

FORM ADV PART 2A

Congressional Effect Management, LLC

420 Lexington Avenue, Suite 601

New York, NY 10107

Phone: (646) 307-4180

Website: www.CongressionalEffectManagement.com

This brochure provides information about the qualifications and business practices of Congressional Effect Management, LLC (“CEM”). If you have any questions about the contents of this brochure, please contact us at (646) 307-4180. 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.

Additional information about CEM also is available on the SEC’s website at www.advisorinfo.sec.gov.

March 28, 2013

Material Changes. There have been no material changes to CEM’s Form ADV Part 2A since CEM filed its last annual amendment to Form ADV Part 2A on March 30, 2012.

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Advisory Business

Congressional Effect Management, LLC (“CEM”), a Delaware limited liability company, was founded in December 2007. Eric Singer is the sole owner of CEM. CEM provides investment advisory and asset management services on a discretionary basis. CEM offers services to individuals, retirement plans, foundations, endowments, registered investment companies, investment partnerships and other types of clients (each a “client”).

Pooled Vehicle Advisory Services

CEM is the investment adviser to the Congressional Effect Fund (the “Fund”), a series of the Congressional Effect Family of Funds, an open-end diversified management investment company. CEM provides day-to-day investment management services for the Fund.

Individual Advisory Services

CEM also provides investment advisory services to separately managed accounts for individual clients (“Individualized Account Advisory Services”). At the outset of each client relationship, CEM spends time with the client, asking questions, reviewing the client’s investment experience and financial circumstances, and discussing CEM’s investment approach and services offered to determine whether the Congressional Effect Strategy (defined below) is appropriate for the assets proposed for management. Individualized Account Advisory Services may be similar to investment advisory services provided to the Fund.

Discretionary Services

All of CEM’s investment advisory services are provided on a discretionary basis. As of December 31, 2012, CEM had approximately \$13,200,000 in assets under management.

Fees and Compensation

General Fee Information

In general, all fees are payable on a quarterly basis, and are deducted from client accounts by the account custodian. For new accounts, the fee will be prorated.

Management fees charged by CEM do not include fees related to brokerage and custody that are payable to third parties, and are separate and distinct from fees and expenses charged by any investment company (e.g., money market funds or exchange traded funds) in which client assets are invested. See additional information below under “Brokerage Practices”.

The client may terminate an agreement with CEM in accordance with the terms of the client’s investment management agreement (generally 30 days for individual clients), and in this case all fees will be pro-rated.

Pooled Vehicle Advisory Service Fees

CEM charges the Fund an annualized management fee of 1.00% of the Fund’s net asset value, as more fully described in the Fund’s prospectus. Management fees are calculated daily and are deducted from the Fund on a quarterly basis. The Fund also incurs fees and expenses for professional services, administration services, brokerage and transaction changes, and other miscellaneous expenses as outlined in its prospectus.

Individualized Account Advisory Service Fees

CEM offers Individualized Account Advisory Services to managed accounts. For Individualized Account Advisory Services, CEM generally negotiates an asset-based management fee based on the particular services the client will receive.

Performance-Based Fees and Side-By-Side Management

In addition to the management fees described above, CEM may charge performance-based fees to managed accounts at rates and under terms negotiated with each managed account client.

Types of Clients

Individualized Account Services.

CEM offers its services to high-net-worth individuals, investment companies, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or other business entities. With some exceptions, the minimum portfolio value eligible for investment advisory services is \$1,000,000. Minimum annual fees may apply. Under certain circumstances and in its sole discretion, CEM may negotiate such minimums.

Pooled Vehicle Advisory Services

As indicated above, CEM's clients include the Fund. The minimum investment in the Fund is generally \$1,000.

Methods of Analysis, Investment Strategies and Risk of Loss

Method of Analysis and Investment Strategies

CEM's investment strategy is generally to invest in the U.S. stock market when Congress is out of session, and to have no or neutral exposure to the U.S. stock market when Congress is in session. CEM has analyzed several decades of historical data to determine the performance of the S&P 500 Index on days that Congress was "in session" (a day when either house of Congress meets for business) and "out of session" (a day when neither house of Congress met). During the period analyzed, the S&P 500 Index had an average annualized price gain that was higher on days when Congress was not in session, when compared to both the days that Congress was in session and the combined in session and out of session days during the same period (the "Congressional Effect"). CEM believes that the Congressional Effect is not coincidental, but rather reflects the cumulative effect of unintended adverse consequences on the U.S. stock market from anticipated and actual Congressional legislative initiatives.

