

Form ADV Part 2A Brochure

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Litmore

LLC

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This Brochure provides information about the qualifications and business practices of Litmore LLC (“Litmore” or “we”). If you have any questions about the contents of this Brochure, please contact us at (212) 786 7357 or robert@litmore.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 as an investment adviser with the SEC does not imply a certain level of skill or training. Additional information about Litmore is also available on the SEC’s website at www.adviserinfo.sec.gov.

This Brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities described herein. The securities of the Sonata Funds are offered and sold on a private placement basis under exemptions from registration under applicable U.S. securities laws and laws of other jurisdictions where any offering may be made. Any offer or solicitation will be made solely to qualified investors by means of a private placement memorandum and related subscription materials.

Item 2 – Material Changes

The SEC requires that we provide a summary of any material changes to this Brochures and any subsequent Brochures within 120 days of the close of our fiscal year. We will provide any additional disclosures regarding material changes or updates when appropriate.

This section will summarize any material changes that are made to the Brochure. The Brochure may be requested by contacting the Chief Compliance Officer, Robert Donnenfeld at 212 786 7357 or robert@litmore.com.

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Item 4 – Advisory Business

Litmore was founded in January 2012 by Karim Hakimzadeh, who was joined by Robert Donnenfeld as a partner in September 2012. Mr. Hakimzadeh and Mr. Donnenfeld collectively own 100% of Litmore. As of November 30, 2013, Litmore manages net assets of approximately \$26 million on a discretionary basis, including Sonata Fund Ltd and Sonata Master Fund Ltd (the “Sonata Funds”). Although Litmore also manages one separate managed account client, Litmore is not actively seeking additional managed account clients.

Litmore uses a global long-short equity investment strategy to invest in publicly-traded equities. Litmore seeks to invest over a multi-year time horizon, typically with a concentrated portfolio.

Litmore does not provide individualized advice to investors within the Sonata Funds, and therefore investors should consider whether a particular Sonata Fund meets their investment objectives and risk tolerance prior to investing.

Investors and prospective investors in each Sonata Fund should refer to the confidential offering memorandum and other governing documents for the relevant Sonata Fund for more complete information on the investment objectives and investment restrictions with respect to each Sonata Fund.

Item 5 – Fees and Compensation

Each investor in a Sonata Fund is typically charged a monthly management fee equal to 2% of net assets and a quarterly incentive allocation equal to 20% of the net appreciation of each account at the end of each fiscal quarter, subject to a high watermark. The management fee is paid directly to Litmore, and the incentive allocation is paid to an affiliate of Litmore.

Fees may vary for different client accounts and investors depending, for example, on the size of the account and the date an investment was made. Management fees are ordinarily paid monthly in arrears and prorated for any period less than a full month. Performance fees or allocations are generally paid quarterly in arrears or upon termination of an account or withdrawal of an investment in a Sonata Fund.

All investors in the Sonata Funds should review the governing documents for the relevant Sonata Fund for more complete information about the fees payable with respect to a particular Sonata Fund.

Litmore, in its discretion, may negotiate, waive or modify the management fee or incentive allocation for certain client accounts or investors in a Sonata Fund, including employees and affiliates of Litmore, without entitling any other investors to a waiver or modification.

Investors in the Sonata Funds may withdraw all or a portion of their investment effective at the end of each month upon prior written notice. A client agreement may be cancelled as mutually

agreed upon between the parties and specified in the investment advisory agreement. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Litmore's fees are exclusive of brokerage commissions, transaction fees, custodial fees, and other costs and expenses that will be incurred by the client account. Clients may incur other charges imposed by custodians, brokers, or other counterparties, as well as interest and commitment fees on loans and debit balances, research and data service costs, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Sonata Funds also incur certain operating expenses, including administration, accounting, tax, legal, and directors' fees and expenses.

See Item 12 (Brokerage Practices) below for more information about the brokerage commissions that will be incurred by clients of Litmore.

Item 6 – Performance-Based Fees and Side-by-Side Management

Litmore charges performance-based compensation to its clients, including the Sonata Funds. Certain clients and investors may be charged different performance compensation or, in unusual circumstances, no performance compensation. Performance-based compensation arrangements may create an incentive for Litmore to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Such fee arrangements may also create an incentive to favor higher fee-paying accounts over other accounts in the allocation of investment opportunities.

Litmore has adopted procedures to ensure that all investment opportunities are allocated among its clients in a manner that it considers fair and equitable to all clients, and to prevent conflicts of interest from improperly influencing the allocation of investment opportunities among its client accounts or otherwise resulting in any client being improperly favored over any other client. Among the factors that may be considered by Litmore in allocating trades among client accounts are: investment policies, guidelines or restrictions applicable to each specific client; tax considerations; cash availability; liquidity requirements for payment of redemptions or other purposes; risk tolerances; available credit lines; counterparty arrangements; account size; and hedging objectives and activity.

