

# FAIRWAY ASSET MANAGEMENT, LLC

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This Brochure provides information about the qualifications and business practices of FAIRWAY ASSET MANAGEMENT, LLC. If you have any questions about the contents of this Brochure, contact David E. McKee, Jr. at 512.600.5242 or [dmckee@fairwayassetmanagement.com](mailto:dmckee@fairwayassetmanagement.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.

FAIRWAY ASSET MANAGEMENT, LLC is a registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information which will help you determine to hire or retain an Adviser.

Additional information about FAIRWAY ASSET MANAGEMENT, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Input "Bull Creek Capital" or "Fairway Asset Management" to search for us.

## **Item 2 — Material Changes**

Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

You may request our Brochure by contacting David E. McKee, Jr. at 512.600.5242 or [dmckee@fairwayassetmanagement.com](mailto:dmckee@fairwayassetmanagement.com). Our Brochure is also available on our website, [www.fairwayassetmanagement.com](http://www.fairwayassetmanagement.com), also free of charge.

Additional information about FAIRWAY ASSET MANAGEMENT, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with FAIRWAY ASSET MANAGEMENT, LLC who are registered, or are required to be registered, as investment adviser representatives of FAIRWAY ASSET MANAGEMENT, LLC.

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## **Item 4 — Advisory Business**

### **Who We Are**

FAIRWAY ASSET MANAGEMENT, LLC has operated since 2009 (as Bull Creek Capital Management, LLC until August/September 2011 when we changed our name). We are a privately-held partnership 100% owned by TCG Advisors, LP. TCG Advisors, LP is owned by Total Compensation Group Holdings, LLP and Total Compensation Group Advisory Services Management, LLC. John J. Pesce and Mike W. Cochran are the majority General Partners of Total Compensation Group Holdings, LLP and the majority Members of Total Compensation Group Advisory Services Management, LLC.

We provide investment supervisory services to investment advisory accounts that are affiliated investment limited partnerships or investment limited liability companies (“Funds”). FAIRWAY ASSET MANAGEMENT, LLC is the General Partner of the investment limited partnerships and the Managing Member of the limited liability companies.

We are a strictly fee-based advisor, rather than commission-based. We receive a management fee and can receive a performance-based fee.

In designing our services, we consider the client’s financial situation, investment objectives, time horizon, risk tolerance and other client needs. Through our member Manager—TCG Advisors, LP—we provide investment advisory services for a fee to individuals, pension and profit-sharing plans, trusts, businesses, individual retirement accounts, state and municipal government retirement plans, and sub-advisory services to insurance companies and other entities. Some of their clients are also investment clients through limited partner interests in FAIRWAY ASSET MANAGEMENT, LLC’s Funds. TCG Advisors, LP is a strictly fee-based adviser.

### **Investment Limited Partnerships and Limited Liability Companies**

We design and manage various Funds on a discretionary basis. Each Fund is a limited partnership or limited liability company—in which our clients are partners or members—and/or hedge funds that invest in various debt and equity securities, including derivative securities. “Discretionary” means that the client, you, gives us permission to make trades in your account(s)—your membership in either a limited partnership or limited liability company fund—without first getting your approval. Our Funds are managed on a discretionary basis. The Funds are managed according to the goals and policies described in their offering documents.

All investing involves risk. These Funds are illiquid, which means that certain conditions must be met to take money out of the Fund. Generally, all clients must wait for a period of time after making their initial investment before they may request a distribution from the Fund. Please refer to your offering memorandum for specific details on distribution waiting periods.

Because all investors are different, we discuss each client’s tolerance for risk to assist him/her with deciding if this is an appropriate investment. (The Funds are an illiquid

investment.) Each client fills out a Subscription Agreement that shows how they qualify to purchase the offering and receives an Offering Memorandum that describes the Fund's investment strategy and other terms of the offering. To qualify to invest in our Funds you must be an "accredited investor" and, in some cases, a "qualified client" (see "Brochure Supplements" below for definitions of these terms).

### **Assets Under Management**

We currently do not provide direct supervisory services to any client portfolios. Generally we provide advice to investment advisory accounts which are affiliated investment limited partnerships or investment limited liability companies. We also have a loan servicing agreement for a non-related company with the distressed credit opportunity that we offer. Our affiliate TCG Advisors, LP does provide direct supervisory services to client portfolios, and some of those clients are invested in our Funds.

