

# OBERMAIER MANAGEMENT LLC

## Form ADV Part 2A

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Uniform Application for Investment Adviser Registration

**March 18, 2013**

This brochure provides information about the qualifications and practices of Obermaier Management, LLC. ("OM"), the investment adviser. The information in this brochure has not been approved or verified by the SEC or by any states securities authority. Please contact Carlos E. Obermaier, Principal if you have any questions about the contents of this brochure.

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## Item 2 – Material Changes

According to the provisions of the Dodd-Frank Act, Obermaier Management LLC, a Mid-Sized Advisers (advisers with between \$25 million and \$100 million in assets under management ), in compliance with the amended registration provisions to the Advisers Act is switching to state registration as required.

### **Mid-Sized Private Fund Advisers to Private Companies**

The Act requires that the SEC provide an exemption from the registration requirements for Mid-Sized Private Fund investment advisers to Private Companies with less than \$150 million in assets under management. <sup>1</sup> This \$150 million exemption, however, applies only to investment advisers who act solely as advisers to private funds <sup>2</sup> and have assets under management in the United States of less than \$150 million. Nevertheless, the Act requires that investment advisers who take advantage of this exemption maintain such records and provide such annual reports to the SEC as the SEC by rulemaking shall determine are necessary and appropriate in the public interest or for the protection of investors. The Act also grants the SEC the authority to propose registration and examination procedures for investment advisers to “mid-sized private funds,” taking into account the size, governance, investment strategy and level of systemic risk posed by such funds. <sup>3</sup>

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<sup>1</sup> Act 408.

<sup>2</sup> A private fund is an issuer that would be an investment company, as defined in section 3 of the Investment Company Act of 1940, as amended (the “1940 Act”), but for section 3(c)(1) or 3(c)(7) of the 1940 Act.

<sup>3</sup> Act 408.

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#### Item 4 – Advisory Business

##### **OBERMAIER MANAGEMENT (“OM”)**

Obermaier Management is owned by Carlos E. Obermaier. OM is newly formed investment advisory firm incorporate in 2011. Carlos E. Obermaier was formerly Vice-President at HSBC Global Private Bank from February 2006 to November 2011. Between 2007 and 2010, Mr. Obermaier completed the Securities Industry Institute program at the Wharton School of The University of Pennsylvania. From 2004 to 2005, Mr. Obermaier was a member of the ultra high net worth team of financial advisors at UBS Private Wealth Management Group. From 2000 to 2002 Mr. Obermaier was a business analyst at Lucent Technologies Latin America. From 1990 to 1998 Mr. Obermaier was founder and General Manager at Obermaier Ltda., Santiago, Chile. From 1983 to 1989, Carlos was regional business manager in the North-East, South-East and Mid-West at Warner's a division of Warnaco. Carlos E. Obermaier received his MBA degree, and specialization in Investments from the University of Miami, Coral Gables Florida in 2000 and 2002 respectively. Carlos graduated with a Bachelor of Science in Business Administration from Clarion University of Pennsylvania in 1983.

**Types of Advisory Services** OM may provide investment advice to Advisory Clients on either a discretionary or a non-discretionary basis.

**Discretionary Mandate:** Clients who wish to receive discretionary investment advice will sign a Discretionary Asset Mandate (“Discretionary Mandate”) with OM. Under this Discretionary Mandate, OM is authorized to manage the assets on a fully discretionary basis, according to each client's investment needs, objectives, guidelines, risk tolerance, and financial circumstances. Under the Discretionary Mandate, OM will be responsible for determining the account's asset allocation and for investing the account's assets subject to restrictions, if any. OM will periodically review and rebalance asset allocation and holdings, such as in response to economic, political or market conditions.

**Non-discretionary Mandate:** Clients who wish to receive non-discretionary investment advice will sign an Advisory Mandate (“Advisory Mandate”) with OM. Under the Advisory Mandate, OM will provide ongoing investment advisory services based on OM's views and recommendations concerning securities, currencies, securities markets and market trends, and related investment options, strategies, and opportunities, and will discuss the foregoing with client at reasonable length. OM also may contact the client from time to time (by phone, email, or other means) with recommendations that we believe may be appropriate for the client based on Client's Investment Profile. The selected Investment Profile takes into account the financial personal circumstances of the Client as well as his/her ability to take risks. OM's investment recommendations under this Agreement may relate (but are not limited) to: stocks and other equity securities, bonds and other debt securities, money market and other cash management instruments, derivatives, alternative investments, and other investments.

Under the Advisory Mandate, the Client will be solely responsible for making all investment decisions and OM will not have any discretionary authority over the client's account, subject to adhering to OM's fiduciary relationship standard.

**Absolute Return strategies:** OM structures portfolios to pursue consistent and uncorrelated returns. In contrast to the traditional approach, OM believes that building portfolios based on risk allocations is more effective than using capital allocations; and that investors should consider their strategic asset allocation (beta) separate from tactical moves (alpha).

OM believes investors can dramatically improve their portfolio's overall results by separately creating a well-diversified beta portfolio that is free of environmental biases and calibrated to one's targeted returns, and by creating a well-diversified alpha portfolio that is free of systematic biases (and also calibrated to one's targeted returns).

OM may allocate Advisory Client assets directly to Advisers rather than through Fund of Funds. OM allocates client assets to Advisers that are unaffiliated with Obermaier Management. OM may provide investment advice to Advisory Clients on either a discretionary or a non-discretionary basis.

Advisers may employ a broad range of alternative investment strategies, including, without limitation, strategies within one or more of the following four hedge fund sectors: the equity long/short sector, the relative value sector, the event driven sector and the tactical trading sector. In addition, OM may allocate assets to Advisers whose principal investment strategies are not within one of these hedge fund sectors. OM may also provide services incidental to managing OM Client assets, including hedging interest rate or currency risk and related cash management, and disposing of assets distributed in kind by Advisers. OM may advise Advisory Clients on various matters, including the conduct of due diligence, portfolio construction and other related functions.

### **Investment Restrictions**

OM provides investment advice based on the investment objectives, guidelines, risk tolerance and financial circumstances of each Advisory Client. Depending on the scope of the mandate, OM's investment advisory services may include customized asset allocation, risk management, due diligence of Advisers and portfolio construction. Advisory Clients may impose reasonable restrictions on the management of their separate accounts, including by restricting particular types of investments, provided that OM accepts such restrictions. Any such restrictions will be reflected in the investment guidelines or other documentation applicable to the Advisory Client's account.

