

Midwood Capital Management LLC

FIRM BROCHURE

(PART 2A OF FORM ADV)

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This brochure provides information about the qualifications and business practices of Midwood Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at: (617) 531-5453, or by email at: hbrubin@midwoodcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC or a state securities authority does not imply a certain level of skill or training.

Additional information about Midwood Capital Management LLC also is available on the SEC's website at www.adviserinfo.sec.gov

ITEM 2: MATERIAL CHANGES

Material Changes

This initial brochure is being filed in connection with the registration of Midwood Capital Management LLC (“Midwood”) with the Securities and Exchange Commission (“SEC”). As this is the initial brochure, there are no material changes to report.

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ITEM 4: ADVISORY BUSINESS

Firm Description

Midwood Capital Management LLC (“Midwood” or the “Firm”) is a value-oriented equity investment management firm that offers value equity strategies for institutional and retail investors, focused on North American smaller capitalization securities. We currently manage both long/short and long-only strategies. We have been in business since 2003.

Principal Owners

The principal owners of Midwood are David Cohen, Ross DeMont and Howard Rubin. Messrs. Cohen and DeMont are the Firm’s Co-Chief Investment Officers, or Co-CIOs. Mr. Rubin is the Firm’s Chief Operating Officer and Chief Compliance Officer.

Types of Advisory Services

Currently, Midwood provides investment management services to Midwood Capital Partners, L.P., a private fund organized as a Delaware limited partnership (“Midwood Partners Fund”). In addition, we are currently managing a second vehicle, Midwood Capital Focused Value Fund, L.P. (“Midwood Focused Value Fund”, and together with Midwood Partners Fund, the “Funds” or “Private Funds”). The sole investor in Midwood Focused Value Fund as of the date of this brochure is the Firm. In addition to the Private Funds, we currently anticipate entering into a sub-advisory agreement, pursuant to which we will provide discretionary management of a portion of the investment portfolio of a registered investment company.

We generally invest in publicly traded equity securities. We believe that at various points in time individual stocks may deviate from fair or intrinsic value. We seek to identify these instances and take long positions in securities that we believe to be undervalued and short positions in securities that we believe to be overvalued. In addition, we generally believe there is a larger opportunity set for such investment opportunities and market inefficiencies in smaller capitalization equities.

Our Funds’ investments are managed in accordance with the investment objectives and programs set forth in the confidential offering memorandum of such Fund and such investments are not tailored to the individual needs of any particular investor. Similarly, the terms of our intended mutual fund sub-advisory relationship are not expected to be tailored to the individual needs of any investor. There can be no assurance that the investment objectives of any Fund or portfolio will be achieved and investment results may vary substantially.

At this time, Midwood does not offer Tailored Relationships, Separate Accounts or Wrap Fee Programs.

Assets Under Discretionary and Non-Discretionary Management

As of September 30, 2013, we had approximately \$107 million in regulatory assets under management (as defined by the SEC) all of which is managed on a discretionary basis. Midwood does not currently manage any assets in a non-discretionary manner.

ITEM 5: FEES AND COMPENSATION

Overview

For services provided to the Midwood Partners Fund, we charge a monthly management fee in advance equal to one twelfth (1/12) of one and one-half percent (1.5%) of the net asset value of such Fund on the first day of the month for which the management fee is due. A pro rata portion of the management fee will be refunded if the Fund ends on a date other than the last day of a month. We may elect to waive the management fee in whole or in part for any investor in such Fund.

We anticipate charging investors in the Midwood Focused Value Fund a management fee on the same terms as the Midwood Partners Fund. With respect to other clients, our compensation will vary depending on the type of advisory services we are providing and the nature of the client.

Other Fees and Expenses

In addition to the management fee described above, brokerage commissions, transaction fees, service provider fees, and other related costs and expenses will be incurred on behalf of clients, including the Private Funds. Execution of client transactions typically requires payment of brokerage commissions by clients. "Item 12 – Brokerage Practices" further describes the factors that we consider in selecting or recommending broker-dealers for the execution of transactions and determining the reasonableness of their compensation.