Our affiliate TCG Advisors, LP manages, as of December 31, 2012, the following client assets:

Discretionary Assets	380,007,793
Non-discretionary Assets	102,436,052
TOTAL	482,443,845

Over 90% of the Non-discretionary Assets are held by institutional clients that use Investment Advisory Committees. TCG Advisors, LP provides information and advice to these Committees, which then make their investment decisions.

### **Item 5 — Fees and Compensation**

We invest some of our Funds in private limited partnerships and hedge funds, which in turn invest in various debt and equity securities, including derivatives. The specific manner in which we charge fees for the Funds is detailed in the Offering Memorandum and Subscription Agreement for that Fund. We offer different classes of limited interests in our Funds. For specific descriptions of the different interest classes, please refer to the offering memorandum for that Fund.

Each Fund, as described in its offering documents, pays all of its own direct expenses. These expenses include, but are not limited to, organizational expenses, investment expenses and charges, legal, and accounting fees. All fees that we receive are separate and distinct from any fees charged by the investment vehicles in which the Funds invest. Those Fund fees are described in the offering documents of the particular Fund. They generally include a management fee and a performance-based fee, as well as any other expenses of the Fund.

### **Termination/Redemption Provisions**

Please refer to the Fund's offering memorandum for specific details on termination and redemption provisions.

## **Item 6 — Performance-Based Fees and Side-By-Side Management**

Performance-based fee arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. We have procedures designed and implemented to ensure that all investors are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among investors.

In those cases where the investor purchases Class A Interest in the Fairway Fund, LP, we will receive a performance-based fee of 10 percent (10.0%) of the Fund's annual net profits. We will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, we shall use a "hurdle rate" and losses carried forward from prior years based on a "high water mark" formula. The "hurdle rate" is the net asset value that the Class A Interests would reach if the Fund received a five percent (5.0%) annualized return. An investor can avoid the performance-based fee by purchasing Class B Interests in the Fund; however, the management fee will be higher for the Class B Interests.

The Masters Fund, LP has a Class A Interest that allows us to receive a 20 percent (20%) performance-based fee monthly, based on the Funds monthly net profits. The fee is only payable to the extent that such profits exceed any losses that are carried over from prior months. An investor can avoid the performance-based fee by purchasing Class B Interests in the Fund.

## **Item 7 — Types of Clients**

Investors in our Funds must be either "accredited investors," as defined in Rule 501 of Regulation D, or a "qualified client" or "qualified purchaser." Class Interests that pay a performance fee are only available to "qualified clients" or "qualified purchasers." All investors must agree to be bound by the terms and conditions of the Fund subscription and governing agreements into which they are investing. The minimum initial investment for any Fund is \$250,000. At our sole discretion, we may, from time to time and on a case-by-case basis, waive this minimum contribution requirement.

TCG Advisors, LP, our affiliate, provides portfolio management and retirement/financial planning services to individuals, high net worth individuals, corporate pension and profit-sharing plans, state and municipal entities, foundations, trusts, estates, and private investment funds. Some of its clients may be investors in our Funds.

## **Item 8 — Methods of Analysis, Investment Strategies and Risk of Loss**

Remember that all investing in securities involves risk of loss that clients, you, should be prepared to bear. Our investment strategy seeks to achieve higher returns while managing risk. While we cannot remove all risk, we seek to keep the level of risk low in relation to the potential gains.

### **Analysis Methods**

We use various analysis methods to determine the investments that should be part of the Funds. These methods are technical analysis and cyclical analysis, using charts and fundamentals.

Technical analysis forecasts the direction of prices through the study of past market data. Charting allows us to see visually how a security is trending, so we can decide whether or not to keep that security in our Funds.

Cyclical analysis looks at economic conditions to determine whether the country is prospering or in recession. Certain securities will follow these trends both up and down, while others will run in a contrary manner, so we can determine which securities to put in or to remove from our Funds.

We receive regular performance reports from each of the investments that are in our Funds. Additionally, they provide us with information about their investment strategies. This helps us determine when to replace an investment.

### **Investment Strategies**

We may invest our Funds in private limited partnerships and hedge funds, which in turn invest in various debt and equity securities, including derivatives. Our Funds are limited partnerships or limited liability companies, organized in Texas. We are the General Partner or Managing Member, respectively.