Third-party managers appointed by OM on behalf of clients are responsible for making investment decisions consistent with the investment guidelines and restrictions developed by OM. Where OM is the investment adviser to a pooled investment vehicle, investment objectives, guidelines and any investment restrictions are not tailored to the needs of individual investors in those vehicles, but rather are described in the prospectus or other relevant offering document for the vehicle.

### **Item 5 – Fees and Compensation**

OM generally receives a management fee from Client Accounts based on the net asset values of such OM's Client Accounts.

OM suggested fee schedule for Advisory Clients ranges between 85bps to 100bps. Actual fees are individually negotiated with each Advisory Client and may vary depending on a number of factors, including the proposed allocation among the underlying investment products.

The specific manner in which fees are charged by OM is established in a client's written agreement with OM. OM will generally bill its fees on a quarterly basis. Clients will be billed in arrears each calendar quarter. Clients may also elect to be billed directly for fees or to authorize OM to directly debit fees from client accounts.

Management fees shall [or shall not] be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

OM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to OM's fee, and OM shall not receive any portion of these commissions, fees, and costs. Item 12 further describes the factors that OM considers in selecting or recommending broker-dealers for *Client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

OM does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients**

OM may provide investment management services to a range of high net worth individuals and institutional investors worldwide, including but not limited to, banks, investment companies, corporate and public pension funds, sovereign wealth funds, endowments, foundations, family offices and other business entities. In addition to those types of clients, OM may provide investment advice to hedge funds (direct and to fund of funds).

Although OM does not generally impose a minimum dollar value of assets in order to open or maintain an account, we believe that a minimum of approximately USD 5,000,000 typically allows for an adequate diversification of the Clients' portfolio. We may enter into agreements with Clients who have different account size and may, in special circumstances, accept lesser amounts in our discretion.

In the case of private investment funds, U.S. investors must generally be "accredited investors" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act of 1933, as amended, and "qualified purchasers" as defined in Section 2(a)(51)(A) of the Investment Advisers Act of 1940, as amended (the "Advisers Act").

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

##### **Methods of Analysis and Investment**

**Advisory Account clients should understand that all investment strategies and the investments made pursuant to such strategies involve risk of loss, including the potential loss of the entire investment in the Advisory Accounts, which clients should be prepared to bear.**

**The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a client's investments will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken for Advisory Accounts will be subject to various markets, liquidity, currency, economic, political and other risks, and investments may lose value.**

**Discretionary mandates:** For our discretionary clients, we generally focus on allocating investments among various asset classes, following a top-down investment approach, with the asset allocation decision being the biggest source of alpha. We seek international diversification in an effort to enhance portfolio return while trying to diversify risks. Our securities analysis methods may include, but are not limited to, fundamental, quantitative and technical research. We may also use hedging strategies to alter the equity and/or currency exposure of discretionary mandate portfolios to try to protect the clients' assets against market events likely to have a negative impact on performance. Our Clients' discretionary managed portfolios may include various instruments such as, but not limited to global equity securities, corporate debt securities, commercial papers, certificates of deposit, and governmental securities, mutual fund shares, precious metals (including securities of companies engaged in precious metals related activities, and instruments that derive their value from precious metals), and alternative investments such as funds of hedge funds.

**Non-Discretionary mandates:** For our non-discretionary clients (Advisory clients), we provide a trade-by-trade basis advice, tailored to each client depending on individual needs and profile. We may provide advice on various instruments such as, but not limited to global equity securities, warrants, corporate debt securities, commercial paper, certificates of deposit, mutual fund shares, governmental securities, covered options, precious metals (including securities of companies engaged in precious metals-related activities, and instruments that derive their value from precious metals), and alternative investments such as funds of hedge funds, hedge funds and private equity vehicles.

**Absolute Return Strategies:** OM generally employs a dynamic investment process in respect of OM Client Accounts that includes Adviser selection, portfolio design and ongoing risk analysis and monitoring. Both qualitative and quantitative criteria are factored into the Adviser selection process. These criteria include portfolio management experience, strategy, style, historical performance patterns (including with respect to risk profile and downward performance), risk management philosophy and the ability to absorb an increase in assets under management without a diminution in returns. OM also examines an Adviser's organizational infrastructure, including the quality of the investment professionals and staff, the types and application of internal controls, and any potential for conflicts of interest. The strategies the Advisers may utilize include, without limitation, strategies within one or more of the following four hedge fund sectors. In addition, OM may allocate assets to Advisers whose principal investment strategies are not within one of these hedge fund sectors.

- Equity Long/Short Sector - Equity long/short strategies involve making long and short equity investments, generally based on analysis of economic factors (such as balance sheet and income statements), although it is expected that Advisers will employ a wide range of styles. For example, Advisers may (i) focus on companies within specific industries; (ii) focus on companies only in certain countries or regions; (iii) focus on companies with certain ranges of market capitalization; or (iv) employ a more diversified approach, allocating assets to opportunities across investing styles, industry sectors, market capitalizations and geographic regions.

- Relative Value Sector - Relative value strategies seek to profit from the mispricing of financial instruments, capturing spreads between related securities that deviate from their fair value or historical norms. Directional and market exposure is generally held to a minimum or completely hedged. Hence, relative value strategies endeavor to have low correlation and beta to most market indices.

- Event-Driven Sector - Event-driven strategies seek to identify security price changes resulting from corporate events such as restructurings, mergers, takeovers, spin-offs, and other special situations. Corporate event arbitrageurs generally choose their investments based on their perceptions of the likelihood that the event or transaction will occur the amount of time that the process will take and the perceived ratio of return to risk.

- Tactical Trading Sector - Tactical trading strategies are directional trading strategies, which generally fall into one of two categories: global macro strategies and managed futures strategies. Global macro strategies generally utilize analysis of macroeconomic and financial conditions to develop views on country, regional or broader economic themes and then seek to capitalize on such views by trading in securities, commodities, interest rates, currencies, and other instruments. Managed futures strategies involve trading in futures and currencies globally, generally using systematic or discretionary approaches.