We do not accept, and none of our principals, members, managers, directors, officers and employees (collectively, "supervised persons") accept, any compensation for the sale of securities or other investment products.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

In addition to the management fees described above, we are entitled to a 20% annual incentive allocation from the Midwood Partners Fund. This incentive allocation is tied to the performance of such Fund. We structure any performance fees, including this incentive allocation, to comply with Rule 205-3 of the Advisers Act. The receipt of this performance-based allocation may also create an incentive for us to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. We anticipate receiving a similar incentive allocation from the Midwood Focused Value Fund once launched to outside investors.

In addition to the Midwood Partners Fund, we are simultaneously managing the Midwood Focused Value Fund, [which has a similar investment strategy to the Midwood Partners Fund] (i.e., side-by-side management). Currently, we do not receive management fees or any performance-based compensation from the Midwood Focused Value Fund, as it is funded only with proprietary capital. In addition, we expect to manage from time to time other portfolios that do not include any incentive or performance compensation. The simultaneous management of portfolios with an incentive compensation component and those with no incentive compensation creates certain conflicts of interest.

We have adopted procedures that are designed to help ensure that all clients are treated fairly and equitably over time and to prevent conflicts from influencing the allocation of investment opportunities among clients (please refer to Item 12 – Brokerage Practices, for a detailed description of our trade aggregation and allocation procedures). By utilizing these procedures, we believe that portfolios managed side-by-side receive fair and equitable treatment over time.

ITEM 7: TYPES OF CLIENTS

We currently provide advisory services only to pooled investment vehicles which are exempt from registration under the Investment Company Act of 1940, as amended. However, we anticipate entering into a sub-advisory agreement to manage a portion of the investment portfolio of a registered investment company and **may** also in the future provide advice to other individuals, institutions, mutual funds, pension and profit sharing plans, pooled investment vehicles, charitable organizations, corporations, other investment advisers, and other business entities.

Our investment minimums vary according to product and strategy. The minimum investment required to invest in a Private Fund will be as described in each Private Fund's offering memorandum, but will typically be a minimum of \$1.0 mm. We may

make exceptions to this minimum on a case by case basis, taking into account factors specific to a particular investor.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Method of Analysis and Investment Strategies

Our value investing principles employ a fundamental research process developed by our Co-CIOs, David Cohen and Ross DeMont over more than ten years of investing together.

We maintain a database of over 1000 public companies with which we have interacted with over our investing careers. Generally, we focus on smaller capitalization names where we believe:

- Market inefficiencies are more pronounced as these companies are less well followed and often misunderstood
- Small companies often have organizational features (e.g., accessible management, single line of business) which make them easier to diligence
- Many of these companies are prime take-out acquisition candidates for larger strategic buyers or private equity investors

In order to exploit the opportunities in this space Midwood relies on:

- Deep fundamental research and superior primary diligence
- Fundamental bottom-up analysis enhanced with the flexibility to trade around positions
- The ability to recycle former ideas and move quickly when price movements provide opportunity
- A willingness to consider a longer investment timeframe than the majority of institutional capital

Our portfolios are balanced daily with capital allocated to investments that we believe offer the best risk-adjusted return potential. In some cases, tax efficiency may play a role in the timing of exiting positions.

Before purchasing an interest in any of the Private Funds, investors should carefully consider various risk factors and potential conflicts of interest, as well as suitability requirements, restrictions on transfer and withdrawal of fund interests and various legal, tax and other considerations, all of which are discussed in each Private Fund's

offering memorandum. An investment in a Private Fund involves significant risks including the loss of some or all principal and is suitable only for those persons who can bear the economic risk of the loss of their investment and who have limited need for liquidity in their investment. Investors in a private partnership who are subject to income tax should be aware that the investment in the partnership may create taxable income or tax liabilities in excess of cash distributions to pay such liabilities.