We manage the Fairway Fund, LP using an “Endowment Model” of investing. This requires a disciplined and transparent asset allocation model—an absolute return strategy aligned with your needs. An absolute return strategy seeks to achieve positive real returns to build and retain wealth while lowering the average risk level. We cannot remove all risk, but seek to limit the amount of risk in our Funds through diversification.

The Masters Fund, LP was created to satisfy our Clients’ needs for reasonable income without concentrated credit risk. We accomplish this by capitalizing on new opportunities in credit markets which were impaired by the global financial crisis. The Masters Fund seeks to offer Clients an attractive and stable current income by supporting new sources of credit in properly diversified and strategically-selected commercial and consumer sectors. We believe that the Masters Fund is a unique fixed income alternative on today’s low interest rate environment.

### **Risk of Loss**

Investments made in our Funds are illiquid. There is a waiting period to withdraw your investment (see “Item 5, Termination/Redemption Provisions” above). There is a further liquidity risk when the Fund is invested in a derivative as there may not be a market for that security. Each Offering Memorandum will disclose the liquidity risks for that investment and should be read carefully before investing.

### **Item 9 — Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of FAIRWAY ASSET MANAGEMENT, LLC or the integrity of our management. None of our management or Partners has any disciplinary information to disclose.

### **Item 10 — Other Financial Industry Activities and Affiliations**

FAIRWAY ASSET MANAGEMENT, LLC is a part of TCG Advisors, LP (our majority Managing Member), which in turn is a part of TCG Group Holdings, LLP. We have various affiliates (wholly-owned subsidiaries of TCG Group Holdings, LLP) that sometimes provide services to our clients. These affiliates are Total Compensation Group Consulting, LP; JEM Resource Partners, LP; The Paragon Group, LP; Paragon National, LP; and Paragon Benefits, LP.

#### **TCG Advisors, LP**

TCG Advisors, LP—our member Manager—provides investment advisory services for a fee to individuals, pension and profit-sharing plans, trust, businesses, individual retirement accounts, state and municipal government retirement plans, and sub-advisory services to insurance companies and other entities. Some of those clients are investment clients through limited partner interests in FAIRWAY ASSET MANAGEMENT, LLC’s Funds. TCG Advisors, LP also provides investment advice to clients of TCG Consulting.

TCG Advisors, LP owns one hundred percent (100%) of FAIRWAY ASSET MANAGEMENT, LLC. TCG Advisors, LP’s Access Persons are also Access Persons at FAIRWAY ASSET MANAGEMENT, LLC.

#### **TCG Consulting**

Total Compensation Group Consulting, LP (“TCG Consulting”) provides consulting services for a fee to institutional clients (*e.g.* school districts, municipalities, etc.), including analyzing a client’s needs, assisting in the preparation of Request for Proposals for insurance and investment products and assisting in the evaluation of responses as well as providing evaluation services with respect existing programs.

Additionally, TCG Consulting provides consulting services to employers and employees with respect to the negotiation and terms of employment agreements. TCG Consulting provides consulting services to some of the clients that are invested in FAIRWAY ASSET



MANAGEMENT, LLC's Funds. FAIRWAY ASSET MANAGEMENT, LLC and TCG Consulting may recommend the other company's services, as appropriate, to meet the needs of clients.

### **JEM**

JEM Resource Partners, ("JEM"), an affiliate of FAIRWAY ASSET MANAGEMENT, LLC, provides third-party administrative services to clients in the markets served by TCG Advisors, LP and TCG Consulting. JEM may provide administrative services to our Funds. From time to time, we recommend JEM's services to clients. Our recommendation of JEM's services is in those situations where we believe that it is appropriate and in the client's best interest to use those services. JEM is a fee-only administrator and does not sell any investment products.

### **TCG Benefits, LLC**

We formed TCG Benefits, LLC to better reflect its relationship as part of TCG Group Holdings, LLP. The Paragon Group, LP, Paragon National, LP, Paragon Benefits, LP and related companies ("*Paragon*") are in the process of transferring their licenses to TCG Benefits, LLC. TCG Benefits, LLC sells insurance products in the same markets as FAIRWAY ASSET MANAGEMENT, LLC's Managing Member, TCG ADVISORS, LP. They may use the products of TCG Benefits, as appropriate, to meet the needs of their financial planning clients.