**OM Clients should understand that all investment strategies and the investments made pursuant to such strategies involve risk of loss, including the potential loss of the entire investment in OM Client Accounts, which OM Clients should be prepared to bear. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of an OM Client's investments will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken for OM Client Accounts will be subject to various markets, liquidity, currency, economic, political and other risks, and investments may lose value.**

#### **Material Risks for Significant Investment Strategies and Particular Types of Securities**

Following is a summary of the material risks for each of OM's significant investment strategies and methods of analysis utilized in respect of OM Client Accounts. The information contained in this Brochure cannot disclose every potential risk associated with, or all of the risks applicable to, a particular OM Client Account. Rather, it is a general description of the nature and risks of OM Client Accounts. OM Clients should be satisfied that a particular OM Client Account is suitable for them in light of their circumstances, their investment objectives and their financial situation.

**Information about the risks described below and additional information about the risks associated with other security types and investment techniques used by OM is available in Appendix 1. For pooled investment vehicles additional information about risks is also set forth in the prospectus or other offering document or constituent documents for those pooled investment vehicles. Clients are encouraged to read those product-specific risk disclosures carefully when available.**

**Investing in financial instruments including securities involves the risk of loss that clients should be prepared to bear.**



## General Risks

**Market Risk**—Market price of securities may go up or down, sometimes rapidly or unpredictably, and can lead clients to lose up to their whole investment. Market risk exists in all types of investments.

**Liquidity Risk**—A particular security or other instrument is difficult to trade. An illiquid asset may reduce the returns because the investor may not be able to sell the assets at the time desired for an acceptable price, or might not be able to sell the assets at all.

**Credit/Counterparty Risk**—Possibility that the issuer or guarantor of a fixed income security, a bank or the counterparty of a derivatives contract will default on its obligation to pay interest and/or principal, which could cause an investor to lose money.

**High Yield Risk**— Lower-quality debt securities (those of less than investment grade quality, commonly known as “high yield bonds” or “junk bonds”) are riskier, speculative and involve greater risk of default.

**Interest Rate Risk**—Debt securities fluctuate in value as interest rates change. The general rule is that if interest rates rise, the market prices of debt securities will usually decrease and vice versa.

**Commodities Risks**—Commodities prices can be very volatile and show important fluctuation on short periods of time.

**Foreign/Emerging Markets**—Foreign securities may involve the risk of loss due to political, economic, regulatory, and operational uncertainties, currency fluctuations, and generally higher credit risks for foreign issuers. Clients should be aware that all of these risks may be heightened in emerging markets more specifically. Investing in foreign or emerging markets is generally intended only for clients who are able to bear and assume this increased risk that they represent.

**Currency risks**—Form of risk that generally arises from the change in price of one currency against another. Whenever clients have assets or business operations across national borders, they face currency risk if their positions are not hedged. Currency risks may not be always hedged.

**Leverage Risk**—If an Advisory Account utilizes leverage, the Advisory Account will be subject to heightened risk. Leverage may take the form of borrowing funds, trading on margin, derivative instruments that are inherently leveraged, including among others forward contracts, futures contracts, options, swaps (e.g., total return financing swaps and interest rate swaps), repurchase agreements and reverse repurchase agreements, or other forms of direct and indirect borrowings, and other instruments and transactions that are inherently leveraged. Any such leverage, including leverage that takes the form of instruments and transactions that are inherently leveraged, may result in the Advisory Account’s market value exposure being in excess of the net asset value of the Advisory Account. An Advisory Account may not be able to liquidate assets quickly enough to repay its borrowings, which will increase the losses incurred by the Advisory Account.

**Risks of Derivative Investments**—Advisory Accounts may invest in derivative instruments including, without limitation, options, futures, options on futures, forwards, swaps, interest rate caps and floors and collars. Losses in an Advisory Account from investments in derivative instruments can result from a lack of correlation between changes in the value of derivative instruments and the portfolio assets (if any) being hedged, the potential illiquidity of the markets for derivative instruments, the failure of the counterparty to perform its contractual obligations, or the risks arising from margin requirements and related leverage factors associated with such transactions. The use of these management techniques also involves the risk of

loss if OM is incorrect in its expectation of the timing or level of fluctuations in securities prices or interest rates. For additional information about Risks of Derivative Investments please see Appendix 1.

**Volatility Risk**—The prices of an Advisory Account’s investments can be highly volatile. Price movements of assets are influenced by, among other things, interest rates, changing supply and demand relationships, programs and policies of governments, and national and international political and economic events and policies. Advisory Accounts may be adversely affected by deteriorations in the financial markets and economic conditions throughout the world, some of which may magnify the risks described herein and have other adverse effects. Deteriorations in economic and financial market conditions, and uncertainty regarding economic markets generally, could result in declines in the market values of potential investments or declines in market values. Such declines could lead to losses and diminished investment opportunities for Advisory Accounts, could prevent Advisory Accounts from successfully meeting their investment objectives or could require Advisory Accounts to dispose of investments at a loss while such unfavorable market conditions prevail. While such market conditions persist, Advisory Accounts will also be subject to heightened risks associated with the potential failure of brokers, counterparties and exchanges, as well as increased systemic risks associated with the potential failure of one or more systemically important institutions.

In addition to the risks described above under “General Risks,” the material risks associated with hedge fund strategies include:

- Limitations on OM’s Authority. OM’s ability to waive or amend the investment objectives, policies, and strategies, remove, replace or withdraw assets from a third-party manager, reallocate assets among third-party managers and vary or change the allocation of assets of an Advisory Account may be subject to the limitations imposed by the agreements with third-party managers, market conditions and applicable law. Losses may result during the time it takes OM to react to market or other conditions and comply with the required notice obligations or other contractual agreements.
- Limited Regulatory Oversight. Third-party managers may be subject to limited or no regulatory requirements or governmental oversight. Therefore, an Advisory Account may not have the benefit of certain protections that would otherwise be afforded to investors had the third-party managers been more heavily regulated.
- Multiple Levels of Fees and Expenses. An Advisory Account will bear any fees or compensation due to OM, and expenses at the Advisory Account level, in addition to any fees or compensation and expenses at the third-party manager level.
- Reliance on Third-Party Managers. The success of an Advisory Account with hedge fund strategies depends upon, among other things, the ability of the third-party managers to develop and successfully implement trading strategies that achieve their investment objectives. While OM will select and monitor the third-party managers, OM relies to a great extent on information provided by the third-party managers and may have limited access to other information regarding the third-party managers’ portfolios and operations.

There is a risk that a third-party manager may knowingly, negligently or otherwise withhold or misrepresent information, including the presence or effects of any fraudulent or similar activities. OM’s proper performance of its monitoring functions would generally not give OM the opportunity to discover such situations prior to the time the third-party manager discloses (or there is public disclosure of) the presence or effects of any fraudulent or similar activities).

