

**Item 1. Cover Page**

**Galloway Capital Management Ltd.**

Investment Manager of

**Galloway Global Fixed Income Fund Ltd.**

R. Dr. Renato Paes de Barros, 750 -95  
Itaim Bibi - São Paulo - Brazil

Telephone: +55 (11) 4082-2250 / 2251

[www.gallowaycm.com](http://www.gallowaycm.com)

**March 5, 2013**

This brochure provides information about the qualifications and business practices of Galloway Capital Management Ltd. If you have any questions about the contents of this brochure, please contact us at +55 (11) 4082-2250 / 2251. The information in this brochure has not been approved by or verified by the United States Securities and Exchange Commission or by any state securities authority.

Galloway Capital Management Ltd. is an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Registration of an investment adviser does not imply any level of skill or training.

Additional information about Galloway Capital Management Ltd. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2. MATERIAL CHANGES**

There are no material changes to the Investment Manager's business reflected in this Brochure.

### Item 3. Table of Contents

ITEM 1.	COVER PAGE .....	1
ITEM 2.	MATERIAL CHANGES .....	2
ITEM 3.	TABLE OF CONTENTS .....	3
ITEM 4.	ADVISORY BUSINESS.....	4
ITEM 5.	FEES AND COMPENSATION .....	5
ITEM 6.	PERFORMANCE-BASED FEES .....	6
ITEM 7.	TYPES OF CLIENTS .....	6
ITEM 8.	METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS .....	7
ITEM 9.	DISCIPLINARY INFORMATION.....	13
ITEM 10.	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	14
ITEM 11.	CODE OF ETHICS; PARTICIPATION IN CLIENT TRANSACTIONS .....	14
ITEM 12.	BROKERAGE PRACTICES .....	15
ITEM 13.	REVIEW OF ACCOUNTS.....	16
ITEM 14.	CLIENT REFERRALS AND OTHER COMPENSATION.....	17
ITEM 15.	CUSTODY & ACCOUNT STATEMENTS .....	17
ITEM 16.	INVESTMENT DISCRETION .....	17
ITEM 17.	VOTING CLIENT SECURITIES.....	17
ITEM 18.	FINANCIAL INFORMATION.....	18

## **Item 4. ADVISORY BUSINESS**

### **The Investment Manager**

Galloway Capital Management Ltd. (the “Investment Manager”) was organized on August 1, 2006 and began its advisory business in 2007.

The owners of the Investment Manager are Nathan Shor (33.33%), Guillermo Bauder (33.33%) and Ulisses de Oliveira (33.33%).

### **Advisory Services**

Pursuant to an investment management agreement, the Investment Manager serves as the investment manager of Galloway Global Fixed Income Fund Ltd. (the “Fund”), a private fund in which certain of the Investment Manager’s clients are solicited to invest. Nathan Shor, Guillermo Bauder and Ulisses de Oliveira are the Directors of the Fund. On behalf of the Fund, the Investment Manager provides day-to-day investment and portfolio management services. The Investment Manager is solely responsible for the investment decisions and performance of the Fund.

The Fund invests significantly all of its assets in Galloway Global EM Fixed Income Fund Ltd. (the “Master Fund”), a business company incorporated under the laws of the British Virgin Islands in 2006. All investment activities are conducted by the Investment Manager at the Master Fund level. Accordingly, any references in this Brochure to the investment activities of the Fund shall include those conducted through the Master Fund, unless the context otherwise requires.

The Fund’s investment objective, through its investment in the Master Fund, is to provide sophisticated investors with the opportunity of investing primarily in global fixed income instruments traded on over-the-counter markets, including but not limited to government bonds, loans, corporate bonds, high yield bonds, and convertible bonds.

The Fund is broken down into sub-funds, currently as follows: Brazil, Latin America, Global, and Monthly Income. These sub-funds invest in specific fixed-income instruments according to geographic areas or maturities as indicated by their name.

