

Part 2A of Form ADV: Firm *Brochure*, dated June 1, 2013

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This brochure provides information about the qualifications and business practices of Perlus Investment Management LLP ("Perlus" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at 44 (0)1279 850367 or office@perlusinvestments.co.uk. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Perlus is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

This Brochure, dated June 1, 2013, is a new document prepared according to the SEC's requirements.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of the last annual update to our brochure.

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Item 4 - Our Advisory Business

Perlus investment Management LLP ("Perlus" or the "Firm") is a London-based private investment management firm authorized and regulated by the UK Financial Services Authority (now the Financial Conduct Authority). The Firm was established in October 2007 under UK law and is owned by James Boucherat, David LaSalle, and Michael Andrew.

Perlus' investment focus is exclusively on the North American, publicly-traded, microcap asset class. The investment objective is to achieve superior long-term returns for institutional investors.

Perlus does not employ other investment strategies.

Perlus currently manages on a discretionary basis approximately \$79 million as of the date of this Brochure.

The Firm provides discretionary investment management for a pooled investment vehicle, the Perlus Microcap Fund L.P. (the "Fund") and will accept mandates for segregate accounts. Perlus generally does not tailor its advice to the individual needs of clients, although the Firm is flexible with clients in segregated accounts.

Clients investing in the Fund are required to invest initially a minimum amount of \$1,000,000. The minimum amount for a segregated account is generally \$5 million. The Firm may increase and/or waive this requirement in its sole discretion.

Item 5 - Fees and Compensation

Perlus generally receives a management fee of 1.5% based on assets under management. Fees are generally not negotiable and are deducted from the Fund on a quarterly basis.

Fund investors may also expect to pay custodian and administration fees in connection with the Fund as well as incur brokerage and other transaction costs, discussed in Item 12 below.

Item 6 – Performance-based Fees

The Firm charges annually in arrears performance fees of 15% of all excess net profits over the hurdle rate. All performance-based fees are negotiated with each client and managed in accordance with the Advisers Act. Performance-based fee arrangements create a potential conflict of interest by inducing Perlus to recommend investments which may be riskier or more speculative than those recommend under traditional fee arrangements.

Item 7 - Types of Clients

Perlus' current client consists of a collective investment vehicle managed on behalf of institutions, pension plans, endowments and high net worth individuals.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

The Perlus Microcap Fund's investment objective is to provide long term absolute returns through investments in global microcap equities, with a North American orientation, through a long only investment portfolio of 25-40 share holdings. However, Perlus shall have the discretion to invest in small cap shares if the Firm feels that the particular company otherwise fits the investment criteria of the Fund.

The Fund will invest, hold, sell, trade (and otherwise deal) in securities that are actively traded in public markets. The Fund may also purchase privately offered securities of public companies, if Perlus believes that such securities represent a more efficient method of establishing a holding in a particular company. The Fund is does not engage in short selling or the use of leverage. The Fund may hedge currency exposure and market risks from time to time.

Process

Perlus undertakes a disciplined value philosophy overlaid with secular thematics to ensure fundamental operating execution by portfolio company management. Strict risk/reward metrics adhered to at all times. The Fund's focus is solely on the highly inefficient North American microcap and small-cap market, an asset class that numbers some 20,000 public companies. The Firm seeks to maintain a balanced, diversified portfolio of 25-40 holdings in the Fund, which individually offer optimal risk/reward profiles.

The Firm utilizes a sophisticated, proprietary qualitative database to expedite the stock selection process. The Firm undertakes numerous on-going due-diligence fieldtrips across North America to meet corporate executives of both existing and prospective new investments. There is a thorough process of channel-checks with a company's relationship partners (customers, suppliers, distributors, competitors, etc.); regular and frequent monitoring calls with portfolio companies; and identification of fresh secular investment thematics.

It should be noted that investing in securities involves a risk of loss as well as gain, which clients should be prepared to bear. Past performance is not a guide to the future and prices of investments may rise as well as fall. Investors may not get back the full amount invested. Investing in the Fund involve general risks – market risk, volatility, foreign exchange market risk, risk of investing in microcap companies – that are comprehensively disclosed in the fund offering memorandum.

Item 9 - Disciplinary Information

Registered investment advisers must disclose all material facts about any legal or disciplinary events that would be material to the evaluation of Perlus or the integrity of the Firm's management. Perlus has no material legal, regulatory or disciplinary events to disclose. This information has also been submitted to the Securities and Exchange Commission as part of Perlus' Form ADV Part 1A, and can be verified at www.adviserinfo.sec.gov.