- Third-Party Managers Invest Independently. The third-party managers make investment decisions independently of other third-party managers and may at times hold economically offsetting positions, and could indirectly incur transaction costs without accomplishing any net investment result, or may be competing with each other for the same positions in one or more markets. Multiple third-party managers may hold large positions in a relatively limited number of the same or similar investments. Greater concentration of positions across multiple third-party managers likely will increase the adverse effect of any problems experienced in the market, sector, or industry in which the positions are concentrated.

- Business and Regulatory Risks of Hedge Funds. Legal, tax and regulatory changes and proposed changes that may apply to the activities of OM and managers to which OM allocates client assets that may require material adjustments to the business and operations of, or have other material adverse effects on, Advisory Accounts. Any rules, regulations and other changes, and any uncertainty in respect of their implementation, may result in increased costs, reduced profit margins and reduced investment and trading opportunities, all of which may negatively impact the performance of Advisory Accounts. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on hedge funds could be substantial and adverse.

We strive to mitigate the above risks by monitoring, among others, markets, economic conditions, industries concerns and changes to general outlooks on corporate earnings, regulatory developments, and monetary policies by central banks, changes to interest or currency rates or adverse investor sentiment in general.

**Different financial instruments involve different levels of exposure to risk and may therefore be inappropriate to your circumstances or risk appetite.**

**Please consult the Appendix 1 to this brochure entitled “Information on Significant Strategy Risks” for additional risk information per financial instrument type.**

#### **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 OBERMAIER MANAGEMENT or the integrity of OM's management. OBERMAIER MANAGEMENT has no information applicable to this Item.

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

None

#### **Item 11 – Code of Ethics ,Participation in Client Transactions and Personal Trading**

OM has 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, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at OM must acknowledge the terms of the code of Ethics annually, or as amended.

OM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which OM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which OM, its affiliates and/or clients, directly or indirectly, have a position of interest. OM's employees and persons associated with OM are required to follow OM's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of OM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for OM's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of OM 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 OM's 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 OM and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with OM's 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. OM will 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.

OM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Carlos E. Obermaier.

It is OM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. OM 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**

OM may recommend certain brokerage firms based on their costs, convenience and ability to execute transactions. OM does not receive any direct soft-dollar compensation for the use of any particular brokerage firm.

## **Item 13 – Review of Accounts**

### **General Description**

Carlos E. Obermaier is primarily responsible for reviewing OM's Client Accounts monthly at a minimum. These reviews include a review of the account's performance, investment objectives, security positions, portfolio guidelines, liquidity requirements and other investment opportunities that might be appropriate for the account. OM may undertake additional reviews at its discretion.

### **Factors Triggering a Review**

In addition to monthly reviews, OM performs reviews of Advisory Clients' accounts as it deems appropriate or as otherwise required. Additional reviews may be undertaken because of changes in market conditions, changes in security positions, or changes in an OM Client's investment objective or policies.

### **Client Reports**

OM does not issue client reports. The custodian issues regular written reports directly to clients on their accounts ("Reports"). Such Reports are issued at least on a quarterly basis (or on a monthly basis at the client's option) and typically include a valuation, transaction statements and a performance summary. These Reports typically describe all assets held, the quantity and market price in local currency for each position and the market value of the account expressed in the client's base currency translated at current rates of exchange, which are also shown. Clients should carefully review those Reports.

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

OM does not accept economic benefits, including sales awards, from third parties for providing investment advice or other advisory services to our clients. In addition, OM does not compensate third parties or related persons for client referrals.

## **Item 15 – Custody**

OM does not hold assets of Advisory Clients. The cash and assets of Advisory Client accounts are held by a qualified custodian appointed by the Advisory Clients pursuant to a separate custody agreement or are held by the Advisory Client itself.

**Advisory Clients will receive account statements directly from their custodian and should carefully review those statements. OM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.**

### **Item 16 – Investment Discretion**

OM usually receives discretionary authority to manage accounts on behalf of certain clients. Advisory Clients for which OM has investment discretion are required to sign an investment advisory agreement that authorizes OM to supervise and direct the investment and reinvestment of assets in the advisory account, with discretion on the Advisory Client's behalf and at the Advisory Client's risk. OM's discretionary authority is limited by the terms of its investment advisory agreements and the investment guidelines agreed between OM and each Advisory Client. The investment guidelines or other account documents generally include any

limitations the Advisory Clients place on OM's discretionary authority, including any reasonable restrictions on the concentration or liquidity of the account. For registered investment companies, OM's 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, OM does not have any authority to and does 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. OM may provide advice to clients regarding the clients' voting of proxies.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about an adviser's financial condition. OM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

### **Item 19 – Requirements for State-Registered Advisers**

- Principal executive officer(s)

The Principal executive officer and management person is: Carlos E. Obermaier. A description of the formal education and business background of these person is set forth in Form ADV Part 2B, item 2.

- Business

Obermaier Management is not actively engaged in any business other than giving investment advice and conducting portfolio management.

- Performance-based fees

Obermaier Management does not receive any performance-based fees.

- Involvement in events

Neither Obermaier Management nor any of its management persons have ever been found liable in any claim or proceeding required by the SEC to be disclosed to its clients.

- Agreements

None

## **Appendix 1 - INFORMATION ON SIGNIFICANT STRATEGY RISKS**

The following provides information on risks associated with certain types of securities and investment techniques that may be used by Advisers as discussed in Item 8, Methods of Analysis, Investment Strategies and Risk of Loss. Additional information is available upon request. Investors in pooled investment vehicles should review the prospectuses, offering memoranda and constituent documents for additional information relating to the risk associated with investments in those pooled investment vehicles.

Market Risk. The value of the instruments in which an Adviser invests may go up or down in response to the prospects of individual companies, particular industries, sectors or governments and/or general economic conditions.

Volatility Risk. The prices of an Adviser's investments can be highly volatile. Price movements of an Adviser's assets are influenced by, among other things, interest rates, changing supply and demand relationships, programs and policies of governments, and national and international political and economic events and policies. Advisers may be adversely affected by deteriorations in the financial markets and economic conditions throughout the world, some of which may magnify the risks described herein and have other adverse effects. Deteriorations in economic and financial market conditions, and uncertainty regarding economic markets generally, could result in declines in the market values of potential investments or declines in market values. Such declines could lead to losses and diminished investment opportunities for Advisers, could prevent Advisers from successfully meeting their investment objectives or could require Advisers to dispose of investments at a loss while such unfavorable market conditions prevail. While such market conditions persist, Advisers will also be subject to heightened risks associated with the potential failure of brokers, counterparties and exchanges, as well as increased systemic risks associated with the potential failure of one or more systemically important institutions.