The Investment Manager has other clients who are not investors in the Fund.

### **No Client-Focused Investment Advice**

The Investment Manager does not tailor its advice to the Fund according to the individual needs of one or more clients invested in the Fund; instead, the Investment Manager acts solely in the best interest of the Fund as a whole.

Clients invested in the Fund cannot impose restrictions on the Fund investing in certain investments. Instead, all investments will be made in accordance with the Fund’s investment management agreement.

## **No Wrap Fee Program**

The Investment Manager does not sponsor or participate in a wrap fee program.

## **Discretionary Assets**

The Investment Manager has investment discretion over all of its clients' assets, which totaled approximately \$120,000,000 as of March 5, 2013, approximately \$70,000,000 of which is invested in the entire master-feeder structure, of which the Fund is a part. The Investment Manager does not currently manage any client assets on a non-discretionary basis.

## **Item 5. FEES AND COMPENSATION**

### **Compensation; Negotiability**

Each client invested in the Fund pays to the Investment Manager a fee of 1.5% per year, calculated and accrued on a monthly basis pro rated over the Fund's assets at the beginning of each month corrected for subscriptions and redemptions (the "Management Fee"). The Management Fee will be paid biannually in arrears.

Additionally, each non-U.S. investor and each U.S. investor who is a "qualified client" pays to the Investment Manager, on a biannual basis, a quarterly performance fee (the "Performance Fee") with respect to each Share outstanding during such quarter an amount equal to fifteen percent (15%) of any new net capital appreciation. The Performance Fee is subject to a "high water mark," meaning that if the Shares have a net loss in any quarter, the loss will be carried forward as to each Share to future fiscal quarters. At any time when there is a loss carry forward for Shares with respect to a quarter, the Investment Manager will not receive a Performance Fee with respect to such Shares for future quarters until the loss carry forward has been recovered. Once the loss has been recovered, the Performance Fee will be based on the excess profits with respect to the Shares, rather than on all profits. The payment of the Performance Fee will be on a six month basis in arrears.

As the Investment Manager accepts performance-based fees from clients, the Investment Manager may have an incentive to favor accounts paying a performance fee over those accounts where no performance fee is charged.

The Management Fee and Performance Fee are negotiable and the Investment Manager may, in its sole discretion, reduce, waive, or rebate the Management Fee and/or Performance Fee with respect to any client.

### **Deduction of the Management Fee and Performance Fee**

The Management Fee is deducted biannually directly from each client's account by the Fund's administrator or other custodian. Additionally, the Performance Fee, if any, is deducted biannually directly from each client's account by the Fund's administrator or other custodian.

### **Other Fees and Expenses**

The organizational and initial offering expenses of the Fund and the Master Fund have been amortized as of the date of this Brochure.

The Fund will pay its continuing offering and operating expenses, and its *pro rata* share of the operating expenses of the Master Fund, including, but not limited to, the following: administration expenses; custodial expenses; all brokerage commissions on trading transactions, interest on borrowing and fees in respect thereof, the British Virgin Islands annual company registration fee, the fees and expenses of the auditor of and legal advisers to the Fund, the cost of printing and distributing the periodic and annual reports and statements and other operating expenses.

Further information about the Fund's brokerage relationships may be found in Item 12, herein.

#### **Item 6. PERFORMANCE-BASED FEES**

As explained above, each non-U.S. investor and each U.S. investor who is a "qualified client" pays to the Investment Manager each calendar quarter a performance fee (the "Performance Fee") with respect to each Share outstanding during such quarter an amount equal to fifteen percent (15%) of any new net capital appreciation. The Performance Fee is subject to a "high water mark," meaning that if the Shares have a net loss in any quarter, the loss will be carried forward as to each Share to future fiscal quarters. At any time when there is a loss carry forward for Shares with respect to a quarter, the Investment Manager will not receive a Performance Fee with respect to such Shares for future quarters until the loss carry forward has been recovered. Once the loss has been recovered, the Performance Fee will be based on the excess profits with respect to the Shares, rather than on all profits. The payment of the Performance Fee will be on a six month basis in arrears.

