities, when deemed in furtherance of the Fund's investment strategy. Such instruments and techniques may involve risks in addition to those described above.

ALL SECURITIES INVESTMENTS RISK THE LOSS OF CAPITAL. THERE CAN BE NO ASSURANCE THAT THE FUND WILL BE PROFITABLE OR THAT IT WILL NOT INCUR LOSSES. PROSPECTIVE INVESTORS SHOULD, AMONG OTHER MATTERS, CONSIDER THE RISKS SUMMARIZED ABOVE BEFORE INVESTING IN THE FUND. AN INVESTMENT IN THE FUND IS SPECULATIVE, INVOLVES A HIGH DEGREE OF RISK, AND IS SUITABLE ONLY FOR PERSONS WHO ARE WILLING AND ABLE AND PREPARED TO ASSUME THE RISK OF LOSING THEIR ENTIRE INVESTMENT.

THE SUMMARY ABOVE DESCRIBES IN GENERAL TERMS SOME OF THE RISK FACTORS THAT NEED TO BE CONSIDERED. THESE RISK FACTORS ARE NOT A COMPLETE LIST OF ALL RISK FACTORS ASSOCIATED WITH AN INVESTMENT IN THE FUND. IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR OWN ADVISORS ON LEGAL, TAX AND FINANCIAL ISSUES THAT ARE RELEVANT FOR THEIR SPECIFIC SITUATION, AS THE INFORMATION HEREIN SHOULD BE REGARDED AS GENERAL INFORMATION.

2. With Respect to the Company

As noted in Item 8A above, the Adviser is providing research, analytical and non-discretionary investment advisory services to the Company, to assist the Company in identifying public companies that may be appropriate for investment or acquisition by the Company. The Adviser will not be implementing any investment strategies or managing any assets or accounts on behalf of the Company.

The Adviser expects that any investment strategy implemented by the Company would be subject to some of the same market, strategy and trading risks identified in this Item 8, as well as additional risks based on the specifics of the investment strategy ultimately implemented.

ALL SECURITIES INVESTMENTS RISK THE LOSS OF CAPITAL. THERE CAN BE NO ASSURANCE THAT ANY INVESTMENT MADE BY THE COMPANY WILL BE PROFITABLE OR THAT IT WILL NOT INCUR LOSSES. THE TYPE OF INVESTING BEING CONSIDERED BY THE COMPANY IS SPECULATIVE AND, BY ITS NATURE, MAY BE CONSIDERED TO INVOLVE A HIGH DEGREE OF RISK. SUCH INVESTING

IS ONLY FOR SOPHISTICATED INVESTORS WHO ARE ABLE AND PREPARED TO BEAR THE RISK OF LOSING THEIR ENTIRE INVESTMENT.

C. Recommendation of a Particular Type of Security.

1. With Respect to the Fund

The Fund's investments will generally consist of equity securities. As a result of the Fund's investment strategy described in Item 8A above, the Fund's investments in equity securities are subject to the risks specified in Item 8B above. Furthermore, investment in equity securities may be affected by business, financial market or legal uncertainties. While the Adviser may attempt to hedge the Fund's investment portfolio, there can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of the Fund and its return on investments and/or hedge the Fund's investment portfolio effectively. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Fund's activities and the value of its investments. In addition, the value of the Fund's portfolio may fluctuate as the general level of interest rates fluctuate.

2. With Respect to the Company

The Adviser expects to provide research, analytical and non-discretionary investment advisory services the Company with respect to potential investments in equity securities of publicly traded companies. In addition to market, strategy and trading risks associated with investing in equity securities, including risks such as those identified in this Item 8, investment in equity securities may be affected by business, financial market or legal uncertainties. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Company's investment activities and the value of its investments. In addition, the value of the Company's investment portfolio may fluctuate as the general level of interest rates fluctuate.

