

**PART 2A OF FORM ADV: FIRM BROCHURE**

# **BARRINGTON**

**BARRINGTON WILSHIRE, LLC**

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**This Brochure provides information about the qualifications and business practices of Barrington Wilshire, LLC (“Barrington”). If you have any questions about the contents of this brochure, please contact Shelly Skaug at (310) 264-4844 or [shelly@barrpart.com](mailto:shelly@barrpart.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.**

**Barrington may refer to itself as a “registered investment adviser” in materials distributed to current and prospective clients. As a registered investment adviser with the SEC, Barrington is subject to the rules and regulations adopted by the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration as an investment adviser is not an indication that Barrington or its directors, officers, employees or representatives have attained a particular level of skill or ability.**

**Additional information about Barrington also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **ITEM 2 – MATERIAL CHANGES**

There are no material changes to be noted since our last filing on February 6, 2012.

In the future, when Barrington amends its Brochure for its annual update and the amended version contains material changes from the last annual update, Barrington will identify and discuss those changes either on this page or as a separate document accompanying the Brochure. For documentation purposes, Barrington will provide the date of the last annual update of its Brochure.

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## ITEM 4 – ADVISORY BUSINESS

Barrington Wilshire, LLC, (“Barrington”, “we”, “us” or “our”) was originally founded in 1981 by Russell Faucett under the name Faucett & Co., Inc. Following various name changes and structural changes, in 2010 Barrington converted to a California limited liability company. Barrington is principally owned by the Faucett Family Trust. Russell Faucett and Carol Ann Faucett serve as trustees of the Faucett Family Trust.

We provide discretionary advisory services to our advisory clients, which are primarily private investment funds. Specifically, Barrington serves as:

- the general partner and investment manager of Barrington Partners, L.P., a California limited partnership (the “Onshore Master Fund”), and
- the investment manager of Barrington Offshore Ltd., a Cayman Islands exempted company (the “Offshore Feeder” and together with the Onshore Master Fund, the “Funds”).

The Offshore Feeder and the Onshore Master Fund operate via a “master-feeder” structure, such that the Offshore Feeder contributes substantially all of its assets to the Onshore Master Fund and investments are generally made at the Onshore Master Fund level.

The Onshore Master Fund seeks to produce superior absolute returns by taking long and short positions in distressed securities. As further described in Item 8 below, we use a defined process for stock selection in implementing the Funds’ investment strategy. The Funds’ structure, investment objective and strategy are set forth in a confidential private offering memorandum (each a “CPOM”) provided to each investor in the relevant Fund (each an “Investor”).

Under the investment management agreement with each Fund, Barrington has wide latitude to act upon any investment strategy or to change any investment strategy to achieve the investment objective of the Funds without obtaining the consent of Investors. Prospective investors should carefully read each Fund’s CPOM and consult with their own counsel and advisers as to all matters concerning an investment in the Funds.

Barrington also serves as the investment adviser to Faucett Catalyst Fund (the “Catalyst Fund”), a not-for-profit company controlled by the Faucett family and formed for the purpose of making charitable donations, through a separately managed account arrangement. The Catalyst Fund makes direct investments in dividend paying and other high-yielding securities.

Other than the Catalyst Fund, we presently provide investment advice only to the Funds, and we generally do not tailor our advisory services to the individual needs of Investors. When deemed appropriate for a large or strategic institution or high net worth individual, we may, in the future, establish an individually managed account that may tailor its investment objectives to those of the specific client and/or be subject to different terms and/or fees than those of the Funds. Such investment objectives, fee arrangements and terms would be individually negotiated, and it should be noted that any such managed account relationships would generally be subject to significant account minimums.

We do not participate in wrap fee programs.

As of December 31, 2012, Barrington manages \$1,001,856,060 of assets on a discretionary basis. Barrington does not currently manage any assets on a non-discretionary basis.

## ITEM 5 – FEES AND COMPENSATION

Each Fund's CPOM contains a detailed description of the fee schedule.

**It is critical that Investors refer to the relevant Fund's CPOM for a complete understanding of how we are compensated for our advisory services. The information contained herein is a summary only and is qualified in its entirety by the relevant Fund's CPOM.**

Barrington generally charges a management fee of 1% based on the net assets of each Fund, payable quarterly in advance (the "Management Fee").

