

East Side Capital Corp.

Part 2 of Form ADV Brochure Document

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This brochure provides information about the qualifications and business practices of East Side Capital Corp. (“East Side” or the “Company”). If you have any questions about the contents of this brochure, please contact us at info@eastsidecapital.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. Registration with the Securities and Exchange Commission does not imply a certain level of skill or training.

Additional information about East Side is also available at www.adviserinfo.sec.gov.

Item 2 Material Changes

In February 2012, East Side filed its initial application to register as an investment adviser with the Securities and Exchange Commission (“SEC”). Accordingly, pursuant to disclosure rules under the Advisers Act of 1940 (the “Advisers Act”), this is the first brochure compiled by East Side to provide new and prospective clients and investors with disclosure of the Company’s business practices and conflicts of interest. We encourage all recipients to read this brochure carefully in its entirety.

In the future, this section will identify and discuss material changes to our business since the last annual update to make clients and investors aware of information that has changed and that may be important to them.

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Item 4 Advisory Business

East Side was founded in 1992 and is wholly owned by Messrs. Steven Richman and David Rasiel.

East Side provides discretionary investment advisory services to pooled investment vehicles (collectively, the “Funds”). East Side invests primarily in small and mid-cap domestic equities. The Company provides advice to the Funds based on the investment objectives and strategies of the Funds, as outlined in Fund offering memoranda. East Side does not tailor advisory services to the individual needs of investors in the Funds (“Investors”), and Investors may not impose restrictions on investing in certain securities or certain types of securities.

As of December 31, 2011, East Side managed approximately \$2,121,900,000 in assets on a discretionary basis.

Item 5 Fees and Compensation

The compensation East Side receives from the Funds is comprised of a management fee based on a percentage of assets under management, as well as a performance-based fee (i.e., a fee based on a share of capital gains on or capital appreciation of the assets under management). Management fees typically range between 1% and 1.5% per annum, depending on the Fund and share class, and are typically paid quarterly in arrears. Performance fees are typically 20% of net profits and are paid annually to the General Partner.

Fees are almost always not negotiable. However, the Company may waive or reduce the investment management fee and/or the performance-based compensation for Investors at its discretion, including for Investors that are principals, employees, or affiliates of the Company or Investors with extremely significant assets under management.

Each Fund will also pay its own expenses, including, but not limited to: (a) legal, accounting, auditing, and other professional expenses; (b) fees and expenses of the administrator; (c) taxes and corporate fees payable to governments or agencies; (d) directors’ fees (if any) and expenses; (e) interest on borrowings, including borrowings from prime brokers and custodians; (f) the fees and expenses of custodians; and (g) litigation and indemnification expenses. In addition, the Funds will incur brokerage and other transaction costs, including brokers’ commissions and borrowing charges on securities sold short. Item 12 below includes a more detailed discussion of East Side’s brokerage practices.

Please refer to Fund offering documents for a complete description of the fees and expenses charged by each Fund.

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

As stated in the **Fees and Compensation** section above, the Funds pay performance-based fees, which are fees based on a share of capital gains on or capital appreciation of the Fund’s assets. East Side does not manage accounts for any clients that do not pay a performance-based fee.

Item 7 Types of Clients

East Side’s clients consist of pooled investment vehicles. The minimum investment in a Fund is typically, \$2,500,000; however, East Side may waive the minimum investment amount at its discretion.

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

The investment objective of the Funds is to seek high economic return primarily through capital appreciation with controlled risk through diversification. The Company seeks to obtain this objective by investing and trading in a range of securities that it believes are “undervalued,” based on its fundamental analysis of the issuer and the underlying value of its assets and earning power and which, preferably, show signs of a “catalyst,” such as an earnings turnaround or a corporate restructuring. Potential investments generally will be reviewed using fundamental, financial, and industry analyses, and East Side will monitor investment opportunities on an ongoing basis to attempt to determine the appropriate timing for purchases and sales.