There can be no assurance that the objectives associated with any of our investment strategies will be met or that we will achieve profitable results. We may, at any time, add, remove or modify any of the strategies we employ and this includes any of the significant investment strategies discussed above. These investments, methods and strategies involve risk of loss to clients and clients must be prepared to bear the loss of their entire investment.

Risks Associated with Our Strategies

General Market and Economic Risk: The value of a Fund's investments may decline due to changes in general economic and market conditions. The value of securities held in a Fund may change in response to developments affecting entire economies, markets or industries, such as inflation, changes in interest rates, political and legal developments, and general market volatility.

Specific Security Risk: The value of an equity or fixed income security held by a Fund may decline in response to developments affecting the specific issuer of the security, even if the overall industry or economy is unaffected. These developments may include a variety of factors, such as management issues, political factors, a decline in revenues or profitability, a failure to meet earnings expectations, litigation, bankruptcy, an increase in operating or other costs, or an adverse effect on the issuer's competitive position.

Stock Market Risk: Each of the Funds invests in equity securities and is subject to stock market risks and significant fluctuations in value. Each Fund's investments in equity securities will typically focus on common stocks, preferred stocks and American Depositary Receipts (ADRs). Common stocks generally are subordinate to the issuing company's debt securities, credit obligations and preferred stock upon the liquidation or bankruptcy of the issuing company. Preferred stocks generally are subordinated to the issuing company's debt securities and credit obligations upon the liquidation or bankruptcy of the issuing company. If interest rates rise, the dividend on preferred stocks may be less attractive, causing the price of preferred stocks to decline. Preferred stocks may have mandatory sinking fund provisions, as well as provisions for their call or redemption prior to maturity, which can have a negative effect on their prices when interest rates rise. ADRs are receipts issued by domestic banks or trust companies that represent the deposit of a security of a foreign issuer and typically are publicly traded in

the United States. Investments in ADRs are subject to certain of the risks associated with investing directly in foreign securities, including, but not limited to, currency fluctuations and political and financial instability in the home country of the issuer of the underlying ADR.

Small and Mid Cap Risk: A Fund may invest in small and mid-capitalization companies that may not have the size, resources and other assets of large capitalization companies. As a result, the securities of small capitalization companies held by a Fund may be subject to greater market risks and fluctuations in value than large capitalization companies or may not correspond to changes in the stock market in general.

Management Risk: We actively manage investments in each Fund. The value of investments in a Fund may decline if we fail to correctly identify risks affecting the broad economy or specific markets, industries or companies in which a Fund invests, or if investments we select for a Fund fail to perform as anticipated.

Concentration Risk: A Fund's investments generally are not required to be diversified, and it is possible that a Fund's investments could be concentrated in only a few industries, companies, geographic regions, asset types, or strategies. This limited diversity could expose a Fund to losses disproportionate to market movements in general.

Short Selling Risk: Each Fund's investments may include short sales. Short sales create the risk of a theoretically unlimited loss.

Compensation Risk: We are entitled to receive management fees from the Midwood Partners Fund, and are also entitled to receive incentive allocations based on the unrealized or realized net profits of such Fund, subject to certain limitations. Management fees could motivate us to gather more assets than we can manage effectively. Incentive allocations could motivate us to make investments that are riskier or more speculative than would be the case if such arrangements did not exist.

Tax Risk: Midwood Partners Fund intends to operate as a partnership for U.S. federal tax purposes. If the Fund were taxable as a corporation, the Fund would be subject to U.S. federal income taxes on any taxable income at regular corporate tax rates and the limited partners would effectively be taxable as corporate shareholders. If the Fund conducts activities or does business in any state, the Fund and the investors in such Fund may be subject to additional taxes and may be required to file state tax returns. The ability of the investors in such Fund to deduct certain losses generated by the Fund may be limited under the "at-risk" and "passive loss" limitations of applicable tax laws. Tax-exempt investors may be subject to "unrelated business taxable income" in connection with the Fund's activities.