Barrington also charges performance based compensation in the form of an incentive allocation (the "Incentive Allocation"). An Incentive Allocation of 20% is generally calculated and charged as of the last day of each fiscal year. An Investor in the Funds will not be charged an Incentive Allocation until any net loss previously allocated to such Investor (as adjusted for withdrawals of capital) has been offset by subsequent net profits.

We modify the Management Fee and the Incentive Allocation for employees, members and affiliates of Barrington.

Each Fund will bear its own organizational expenses and operating expenses including: any fees, costs or expenses of each Fund Barrington or its affiliates reasonably incur in connection with the operation of the business and maintenance of the Funds. Such expenses include but are not limited to: (a) consulting fees related to investment research; (b) brokerage and execution charges, commissions, custodial charges, and fees for quotation and other data services; (c) fees related to trading, portfolio management and risk management systems; (d) research subscriptions and expenses; (e) broken trade and broken deal fees; (f) costs and expenses incurred for the purpose of protecting and enhancing the value of the Funds' investments; (g) expenses to register securities and transfer taxes; (h) U.S. Federal, state and local taxes, filing and registration fees of the Funds, Barrington and its affiliates (other than taxes on the income of Barrington and its affiliates); (i) all costs, fees and expenses relating to investor communications and relations; (j) fees, costs and expenses incurred in connection with borrowings; (k) fees for consultants and other professionals or experts; and (l) directors' fees. For the avoidance of doubt, the Offshore Feeder will bear its pro-rata portion of the expenses of the Onshore Master Fund. Further, organizational expenses are currently being amortized by the Offshore Feeder over a 60 month period from the date the Fund commenced operations (i.e., January 2010).

To the extent the Funds utilize soft dollars, the Funds may be deemed to be paying for research and other services with "soft" or commission dollars. Refer to "Item 12 – Brokerage Practices" for further information.

Barrington generally deducts the Management Fee quarterly in advance. To the extent a capital contribution is made to any of the Funds as of any day that is not the first day of a fiscal quarter, the Management Fee is prorated and charged at the time of subscription. The prorated amount is based on the net asset value of each share or interest (as applicable) at the time of subscription. The Incentive Allocation is also paid by deduction from each Investor's account in the Onshore Master Fund on December 31 (or the closest business day prior to December 31) for the 12-month performance period ending on the prior calendar year for each year in which the Incentive Allocation is earned.

Barrington does not receive sales commissions in connection with sales of interests in a Fund.

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

As noted in Item 5 above, Barrington receives performance-based compensation in the form of an Incentive Allocation. While each Fund managed by Barrington pays performance-based compensation, it should be noted that Barrington charges a modified Incentive Allocation with respect to its members, employees, affiliates. Fees based on performance will only be charged in accordance with the provisions of Rule 205-3 under the Advisers Act.

The possibility that we may receive performance-based compensation creates a potential conflict of interest in that it may create an incentive to make investments that are riskier or more speculative than in the absence of such a performance-based fee. Further, since the Incentive Allocation is calculated on a basis which includes unrealized appreciation of the Funds' shares or limited partnership interests (as the case may be), such allocation may be greater than if it were based solely on realized gains. Investors are provided with clear disclosure as to how performance-based compensation is charged with respect to a particular Fund and the risks associated with such performance-based compensation prior to making an investment.

In the event that we choose to manage any funds or managed accounts that are not charged performance-based compensation, a conflict may arise where we have an incentive to treat some clients preferentially as compared to others because those clients pay performance-based compensation or because we or one of our employees or affiliates have an interest in the fund or account. We have adopted a policy to allocate portfolio transactions and investment opportunities among multiple clients on a fair and equitable basis over time. All eligible clients that can participate in a transaction share the same price on a pro rata allocation basis in an attempt to mitigate any conflict of interest. Investment opportunities are allocated among similarly managed client portfolios to maintain consistency of portfolio strategy, taking into account cash availability, investment restrictions and guidelines, and portfolio composition.