In selecting investments, East Side will consider various criteria. The Funds will generally invest in equity securities that meet one or more of the following criteria:

1. The value of the underlying assets of the entity exceeds the current market value of the entity’s outstanding securities.
2. A depressed market value in the securities of the entity caused by such factors as uncertainty or misperceptions concerning the entity.
3. Good potential for the appearance of a “catalyst,” such as an earnings turnaround, a stock repurchase program, or the possibility that the entity may become subject to an extraordinary corporate transaction, reorganization, or recapitalization, which may result in an increase in the market price of its securities.

Similarly, East Side may sell or sell short securities which it believes are overvalued.

Investing in securities involves the risk of loss that Investors should be prepared to bear. It is not anticipated that there will be an active secondary market for Fund interests and it is not expected that such a market will develop. Further, no guarantee or representation is made that a Fund’s investment objectives will be achieved and performance could be negatively impacted by a number of risks, including, but not limited to:

1. **Availability of Investment Opportunities** – Certain markets in which the Funds invest are extremely competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns. There can be no assurance that East Side will be able to identify or successfully pursue attractive investment opportunities in such environments.
2. **Short Sales** – Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on a Fund’s portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.
3. **Use of Leverage** – The Funds leverage their investment positions by borrowing funds from securities broker-dealers, banks, or others. While leverage presents opportunities for increasing a Fund’s total return, it has the effect of potentially increasing losses as well.
4. **Concentration of Investments** – The Funds will not be subject to any significant limitations on the amount of capital that may be committed to any one investment. Accordingly, the Funds may

from time to time hold a few, relatively large (in relation to its capital) securities positions, with the result that a loss in any such position could have a material adverse impact on the Funds.

Investors should refer to Fund offering documents for a complete description of the risks involved in an investment in a Fund.

Item 9 Disciplinary Information

Neither East Side nor any of management personnel have been subject to any disciplinary action, whether criminal, civil, or administrative (including regulatory) in any jurisdiction.

Item 10 Other Financial Industry Activities and Affiliations

East Side is related to several entities, which serve as the general partners to the Funds. In addition, East Side Capital is affiliated with Margate Manager, LP, an investment adviser under common ownership with the Company. Neither East Side nor any of its employees have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

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

East Side has adopted a Code of Ethics pursuant to Rule 204A-1 under the Advisers Act, which is predicated on the principal that East Side owes a fiduciary duty to its clients. Accordingly, employees of East Side must disclose or avoid activities, interests, and relationships that run contrary (or appear to run contrary) to the best interest of the Funds.

Personal transactions in securities by principals and employees of East Side (“Supervised Persons”) are subject to the restrictions set forth in East Side’s Code of Ethics. The personal account trading rules contained in the Code of Ethics, among other things, restrict Supervised Persons from transacting in publicly-traded individual equity and fixed income securities (or equivalents). However, East Side and its principals invest a significant portion of their assets in the Funds.

From time to time, East Side or its Supervised Persons may come into possession of material, non-public or other confidential information about companies which, if disclosed, might affect an Investor’s decision to buy, sell, or hold a security. Supervised Persons are prohibited from improperly disclosing or using this information for their personal benefit or for the benefit of any person, regardless of whether the person is a client of East Side.

A copy of East Side’s Code of Ethics is available to any Fund Investor or prospective Investor upon request.

Item 12 Brokerage Practices

East Side considers the following factors in selecting broker-dealers for Fund transactions and determining the reasonableness of their compensation:

1. Knowledge of the security and/or market,
2. Ability to deal at the best price,
3. Execution efficiency,

4. Credit standing and reputation,
5. Value of research, and
6. Quality of access to corporates.

Although the Company seeks competitive commission rates, it will not necessarily pay the lowest commission rates available. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions than would be the case for more routine services. East Side shall take all reasonable steps to obtain the best possible result for the Funds when transacting in financial instruments.

The Company does not have any formal soft dollar arrangements or other arrangements that would commit Funds to any specific or implied level of trading. However, East Side considers whether a broker or dealer has furnished research or other services that enhance its investment and research portfolio management capability. In accordance with Section 28(e) of the Securities Exchange Act of 1934, as amended, East Side may negotiate with and assign to a broker a commission that may exceed the commission that another broker would have charged, if East Side determines in good faith that the amount of commission charged was reasonable in relation to the value of brokerage and/or research services provided by such broker. East Side evaluates the value of a broker's services and the reasonableness of a broker's commissions taking into account the types of research services that the broker may provide. East Side may obtain both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party. The research services obtained from brokers in this manner are used for the benefit of all clients of East Side.