CEM seeks to mitigate portfolio risks related to the Congressional Effect and to capture potential returns related to the Congressional Effect by generally recommending investments in ETFs or other equity investments linked to the S&P 500 or other indexes and by recommending market-neutral investments (e.g., without limitation, by investing in short sales of securities linked to the S&P 500 Index, or by investing in interest bearing instruments including treasury bills, other government obligations and bonds, collateralized repurchase contracts, money

market instruments or money market funds) or other investments not correlated with the S&P 500 or other equity market indexes or exiting the market entirely (the “Congressional Effect Strategy”).

Risk of Loss

While CEM actively manages its portfolios in an effort to achieve returns and reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

- *Management Risks.* While CEM manages client investment portfolios based on CEM’s experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that CEM allocates assets to asset classes that are adversely affected by unanticipated market movements, and, if applicable, the risk that CEM’s choice of ETFs or other index-tracking securities could underperform their relevant indexes.
- *Congressional Effect.* While CEM has analyzed empirical data from January 1, 1965 through December 31, 2010 to determine the performance of the S&P 500 Index on days that Congress was “in session” (a day when either house of Congress meets for business) and “out of session” (a day when neither house meets), investments that seek to mitigate the Congressional Effect may be subject to loss, especially in the short term.
- *Equity Securities.* CEM will invest portions of client portfolios into equity securities. Investments in stocks and other equity securities are subject to the risks of declines in equity markets.
- *Economic Conditions.* Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws may adversely affect the business prospects or perceived prospects of companies. While CEM performs due diligence on the companies in which it invests, economic conditions are not within the control of CEM and no assurances can be given that CEM will anticipate adverse developments.
- *Lack of Diversification.* CEM client portfolios may not have a diversified portfolio of investments at any given time. While investing large amounts of assets in broad, market index-tracking securities may provide an efficient way for CEM to give its clients exposure to U.S. equity markets, CEM’s client portfolios will not be diversified with respect to market indexes other than those in which CEM focuses.
- *Portfolio Turnover.* Because CEF’s investment strategy involves movements of a substantial portion of client portfolios in and out of the market, the Congressional Effect Strategy is not a tax-efficient strategy. Accordingly, clients with taxable accounts are subject to the risk of substantial tax consequences from their investment.

Disciplinary Information

CEM has no disciplinary events to disclose.

Other Financial Industry Activities and Affiliations

Mr. Singer is a registered representative of Matrix Capital Group, Inc. (“Matrix”), and may receive compensation for trades placed on behalf of client accounts. However, when providing brokerage services for client accounts, Mr. Singer seeks best execution for each trade, which is a combination of price, quality of execution and other factors, and any commissions received by Mr. Singer related to trades for client accounts are reasonable and fair compared to the commission, fee or other remuneration that would be received by other brokers in connection with comparable transactions involving similar securities being purchased or sold on a securities exchange during a comparable period of time. Furthermore, the Fund’s Board of Trustees has adopted procedures that are reasonably designed to provide that commissions paid to Mr. Singer for trades brokered on behalf of the Fund are consistent with the foregoing, and the Board of Trustees confirms no less frequently than quarterly that all transactions effected by Mr. Singer for the Fund are consistent with the foregoing procedures.

Furthermore, as described above, CEM is the investment adviser to the Fund. However, CEM does not consider providing investment advice to the Fund to generate a material conflict of interest for CEM’s other clients. If appropriate, CEM may invest client portfolios in the Fund, provided that CEM does not charge a fee payable to the adviser on client assets invested in the Fund (i.e., CEM does not “double-up” on fees for the same assets).