In the event that Shares are redeemed (in whole or in part) at any time other than at the applicable Performance Fee time, the Investment Manager shall be entitled to an Performance Fee with respect to such Shares calculated as though the applicable redemption date was the Performance Fee date, provided, however, that in the case of a partial redemption, the Investment Manager may, in its sole discretion, elect to delay the Performance Fee until the next Performance Fee date.

The Investment Manager may, in its sole discretion, waive or modify the Performance Fee for clients, including clients who are members, employees, or affiliates of the Investment Manager, relatives of such persons, and for certain large or strategic investors.

#### **Item 7. TYPES OF CLIENTS**

The Fund is offering shares to certain qualified investors who meet certain criteria outlined in the Fund's Subscription Agreement. An investment in the Fund is suitable only for sophisticated investors that are aware of, and can afford, the risks involved in an investment in the Fund and have the ability and willingness to accept (i) the illiquid nature of an investment in the Fund and (ii)

the risk of loss of all or a substantial portion of their interest in the Fund. Admission as a shareholder in the Fund is not open to the general public.

Shares will generally be sold only to non-United States persons and U.S. persons who are “accredited investors” under Rule 501 of Regulation D of the Securities Act of 1933, as amended. The Fund will also accept contributions from Fund of Fund investors. The Investment Manager may, in its sole discretion, reject a capital contribution from any prospective client for any reason.

Investors in the Fund may include individuals, trusts, estates, charitable organizations, corporations or other business entities, investment companies, and certain other investors.

The Fund may accept investments from United States individual retirement accounts, Keogh plans, and other entities that are subject to the prohibited transaction provisions of Section 4975 of the Internal Revenue Code of 1986, as amended. Additionally, the Fund may accept investments from retirement plans or entities whose assets are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

The minimum initial investment in the Fund is \$100,000, subject to reduction in the sole discretion of the Investment Manager.

## **Item 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

The Fund is organized as a feeder fund and substantially all of the Fund’s assets (to the extent not retained in cash) will be invested in Galloway Global EM Fixed Income Fund Ltd., a business company incorporated under the laws of the British Virgin Islands. The discussion herein relates to the investments made by the master fund and includes investments made directly by the Fund. The investment objective of the Fund is to provide sophisticated investors with the opportunity of investing primarily in global fixed income instruments.

### **1. Galloway Global Fixed Income Series Shares**

The Galloway Global Fixed Income Series Shares are designed to provide sophisticated investors with the opportunity of investing primarily in global fixed income instruments traded on over-the-counter markets, including but not limited to government bonds, loans, corporate bonds, high yield bonds, convertible bonds. The Fund may assume positions, even in low liquidity markets, and therefore will be more exposed to volatility.

### **2. Galloway Latam Fixed Income Series Shares**

The Galloway Latam Fixed Income Series Shares are designed to provide sophisticated investors with the opportunity of investing in Latin American fixed income instruments traded on over-the-counter markets, including but not limited to government bonds, loans, corporate bonds, high yield bonds, convertible bonds. The Fund may assume positions, even in low liquidity markets, and therefore will be more exposed to volatility.

### **3. Galloway Brazil Fixed Income Fund Series Shares**

The Galloway Brazil Fixed Income Fund Series Shares are designed to provide sophisticated investors with the opportunity of investing in Brazilian fixed income instruments traded on over-the-counter markets, including but not limited to government bonds, loans, corporate bonds, high yield bonds, convertible bonds. The Fund may assume positions, even in low liquidity markets, and therefore will be more exposed to volatility.

### **3. Galloway Monthly Fixed Income Fund Series Shares**

The Galloway Monthly Fixed Income Fund Series Shares are designed to provide sophisticated investors with the opportunity of investing in fixed income instruments traded on over-the-counter markets which make monthly payments, including but not limited to government bonds, loans, corporate bonds, high yield bonds, convertible bonds. The Fund may assume positions, even in low liquidity markets, and therefore will be more exposed to volatility.