Since the Management Fee and the Incentive Allocation paid to Barrington are based on the net asset value of the Funds, a conflict may also arise when Barrington or a related person is valuing the assets held by the Funds. Assets will generally be valued at fair value by Barrington or its related person in accordance with U.S. generally accepted accounting practices.

## **ITEM 7 – TYPES OF CLIENTS**

We provide investment advisory services to the Funds and the Catalyst Fund.

The Funds offer interests or shares (as applicable) only to certain qualified investors and admission in the Funds is not open to the general public. Interests in the Onshore Master Fund and shares of the Offshore Feeder are sold only to qualified investors who are "accredited investors" under Rule 501 of Regulation D of the Securities Act of 1933, as amended, and "qualified purchasers" as such term is defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended.

The minimum initial investment for the Funds is \$10,000,000. This minimum is subject to reduction or waiver at the discretion of Barrington in the case of the Onshore Master Fund, and the board of directors in the case of the Offshore Feeder (however, the minimum initial subscription for the Offshore Feeder may not be reduced to less than the statutory minimum of \$100,000). Further, Investors in the Funds must maintain a minimum investment of \$100,000 (per Fund).

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

### Investment Objective

As described in Item 4 above, the Onshore Master Fund's investment objective is to produce superior absolute returns by taking long and short positions in distressed securities. To achieve this objective, the Onshore Master Fund invests substantially all of its assets in (i) a long portfolio of index ETFs, cash, bonds, and distressed equities; and (ii) a short portfolio developed from specific stock selections of companies that we believe have fundamentally flawed business models.

### Method of Analysis

Investments for the Funds are identified and selected by Barrington. We use a clear, well-defined process for stock selection. The process includes the following steps:

- *Prospecting.* Techniques to search for new portfolio positions include use of both quantitative and qualitative techniques to generate a long list of potential portfolio positions.
- *Evaluating.* We evaluate potential portfolio positions by conducting a detailed review of information about the prospective portfolio company (including a cash flow model and investment case statement).
- *Deciding.* Investment decisions are made once our investment team has completed a thorough review of a cash flow model and investment case statement.
- *Trading.* Once a decision is made, an initial position is added to the Fund's portfolio. Our investment team continues its analysis of the portfolio company after the initial investment and, if its conviction in the portfolio company's investment case statement increases, the Funds' position may be increased.
- *Monitoring.* Cash flow models and investment case statements of portfolio companies are updated on a regular basis by our investment team to reflect new information about a portfolio company's financial performance including, but not limited to, quarterly and half yearly reports, profit warnings and other regulatory disclosures.
- *Exiting.* Although the Funds have no set rules governing exits from portfolio positions, all positions are regularly reviewed by our investment team for changes to fundamentals and margin of safety which may impact whether it remains in the applicable Fund's portfolio.

**While Barrington intends to manage the Funds pursuant to the investment strategy described in their CPOMs, under the investment management agreement with each Fund, Barrington has broad and flexible investment authority. Barrington may act upon any investment strategy or change any investment strategy to achieve the investment objective of the Funds, all without obtaining the consent of Investors. It is critical that Investors refer to the relevant Fund's CPOM for a complete understanding of that Fund's investment objective and strategy. The information contained in this Item 8 is a summary only and is qualified in its entirety by the relevant Fund's offering documents.**

**An investment in the Funds may be deemed speculative and is not intended as a complete investment program. The Funds are designed only for experienced and sophisticated persons who are able to bear the risk of substantial impairment or total loss of their investment in the Funds.**

## RISK FACTORS

### Concentration of Investments

At times the Funds may hold a relatively small number of securities positions. Losses incurred in such positions could have a material adverse effect on the Fund's overall financial condition, including opportunity loss.

### Securities of Financially Distressed Companies

Investing in assets, liabilities (such as high-yield debt) or equity of companies that are, or appear to be, in financial distress or emerging from financial distress involves a high degree of risk. At times there is very limited liquidity in such securities. If a Fund is required to cover a short position in response to changing market conditions or sell such securities to fund withdrawals, it may incur substantial losses. If a Fund holds a long or short position in securities of a company that becomes subject to a bankruptcy proceeding, it will be subject to applicable bankruptcy statutes. Realization of any gains may depend on the determinations of the bankruptcy court or the implementation of reorganization plans. In addition, an investment in a financially distressed company may expose the Funds to potential liability as a lender.