### **Proximity Learning, Inc.**

Proximity Learning, Inc. (formerly TCG Global, LP) is partially owned (over 50%) by partners of TCG Group Holdings, LLP. Some of our clients have invested in Proximity Learning, Inc. It offers online language instruction to students around the country. For more information on Proximity Learning, visit its website: [www.mylanguage360.com](http://www.mylanguage360.com).

### **Other Affiliations**

TCG Advisors, LP is a corporate sponsor for a number of educational associations. Our Chief Operating Officer, David E. Friedman, is a Limited Partner in ACM Carry Partner, LP which is the General Partner of ACM Liquidation, LP (ACM). ACM offered a promissory note in which some of our clients have chosen to participate.

## **Item 11 — Code of Ethics**

We have adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information and a prohibition on insider trading, among other things. All associated and supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended. You may request a copy of our Code of Ethics by contacting David E. McKee, Jr.

### **Personal Securities Transactions**

We anticipate that, in appropriate circumstances and consistent with clients' investment objectives, we will recommend to investment advisory clients or prospective clients, the

purchase or sale of securities in which we, our affiliates and/or our clients, directly or indirectly, have a position of interest. Our employees and persons associated with us are required to follow our Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of FAIRWAY ASSET MANAGEMENT, LLC and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for our clients.

We designed the Code of Ethics to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of our clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity.

Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between us and our clients.

#### **Trade Order Practices**

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with our obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. We retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

#### **Cross Securities Transactions**

It is our policy that the firm will not affect any principal or agency cross securities transactions for client accounts. We will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker/dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker/dealer or has an affiliated broker/dealer.

## **Item 12 — Brokerage Practices**

We do not receive any soft dollar benefits from broker/dealers for placing trades through such broker/dealer. We recommend broker/dealers with whom we have an approved selling agreement and who, in our opinion, are able to provide the best price and execution. We evaluate broker/dealers on a variety of factors: the ability to achieve prompt and reliable executions; the executed trades are done at favorable prices; the operational efficiency with which the broker/dealer executes the transactions; the financial strength, integrity and stability of the broker/dealer; and the competitiveness of commission rates in comparison with other brokers satisfying our other selection criteria.

Many broker/dealers offer research services. This is an additional component in our choosing with which broker/dealers to enter into a selling arrangement. We look at the quality, comprehensiveness and frequency of such research services to determine who we select as broker/dealers for our managed account program. The research services that these broker/dealers provide supplements the other tools that we use to analyze the securities that we recommend.

## **Item 13 — Review of Accounts**

Under current securities law we are required to periodically review client accounts. We review the Funds' investments on a continuous basis. We conduct investment strategy meetings to review the Funds on a monthly basis. An independent accounting firm audits the limited partnerships and limited liability companies annually.

### **Outside Managers**

For accounts when outside professional managers are recommended, the following evaluation process is followed:

- 1) We subject external managers to an initial and an ongoing due diligence process.
- 2) We perform background and reference checks on most managers.
- 3) We have each manager fill out a detailed proprietary due diligence questionnaire or we review the due diligence questionnaire provided by each manager.
- 4) We conduct onsite meetings with each manager to see his/her facilities and employees, including how they perform their duties.
- 5) We review and negotiate the terms of the agreements (liquidity, fees, transparency and capacity) for the interests of our clients.
- 6) We observe how the manager holds to his/her investment objectives, style and performance. Deviations from stated policy, objectives and/or style are noted. Any change in key personnel (manager or research team) is noted.

We or our Administrator (JEM) may do an informal or formal review of a manager when we receive public information about the manager—as well as formal and informal communications with the manager—that creates a concern about that investment. If we

believe that an allocation change is appropriate based on our review, we will make such change as soon as practicable in our discretion and best judgment.

#### **Item 14 — Client Referrals and Other Compensation**

While we generally promote our services either through personal contacts or through word of mouth (referrals by clients), our services sometimes are promoted by persons or organizations that are not clients.