#### **Leverage**

The Fund may employ leverage. There are no parameters or limits on the borrowing or leverage to be employed on behalf of the Fund. The use of leverage by the Fund will depend on the investment strategies employed by the Fund and specific market opportunities. The use of leverage increases both risk of loss and profit potential.

#### **Trading and Market Risks**

##### Nature of Investments

The Investment Manager has broad discretion in making investments for the Fund. Investments will generally consist of fixed-income securities and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that the Investment Manager will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Fund's activities and the value of its investments. In addition, the value of the Fund's portfolio may fluctuate as the general level of interest rates fluctuates. No guarantee or representation is made that the Fund's investment objective will be achieved.

##### Market Risks

The profitability of a significant portion of the Fund's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the Investment Manager will be able to predict accurately these price movements. Although the Investment Manager may attempt to mitigate market risk through the use of long and short positions or other methods, there is always some, and occasionally a significant, degree of market risk.



### Lack of Diversification

The Fund's portfolio may not be widely diversified among sectors, geographic areas or types of securities. Further, the Fund's portfolio may not necessarily be diversified among a wide range of issuers. Accordingly, the Fund's portfolio may be subject to more rapid change in value than would be the case if the Fund were required to maintain a wide diversification among fixed-income instruments.

### Use of Leverage

The Fund may utilize leverage. This results in the Fund controlling substantially more assets than the Fund has equity. Leverage increases the Fund's returns if the Fund earns a greater return on investments purchased with borrowed funds than the Fund's cost of borrowing such funds. However, the use of leverage exposes the Fund to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Fund not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Fund's cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

### Non-U.S. Securities

Investing in securities of non-U.S. governments and companies that are generally denominated in non-U.S. currencies involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States Government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

### Currency Risks

The Fund's investments that are denominated in non-U.S. currencies are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

### Restricted, Illiquid or Non-Marketable Securities

Fund assets may, at any given time, include securities and other financial instruments or obligations that are illiquid or unlisted, making purchase or sale of such securities at desired prices or in desired quantities difficult or impossible. Furthermore, the sale of any such investments may

be possible only at substantial discounts, and it may be extremely difficult to value any such investments accurately.

### The Credit Crisis and General Economic Downturn Present Risks for the Fund

Recent events in the securitization markets and other areas of the markets have caused significant dislocations, illiquidity and volatility in the credit markets, as well as in the wider global financial markets. There is no assurance that the dislocation in these markets will not continue to occur or become more severe during the term of the Fund. Even if these markets do recover during the term of the Fund, some or all of the investments acquired by the Fund may decline in value after their acquisition. Any further economic downturn could adversely affect the financial resources of the entities in which the Fund has exposure.

### **Regulatory Risks**

#### Government Policies and Changes in Laws

Governmental regulatory activity, especially that of the United States Federal Reserve Board, may also have a significant effect on interest rates and on global economies generally, which in turn may affect the price of the securities in which the Fund plans to trade. High interest rates, the imposition of credit controls or other restraints on loans to finance takeovers or other acquisitions could diminish the number of merger tender offers, exchange offers or other acquisitions, and as a consequence have a materially adverse effect on the activities of the Fund.

#### Federal Reserve System and other U.S. Government Initiatives May Not Succeed

The Fund's investment objective and strategies entail significant risks of substantial volatility and loss. This may be especially true if the current market dislocation is exacerbated by other events, such as recent failures of large financial institutions, corporate defaults or other extrinsic events. Although the U.S. federal government and the Federal Reserve Board have taken action (i) to provide or arrange credit supports to financial institutions whose operations have been compromised by the current credit market dislocations, and (ii) to help restore liquidity and stability to the U.S. financial system, it is as yet uncertain whether any such emergency intervention will be successful in its objective and what effect it would have on the credit markets in general or the Fund's investment program in particular.