### Leverage

The use of leverage by buying securities on margin is a speculative technique that involves special risk considerations. Interest costs on borrowings may fluctuate with changing market rates of interest and may partially offset or exceed the return earned on borrowed funds. Interest on borrowings will be an expense of the Funds and will affect the investment performance of the Funds. To the extent the Funds are leveraged, the value of their assets will tend to increase more when its portfolio securities increase in value, and to decrease more when its portfolio securities decrease in value, than if its assets were not leveraged.

### Limited Liquidity of Some Investments

Securities that are thinly traded, traded on over-the-counter markets or regional exchanges, or subject to transfer restrictions are highly speculative investments. The Funds may not be able to promptly cover those short positions or liquidate those investments if the need should arise, and the Funds' ability to realize gains, or to avoid losses in periods of rapid market activity, may be affected. In addition, the value assigned to such investments for purposes of valuing interests or shares of the Funds (as applicable) and determining net profits and net losses may differ from the value the Fund is ultimately able to realize.

### Equity Investments

By investing in stocks, Barrington may expose the Funds to a sudden decline in the share price or to an overall decline in the stock market. The value of investments held in a Fund will fluctuate daily and cyclically, based on changes in the issuer's financial condition and prospects and on overall market and economic conditions.

### Short Sales

Short sales that are not part of a hedging transaction are speculative and involve special risk considerations. Returns will tend to increase more when the securities sold short decrease in value, and to decrease more when the securities sold short increase in value, than would otherwise be the case if the seller had not engaged in such short sales. Barrington may not be able to borrow securities at the most desirable time and "uptick rules" may prevent Barrington from executing short sales of securities at the most desirable time. If the prices of securities sold short increase, the Funds may be required to provide

additional funds or collateral to maintain the short positions. The risk of a theoretically unlimited increase in the market price of the particular investment sold short, could result in the inability of the Funds to cover the short position, and of theoretically unlimited potential for loss to a Fund's portfolio.

### Exchange-Traded Funds

The risks of investing in an ETF generally reflect the risks of owning the component securities in the index that the ETF is designed to track, although lack of liquidity in an ETF could result in it being more volatile and ETFs generally incur management fees and operating expenses that increase their costs. ETFs are also subject to other risks, including: (a) the risk that their prices may not correlate perfectly with changes in the underlying index; and (b) the risk of possible trading halts due to market conditions or other reasons that, in the view of the exchange upon which an ETF trades, would make trading in the ETF inadvisable. An exchange-traded sector fund may also be adversely affected by the performance of that specific sector or group of industries on which it is based. The Funds will have little or no control over the activities of any actively managed ETF in which it invests, and the investment adviser of such ETF may take undesirable tax positions, employ excessive leverage, impose redemption or other fees, or otherwise act in a manner not anticipated by us. Actively managed ETFs may also be subject to investment and other restrictions that could adversely affect the Fund's performance.

### Small Capitalization Companies

Investments in securities of small capitalization companies (commonly referred to as "micro-cap" and "small-cap" companies) are more speculative and entail greater risk than investments in larger capitalized, more established companies because such companies may have novel products or business models and limited product lines, distribution channels and financial and managerial resources. The securities of small-cap companies may have greater price volatility and less liquidity than the securities of larger capitalized companies, and may be more difficult to value. Securities of small cap companies may also be more difficult to value than other types of securities because of the foregoing considerations as well as lower trading volumes. Additionally, transaction costs for these types of investments are often higher than those of larger capitalization companies.

### Fixed Income Investments

Fixed income securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). The market values of fixed-income securities tend to vary inversely with the level of interest rates. Yields and market values of fixed income securities fluctuate over time, reflecting not only changing interest rates but the market perception of credit quality and the outlook for economic growth. Lower rated or unrated (i.e., high yield) securities are more likely to react to developments affecting market and credit risk than are more highly rated securities, which primarily react to movements in the general level of interest rates.