Prime Broker Risk: Portfolios, including the portfolio of Midwood Partners Fund, may be held for us or our affiliates by prime brokers. The prime brokers, as brokerage firms or commercial banks, are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of the prime broker's insolvency. However, the practical effect of these laws and their application to a portfolio's securities positions are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a prime broker, it is impossible to generalize about the effect of a prime broker's insolvency on a portfolio and its securities positions. The insolvency of any prime broker could result in the loss of all or a substantial portion of a portfolio's securities positions held by such prime broker, and, in the case of a Private Fund, could result in substantial disruption of the fund's operations, including withdrawals by investors.

Key Personnel Risk: The effectiveness of our strategies is largely dependent upon the continued services of David Cohen and Ross DeMont, who serve as the Co-CIOs. Messrs. Cohen and DeMont are ultimately responsible for all of our investment strategies, and do not focus exclusively on any particular strategy. The loss of the services of either or both of Mr. Cohen or Mr. DeMont could have a material adverse effect on our ability to implement our strategies

Regulatory Risk: Investment management and the securities and financial industry generally are subject to a variety of governmental regulations. Recent efforts have included restrictions on short sales of certain securities and regulation of derivatives markets. It is possible that regulatory action could impose additional direct or indirect costs on our portfolios, limit the strategies that we may pursue or adversely impact the desirability of certain classes of investments or the anticipated return on certain investments.

Material, Nonpublic Information: From time to time, we may come into possession of material, nonpublic information that would limit our ability to buy and sell investments on behalf of clients. Investment flexibility may be constrained as a consequence of our inability to take certain actions because of such information. Clients may experience losses if we are unable to sell an investment that they hold because we have obtained material, nonpublic information about such investment.

The above discussion of risks is not intended to be a complete disclosure of all risks associated with the strategies. Any current or prospective investor should review the applicable offering materials and constituent documents associated with the particular strategy and consult with their own legal and financial advisors in connection with such materials.

ITEM 9: DISCIPLINARY INFORMATION

Nothing to disclose.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

None of our management persons are registered, or have an application pending to register as a broker dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

None of our management persons are related persons (such that it would create a material conflict of interest) with any:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker
- Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
- Other investment adviser or financial planner
- Futures commission merchant, commodity pool operator, or commodity trading advisor
- Banking or thrift institution
- Accountant or accounting firm
- Lawyer or law firm
- Insurance company or agency
- Pension consultant
- Real estate broker or dealer
- Sponsor or syndicator of limited partnerships.

We do not recommend or select other investment advisers for clients and do not have other business relationships with any advisers that create a material conflict of interest.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

Midwood maintains a Compliance Manual that incorporates a Code of Ethics (“Code”) in accordance with Rule 204A-1 of the Advisers Act. The Chief Compliance Officer is

designated as the person responsible to administer the policies and procedures of the Firm. The Code of Ethics is based on the principle that Midwood is committed to the highest standards of ethical conduct and each of its employees owe a fiduciary duty to its clients and a duty to comply with federal and state securities laws and all other applicable laws.

A copy of such Code of Ethics will be provided to any client or prospective client upon request.

These duties include the obligation of employees or associated persons to conduct their personal securities transactions in a manner that does not interfere with the transactions of any client or otherwise to take unfair advantage of their relationship with clients.

Confidential Information

As an investment adviser, the Firm has a fiduciary duty to its clients not to divulge or misuse information obtained in connection with its services as an adviser. Therefore, all information, whether of a personal or business nature, that an employee of the Firm obtains about a client's affairs in the course of employment will be treated as confidential and used only to provide services to or otherwise to the benefit of the client. Such information may sometimes include information about non-clients, and that information will likewise be held in confidence. Even the fact that Midwood advises a particular client, or that a particular investor invests in a fund managed by Midwood, should ordinarily be treated as confidential.