Leverage Risk. There may be few, if any, limitations or restrictions on the ability of the Advisers to utilize leverage. Certain Advisers are generally expected to utilize significant leverage in their investment programs, increasing the volatility of their performance and the risk of investment loss. The use of leverage can substantially increase the adverse impact to which the OM Client's investment portfolio may be subject. A high degree of leverage necessarily entails a high degree of risk. In addition, the level of interest rates generally, and the rates at which the OM Client Accounts, the Portfolio Funds and the Advisers can borrow in particular, can affect the operating results of the OM Client Accounts. The risks involved in the use of leverage are increased to the extent that an OM Client Account itself leverages its capital. Leverage may take the form of borrowing funds, trading on margin, derivative instruments that are inherently leveraged, including among others forward contracts, futures contracts, options, swaps (including total return financing swaps and interest rate swaps), repurchase agreements and reverse repurchase agreements, or other forms of direct and indirect borrowings, and other instruments and transactions that are inherently leveraged. Any such leverage, including leverage that takes the form of instruments and transactions that are inherently leveraged, may result in an OM Client Account's market value exposure being in excess of the net asset value of the OM Client Account. Depending upon the form of leverage utilized by an Adviser or an OM Client Account, the applicable lender may impose certain restrictions or requirements on the operations of a Portfolio Fund or the OM Client Account including, without limitation, investment guidelines and restrictions relating to permitted investments and redemptions, strategy limits, leverage and borrowing restrictions, liquidity and diversification guidelines, requirements with respect to valuation procedures, and reporting, notification and other remediation requirements. There can be no assurance that financing will be available at any time.

Concentration Risk. The risk that if an Adviser concentrates its investments in issuers within the same country, state, industry or economic sector, an adverse economic, business or political development may affect the value of the Adviser's investments more than if its investments were not so concentrated. Also, concentration of the investments of an Adviser in issuers located in a particular country or region will subject an Adviser, to a greater extent than if investments were less concentrated, to the risks of adverse securities markets, exchange rates and social, political, regulatory or economic events which may occur in that country or region. To the extent an Adviser invests a larger percentage of its assets in a relatively small number of issuers, investments, industries or markets, it may be subject to greater risks than a more diversified account. That is, a change in the value of any single investment held by the Adviser may affect the overall value of the account more than it would affect an account that holds more investments. In particular, the Adviser may be more susceptible to adverse developments affecting any single issuer held by the Adviser and may be susceptible to greater losses because of these developments.

Currency Risk. Advisers may purchase or sell currencies, including through the use of forward contracts. In addition, Advisers will generally value their investments and other assets in U.S. dollars. To the extent that non-U.S. dollar investments are unhedged, the value of an Adviser's net assets will fluctuate with U.S. dollar exchange rates as well as with price changes of its investments in the various local markets and currencies. Such investments may be affected favorably or unfavorably by changes in currency rates (including as a result of the devaluation of a foreign currency) and in exchange control regulations. Currency exchange rates can be extremely volatile and a variance in the degree of volatility of the market or in the direction of the market from the Adviser's expectations may produce significant losses to an Adviser.

Investments in Certain Jurisdictions. Advisers may invest directly or indirectly in securities of certain issuers (including certain government issuers) who operate in jurisdictions that involve special risks, including without limitation the risks of: (i) expropriation and nationalization, currency devaluation, debt default, regime change, confiscatory taxation, and the potential difficulty of repatriating funds; (ii) general social, political and economic instability and adverse diplomatic developments; (iii) the imposition of trading controls, import duties or other protectionist measures; (iv) the possibility of the imposition of withholding or other taxes on dividends, interest, capital gain or other income; (v) the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; (vi) fluctuations in the rate of exchange between currencies and costs associated with currency conversion; (vii) certain government policies that may restrict an Adviser's investment opportunities; and (viii) the limited regulation of the securities markets in certain countries, including with respect to settlement or custody. In addition, there may be less information available to investors in companies located in such jurisdictions. The issuers of sovereign debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due, and an Adviser may have limited recourse in the event of a default.

Emerging Markets and Growth Markets Risk. In addition to the risks described under "Investments in Certain Jurisdictions" above (which risks may be heightened in emerging markets), securities traded in certain emerging markets may be subject to considerations not usually associated with investing in securities of developed market companies or countries due to, among other things, (i) the inexperience of financial intermediaries, (ii) the lack of modern technology, (iii) the lack of a sufficient capital base to expand business operations, (iv) the possibility of temporary or permanent termination of trading, (v) rapid development of political and economic structures, (vi) inflation, and (vii) custody and settlement risk.



Further, the economies, industries, securities and currency markets in emerging markets or growth markets may be adversely effected by protectionist trade policies, a slow U.S. economy, regional and global conflicts and terrorism and war, including actions that are contrary to the interests of the U.S.

Trading on Non-U.S. Exchanges. Advisers may trade, directly or indirectly, futures and securities on exchanges located outside the United States. Some non-U.S. exchanges, in contrast to U.S. exchanges, are “principals’ markets” in which performance is solely the individual member’s responsibility with whom the Adviser has entered into a contract and not that of an exchange or its clearinghouse, if any.

In the case of trading on non-U.S. exchanges, the Advisers and, consequently, the OM Client Accounts, will be subject to the risk of the inability of, or refusal by, the counterparty to perform with respect to contracts. Moreover, since there is generally less government supervision and regulation of non-U.S. exchanges, clearinghouses and clearing firms than in the United States, the Advisers and, consequently, the OM Client Accounts, are also subject to the risk of the failure of the exchanges on which their positions trade or of their clearinghouses or clearing firms, and there may be a higher risk of financial irregularities and/or lack of appropriate risk monitoring and controls. The HFS Client Accounts may not be afforded certain of the protections that apply to U.S. transactions, including with respect to margin. In addition, such trades may be affected by any fluctuation in the foreign exchange rate.