### Foreign Investments

Special risks associated with investments in securities of foreign companies add to the usual risks inherent in domestic short sales and investments. Such special risks include fluctuations in foreign exchange rates (which the Fund aims to protect against by holding cash in foreign currencies), political or economic instability in the country of issue, and the possible imposition of exchange controls or other laws or restrictions. In addition, securities prices in foreign markets are generally subject to different economic, financial, political and social factors than are the prices of securities in United States markets. With respect to some foreign countries there may be the possibility of expropriation or confiscatory taxation, limitations on liquidity of securities, restrictions on the ability of the Funds to engage in short selling or

political or economic developments that could affect the foreign investments of the Funds. Moreover, less information may be publicly available concerning certain of the foreign issuers of securities sold short or held by the Funds than is available concerning U.S. companies. Foreign companies are also generally not subject to uniform accounting, auditing and financial reporting standards or to practices and requirements comparable to those applicable to U.S. companies.

**Please refer to the CPOMs of the Funds for a detailed description of the material risks related in an investment in the Funds.**

## **ITEM 9 – DISCIPLINARY INFORMATION**

Barrington does not have any legal, financial or other disciplinary items to report.

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

Barrington is not registered as a broker-dealer, futures commission merchant, commodity pool operator or commodity trading adviser and its employees are not registered representatives or associated persons of any of the foregoing.

Barrington Marchant, LLP, a limited liability partnership formed in the United Kingdom owned by a member of Barrington, provides investment research and marketing services to Barrington pursuant to a consulting agreement.

See Item 7 above. Barrington is also the general partner of the Onshore Master Fund and related persons of Barrington serve as directors of the Offshore Feeder. Investors must understand that each Fund was formed as an investment product to be managed by Barrington, and that we do not intend to cause any Fund to terminate its investment management relationship with Barrington absent its liquidation or bankruptcy. However, we have a fiduciary duty to act in the best interest of each Fund, and an Investor is generally permitted to withdraw from the Funds as of the last business day of any calendar quarter (or month, at the discretion of management) upon at least 45 days' prior written notice. Withdrawals may be subject to additional limitations, including, but not limited to, suspension of withdrawals, in-kind distributions, required withdrawals and the retention of a holdback or reserve for liabilities. Although we do not currently expect to do so, we may from time to time in the future enter into side letter agreements with one or more Investors that provide for offering terms that are different or more favorable than the terms granted to all other Fund investors. To the extent that we enter into such an agreement, the Funds will provide each existing Investor with written notice of such agreement, and the terms of such agreement will extend to all Investors.

Barrington invests directly in the Funds and employees of Barrington may also invest directly in the Funds. It should be noted that investments made by such parties are subject to modified Management Fees and Incentive Allocations as described in Item 5 above.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Barrington's Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Advisers Act. The Code applies to Barrington's access persons (which term includes all employees of

Barrington) (the “Access Persons”) and sets forth a standard of business conduct that takes into account Barrington’s status as a fiduciary and requires Access Persons to place the interests of advisory clients and Investors above their own interests. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of Barrington’s Chief Compliance Officer. All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code on at least an annual basis.

As required by Rule 204A-1 of the Advisers Act, the Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must also provide the Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Rule 204A-1.

We maintain (i) a “Holdings List” that contains the names of issuers of securities that advisory clients currently hold; (ii) a “Watch List” that contains the names of issuers that are being researched by Barrington for potential investment and (iii) a “Restricted List” that includes the issuers of securities that Barrington has come into contact with material non-public information. Access Persons are strictly prohibited from trading in securities that are included on the Restricted List. Access Persons are also prohibited from trading in securities that are included on the Holdings List and Watch List, except that Access Persons may, upon the prior written approval of the Chief Compliance Officer, purchase or sell ETFs that are listed on the Holdings List, or in rare circumstances close a position which they held prior to the Funds’ taking a position in the same security. The Chief Compliance Officer may only approve a transaction if she concludes that the transaction would comply with the provisions of the Code of Ethics and is not likely to have any adverse economic impact on advisory clients.

Further, Barrington’s Code of Ethics ensures the protection of nonpublic information about the activities of advisory clients.

Investors or prospective Investors may obtain a copy of Barrington’s Code of Ethics by contacting the Chief Compliance Officer, Shelly Skaug, at (310) 264-4844 or email at [shelly@barrpart.com](mailto:shelly@barrpart.com).