ITEM 9
DISCIPLINARY INFORMATION

To the best of our knowledge, there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of the Adviser's advisory business or the integrity of the Adviser's management.

ITEM 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status.

The Adviser is not registered as a broker-dealer and does not have any application pending to register as a broker-dealer or as a registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status.

The Adviser is not registered as, and does not have any application pending to register as, a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.

C. Material Relationships or Arrangements with Industry Participants.

The Adviser serves as the general partner to the Fund. The Adviser, its affiliates and their employees also are investors in the Fund, and investments made by such parties are not subject to the Management Fee or Performance Allocation described in Item 5 above. The Adviser does not believe that this relationship creates a material conflict of interest with its clients.

Supervised Persons (as such term is defined in Item 11A below) of the Adviser may serve as a director, officer or advisor (or in a similar capacity) to certain portfolio companies in which the Fund invests. Such service may potentially create a conflict of interest between the Fund and the portfolio companies. For example, a potential conflict of interest could result if, among other things, such Supervised Persons learn material non-public information about a portfolio company, are involved in the investment decision-making process for a portfolio company, or receive compensation in connection with their service to a portfolio company.

The Adviser addresses these potential conflicts by imposing significant restrictions on personal trading (as discussed in Item 11 below). Further, Supervised Persons are required to acknowledge their receipt and understanding of the Adviser's Code of Ethics, which specifies the Adviser's fiduciary duty to its clients and that Supervised Persons have an obligation of loyalty toward the Adviser, and details the procedures Supervised Persons must follow in the event of the receipt of material non-public information and when serving on the Board of a portfolio company (which may include subjecting the Adviser to the insider trading policies of the portfolio company).

Thomas Constance, an adviser to the Adviser, is a partner at a law firm that, from time to time, provides legal services to the Adviser, its affiliates and the Fund. While this relationship is not material to its advisory business, the Adviser believes that it benefits the Adviser, its affiliates and the Fund and does not create a material conflict of interest with its clients.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

The Adviser 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

A. Code of Ethics.

The Adviser has adopted a code of ethics (“Code of Ethics”) to establish good business practices and prevent violations of the federal securities laws.

The Code of Ethics is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (“Advisers Act”). The Code of Ethics applies to the Adviser’s supervised persons (which term includes all officers and employees of the Adviser and its affiliates) (“Supervised Persons”). The Code requires Supervised Persons to comply with applicable federal securities laws and sets forth a standard of business conduct that takes into account the Adviser’s status as a fiduciary. The Code of Ethics addresses certain issues facing the Adviser, such as: outside business activities, gifts and entertainment, and conflicts of interest. The Code of Ethics also requires Supervised Persons to promptly bring known or suspected violations of the Code of Ethics to the attention of the Adviser’s Chief Compliance Officer. All Supervised Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code on at least an annual basis.

The Code also includes the Adviser’s insider trading policy which provides that no Supervised Person may trade, either personally or on behalf of the Fund or another client of the Adviser, on inside information or communicate inside information to another in violation of the law.

As required by Rule 204A-1 of the Advisers Act, and as further discussed in Item 11C below, the Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Supervised Persons. Supervised Persons must pre-clear all transactions in securities. In addition, Supervised Persons must provide annual holdings reports and quarterly transaction reports in accordance with Rule 204A-1. The Adviser maintains a “restricted list” of companies that that is has determined it is prudent to restrict trading activity, which includes, among other things, the names of companies in the Fund’s investment portfolio and the Adviser is considering for potential investment. The pre-clearance process is designed to ensure that personal trading does not occur in securities of companies on the restricted list, without prior approval.

THE INFORMATION CONTAINED IN THIS ITEM 11A IS A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE CODE OF ETHICS. WE WILL PROVIDE A COPY OF THE CODE OF ETHICS TO ANY CLIENT OR PROSPECTIVE CLIENT UPON REQUEST.