Research services received from brokers and dealers are supplemental to East Side's own research efforts. As such, East Side has an incentive to select broker-dealers based on East Side's interest in receiving the research or other products or services, rather than on the Funds' interest in receiving most favorable execution. However, as a practical matter, it would not be possible for East Side to generate all of the information presently provided by brokers and dealers. East Side pays cash for certain research services received from external sources and, through various commission sharing arrangements, allocates brokerage to pay for other research services. While the receipt of research services from brokerage firms has not reduced East Side's normal research activities, the expenses of East Side would be materially increased if it attempted to generate such additional information through its own investment research activities.

East Side does not have any agreement or formula for the allocation of brokerage business on the basis of research services; however, investment personnel monitor which brokers have provided research that has been helpful in the management of the Funds. To the extent consistent with the foregoing and its duty to seek best execution, East Side may seek to place a portion of the trades that it directs with the brokers who have been so identified.

Trade Aggregation

Orders for the same security entered on behalf of more than one Fund may be aggregated (i.e., blocked or bunched) if the aggregation is in the best interests of all participating Funds. All Funds participating in an aggregated order shall receive the average price and, subject to minimum ticket charges, pay a pro rata portion of commissions. The allocation of securities across Funds will be based on various factors, including account size and cash availability.

In the event an order is partially filled, the allocation shall be made in the best interests of all participating Funds, taking into account all relevant factors including, but not limited to, the size of each Fund's allocation, liquidity needs, and previous allocations. As a general practice, East Side shall seek to ensure that each account gets a pro rata allocation based on its initial allocation. When a pro rata allocation may

not be reasonable, the Company shall reallocate the order in a manner that it deems fair and equitable to Funds over time.

Item 13 Review of Accounts

Generally, the Funds are reviewed on a continuous basis by investment personnel. These reviews are designed to monitor and analyze Fund transactions and positions and ensure compliance with investment objectives and restrictions. East Side provides audited financial statements on an annual basis and quarterly performance reports to all Investors.

Item 14 Client Referrals and Other Compensation

No one who is not a client provides an economic benefit to East Side for providing investment advice or other advisory services to clients. In addition, the Company does not directly or indirectly compensate any third parties for client referrals. However, East Side does use third-party solicitors in connection with marketing interests in the Funds.

Item 15 Custody

All Fund assets are held in custody by unaffiliated broker-dealers or banks. However, East Side has access to the Funds' accounts since it or an affiliate serves as the managing member or general partner of the Funds. Investors do not receive statements directly from Fund custodians. Instead, the Funds are subject to an annual audit and audited financial statements are distributed to each Investor. Audited financial statements are prepared in accordance with generally accepted accounting principles and distributed within 120 days of each Fund's fiscal year end.

Item 16 Investment Discretion

East Side manages the Funds on a discretionary basis subject to the guidelines and restrictions set forth in Fund offering documents and pursuant to an executed investment management agreement. East Side has authority to determine the securities to be bought and sold without obtaining Fund or Investor consent to specific transactions.

Item 17 Voting Client Securities

East Side has authority to vote proxies on behalf of the Funds. East Side will generally vote along with management recommendations. Neither the Funds nor underlying Investors may direct East Side's vote with respect to any proxy. In the event East Side determines that a conflict of interest exists with respect to a proxy, the Company's Chief Compliance Officer will be consulted to determine how to best mitigate the conflict which may include, depending upon the nature of the conflict, East Side electing to engage, at its own expense, an outside proxy voting service or consultant to determine the appropriate manner in which to vote the proxy.

Investors may obtain a copy of East Side's proxy voting policies and procedures, as well as information about how the Company voted with respect to Fund securities, by contacting the Company at info@eastsidecapital.com.

Item 18 Financial Information

East Side has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.