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

Code of Ethics

Under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), CEM and its officers, directors and employees owe fiduciary duties to their clients. Consistent with these duties, CEM has adopted a Code of Ethics (“Code”). CEM’s policy is that the interest of the client takes precedence over that of CEM, its affiliates, employees and representatives. Accordingly, CEM personnel will disclose any material relationships that they have with respect to any broker dealers or to any investment companies that CEM recommends to clients. In addition, CEM officers and representatives (no matter what capacity they are acting in) will make recommendations based upon client needs without regard to personal benefit.

Personal Trading

CEM officers and representatives will not purchase or sell securities for their own account if the transaction will disadvantage clients. CEM’s Code prohibits insider trading and requires, among other things, that CEM maintain transaction records for employee securities transactions, and places certain limitations or restrictions on employee trading.

Participation or Interest in Client Transactions

Because client accounts are invested most often in securities that track the S&P 500 Index, there is little opportunity for a conflict of interest between personal trades by CEM’s affiliates, employees, representatives and trades in client accounts, even when such accounts invest in the same securities. However, in the event of other identified potential trading conflicts, CEM’s goal is to place client interests first.

CEM will provide a copy of the Code to clients or prospective clients upon request.

Brokerage Practices

Unless specifically directed by the client, CEM has discretion to determine, without specific consent, the investments to be bought or sold and the amounts to invest for a client. In making broker-dealer selections, CEM seeks best execution for each trade, which is a combination of price, quality of execution and other factors. In making these determinations, CEM considers a number of judgmental factors, including, without limitation, clearance and settlement capabilities; quality of confirmations and account statements; the ability of the broker to settle the trade promptly and accurately; the financial standing, reputation and integrity of the broker-dealer; the broker-dealer's access to markets; research capabilities; market knowledge; any "value added" characteristics; CEM's past experience with the broker-dealer; CEM's past experience with similar trades; and other factors. Recognizing the value of these factors, CEM may pay a brokerage commission in excess of what another broker might have charged for effecting the same transaction. Consistent with the foregoing, CEM may generate "soft dollars" from brokerage transactions to be used for "brokerage" or "research" services pursuant to the safe harbor of Section 28(e) of the Securities Exchange Act of 1934.

Aggregation of Trades

While investment decisions for the Fund are made independently of CEM's other client accounts, CEM's other client accounts may invest in the same securities as the Fund. To the extent permitted by law, CEM may aggregate the securities to be sold or purchased for the Fund with those to be sold or purchased for other accounts in executing transactions. When a purchase or sale of the same security is made at substantially the same time on behalf of the Fund and another account, the transaction will be averaged as to price and available investments allocated as to amount in a manner that CEM believes to be equitable to the Fund and the other accounts.

Review of Accounts

CEM's president and portfolio manager, Eric Singer, reviews client portfolios and accounts on at least a quarterly basis. These reviews focus on appropriateness of the client's investments for the client's portfolio and the performance of the client's account. Clients will receive a written report describing the performance of the portfolio on at least an annual basis.

Client Referrals and Other Compensation

From time to time CEM may refer clients to Matrix, which provides office space to CEM, and also serves as the distributor for the Fund. CEM clients who use Matrix for brokerage services or who invest in the Fund should note that Mr. Singer may receive indirect benefits from fees earned by Matrix due to his relationship with CEM.

Custody

Custody of securities in client accounts is maintained at “qualified custodians,” as such term is defined under Rule 206(4)-2 of the Advisers Act. Clients should request statements from their custodians at least quarterly, with paper or electronic copies provided to CEM. Clients should review these statements carefully, and promptly notify CEM if they do not receive a quarterly statement from their custodian.

Investment Discretion

CEM has discretionary authority over the client portfolios that it manages, pursuant to each client’s investment management agreement.

Voting Client Securities

For client accounts for which CEM has proxy voting authority, CEM votes proxies in a manner that serves the best interests of its clients. In voting securities held in a client account, CEM will attempt to resolve any conflict of interest between the client and CEM’s business interests in the way that will most benefit the client. CEM maintains a detailed Proxy Voting Policy and a record of how CEM has voted proxies, each of which are available to clients upon request.

Financial Information

CEM does not require or solicit prepayment of fees six months or more in advance, and CEM currently does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.