As noted in Item 5 above, Barrington and its members, employees or affiliates have investments in the Funds and we charge a modified Management Fee and Incentive Allocation to such Investors. In addition, Barrington’s Access Persons may buy and sell for their own account, subject to a pre-clearance requirement (as described above), ETFs that are currently held in the portfolio of a Fund. The fact that Barrington and the Access Persons may have financial ownership interests in the Funds and/or portfolio securities of the Funds creates a potential conflict in that it could cause Barrington to make different investment decisions than if such parties did not have such financial ownership interests. We address these potential conflicts through regular monitoring of the Funds’ portfolios for consistency with the Funds’ objectives, strategies, and target capacity. Further, we carefully consider the risks involved in any investments and provide extensive disclosure to Investors regarding the potential risks that come with an investment in the Funds. The Code requires Access Persons to place the interests of the Funds and Investors over their own or those of Barrington, and all Access Persons are required to acknowledge their receipt and understanding of the Code. Also, as noted above, Access Persons are subject to certain personal securities transaction restrictions and pre-clearance requirements to ensure all Access Persons place the interests of the Funds and Investors above their own.

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

## ITEM 12 – BROKERAGE PRACTICES

We recognize our duty to obtain “best execution” for the Funds and any other client. In selecting broker-dealers to execute securities transactions, we will select brokers on the basis of best execution and in consideration of other factors such as:

- level of service and responsiveness;
- natural liquidity in the stock;
- difficulty of trade and security’s trading characteristics;
- confidentiality/anonymity;
- timeliness of execution;
- research services provided by the broker; and
- financial condition and business reputation.

During the last fiscal year, we directed the Funds’ securities transactions to particular broker-dealers based on these considerations. We will periodically review the execution performance of broker-dealers executing our clients’ transactions to make a good faith determination that the value of research and brokerage services received is reasonable in relation to the amount of commissions paid. Such reviews will generally be conducted on a quarterly basis and will be documented. The reviews will generally be conducted by the Chief Compliance Officer and our investment team.

Barrington will not obligate itself to obtain the lowest commission or best net price for an account on any particular transaction. Accordingly, the commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to the Funds or any other client by brokers in the foregoing circumstances may be higher than those charged by other brokers who may not offer such services.

We may, if we deem it to be in the best interest of the Funds, utilize “soft dollar” arrangements with certain brokers. Because many of those services could benefit Barrington, it may have a conflict of interest in allocating client brokerage business. In other words, we could have an incentive to execute client transactions through a broker-dealer that provides valuable services or products and pay transaction commissions charged by that broker-dealer which may be higher than we might otherwise be able to negotiate. We could also have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal to generate soft dollars with which to acquire research products and services.

Any use of “soft dollars” will come within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended. Under the Section 28(e) safe harbor, Barrington’s use of the Funds’ commission dollars to acquire research products and brokerage services is not a breach of Barrington’s fiduciary duty to the Funds – even if the brokerage commissions paid are higher than the lowest available – as long as (among certain other requirements) we determine that the commissions are reasonable compensation for both the brokerage services and the research acquired. For these purposes, “research” means advice, analysis and reports used to provide lawful and appropriate assistance to us in making investment decisions for our clients. During the last fiscal year, we acquired the following types of research reports on or other information about particular companies or industries; economic data such as unemployment reports, inflation rates or gross domestic product figures; recommendations as to specific securities; financial publications relating to the subject matter set forth in Section 28(e) (i.e., the value, availability or advisability of investing in securities, and issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts); portfolio evaluation services and financial database software and services. In addition, the types of brokerage services that we used during the last fiscal year include execution clearing and settlement services; exchange of messages among brokers, custodians and institutions; and communication services related to the execution, clearing and settlement of securities transactions and other incidental services. The Section 28(e) safe harbor applies to the use of a specific Fund’s soft dollars even when the research acquired is used in making investment decisions for

the other advisory clients of Barrington. The safe harbor is not available for transactions effected on a principal basis, with a markup or markdown paid to the broker-dealer, other than certain riskless principal transactions.