#### Absence of U.S. Regulatory Oversight

*Securities Act of 1933.* The shares have not been and will not be registered under the Securities Act or any U.S. state securities laws. The shares are being offered in reliance on the exemption from registration provided by Section 4(2) of the Securities Act and Regulation D promulgated thereunder. Each prospective investor will be required to represent, among other customary private placement representations, that it is an "accredited investor" as defined in Regulation D and is acquiring the shares for its own account for investment purposes only and not for resale or distribution. There is no public market for the shares and no such market is expected to develop in the future. The shares are subject to restrictions on transferability and resale and

may not be transferred or resold in the United States except pursuant to registration under the Securities Act and the applicable U.S. state securities laws, or any exemptions therefrom.

*Investment Company Act of 1940.* While the Fund may be considered similar to an investment company, it does not intend to register as such under the U.S. Investment Company Act of 1940, as amended, in reliance upon an exemption available to privately offered investment companies, and, accordingly, the provisions of that Act (which, among other matters, require investment companies to have disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company) will not be afforded to the Fund or the shareholders.

### Business and Regulatory Risks of Hedge Funds

The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by the Fund and the ability of the Fund to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, securities 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 Fund could be substantial and adverse.

### **Fund Risks**

#### Reliance on the Investment Manager and its Personnel

The Fund relies exclusively on the Investment Manager and its personnel for the management of its portfolio. There could be adverse consequences to the Fund in the event that key personnel cease to be available to the Fund. The success of the Fund is therefore expected to be significantly dependent upon the expertise and efforts of the Investment Manager and, more particularly, its personnel.

#### Limited Withdrawal and Transfer Rights

A shareholder may generally withdraw all or any portion of its Capital Account on a monthly basis by providing notice by at least the 25<sup>th</sup> of the month of withdrawal. Transfers of the shares will be permitted only with the written consent of the Directors. Accordingly, the shares should only be acquired by investors willing and able to commit their funds for an appreciable period of time.

#### Effect of Substantial Withdrawals

Substantial requests for withdrawals by shareholders (and/or redemption requests from Galloway Global Fixed Income Fund Ltd.) could induce the Master Fund to liquidate positions

sooner than would otherwise be desirable, which could adversely affect the performance of the Master Fund and/or cause the Master Fund to liquidate positions at materially disadvantageous terms. In addition, regardless of the period of time in which withdrawals occur, the resulting reduction in the Master Fund's net assets (and the corresponding Net Asset Value of the Fund) could make it more difficult for the Fund (and the Master Fund) to achieve their investment objectives.

#### Compulsory Withdrawals

The Fund, in the sole discretion of the Directors, may compulsorily withdraw all or any part of a Shareholder's Capital Account at any time for any reason upon 20 days' prior written notice.

#### Performance Fee

The allocation to the Investment Manager of a percentage of the Fund's net profits may create an incentive for the Investment Manager to cause the Fund to make investments that are riskier or more speculative than would be the case if this payment were not made. Since the allocation is calculated on a basis that includes unrealized appreciation of assets, such allocation may be greater than if it were based solely on realized gains.

#### U.S. Federal Income Tax Risks

An investment in the Fund entails certain tax risks, including the possibility that:

- The Fund and/or the Master Fund will be taxable as a corporation and therefore that the Fund and/or the Master Fund would be required to pay tax at the corporate tax rate on its taxable income and that distributions by the Fund to the shareholders and/or by the Master Fund to the Fund generally would be taxable as dividends;
- Certain deductions and losses claimed by the Fund and allocated to the shareholders may be disallowed or the shareholders may not otherwise be permitted to use deductions and losses allocated to them;
- Allocations of items of income, gain, loss or deductions to shareholders may not be respected by the IRS and may be different than the amounts reported;
- An audit of the tax return of the Fund or the Master Fund may result in an audit of any shareholder's tax return; and
- Future legislative, administrative or judicial interpretations of current law or future legislation will change the tax treatment of shareholders.