B. Participation or Interest in Client Transactions.

As previously noted, the Adviser serves as the investment advisor and the general partner of the Fund. The Adviser also recommends interests in the Fund to prospective investors. Furthermore, as noted in Item 5 above, affiliates of the Adviser and employees of such affiliates are investors in the Fund, and the Adviser does not charge a Management Fee or Incentive Allocation to such affiliated investors.

The Adviser does not believe that the fact that it solicits client investments in the Fund which it and its affiliates and employees of such affiliates have a material interest creates a conflict of interest that could cause the Adviser to make different investment decisions than if such parties did not have such financial ownership interests. Nevertheless, the Adviser regularly monitors the Fund's portfolio and contemplated investments for consistency with the Fund's objectives and strategies. Further, the Adviser carefully considers the risks involved in any investments and provides extensive disclosure to clients and potential clients regarding the potential risks in the Fund's offering documents. The Adviser also maintains a Code of Ethics, as further described in Item 11A above, and all Supervised Persons are required to acknowledge their receipt and understanding of the Code. Finally, as noted in Item 11A and 11C, all Supervised Persons are subject to personal securities transaction pre-clearance requirements to ensure that personal trading does not occur in securities of companies in the Fund's investment portfolio or that the Adviser is considering for investment.

C. Personal Trading.

Subject to significant restrictions, the Adviser's Supervised Persons are permitted to make securities transactions in their personal accounts. This presents potential conflicts in that an officer or employee of the Adviser or an affiliate could make improper use of information regarding a client's holdings or future transactions contemplated by such client. For example, a Supervised Person could take for himself or herself an investment opportunity available to an advisory client. Further, as noted in Section 10C above, Supervised Persons may serve as the director, officer or advisor (or in a similar capacity) to a portfolio company and in this capacity may receive material non-public information concerning such company.

The Adviser manages the potential conflicts of interest inherent in personal trading by rigorous enforcement of its Code, which contains strict pre-clearance and reporting guidelines for Supervised Persons. Specifically, the Code of Ethics requires Supervised Persons to obtain prior written approval from the Chief Compliance Officer before engaging in any transactions in their personal accounts. The Chief Compliance Officer may only approve the transaction if he concludes that the transaction would comply with the provisions of the Code of Ethics. As noted above, the Adviser also maintains a "restricted list," which includes securities that are under consideration for advisory clients, as well as any securities owned by advisory clients. Generally, any security appearing on the restricted list will not be approved for personal trading.

The Chief Compliance Officer also reviews each Supervised Person's personal transaction reports to make sure each Supervised Person is conducting his or her personal securities transactions in a manner that is consistent with the Code.

ITEM 12

BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.

The Adviser has full investment discretion with respect to the initiation of all portfolio securities transactions for the Partnership, as well as full authority to select broker-dealers to execute such transactions. The Adviser utilizes unaffiliated broker-dealers to place execution orders with respect to all transactions for the Fund.

The Adviser recognizes its duty to obtain “best execution” for its advisory clients, and portfolio transactions are executed by broker-dealers selected by the Adviser on the basis of their ability to effect prompt and efficient executions at competitive rates. The Adviser believes that the broker-dealers the Adviser utilizes to execute transactions provide competitive executions at favorable transaction costs for the Fund.

In selecting brokers and negotiating commission rates, the Adviser will take into account, among other things, the financial stability and reputation of brokerage firms, their execution capacity and responsiveness, and the research, trading services, brokerage or other services provided by such brokers. The Adviser may place transactions with a broker-dealer that (i) provides the Adviser (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Partnership or other products advised by the Adviser (or an affiliate), if otherwise consistent with seeking best execution; provided the Adviser is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors. While the Adviser has not done so to date, the Adviser may also select a broker-dealer in consideration of such parties’ provision or payment of brokerage or research services (i.e. “soft dollars”).