The Code sets forth steps that employees should take to help preserve confidential information.

Material Inside Information

All of the Firm's employees (in any capacity) and all persons, friends, relatives, business associates and others who receive material, nonpublic information from the Firm's employees concerning an issuer of securities (whether such issuer is a client or not) are subject to these rules. The Code sets forth an extensive list of subjects, information about which is likely to be material inside information. The Code also explicitly forbids disclosing material inside information to another person ("tipping") who subsequently uses that information for his or her profit.

All personnel receiving material nonpublic information have the same duty not to disclose or use information about persons or issuers who are not clients of the Firm in connection with securities transactions as they have with respect to client securities. In other words, employees may not purchase or sell any securities with respect to which they have material nonpublic information for their own, for the Firm's or for a client's account or cause clients to trade on such information until after such information

becomes public. The foregoing prohibition applies whether or not the material nonpublic information is the basis for the trade. Whenever employees come into possession of what they believe may be material nonpublic information about an issuer with which the firm does not have a confidentiality agreement, they must immediately notify the Chief Compliance Officer. All information about an issuer with which the firm has a confidentiality agreement will be treated as material nonpublic information by the Firm.

The Chief Compliance Officer maintains a list of all issuers about which the Firm has inside information and makes such list available to the appropriate personnel at the Firm so as to prevent any trading in securities of such issuers.

Fiduciary Duty and Conflicts of Interest

Both the Firm and its employees have a fiduciary duty to the Firm's clients to act for the benefit of the clients and to take action on the clients' behalf before taking action in the interest of any employees or the Firm. Both Midwood and its employees must act for the clients' benefit and treat the clients fairly. The manner in which any employee discharges its fiduciary duty and addresses a conflict of interest depends on the circumstances. Sometimes general disclosure of common conflicts of interest may suffice. In other circumstances, explicit consent of the client to the particular transaction giving rise to a conflict of interest may be required or an employee may be prohibited from engaging in the transaction regardless of whether the client consents. The duty to disclose and obtain a client's consent to a conflict of interest must always be undertaken in a manner consistent with the employee's duty to deal fairly with the client. Therefore, even when taking action with a client's consent, each employee must always seek to assure that the action taken is fair to the client.

The Code sets forth several common examples of conflicts of interest and how such conflicts can be avoided.

Scalping or Front-Running

As a general rule, if any employee knows of a pending "buy" recommendation or is aware of a pending "sell" recommendation, then that employee (or family member residing in that employee's household or person or entity over which the employee has control) may not engage in the practice of purchasing or selling stock before the Firm takes action for its clients.

Unfair Treatment of Certain Clients vis-a-vis Others

An employee who handles one or more client accounts may be faced with situations in which it is possible to give preference to certain clients over others. Employees must be careful not to give preference to one client over another even if the preferential treatment would benefit the Firm or the employee. For example, an employee should

not (i) recommend certain purchases (including with respect to securities of a limited supply and higher potential return) with respect to one client account as opposed to another because such client account generates larger fees for the Firm or (ii) act for one client account ahead of another.

Dealing with Clients as Agent and Principal

In accordance with Section 206(3) of the Advisers Act, the Code requires that employees involved in situations where the Firm is buying or selling securities from a client or where the Firm acts as a broker-dealer for a non-client in a transaction with an advisory client disclose to the client in writing the capacity in which the Firm acts, its profits (if it acts as principal) and its commissions (if it acts as agent for another) and obtain the client's consent. These types of transactions must not be entered into without prior consultation with the Chief Compliance Officer.

Personal Trading

No employee may buy, sell, or pledge for any accounts in which the employee has a "beneficial ownership interest" without obtaining written clearance from the Chief Compliance Officer before the transaction. In addition, employees may not purchase, for any account in which the employee has a "beneficial ownership interest", equity securities issued in an initial public offering or any securities offered in a "private placement" without the prior written approval of the Chief Compliance Officer.