A broker or dealer through which we wish to use soft dollars may establish “credits” relating to brokerage commissions paid in the past, which may be used to pay for research products or services. In other cases, a broker or dealer may provide or pay for the service or product and suggest a level of future business that would fully compensate the broker or dealer. Barrington’s actual transactional business with such a broker-dealer may be less than the suggested level but can – and often will – exceed that level. This may be in part because a Fund’s investment activities generate aggregate commissions in excess of the aggregate suggestions from all broker-dealers providing services and products. Additionally, it may be in part because those broker-dealers may also provide superior execution and may therefore be most appropriate for particular transactions. Broker-dealers are not excluded from Fund business simply because they have not provided research services or products.

As noted above, on a quarterly basis, the Chief Compliance Officer will meet with our investment team to discuss and evaluate the services provided by brokers in relation to the commissions that the Funds pay such brokers.

In managing the Funds’ portfolios, we will generally aggregate trades, subject to best execution. Aggregation, or “bunching,” describes a procedure whereby an investment adviser combines the orders of two or more Funds into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities for Barrington may arise when more than one Fund is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. We may aggregate client orders when doing so will result in a better overall price for Fund trades. We will generally aggregate orders unless aggregation is not consistent with our duty to obtain best execution and the terms of the investment guidelines and restrictions of each Fund for which trades are being aggregated. It is our general policy that no Fund will be favored over any other Fund; each Fund that participates in an aggregated order will participate at the average price for all of our transactions in that security on a given business day, with transaction costs shared pro rata based on each Fund’s participation in the transaction. Brokerage commission rates are not reduced as a result of such aggregation. In some instances, average pricing may result in higher or lower execution prices than otherwise obtainable by a single Fund.

In addition, to the extent we encounter investment opportunities that are appropriate for more than one Fund or when an aggregated order is only partially filled, we will allocate the investment opportunity or a partially filled order on a fair and equitable basis. In such a situation, orders will generally be allocated pro rata based on the size of the Fund. However, allocations may be made on a basis other than pro rata for a number of reasons, including, but not limited to, a Fund’s investment guidelines and restrictions, available cash, liquidity requirements, tax or legal reasons, to avoid odd lots, or in cases in which such an allocation would result in a de minimis allocation to a Fund. We are not obligated to purchase or sell for each Fund every security which Barrington or its employees may purchase or sell for other Funds, if such a transaction or investment appears unsuitable, impractical or undesirable for the Fund; provided that we, to the extent within our control, may not favor ourselves in any way to a Fund’s detriment and will act in a manner that over the long term is fair and equitable to all our Funds. To the extent that an order is appropriate for more than one Fund and such order is allocated on a basis other than pro rata, we will document the reason why. The Chief Compliance Officer (or her designee) will periodically review non-pro rata allocations to ensure allocations were made in a fair and equitable manner.

## **ITEM 13 – REVIEW OF ACCOUNTS**

The Funds' portfolios are under continuous review and their performance is analyzed on a daily basis. Our operations team is responsible for ensuring the accuracy of trade confirmations and related documents. The operations team performs a daily position reconciliation between its portfolio accounting system and the prime broker records. Barrington's Chief Operations Officer and Accounting Manager reconcile our internal portfolio records, including positions, market value and cash, to the margin statements provided by the Funds' prime brokers, each morning before the opening of the stock market. Further, our third-party administrator also performs a monthly reconciliation.

Further, Shelly Skaug, in her capacity as Chief Compliance Officer, periodically reviews the firm's trading and current practices to ensure consistency with applicable law and regulations.

Generally, Investors will receive written, unaudited monthly and quarterly account reports. In addition, Investors will receive annual audited financial statements and, if necessary, annual tax information for completion of their individual tax returns. Further, upon request, Investors may also obtain additional portfolio level information.

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

There is no one who is not a client that provides an economic benefit to Barrington for providing investment advice or other advisory services to our clients.

We do not currently have any agreements for referrals of Investors in the Funds. In the future, should we enter into any written arrangements with third parties to act as solicitors for our investment advisory business, any such arrangements will be fully disclosed to each client consistent with applicable law. Any such future referral activities will be conducted in accordance with SEC Rule 206(4)-3 under the Advisers Act, as well as relevant SEC guidance.