1. Research and Other Soft Dollar Benefits.

The Adviser does not currently receive “soft dollar” benefits from a broker-dealer or a third party in connection with client securities transactions. While the Adviser has not been done to date, the Fund’s offering documents disclose that the Adviser may select a broker-dealer in consideration of such parties’ provision or payment of such soft dollar brokerage or research services.

2. Brokerage for Client Referrals.

The Adviser has not received client referrals from a broker-dealer, and the Adviser has not selected or recommended a broker-dealer based on client referrals received from a broker dealer or third party. The Fund’s offering documents disclose, however, that the Adviser may place transactions with a broker-dealer that (i) provides the Adviser (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Partnership or other products advised by the Adviser (or an affiliate), if otherwise consistent with seeking best execution; provided the Adviser is not selecting the

broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

3. Directed Brokerage.

The Adviser does not recommend, request or require that a client direct the Adviser to execute transactions through a specified broker-dealer, nor does the Adviser currently permit a client to direct its brokerage arrangements.

B. Order Aggregation.

The Adviser currently has only one discretionary client so there is no need for the Adviser to aggregate orders. However, as disclosed in the Fund's offering documents, other clients or vehicles managed by the Adviser or its affiliates, as well as proprietary accounts of the Adviser or its affiliates, may in the future invest in the same securities as the Fund. The Adviser may also enter into agreements that afford investment opportunities to one or more institutional or other investors on a co-investment basis, and may be compensated by such investors for referring such co-investment opportunities.

The Adviser is of the practice of aggregating purchase and sale transactions and aggregating them among clients on a *pro rata* basis. For example, with respect to the Company, in the event that the Adviser and the Company decide to co-invest and act as a group with respect to any investment opportunity, it has been agreed that a broker-dealer agreed to by the Adviser and the Company would purchase and sell all securities and other interests in the co-investment on behalf of the Company, the Fund and any other members of the group, and all such securities and other interests purchased or sold by the broker-dealer shall be allocated among the group members in accordance with an agreed-upon investment allocation.

ITEM 13

REVIEW OF ACCOUNTS

James A. Mitarotonda, the managing member of the Adviser, serves as the portfolio manager for the Fund. On a daily basis, he reviews the Fund's investments and routinely monitors the Fund's portfolio in connection with its investment objectives.

Investors in the Fund receive annual audited financial statements from the Fund's independent auditor. In addition, investors receive capital account statements from the Fund's independent administrator on a monthly basis, as well as a written monthly report from the Adviser documenting the unaudited monthly performance of the Fund along with brief commentary. The Adviser also provides a written year-end letter to investors in the Fund.

With respect to the Company, Mr. Mitarotonda will review and approve all recommendations made by the Adviser of companies that may be appropriate for investment or acquisition by the Company. The investment advisory services provided by the Adviser to the Company are non-discretionary, however, and the Adviser will not be managing any assets or accounts on behalf of the Company. The Adviser will therefore not be reviewing the Company's investment accounts or providing the Company with any regular reports with respect to such investment accounts. The Adviser intends to review from time to time the status of investments made by the Company that were recommended by the Adviser, and may provide the Company with periodic reports with respect to such investments.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

The Adviser does not receive an economic benefit from non-clients for providing investment advice or other advisory services. The Adviser has entered in the past, and may again enter in the future, into client solicitation agreements with one or more third-party solicitors. Pursuant to such agreements, the Adviser would compensate such third-party solicitors for client referrals. The Adviser typically would pay a negotiated fee to the solicitor, equal to a percentage of the management and performance fees received by the Adviser and its affiliates with respect to clients referred by the solicitor. The solicitor therefore would have a financial incentive to recommend the Company's services. All such compensation arrangements will be conducted in accordance with SEC Rule 206(4)-3 under the Advisers Act.

ITEM 15

CUSTODY

The Adviser maintains the assets of the Fund in accounts with a “qualified custodian” pursuant to Rule 206(4)-2 under the Advisers Act. However, the Adviser is deemed to have custody of client funds and securities in the Fund, because, as the general partner of the Fund, it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client’s account.