Each current employee will submit an initial holdings report disclosing to the Chief Compliance Officer the identities, amounts, and locations of all securities owned in all accounts in which he or she has a "beneficial ownership interest" no later than November 1, 2013. Each new employee must submit such a report within 10 days of commencement of employment. In addition, each employee must disclose similar information within 30 days after the end of each calendar year while employed by the Firm. Such reports must be current as of a date not more than 45 days prior to the employee joining the company (for the initial report) or the date the report is submitted (for the annual report).

Each employee must instruct each broker, bank, or other financial institution in which the employee has a relevant securities account to provide the Firm all monthly or other periodic activity statements.

Participation or Interest in Client Transactions and Personal Trading

As previously mentioned, the Firm currently manages one private fund (Midwood Partners Fund) and one proprietary account (Midwood Focused Value Fund). These are currently the only accounts managed by the Firm, however we anticipate entering into other advisory relationships.

Midwood Partners Fund and Midwood Focused Value Fund are expected to trade in the same securities. Other portfolios we manage may also have investment overlap with the Private Funds. The Firm has established an allocation and aggregation policy. This policy provides that allocations of investment opportunities among client accounts must be made in a fair and equitable manner. As a general rule, allocations among accounts with the same or similar investment objectives should be made pro rata based on the total assets under management in the accounts, provided that client accounts shall be given priority over any accounts owned entirely by the Firm, by officers or employees of the Firm or by family members of such officers and employees. Allocation decisions should be made and documented before an order is placed. There should be no allocation to an account or set of accounts based on account performance or the amount or structure of fees. Allocations of limited opportunity investments such as IPOs will generally be allocated among eligible accounts in the same manner as other securities, subject to certain limitations set forth in the Firm's compliance manual. Information on the Firm's aggregation policy is set forth in Item 12 - Brokerage Practices.

ITEM 12: BROKERAGE PRACTICES

Selecting Brokerage Firms

When placing trades on behalf of a client, the Firm has a fiduciary duty to seek to obtain the best execution possible for the client. While a primary criterion for all transactions in portfolio securities is the execution of orders at the most favorable net price, numerous additional factors may be considered when arranging for the purchase and sale of clients' portfolio securities. These include restrictions imposed by the federal securities laws and the allocation of brokerage in return for certain services and materials described below. In determining the abilities of the broker-dealer to obtain best execution of a particular transaction, the Firm will consider all relevant factors including the execution capabilities required by the transaction(s), the ability and willingness of the broker-dealer to facilitate the account's portfolio transactions promptly and at reasonable expense, the importance to the account of speed, efficiency or confidentiality, the broker-dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold, the broker-dealer's ability to supplement the Firm's management capabilities with research, quotation and other services, as well as any other matters the Firm deems relevant to the selection of a broker-dealer for a particular portfolio transaction of the account.

Research and Other Soft Dollar Benefits

The Firm may use broker-provided products and services which assist the Firm in carrying out its investment decision making responsibilities. Such services may include, but are not limited to: (i) written information and analyses concerning specific

securities, companies or sectors; (ii) market, financial and economic studies and forecasts, as well as discussions with research personnel; (iii) certain financial and industry publications; and (iv) statistical and pricing services utilized in the investment management process. The Company complies with Section 28(e) of the Securities Exchange Act of 1934, as amended, in connection with its use of soft dollars and all soft dollar arrangements must be approved by the Chief Compliance Officer prior to submission to the applicable soft dollar broker. In some cases the Firm may acquire a research product or service with soft dollars which also has non-research uses. In these cases the Firm will make a reasonable allocation of the cost of the product or service according to its use. That portion of the product or service which provides administrative or other non-research services will be paid for by the Firm in hard dollars.