Item 10 - Other Financial Industry Activities and Affiliations

Perlus does not engage in other financial industry activities or have any affiliations to disclose.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Perlus has adopted a compliance manual that includes a Code of Ethics (the "Code"), which sets forth standards of business conduct for the Firm and its Supervised Persons (all employees, Access Persons and others designated by Perlus' Chief Compliance Officer ("CCO")). The Code is based on the principle that the Firm and its Supervised Persons have a fiduciary duty to act in the best interests of Perlus' clients.

The duties of Supervised Persons under the Code are summarised below:

Supervised Persons are required to submit to the CCO an initial and annual report listing their securities holdings and a quarterly report of transactions. All personal securities transactions, other than those specifically exempted by the Code, are preapproved by the CCO or his delegate.

The Code sets forth record keeping requirements and the responsibilities of the CCO with respect to review of personal securities transactions, personal holdings and trading reports and monitoring compliance with the Code. The Code also outlines policies for sanctioning Supervised Persons who violate the Code.

Supervised Persons are also subject to restrictions on participating in initial public offerings and private placements.

Supervised persons must comply with federal securities laws, certify that they have read and understand the Code and report any violations of the Code to the CCO. The Code sets forth limitations on Supervised Persons receiving gifts from third parties. Supervised Persons may not solicit gifts from any party with whom we conduct or could conduct business.

Supervised Persons are prohibited from trading either in their personal accounts or client accounts on the basis of material non-public information.

Item 12 - Brokerage Practices

Broker Selection Policy

Perlus generally assumes responsibility for selecting brokers and dealers for the execution of securities transactions recommended on behalf of the Fund or segregated accounts. The Firm is not affiliated with any broker/dealers and does not execute securities transactions as a principal. Accordingly, the Firm selects unaffiliated third-party broker/dealers to execute all client transactions although, as permitted by applicable law and described in more detail below.

In selecting brokers, the Firm takes all reasonable steps to obtain the best possible result ("best execution") for clients when executing an order. The best possible result is not limited to execution price but can also be determined by:

- Quality of execution
- Availability and quality of research products and services
- The nature and character of the markets on which the transactions will be executed
- Access to company management
- The broker's execution experience, integrity and credit-worthiness
- Operational efficiency

Research services may include information or analysis relating to companies, sectors, countries and other services that may assist the Firm in its investment decision. The Firm may consider the availability and quality of research products and services provided by a broker in selecting which brokers to use in executing client orders. The Firm ordinarily reviews its active broker list on a periodic basis and assesses each broker on a combination of factors including those listed above. Where issues arise or expectations are not met the Firm may review the relationship and the services being provided.

Any brokerage and research services furnished by brokers through which the Firm effects securities transactions may be used by the Firm in advising other clients and the Fund and not necessarily the same investment portfolio.

Perlus generally does not enter into commission sharing arrangements. Should Perlus enter into any such arrangements, it will be consistent with Section 28(e) of the Securities Exchange Act of 1934, which permits the use of "soft dollars" in certain circumstances.

Allocation of Investment Opportunities

Perlus currently on manages a single portfolio on behalf of the Fund. Should it elect to manage multiple portfolios, the Firm will endeavour to act in a manner that the Firm considers fair, reasonable and equitable in allocating investment opportunities among its clients. When the Firm determines that it would be appropriate and feasible for more than one client to participate in an investment opportunity, the Firm may place combined orders for all such clients simultaneously and, if the order is not filled at the same price, the Firm will average the prices paid over a particular trading day or such longer period consistent with the accumulation or disposition of a particular position. Similarly, if an order is placed on behalf of more than one client and the order cannot be fully executed under prevailing market conditions, the Firm may allocate the trade execution among different clients on a basis that the Firm deems equitable. This is normally achieved by pro-rating actual trade executions among clients in accordance with the total number of shares outstanding on each client's order and rounding such executions to reflect minimum trading sizes, minimum allocations necessary to avoid undue costs being realized by clients (such as transaction and foreign exchange costs triggered by certain allocations having a *de minimis* value) and efficiencies inherent in trade reporting. Situations may occur where a client could be disadvantaged because they participated in the aggregate order.

The Firm anticipates that the substantial majority of its trade executions will be allocated between clients in a pro-rata manner. Where the Firm determines that this pro rata allocation methodology may not be in a client's best interest or the best interests of all clients, the Firm may, in its reasonable discretion, make an adjustment to the pro-rata allocation.