Frequent Trading and Turnover Risk. Advisers may make frequent trades in securities and other investments. Frequent trades typically result in high transaction costs including potentially substantial brokerage commissions, fees and other transaction costs. In addition, frequent trading is likely to result in short-term capital gains tax treatment. As a result, high turnover and frequent trading in an OM Client Account could have an adverse effect on the performance of the OM Client Account.

Hedging Risk. Hedging techniques could involve a variety of derivatives, including futures contracts, exchange-listed and over-the-counter put and call options on securities, financial indices, forward foreign currency contracts, and various interest rate transactions. To the extent Advisers utilize hedging techniques, such hedging techniques involve risks different than those of underlying investments. In particular, the variable degree of correlation between price movements of hedging instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of the positions held by such Advisers. In addition, certain hedging instruments and markets may not be liquid in all circumstances. As a result, in volatile markets, an HFS Client Account may not be able to close out a transaction in certain of these instruments without incurring losses substantially greater than the initial deposit. Although the contemplated use of these instruments is intended to minimize the risk of loss due to a decline in the value of the hedged position, at the same time they tend to limit any potential gain which might result from an increase in the value of such position. OM may also engage in hedging on behalf of OM Client Accounts. The ability of OM or an Adviser to hedge successfully will depend on their ability to predict pertinent market movements, which cannot be assured.

Operational Risk. An Adviser may suffer a loss arising from shortcomings or failures in internal processes, people or systems, or from external events. Operational risk can arise from many factors ranging from routine processing errors to potentially costly incidents related to, for example, major systems failures.

Performance-Based Compensation. Performance-based compensation arrangements may create an incentive for Advisers to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect.

Liquidity Risk. Advisers may invest in private investments and other less liquid or illiquid assets, which may include debt or equity investments in operating and holding companies, investment funds, joint ventures, royalty streams, commodities, physical assets and other similar types of investments that are highly illiquid and long-term. An OM Client Account must be prepared to retain its interests with such Advisers until such investments are liquidated, which may take a substantial amount of time. In addition, an OM Client Account's ability to transfer and/or dispose of such investments is expected to be highly restricted.

Interest Rate Risk. Interest rates may fluctuate significantly at any time and from time to time. As a result of such fluctuations, the value of securities held by an Adviser may increase or decrease in value. For example, when interest rates increase, fixed income securities will generally decline in value. Long-term fixed income securities will normally have more price volatility because of this risk than short-term fixed income securities.

Failure of Brokers, Counterparties and Exchanges Risk. An Adviser will be exposed to the credit risk of the counterparties with which, or the brokers, dealers and exchanges through which, it deals, whether it engages in exchange-traded or off-exchange transactions. An OM Client Account may be subject to risk of loss of its assets on deposit with a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of the Adviser, or the bankruptcy of an exchange clearing house. In the case of a bankruptcy of the counterparties with which, or the brokers, dealers and exchanges through which, the Adviser deals, the Adviser might not be able to recover any of its assets held, or amounts owed, by such person, even property specifically traceable to the Adviser, and, to the extent such assets or amounts are recoverable, the Adviser might only be able to recover a portion of such amounts. Further, even if the Adviser is able to recover a portion of such assets or amounts, such recovery could take a significant period of time. In addition, although the U.S. Commodity Exchange Act, as amended, requires a commodity broker to segregate the funds of its customers, if a commodity broker fails to properly segregate customer funds, an Adviser may be subject to a risk of loss of its funds on deposit with such broker in the event of such broker's bankruptcy or insolvency. Also, to the extent an Adviser has exposure to foreign broker dealers it may also be subject to risk of loss of its funds because foreign regulatory bodies may not require such brokers to segregate customer funds. To the extent an Adviser invests in swaps, derivatives or synthetic instruments, or other over-the-counter transactions in these markets, the Adviser may take a credit risk with regard to parties with which it trades and also may bear the risk of settlement default. These risks may differ materially from those involved in exchange-traded transactions, which generally are characterized by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries.

Equity and Equity-Related Securities and Instruments. Advisers may take long and short positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and OTC markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small capitalization, mid-capitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

Fixed Income Securities Risk. Advisers may invest in fixed income securities. Investment in these securities may offer opportunities for income and capital appreciation, and may also be used for temporary defensive purposes and to maintain liquidity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes, and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and asset-backed securities. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer, and general market liquidity (i.e., market risk). The credit quality of securities may deteriorate rapidly, which may impair an Adviser's liquidity and cause significant value deterioration. Advisers may also invest in high yield debt securities, which have historically experienced greater default rates than investment grade securities. The ability of holders of high yield debt to influence a company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors. In addition, high yield debt may also be subject to additional liquidity and volatility risk. In addition, certain types of fixed income securities may be subject to additional risks. For example, mortgage-backed securities and asset-backed securities may also be subject to call risk, extension risk and prepayment risk, as well as substantial structural, legal, operational and liquidity risks.

Corporate Event Risks. Substantial transaction failure risks are involved in companies that are the subject of publicly disclosed mergers, takeover bids, exchange offers, tender offers, spin-offs, liquidations, corporate restructuring, and other similar transactions. Thus, there can be no assurance that any expected transaction will take place. Certain transactions are dependent on one or more factors to become effective, such as market conditions which may lead to unexpected positive or negative changes in a company profile, shareholder disapproval, regulatory and various other third party constraints, changes in earnings or business lines or shareholder activism as well as many other factors.

Short Selling Risk. Short selling occurs when an Adviser borrows a security from a lender, sells the security to a third party, reacquires the same security and returns it to the lender to close the transaction. The Adviser profits if the price of the borrowed security declines in value from the time the Adviser sells it to the time the Adviser reacquires it. Conversely, if the borrowed security has appreciated in value during this period, the Adviser will suffer a loss. The potential loss on a short sale is unlimited because the price of the borrowed security may rise indefinitely. Short selling also involves the risks of: increased leverage, and its accompanying potential for losses; the potential inability to reacquire a security in a timely manner, or at an acceptable price; the possibility of the lender terminating the loan at any time, forcing the Adviser to close the transaction under unfavorable circumstances; the additional costs that may be incurred; and the potential loss of investment flexibility caused by the Adviser's obligations to provide collateral to the lender and set aside assets to cover the open position.

Forward Contracts Risks. The Advisers may enter into forward contracts and options thereon which are not traded on exchanges and are generally not regulated and there are no limitations on daily price moves of forward contracts. In addition, an Adviser may be exposed to credit risks with regard to counterparties with whom it trades as well as risks relating to settlement default. Such risks could result in substantial losses to an Adviser.