All research services received from broker-dealers to whom commissions are paid are used collectively. There is no direct relationship between commissions received by a broker-dealer from a particular client's transactions and the use of any or all of that broker-dealer's research material in relation to that client's account. The Firm may pay a broker-dealer a brokerage commission in excess of that which another broker-dealer might have charged for the same transaction in recognition of research and brokerage related services provided by the broker-dealer. Research obtained with soft dollars may be used to service accounts other than the client paying such commissions.

On a quarterly basis, the Chief Compliance Officer shall review the list of brokers with whom the Company does business, the commissions paid to such brokers and the soft dollar products and services provided by such brokers to the Firm and assess whether the Firm is achieving best execution and is complying with its brokerage policy. The Chief Compliance Officer shall provide a written report of such assessment at least annually to the Firm's Managing Members, along with any recommendations for changes.

From time to time, a client may instruct the Firm to direct securities transactions to a particular brokerage Firm. Directed brokerage may result in such client paying higher commissions than would be the case if the Firm were able to select brokers freely. Directed brokerage in many cases limits the Firm's ability to negotiate commissions for the client and its ability to aggregate orders and may result in an inability to obtain volume discounts or best execution for the client in some transactions. Currently, the Firm does not engage in any such directed brokerage relationships, but may in the future.

Brokerage for Client Referrals

We do not consider whether we receive client referrals from a broker in selecting or recommending broker-dealers.

Aggregation of Client Accounts

With prior disclosure to and consent from the client, the Firm may aggregate trades for more than one account, including aggregating trades for a client account with a related party account (proprietary accounts of the Firm, accounts owned beneficially by any individual officer or employee of the Firm or a family member of such officer or employee, or pooled investments in which any of these participates). Securities purchased or proceeds of securities sold through aggregated orders are allocated to the account of each portfolio that bought or sold such securities at the average execution price. If less than the total of the aggregated orders is executed, purchased securities or proceeds will generally be allocated pro rata among the participating portfolios in proportion to their planned participation in the aggregated orders, provided that proceeds or securities will be allocated first to client accounts and then to proprietary accounts and other accounts that are owned entirely by officers or employees of the Firm or by family members of such officers and employees. Post-execution allocations of orders are used only where an aggregated order is not filled in its entirety. Such allocations must be consistent with treating all client accounts fairly and equitably. All post-execution allocation must be set forth in writing and approved in writing by the Chief Compliance Officer no later than one hour after the opening of the markets on the trading day following the day the order was executed. Post-execution allocations must be determined by the close of business on the trade date and must comply with the same general guidelines set forth above for pre-execution allocations.

In connection with any aggregation of trades with a related party account, the procedures set forth below are to be followed to ensure that such trades are allocated fairly and equitably among all clients.

- Any portfolio manager who is responsible for both client accounts and related party accounts shall determine prior to each transaction in which client and related party orders may be aggregated whether such aggregation is in the interests of best execution of the trade.
- For related party accounts owned entirely by the Firm, by officers or employees of the Firm or by family members of such officers and employees, in the event that an aggregated trade is partially filled, consistent with the allocation policy described above, such accounts will have their allocation reduced to zero before any reductions are made in the allocation to client accounts (this sentence does not apply to pooled investment vehicles in which the Firm, its officers or employees or their family members participate as investors along with clients of the Firm). If such trades involving related party accounts are otherwise allocated on a basis different from that specified in the allocation statement, the reason for any such difference must be explained in writing and approved by the Chief Compliance Officer no later than the close of the markets on the day the order was executed.

- In conducting the review of trade allocations, the Chief Compliance Officer (or his/her designee) will review specifically allocations of trades to related party accounts to ascertain that such accounts have not been favored over other accounts. Periodically (but not less than quarterly), the Chief Compliance Officer will review trades in which securities are allocated to related party accounts specifically to ascertain that such accounts were not favored over the long term over other client accounts in the allocation process.