TCG Advisors, LP (our Managing Member) is a paid sponsor of certain associations and organizations, and may receive client referrals from these relationships. It currently provides direct or indirect compensation as a corporate partner to the Texas Association of School Administrators, the Urban Superintendents Association of America, the National Association of Governmental Defined Contribution Administrators, the National Center for Education Research and Technology, the American Latino Superintendents and Administrators, the Association of Educational Service Agencies (AESAs), the Virginia Association of School Superintendents, the Lake County (Illinois) Superintendents Association, the Center for Quality Leadership, the Texas Association of Suburban/Mid-Urban Superintendents, and various other state and local educational organizations and associations, which allows them to market our services through our interactions with fellow association members.

TCG Group Holdings has a contract with Association of California School Administrators (ACSA) under which we provide discounted fees for our retirement planning services to its members.

Mike Cochran—a majority partner of TCG Group Holdings—maintains a part-time employee relationship with EverBank. EverBank provides Real Estate Mortgages, and Mike Cochran receives compensation for assisting clients in the processing of their mortgages with EverBank.

#### **Item 15 — Custody**

Custody means that the advisor holds client funds or securities or has the authority to possess them. We do not have custody of any client funds. Your investment assets are held at either independent broker dealers or independent custodians.

You should receive at least quarterly statements from JEM, the Administrator. If you are not receiving statements, please contact David E. McKee, Jr. at 512.600.5242 or [dmckee@fairwayassetmanagement.com](mailto:dmckee@fairwayassetmanagement.com). After the close of the tax year, we will send you a K-1, so you can file your profits, or losses, with the IRS.

## **Item 16 — Investment Discretion**

We usually receive discretionary authority from our clients at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Investment guidelines and restrictions must be provided to us in writing. The choice of investments in the Funds, however, is done solely at our discretion.

When selecting securities and determining amounts to be invested in specific securities or sectors, we observe the investment policies, limitations and restrictions of the clients for which the advice applies. For registered investment companies, our authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

## **Item 17 — Voting Client Securities**

As a matter of firm policy and practice, we do not have any authority to and do not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. We may provide advice to clients regarding the clients' voting of proxies.

## **Item 18 — Financial Information**

As a registered investment adviser, we are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to our clients, and have not been the subject of a bankruptcy proceeding.

## **Brochure Supplement(s)**

### **Definitions**

**Accredited Investor:** Accredited Investor is defined in Rule 501 of Regulation D. As a natural person, you (or you and your spouse jointly) must have either a net worth, not including the value of your primary residence, of at least one million (\$1,000,000) at the time of the purchase. You may also qualify by having income that exceed two hundred thousand (\$200,000) in each of the two most recent years, or you and your spouse may qualify by having three hundred thousand (\$300,000) of income in those years.

**Endowment Model:** This model is a portfolio that holds diversified investments and that avoids market timing. An Endowment Model invests in illiquid equities to increase long-term incremental returns. The Model uses both outside managers with proven success and internal management to reduce conflicts of interest.

**High Water Mark:** This is the limited partner's *pro rata* share of the highest level of cumulative net profits since admission to the Fund. The high water mark net profits are measured minus any losses cumulatively through the close of any prior fiscal year.

**Hurdle Rate:** This is the net asset value that the Class A Interests of the Fairway Fund would reach at the end of a period if the Partnership were to achieve a five percent (5%) return on the Fund.

**Qualified Client:** Qualified Client is defined in Regulation 275.205-3. As a natural person, you (or you and your spouse jointly) may qualify by having seven hundred fifty thousand (\$750,000) of assets under our management at the time you enter into this contract. Alternately, you (or you and your spouse jointly) may qualify by having a net worth of at least one million five hundred thousand (\$1,500,000).

**Qualified Purchaser:** Qualified Purchaser includes (A) any company that owns not less than five million (\$5,000,000) in investments and that is owned directly or indirectly by or for 2 or more natural persons who are related as siblings or spouse (including former spouses), or direct lineal descendants by birth or adoption, spouses of such persons, the estates of such persons, or foundations, charitable organizations, or trusts established by or for the benefit of such persons; (B) any trust that is not covered under A above and that was not formed for the specific purpose of acquiring the securities offered, as to which the trustee or other person authorized to make decisions with respect to the trust, and each settlor or other person who has contributed assets to the trust, is a person described in clause above; or (C) any person, acting for its own account or the accounts of other qualified purchasers, who in the aggregate owns and invests on a discretionary basis, not less than twenty-five (\$25,000,000) in investments.