## **ITEM 15 – CUSTODY**

While we will not maintain physical possession of the funds or securities of any Fund, we are deemed to have custody of the Funds' assets because Barrington is the general partner of the Onshore Master Fund and related persons serve as directors of the Offshore Feeder. We maintain the assets of the Funds in accounts with "qualified custodians" pursuant to Rule 206(4)-2 under the Advisers Act. The qualified custodians presently utilized by us are:

National Financial Services  
200 Seaport Blvd. Z2H  
Boston, MA 02210

Goldman Sachs & Co.  
555 California Street  
San Francisco, CA 94104

UBS Securities LLC  
1285 Avenue of the Americas  
New York, NY 10019

To ensure compliance with Rule 206(4)-2 under the Advisers Act, we reasonably believe that all Investors in the Funds will be provided with audited financial statements, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 days of each Fund's fiscal year. The audited financial statements are sent by Barrington's third party administrator. Investors should carefully review the audited financial statements of the Funds upon receipt.

## **ITEM 16 – INVESTMENT DISCRETION**

We have discretionary authority to make the following determinations:

- the securities that are to be bought or sold;
- the total amount of the securities to be bought or sold;
- the brokers through which securities are to be bought or sold; and
- the commission rates at which securities transactions for client accounts are effected.

As explained in Item 4 above, individual Investors in the Funds do not have the ability to impose limitations on our discretionary authority. Prospective Investors are provided with the relevant Fund's CPOM prior to their investment and are encouraged to carefully review the offering memorandum, along with all supplements and other relevant offering documents, and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Further, all Investors must execute a subscription agreement, each of which constitutes a legal, valid and binding obligation of the Investor, enforceable in accordance with its terms.

## **ITEM 17 – VOTING CLIENT SECURITIES**

We understand and appreciate the importance of proxy voting. To the extent that we have discretion to vote the proxies on behalf of the Funds, we will vote any such proxies in the best interests of the Funds and Investors (as applicable) and in accordance with set compliance policies and procedures.

All proxies sent to the Funds that are actually received by us (to vote on behalf of the Funds) will be provided to the Chief Compliance Officer. The Chief Compliance Officer, or her designee, will generally adhere to the following procedures:

- A written record of each proxy received by Barrington (on behalf of the advisory clients) will be kept in Barrington's files;
- The Chief Compliance Officer, or her designee, will first determine which of the Funds hold the security to which the proxy relates. The Chief Compliance Officer, or her designee, will make a determination as to whether there is a conflict of interest related to the proxy in question.
- The Chief Compliance Officer (or her designee) will provide Russell Faucett (the "Proxy Voting Coordinator") with: (i) a copy of the proxy and (ii) any additional necessary information such as the deadline that such proxies need to be completed and returned to the private investment fund in question.
- If no material conflict is identified pursuant to these procedures, the Proxy Voting Coordinator will make a decision on how to vote the proxy. In making this determination, the Proxy Voting Coordinator may consult with members of our investment team.

- Although not presently intended to be used on a regular basis, we are empowered to retain an independent third party to vote proxies in certain situations (including situations where a material conflict of interest is identified).

As stated above, in evaluating how to vote a proxy, the Proxy Voting Coordinator will determine whether there is a conflict of interest related to the proxy in question. This examination will include (but will not be limited to) an evaluation of whether Barrington (or any affiliate of Barrington) has any relationship with the company (or an affiliate of the company) to which the proxy relates outside an investment in such company by a Fund managed by Barrington. If a conflict is identified and deemed “material” the Proxy Voting Coordinator will determine whether voting the proxy is in the best interests of affected Fund (which may include utilizing an independent third party to vote such proxies).

In the absence of specific voting guidelines, we will endeavor to vote proxies in the best interests of each Fund.

The Chief Compliance Officer will maintain files relating to Barrington’s proxy voting procedures (and all related documents) in an easily accessible place. Records will be maintained and preserved for five years from the end of the fiscal year during which the last entry was made on a record.

**If you have any questions about Barrington’s proxy policy, its proxy record-keeping procedures or if you would like any detailed information about how proxies are actually voted, please contact Shelly Skaug at (310) 264-4844 or email at [shelly@barrpart.com](mailto:shelly@barrpart.com).**

## **ITEM 18 – FINANCIAL INFORMATION**

We are not currently aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.