ITEM 13: REVIEW OF ACCOUNTS

It is essential that each client's portfolio conform with the client's investment objectives as well as with any specific investment restrictions or limitations imposed by the client. Each of the Midwood Partners Fund and the Midwood Focused Value Fund has specific defined investment objectives and trading restrictions in its Private Placement Memorandum (each a "PPM"). The Firm will follow the objectives of such Fund set forth in such Fund's PPM and will strictly adhere to any restrictions set forth therein

Portfolio managers should use software tools, if possible, to assist in tracking and monitoring portfolios, and should work with employee traders and outside brokerage firms to put in place procedures to prevent violation of such investment restrictions or limitations (such as automatically blocking a short order for an account that does not permit short selling).

A portfolio manager must review each account under its management no less frequently than monthly for consistency with the applicable objectives, guidelines and restrictions; in some cases more frequent reviews may be appropriate. Portfolio managers should also familiarize themselves with applicable regulations for short sales (including Regulation M), investing on margin and the use of commodities, and should review portfolios which utilize such techniques for compliance with any such regulations as part of the monthly review.

When requested, periodic written reports may be furnished to investors and our representatives may meet with such investors when requested or at such other times as may be mutually agreed with our client. Such meetings may be conducted in person or telephonically.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

We may from time to time retain third party marketing firms. To the extent we enter into such an arrangement, we do so in compliance with all applicable laws, including Rule 206(4)-3 under the Investment Advisers Act.

At present we have retained one third party marking firm and are in discussions with another about a potential mandate. The compensation for these arrangements include a monthly retainer and typically 20% of all fees (including 20% of the amount of any incentive allocations where applicable) that are allocable on assets raised by the third party marketing firm.

ITEM 15: CUSTODY

All client assets shall be maintained with broker-dealers, banks or other qualified custodians. The Firm shall ensure that each broker, bank or custodian which holds client securities provides a report of such holdings and all transactions in the account to the Firm no less frequently than monthly. At no time shall the Firm or any employee have physical custody of any client assets or securities. If the Firm or an employee inadvertently comes into possession of any client assets or securities, such assets or securities must be returned to the client within 24 hours, and the Chief Compliance Officer must be informed of any such event. The Firm will provide brokers, banks and custodians with a list of persons authorized to act on behalf of the Firm and shall promptly update such list to reflect any changes.

In addition, the account of Midwood Partners Fund shall be audited annually by an auditor who is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board ("PCAOB"). Copies of the audited financial statements shall be provided to investors in such Fund within 120 days after the end of the fiscal year.

ITEM 16: INVESTMENT DISCRETION

Pursuant to the governing documents of the Midwood Partners Fund, we have complete investment authority with respect to all securities owned by the Fund. There are no limitations on this authority other than such investment parameters as may be stated in the offering documents of such Fund. This authority is conveyed by investors subscribing to the Fund in their subscription agreements and in the Fund's governing documents.

Investment decisions for the Midwood Partners Fund are made in accordance with the Fund's investment objectives, strategies and restrictions and are not tailored to the individualized needs of any particular investor in the Fund.

Investors in the Midwood Partners Fund should consider whether such Fund meets their investment objectives and risk tolerance prior to investing. Information about the Fund can be found in its governing documents and offering memoranda, which are available to current and prospective investors only through us.

ITEM 17: VOTING CLIENT SECURITIES

Midwood has established written policies and procedures setting forth the principles and procedures by which we vote or give consent with respect to securities owned by the Funds.

The Firm's proxy policy is to carefully review every proxy and vote every proxy received. The Firm reviews each situation and votes in the way that will be most beneficial to the Firm's clients. If the Firm believes that it has a material conflict of interest with respect to any transaction, it will disclose the issue to the client (or in the case of a Fund, to the investors in the Fund) and consult with the client on how to vote.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to any client or prospective client (or in the case of a Fund, any investor or prospective investor) upon written request.

ITEM 18: FINANCIAL INFORMATION

We do not require or solicit prepayment of any fees six months or more in advance.

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

We have not been the subject of a bankruptcy petition at any time during the past ten years.

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

This Item is not applicable to Midwood.