Each Shareholder should consult its own tax advisor. See "Tax Aspects – Certain U.S. Federal Income Tax Considerations" below.

*Withholding.* The Master Fund will be subject to a 30% U.S. withholding tax on U.S.-source dividends. Moreover, the Master Fund may purchase other investments whose payments are subject to U.S. or foreign withholding tax.

The Fund may be required to withhold or deduct a 30% tax on certain payments of (or attributable to) U.S. source income and the proceeds of sales of property that give rise to U.S. source interest and dividends paid to any shareholder unless the shareholder provides the Fund with certain certifications and information regarding its characterization for tax purposes and its direct and indirect beneficial owners. The shareholder will not be entitled to any “gross up” or additional amounts in respect of any withholding or deduction and any amounts withheld will not be refundable by the IRS. Each shareholder agrees to indemnify the Fund and/or the Master Fund, in an amount not to exceed the value of the shareholder’s shares, from any cost, damage or loss incurred by the Fund and/or the Master Fund as a result of the shareholder failing to provide the Fund and/or the Master Fund with any information required under this or similar legislation in order to avoid the direct or indirect imposition of a withholding tax on the Fund and/or the Master Fund. Shareholders are encouraged to consult their tax advisors regarding the information that may be required to be provided and disclosed as well as their potential liability in the event they fail to provide the required information.

If the Master Fund or the Fund is required to deduct or withhold on payments (including on a distribution or redemption payment), then no “gross-up” or additional amounts will be paid with respect to the withholding or deduction.

*Reports.* The Fund’s ability to prepare and deliver an annual return Schedule K-1 and other tax information reports to each shareholder within the intended timeframes depends on the timely receipt of information from the Fund’s brokers and counterparties. Any delay in receiving such information could cause a delay in the delivery of such reports. Shareholders should expect to be required to extend the due date for filing their respective U.S. federal and state income tax or information returns.

#### The Fund (through the Master Fund) is Subject to Various Charges and Expenses

Shares are subject to various costs and fees, including the Management Fee and the Performance Fee, administrative expenses and transaction and financing costs. These charges must be offset by market gains or the shares will decline in value.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective investors should read this entire Brochure, the Fund’s Private Placement Memorandum, and consult with their own advisers before deciding to invest in the Fund.

### **Item 9. DISCIPLINARY INFORMATION**

The Investment Manager and its principals have no disciplinary history or record.

## **Item 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Related Persons**

As described above, the Investment Manager serves as the sole investment manager of Galloway Global Fixed Income Fund Ltd., an investment fund in which certain of the Investment Manager's clients are solicited to invest. The Investment Manager is also affiliated with Galloway Gestura de Recursos Ltda. which provides advice to certain non-U.S. clients, primarily in Brazil.

The Investment Manager simultaneously manages the Fund's investment program and that of one or more additional private funds and separately managed accounts, creating a possible conflict of interest for the Investment Manager in allocating its time and resources to each investment vehicle and account. Nevertheless, the Investment Manager shall not neglect the business of any investment vehicle or account and shall give appropriate time and attention to the business of each as required in the Investment Manager's sole discretion. The investment programs and strategies of the Fund and other investment vehicles and accounts differ significantly and the non-cash positions held by each may not overlap with the other.

The Investment Manager is also a related person of Galloway Gestura de Recursos Ltda., an investment adviser currently registered with the Comissao de Valores Mobiliarios in Brazil.

## **Item 11. CODE OF ETHICS; PARTICIPATION IN CLIENT TRANSACTIONS**

### **Code of Ethics**

The Investment Manager has adopted a code of ethics that prohibits insider trading and requires, among other things, that the Investment Manager maintain transaction records for employee securities transactions and places certain limitations or restrictions on employee trading. The Investment Manager will provide any client or prospective client with a copy of the Investment Manager's code of ethics upon request.