The Adviser is subject to Rule 206(4)-2 under the Advisers Act (the “Custody Rule”) with respect to the Fund. However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each client because it complies with the provisions of the so-called “Pooled Vehicle Annual Audit Exception”, which, among other things, requires that each client be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each client distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

With respect to the Company, the Adviser does not manage any assets or accounts on behalf of the Company and does not have custody of any of the Company’s funds or securities.

ITEM 16

INVESTMENT DISCRETION

The Adviser has discretionary authority to manage the Fund, and is authorized to make purchase and sale decisions for the Fund, subject to the Fund's investment objectives and guidelines as set forth in its offering documents. As explained in Item 4C above, individual investors in the Fund do not have the ability to impose limitations on the Adviser's discretionary authority. Prospective investors are provided with an offering memorandum prior to their investment and are encouraged to carefully review the offering memorandum, along with all other relevant offering documents, and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk.

With respect to the Company, the Adviser does not have discretionary authority to manage securities accounts on the Company's behalf.

ITEM 17

VOTING CLIENT SECURITIES

The Adviser has adopted proxy voting policies and procedures (the “Proxy Voting Policy”) to address how the Adviser shall vote proxies for the Fund’s portfolio investments. The Proxy Voting Policy is designed to ensure that the Adviser complies with the requirements under SEC Rule 206(4)-6 and SEC Rule 204-2 adopted under the Advisers Act, and fulfills its obligation thereunder with respect to proxy voting, disclosure and recordkeeping. The Adviser’s objective is to ensure that its proxy voting activities on behalf of its clients are conducted in a manner consistent with the best interest of the clients.

The Adviser believes that the voting of proxies is an important part of portfolio management for its clients as it provides the client the opportunity to be heard and influence the direction of a company. The Adviser is committed to voting proxies in a manner consistent with the best interests of its clients without undue influence from individuals or groups who may have any economic interest in the outcome of a proxy vote. Recognizing that the activist investment strategies of the Adviser’s clients require careful analysis of all matters subject to shareholder vote, it is the policy of the Adviser to vote proxies of public and private operating companies on a case-by-case basis in accordance with the strategic goals of the investment as determined by the Adviser in its sole discretion.

Unless otherwise agreed between the Adviser and a client, the Adviser will have the responsibility of voting proxies received by the Adviser on behalf of its clients. Proxy proposals received by the Adviser will be thoroughly reviewed by a proxy voting committee and voted in the best interests of the client. In accordance with SEC Rule 204-2 adopted under the Advisers Act, the Adviser will document the basis for the Adviser’s voting decisions.

The Adviser may in certain circumstances choose not to vote proxies in certain situations or for certain clients, such as (i) where the Adviser believes that not voting the proxy is in accordance with the strategic goals of the investment, (ii) where the Adviser deems the cost of voting would exceed any anticipated benefit to the client, (iii) where the proxy is received for a client account that has been terminated, or (iv) where a proxy is received by the Adviser for a security it no longer manages on behalf of a client.

The Adviser, its affiliates and/or its employees may occasionally be subject to conflicts of interest in the voting of proxies due to business or personal relationships with persons having an interest in the outcome of certain votes, or with the proponents of proxy proposals, participants in proxy contests, corporate directors and officers, or candidates for directorships. In the case of a potential or actual conflict of interest relating to a particular proxy proposal, the proxy voting committee will carefully consider the conflict of interest prior to deciding how the proxy proposal should be voted and may determine that a member of the proxy voting committee who has the conflict be recused from the deliberations as to how to vote a proxy on a case-by-case basis.

Clients may obtain a copy of the Adviser's Proxy Voting Policy and information regarding how the Adviser voted their securities upon request.

With respect to the Company, the Adviser does not have discretion to vote proxies on behalf of the Company.

ITEM 18
FINANCIAL INFORMATION

The Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past 10 years.