Futures Risks. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” It is also possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, implement retroactive speculative position limits, or order that trading in a particular contract be conducted for liquidation only. The circumstances described above could prevent Advisers from liquidating unfavorable positions promptly and subject an Adviser to substantial losses.

Risks of Derivative Investments. Certain Advisers may invest in derivative instruments including, without limitation, options, futures, options on futures, forwards, swaps, interest rate caps and floors and collars. To the extent Advisers invest in these types of derivative instruments through OTC transactions, there may be less governmental regulation and supervision of the OTC markets than of transactions entered into on organized exchanges. Investments in derivative instruments may be for both hedging and non-hedging purposes (that is, to seek to increase total return), although suitable derivative instruments may not always be available for these purposes. Losses to an Adviser from investments in derivative instruments can result from a lack of correlation between changes in the value of derivative instruments and the OM Client Account assets (if any) being hedged, the potential illiquidity of the markets for derivative instruments, the failure of the counterparty to perform its contractual obligations, or the risks arising from margin requirements and related leverage factors associated with such transactions. Losses may also arise if an Adviser receives cash collateral under the transaction and some or all of that collateral is invested in the market. To the extent that cash collateral is so invested, such collateral will be subject to market depreciation or appreciation, and an Adviser may be responsible for any loss that might result from its investment of the counterparty’s cash collateral. OM may also utilize derivative instruments in connection with hedging techniques. The use of these management techniques also involves the risk of loss if OM or the Adviser is incorrect in its expectation of the timing or level of fluctuations in securities prices or interest rates. Investments in derivative instruments may be harder to value, subject to greater volatility and more likely subject to changes in tax treatment than other investments. For these reasons, attempts by OM or an Adviser to hedge portfolio risks through the use of derivative instruments may not be successful, and OM or an Adviser may choose not to hedge certain portfolio risks. Investing for non-hedging purposes is considered a speculative practice and presents even greater risk of loss. Some floating-rate derivative debt securities can present more complex types of derivative and interest rate risks.

Call and Put Options Risks. There are risks associated with the sale and purchase of call and put options. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option.

## Appendix 2 - Code of Ethics

### OBERMAIER MANAGEMENT, LLC.

#### CODE OF BUSINESS CONDUCT AND ETHICS

##### **A. Scope.**

This Code of Business Conduct and Ethics applies to all Obermaier Management directors, officers and employees, as well as to directors, officers and employees of each subsidiary of Obermaier Management. Such directors, officers and employees are referred to herein collectively as the "Covered Parties." Obermaier Management and its subsidiaries are referred to herein collectively as the "Company."

##### **B. Purpose.**

The Company is proud of the values with which it conducts business. It has and will continue to uphold the highest levels of business ethics and personal integrity in all types of transactions and interactions. To this end, this Code of Business Conduct and Ethics serves to (1) emphasize the Company's commitment to ethics and compliance with the law; (2) set forth basic standards of ethical and legal behavior; (3) provide reporting mechanisms for known or suspected ethical or legal violations; and (4) help prevent and detect wrongdoing.

Given the variety and complexity of ethical questions that may arise in the Company's course of business, this Code of Business Conduct and Ethics serves only as a rough guide. Confronted with ethically ambiguous situations, the Covered Parties should remember the Company's commitment to the highest ethical standards and seek advice from supervisors, managers or other appropriate personnel to ensure that all actions they take on behalf of the Company honor this commitment. When in doubt, remember the following rule of thumb:

*"... employees should ask themselves whether they are willing to have any contemplated act appear the next day on the front page of their local paper - to be read by their spouses, children and friends with the reporting done by an informed and critical reporter."*

##### **C. Ethical Standards.**

###### **1. Conflicts of Interest.**

A conflict of interest exists when a person's private interest interferes in any way with the interests of the Company. A conflict can arise when a Covered Party takes actions or has interests that may make it difficult to perform his or her work for the Company objectively and effectively. Conflicts of interest may also arise when a Covered Party, or members of his or her family, receives improper personal benefits as a result of his or her position at the Company. Loans to, or guarantees of obligations of, Covered Parties and their family members may create conflicts of interest. It is almost always a conflict of interest for a Covered Party to work simultaneously for a competitor, customer or supplier.

Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with your supervisor or manager or, if circumstances warrant, the chief financial officer or chief legal officer of the Company. Any Covered Party who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor, manager or other appropriate personnel or consult the procedures described in Section E of this Code.

All directors and executive officers of the Company, and the chief executive officers and chief financial officers of Obermaier Management's subsidiaries, shall disclose any material transaction or relationship that reasonably could be expected to give rise to such a conflict to the Chairman of the Company's Audit Committee. No action may be taken with respect to such transaction or party unless and until such action has been approved by the Audit Committee.

## 2. Corporate Opportunities.

Covered Parties are prohibited from taking for themselves opportunities that are discovered through the use of corporate property, information or position without the consent of the Board of Directors of the Company. No Covered Party may use corporate property, information or position for improper personal gain and no employee may compete with the Company directly or indirectly. Covered Parties owe a duty to the Company to advance its legitimate interests whenever possible.

## 3. Fair Dealing.

Covered Parties shall behave honestly and ethically at all times and with all people. They shall act in good faith, with due care, and shall engage only in fair and open competition, by treating ethically competitors, suppliers, customers, and colleagues. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. No Covered Party should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair practice.

The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered or accepted by a Covered Party or any family member of a Covered Party unless it (1) is consistent with customary business practices, (2) is not excessive in value, (3) cannot be construed as a bribe or payoff and (4) does not violate any laws or regulations. The offer or acceptance of cash gifts by any Covered Party is prohibited. Covered Parties should discuss with their supervisors, managers or other appropriate personnel any gifts or proposed gifts which they think may be inappropriate.

## 4. Insider Trading.

Covered Parties who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of the Company's business. All non-public information about the Company should be considered confidential information.

## 5. Confidentiality.

Covered Parties must maintain the confidentiality of confidential information entrusted to them, except when disclosure is authorized by an appropriate legal officer of the Company or required by laws or regulations.

Confidential information includes all non-public information that might be of use to competitors or harmful to the Company or its customers if disclosed. It also includes information that suppliers and customers have entrusted to the Company. The obligation to preserve confidential information continues even after employment ends.