### **Investment Manager's Material Financial Interest in the Fund**

The Management Fee and Performance Fee create a material financial interest in the Fund for the Investment Manager. The Investment Manager is the investment manager of the Fund, in which certain clients of the Investment Manager are solicited to invest. Consequently, the Management Fee and Performance Fee may create a potential conflict of interest between the Investment Manager and the Fund, potentially causing the Investment Manager to target more risky investments in the pursuit of maximizing the Management Fee and Performance Fee. However, the Investment Manager shall make all investment decisions with the Fund's, and not the Investment Manager's, best interests in mind. Furthermore, the Investment Manager has certain risk management procedures in place to control the risk of loss.

### **Investment Manager's Investment in Related Assets**

Principals, affiliates, and employees of the Investment Manager, from time to time, may trade for their own accounts. This could involve a conflict of interest in that such trades may be different from, or opposite to, those of the Fund. It is possible that the proprietary positions taken by the

Investment Manager's principals, affiliates, and employees may not be held for the same period of time or may be in different markets than positions taken by the Investment Manager on behalf of the Fund. Accordingly, no assurance may be given that the proprietary trading results of the principals, affiliates, and employees of the Investment Manager will be the same as the Fund's performance. Moreover, the trading records of the proprietary accounts of the principals, affiliates, and employees of the Investment Manager will not be available for review or inspection by clients. As stated, situations may arise where the Fund could be disadvantaged because of such trading activity.

## **Item 12. Brokerage Practices**

All own-account trading activity of the Investment Manager and its employees is subject to the provisions of the firm's code of ethics.

### **The Selection of Brokers for the Fund**

The Investment Manager has full investment discretion with respect to the initiation of all portfolio transactions for the Fund, as well as full authority to select broker-dealers (collectively, the "Brokers") to execute such transactions. The Brokers will have certain administrative responsibilities, including the issuance of account statements and information with respect to transactions effected through other broker-dealers. The Investment Manager may utilize a number of broker-dealers to effect transactions for the Fund. Broker-dealers are selected based upon the amount of commission, quality of execution, expertise in particular markets, the reputation, experience, and financial stability of the broker-dealer involved, and the quality of service, familiarity both with investment practices generally and the techniques employed by the Fund, research, and analytic services and clearing and settlement capabilities. The Investment Manager will routinely review the reasonableness of the Brokers' compensation.

In addition to the foregoing principles of broker-dealer selection, the Investment Manager may allocate a portion of the Fund's brokerage business to brokers on the basis of certain considerations, including the investment research provided by such firms, securities allocation, the availability of margin or other leverage, familiarity with the investment techniques employed by the Fund, block positioning or other special execution capabilities, or other services provided to the Fund. In so allocating brokerage, the commissions the Fund will pay to such brokers will not necessarily represent the lowest commission rate available, but will reflect the Investment Manager's evaluation of the research and other brokerage-related services supplied by such brokers which benefit the Fund.

### **Soft Dollars**

Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)"), is a "safe harbor" that permits an investment adviser to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process.

The Investment Manager may pay higher commissions to brokers than the minimum rates obtainable in the marketplace, or pay higher prices for the purchase of securities from or accept lower prices for the sale of securities. The Investment Manager will make these payments to brokerage firms that provide the Investment Manager with investment and research information

(even though the research services may not be for the exclusive benefit of the Fund) if the Investment Manager determines such commissions or prices are reasonable in relation to the overall services provided.

The Investment Manager has the option to use soft dollars generated by the Fund to pay for the research related services described below or to have these paid directly by the Fund. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment). Section 28(e) of the Securities Exchange Act of 1934 provides a “safe harbor” to investment managers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to such managers in the performance of investment decision-making responsibilities. The Investment Manager will not use soft dollar credits generated by the Fund to pay for any goods or services outside of this safe harbor.

Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants or other information or services. The Investment Manager is not required to weigh these factors equally. Information so received is in addition to and not in lieu of services required to be performed by the Investment Manager, and its fee is not reduced as a consequence of the receipt of any supplemental research information. Research services provided by broker-dealers used by the Fund may be utilized by the Investment Manager and its affiliates in connection with providing investment services for clients other than the Fund. Also, research services provided by broker-dealers used for other clients may be utilized by the Investment Manager in performing services for the Fund.

### **Aggregation of Orders**

The Investment Manager may aggregate the orders of the Fund with those of any outside clients to reduce the Fund’s brokerage fees; however, the Investment Manager is not obligated to do so.

## **Item 13. REVIEW OF ACCOUNTS**

### **Review of Accounts**

The Investment Manager actively reviews the portfolio of the Fund on a daily basis in accordance with the investment strategy of the Fund and the risk management practices of the Investment Manager.

### **Reports to Clients**

Clients are provided with written reports at least quarterly as to the unaudited performance of the Fund and their capital account therein. Additionally, the Investment Manager or the Fund’s administrator provides year-end financial statements to clients as soon as practicable after the end of



each fiscal year, including a statement of profit or loss for such fiscal year. The Fund's financial statements will be prepared using generally accepted accounting principles ("GAAP") as a guideline, unless otherwise deemed appropriate in the sole discretion of the Investment Manager.

#### **Item 14. CLIENT REFERRALS AND OTHER COMPENSATION**

Clients may be charged fees in connection with their purchase of shares in the Fund by third party selling agents. In each case, such third party selling agents must be properly licensed prior to selling the shares of the Fund. Alternatively, the Investment Manager may each agree to share part of their Management Fees and/or Performance Fees with placement agents who refer shareholders to the Fund. There are currently no such arrangements between Investment Manager and any placement agents for sales of shares to U.S. persons. However, if in the future such an arrangement were to arise, there would be a conflict of interest between the placement agent and the client such that, in the pursuit of receiving compensation, the placement agent may overlook the client's best interests. Accordingly, the Investment Manager will seek to ensure that an investment in the Fund is appropriate for each client referred to the Fund by a placement agent.

#### **Item 15. CUSTODY & ACCOUNT STATEMENTS**

Clients who invest in the Fund will receive unaudited performance reports and account statements from the Investment Manager or the Fund's administrator, if any, at least quarterly. Clients will also receive year-end financial statements as soon as practicable after the end of each fiscal year, including a statement of profit or loss for such fiscal year. Clients should carefully review all account statements and reports. If a client were to receive an account statement directly from the Investment Manager, such clients should compare such account statement with those received from the administrator or another third party service provider.

#### **Item 16. INVESTMENT DISCRETION**

The Investment Manager has complete authority to manage the accounts of the Fund and, therefore, has authority to indirectly manage the capital account of each client.

#### **Item 17. VOTING CLIENT SECURITIES**

The Investment Manager may vote securities held on behalf of the Fund and, accordingly, has adopted written policies and procedures that are reasonably designed to ensure that the Investment Manager votes securities in the best interests of the Fund. In each case, the Investment Manager shall place the interests of the Fund above all else when voting such securities. The voting of securities by the Investment Manager may present a conflict of interest between the Investment Manager and clients in those situations where one or more clients would have voted differently than the Investment Manager chose to vote. Clients may obtain information regarding how the Investment Manager votes securities on behalf of the Fund by calling the Investment Manager at +55 (11) 4082-2250 / 2251 and may also receive a copy of the Investment Manager's proxy voting policies and procedures upon request.

**Item 18. FINANCIAL INFORMATION**

Galloway Capital Management Ltd. does not require or solicit prepayment of any Fund fees from clients six months or more in advance and, therefore, is not required to disclose its financial information in this brochure.

There is currently no financial condition that is reasonably likely to impair Galloway Capital Management Ltd.'s ability to meet its contractual obligations to clients.

Galloway Capital Management Ltd. has not been the subject of a bankruptcy petition at any time during the past ten years.

**GALLOWAY CAPITAL MANAGEMENT LTD.**