Item 13 - Review of Accounts

Perlus' portfolio managers are responsible for monitoring execution and performance on behalf of the Fund. The Firm reviews and reconciles the portfolio on a regular basis.

Clients receive accounts statements from their custodian at least quarterly. Perlus does not produce regular client reports.

Item 14 - Client Referrals and Other Compensation

Fees are paid to some professional firms for their clients referrals. The following firms provide client referrals to Perlus in return for quarterly finders' fees based on account assets under management:

- Arjent LLC

The referral fee is paid entirely from the Firm's investment advisory fee. Clients are informed in writing of this arrangement by the third party at the time of solicitation. Clients are also provided a copy of Perlus' Form ADV.

Item 15 - Custody

Perlus is not authorised by the UK Financial Conduct Authority to hold client assets.

Under Rule 206(4)-2 of the Advisers Act, Perlus has "custody" of client funds and securities solely as a consequence of:

- The Firm's authority to deduct fees from client accounts
- Perlus' control of Perlus Limited, the General Partners of the Fund

The Fund is independently audited by a firm registered with the Public Company Accounting Oversight Board ("PCAOB").

Item 16 – Investment Discretion

As investment adviser to the Fund, Perlus is granted the discretionary authority in the relevant organisational documents, or investment management agreement in the case of a segregated account, to determine which securities and the amounts of securities to be bought or sold. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Perlus observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to Perlus in writing.

Item 17 - Voting Client Securities

Perlus understands the Firm's proxy voting responsibilities on behalf of its clients and recognizes the fiduciary responsibility the Firm assumes in acting as investment adviser. Perlus also recognizes the need to exercise the Firm's proxy voting obligations with a view of enhancing its clients' long term investment values. The Firm believes that both are generally compatible with good corporate governance as this generally provides the best operating environment for each underlying portfolio company to cope with competitive commercial pressures. To help achieve its objectives, it is Perlus' policy, subject to the considerations described below, to use its best efforts to vote proxies arising on all shares held on behalf of its clients.

The Firm has a commitment to evaluate and vote proxy issues in the best interests of its clients. The Firm will generally vote proxy proposals, amendments, consents or resolutions relating to client securities, including interests in private investment funds, if any, (collectively, "proxies") in accordance with the following guidelines:

- The Firm will generally support a current management initiative if our view of the Issuer's management is favourable;
- The Firm will generally vote to change the management structure of an Issuer if it would increase shareholder value;
- The Firm will generally vote against management if there is a clear conflict between the Issuer's management and shareholder interest;
- In some cases, even if the Firm supports an Issuer's management, there may be some corporate governance issues that the Firm believes should be subject to shareholder approval; and
- The Firm may abstain from voting proxies when it is determined that the cost of voting the proxy exceeds the expected benefit to our clients.

Generally, all proxies are evaluated and voted on a case-by-case basis, considering each of the relevant factors set forth above. The Firm, in all cases, will vote for any proposals that we believe will be most advantageous to our clients.

There may be times in which conflicts may arise between the interest of the client and the interest of the Firm. Perlus will always strive to address such conflicts in the best interests of the client. If a perceived material conflict of interest arises in connection with a proxy vote, Perlus may resolve such perceived material conflicts of interest as follows:

- The Firm may delegate the voting decision for such proxy proposal to an independent third party;
- The Firm may delegate the voting decision to an independent committee of partners, members, directors or other representatives of the client, as applicable;
- The Firm may inform the investors or account of the conflict of interest and obtain consent to (majority consent, in the case of a fund) vote the proxy as recommended by the Firm; or
- The Firm may obtain approval of the decision from Perlus' Chief Compliance Officer

Perlus does not take positions outside of the portfolio it manages and therefore does not anticipate a situation where there would be a conflict between maximizing investment returns for clients and the interests of the Firm or its Supervised Persons. If such a situation should

arise, the senior management will independently review and evaluate the proxy proposal and the circumstances surrounding the conflict to determine the vote, which will be in the best interest of the client. Perlus' management may also determine whether the conflict of interest will be disclosed to clients and whether to obtain their consent prior to voting and whether to obtain guidance from third parties. Records of Perlus' Proxy Voting Policy and voting history are available from the Firm upon request.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide certain financial information or disclosures about Perlus' financial condition. Perlus 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.