#### 6. Protection and Proper Use of Company Assets.

All Covered Parties should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. The Company's equipment should not be used for non-Company business, though incidental personal use may be allowed. The obligation of Covered Parties to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or criminal penalties.

#### 7. Compliance with Laws, Rules and Regulations.

Obedience to the law, both in letter and in spirit, is the foundation on which the Company's ethical standards are built. In conducting the business of the Company, the Covered Parties shall comply with applicable governmental laws, rules and regulations at all levels of government in the United States and in any non-U.S. jurisdiction in which the Company does business. Although not all Covered Parties are expected to know the details of these laws, it is important to know enough about the applicable local, state and national laws to determine when to seek advice from supervisors, managers or other appropriate personnel.

#### 8. Timely and Truthful Public Disclosure.

In reports and documents filed with or submitted to the Securities and Exchange Commission and other regulators by the Company, and in other public communications made by the Company, the Covered Parties involved in the preparation of such reports and documents (including those who are involved in the preparation of financial or other reports and the information included in such reports and documents) shall make disclosures that are full, fair, accurate, timely and understandable. Where applicable, these Covered Parties shall provide thorough and accurate financial and accounting data for inclusion in such disclosures. They shall not knowingly conceal or falsify information, misrepresent material facts or omit material facts necessary to avoid misleading the Company's independent public auditors or investors.

#### 9. Significant Accounting Deficiencies.

The CEO and each senior financial officer shall promptly bring to the attention of the Chief Compliance Officer or Audit Committee any information he or she may have concerning (a) significant deficiencies in the design or operation of internal control over financial reporting which could adversely affect the Company's ability to record, process, summarize and report financial data or (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's financial reporting, disclosures or internal control over financial reporting.

#### **D. Waivers.**

Any waiver of this Code for executive officers or directors may be made only by the Company's Board of Directors or its Audit Committee and will be promptly disclosed as required by law or stock exchange regulation.

#### **E. Violations of Ethical Standards.**

##### **1. Reporting Known or Suspected Violations.**

The Company's directors, CEO, senior financial officers and chief legal officer shall promptly report any known or suspected violations of this Code to the Chairman of the Company's Audit Committee. All other Covered Parties should talk to supervisors, managers or other appropriate personnel about known or suspected illegal or unethical behavior. No retaliatory action of any kind will be permitted against anyone making such a report in good faith, and the Company's Audit Committee will strictly enforce this prohibition.

##### **2. Accountability for Violations.**

If the Company's Audit Committee or its designee determines that this Code has been violated, either directly, by failure to report a violation, or by withholding information related to a violation, the offending Covered Party may be disciplined for non-compliance with penalties up to and including removal from office or dismissal. Such penalties may include written notices to the individual involved that a violation has been determined, censure by the Audit Committee, demotion or re-assignment of the individual involved and suspension with or without payor benefits. Violations of this Code may also constitute violations of law and may result in criminal penalties and civil liabilities for the offending Covered Party and the Company. All Covered Parties are expected to cooperate in internal investigations of misconduct.

#### **F. Compliance Procedures.**

We must all work together to ensure prompt and consistent action against violations of this Code. In some situations, however, it is difficult to know if a violation has occurred. Because we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? Use your judgment and common sense. If something seems unethical or improper, it probably is.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the questions, and he or she will appreciate being consulted as part of the decision-making process.
- Seek help from Company resources. In rare cases where it would be inappropriate or uncomfortable to discuss an issue with your supervisor, or where you believe your supervisor has given you an inappropriate answer, discuss it locally with your office manager or your human resources manager.



- You may report ethical violations in confidence without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected to the maximum extent consistent with the Company's legal obligations. The Company in all circumstances prohibits retaliation of any kind against those who report ethical violations in good faith.
- Ask first, act later. If you are unsure of what to do in any situation, seek guidance before you act.

**Carlos E. Obermaier**

Principal and CIO

## Form ADV Part 2B Disclosure Document

**OBERMAIER MANAGEMENT**

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**March 18, 2013**

This brochure supplement provides information about the personnel of Obermaier Management that supplements Obermaier Management brochure. You should have received a copy of that brochure. If you did not receive Obermaier Management brochure or if you have any questions about the contents of this brochure, please contact Carlos E. Obermaier, Principal at (786)512-8728, or via email at [carlos.e@obermaier.co](mailto:carlos.e@obermaier.co).

**Item 2 - Educational Background and Business Experience****Carlos E. Obermaier, Principal and Chief Investment Officer**

Carlos Obermaier was formerly a Vice President at HSBC Global Private Bank, from February 2006 to November 2011. Mr. Obermaier was as hedge fund advisor and portfolio manager, serving the investment needs of Latin American Family offices. Between 2007 and 2010, Mr. Obermaier attended The Wharton School of The University of Pennsylvania and completed the Securities Industry Institute program. From 2004 to 2005, Mr. Obermaier was an analyst and investment advisor at UBS Wealth Management USA. From 2000 to 2002, Mr. Obermaier worked as business analyst at Lucent Technologies, Latin America. From January 1990 to December 1998 Mr. Obermaier was a partner and general manager at Obermaier Ltda., Chile. From 1983 to 1989, Mr. Obermaier worked as business manager in the US for Warner's, a division of Warnaco. Mr. Obermaier received his M.B.A. degree, and specialization in Investment from the University of Miami in 2000, and 2002. Mr. Obermaier graduated with a Bachelor of Science in Business Administration from Clarion University of Pennsylvania in 1983.

**Item 3 - Disciplinary Information**

Carlos E. Obermaier has never had any disciplinary disclosures to be reported.

**Item 4 - Other Business Activities**

Carlos E. Obermaier is currently not actively engaged in any other investment related business or occupation.

**Item 5 - Additional Compensation**

Carlos E. Obermaier receives compensation from Obermaier Management LLC from his responsibilities as Principal and CIO, and for providing advisory services to clients. Mr. Obermaier does not receive any other economic benefit for providing advisory services.

**Item 6 - Supervision**

Carlos Obermaier is a member of, and reports directly to, the Obermaier Management executive committee. His activities are rigorously based on the Firm's Code of Ethics and the regulator guidelines. Carlos E. Obermaier, telephone number (786)512-8728 is responsible for supervising all personnel advisory activities on behalf of Obermaier Management.

**Item 7 - Requirements for State-Registered Advisers**

Carlos E. Obermaier has never been found liable in any claim or proceeding required by the SEC or the state securities authorities to be disclosed to his clients.