Please refer to the governing documents of the relevant Sonata Fund for more complete information about the performance-based compensation arrangements of each Sonata Fund.

Item 7 – Types of Clients

Litmore provides portfolio management services to the Sonata Funds, which are organized as Cayman Islands corporations, and to one managed account. Clients and investors in the Sonata Funds may include high net-worth individuals, endowments, foundations, funds of funds, family

offices and other investors. The Sonata Funds are offered exclusively to accredited investors as defined in Regulation D under the Securities Act of 1933.

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

Litmore's investment strategy seeks to achieve long-term capital appreciation while maximizing risk-adjusted absolute returns by employs a fundamentally-driven global long/short equity investment strategy comprising:

- (i) a high conviction book of long positions trading at a discount to what Litmore considers to be their intrinsic value;
- (ii) a short book of individual stocks intended as a source of alpha;
- (iii) a hedge book of appropriate market or sector indices and related options; and
- (iv) opportunistic trades.

Investments will be selected from the universe of listed equities worldwide (and their underlying derivatives) across all sectors, and will generally be approached with a multi-year perspective. Litmore will typically maintain a net long exposure and a concentrated book, as a consequence of which performance is expected to hinge to a greater extent on individual stock selection.

All investments involve risk of loss. The risk management techniques that may be utilized by Litmore will not provide any assurance that Litmore's clients will not be exposed to risks of significant investment losses. We believe the principal risks of loss include the following:

Market Risks. Investments in equity securities are subject to normal market fluctuations, and there can be no assurance that appreciation will occur. The price of shares can go down as well as up. The market prices of equity securities may be affected by general economic and market conditions, such as a broad decline in stock market prices, and by conditions affecting a specific issuer, such as changes in earnings forecasts.

Concentration Risk. Concentration of investment in a relatively limited number of industries and investments may tend to result in more rapid changes in the value of a portfolio, upward or downward, than would be the case if the portfolio were more widely diversified.

Short Sales. A short sale involves the sale of a security that the seller does not own. In order to complete a short sale, the short seller must borrow the security sold in order to make delivery to the buyer. Litmore must replace any securities borrowed by purchasing them at the market price at the time of replacement. Litmore may be required to return the securities borrowed at any time. The price at such time may be more or less than the price at which the security was sold. Short sales can result in profits when the prices of the securities sold short decline originally, and losses, which are theoretically unlimited, when such prices increase.

Investment in Global Markets. Investments in non-U.S. companies may involve additional risks not typically associated with trading in the United States. Such risks include the risk of adverse events in the country where an issuer is located, unfavorable changes in exchange rates, imposition of exchange controls, restrictions on repatriation of investment income or capital, and higher transaction costs. There may be less publicly available information about non-U.S. companies than would be the case for comparable companies in the United States, and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to the United States.

Leverage. Litmore may cause clients to borrow money from banks, brokerage firms and other institutions at prevailing interest rates and invest such sums in additional securities. Although gains made with additional monies borrowed will generally cause the value of investments to rise faster than could be the case without borrowing, if investment results fail to cover the cost of borrowing or if the value of these investments falls, the value of investments would decrease faster than if there had been no borrowing.

Options and Other Derivative Instruments. Litmore may buy or sell (write) both call options and put options. Option transactions may be part of a hedging strategy (i.e., offsetting the risk involved in another position) or a form of leverage. These activities involve substantial risks, as derivative instruments can be highly volatile, and the low initial margin deposits normally required to establish a position may permit high degrees of leverage. If a client writes an option, the risk can be substantially greater than when an option is bought, as the seller of an uncovered option bears the risk of a theoretically unlimited loss. Swaps and certain other over-the-counter options and other custom instruments are subject to the additional risk of non-performance by the swap counter-party, including risks relating to the creditworthiness of the swap counter-party, market risk, liquidity risk and operations risk.

The above risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by Litmore. These risk factors include only those risks that Litmore believes to be material and significant. Please refer to the Governing Documents of each Sonata Fund for a more complete description of risk factors.

Item 9 – Disciplinary Information

None

Item 10 – Other Financial Industry Activities and Affiliations

None

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

Litmore has adopted a Code of Ethics (“Code”) for all supervised persons of the firm. The Code includes provisions relating to potential conflicts of interest, the prevention of insider trading, personal securities trading by employees, the confidentiality of client information, reporting of certain gifts and business entertainment, required employee disclosure of outside business activities, and required employee disclosure of political contributions.

The Code is based on the underlying principle that employees must at all times place the interests of clients first, and should not take inappropriate advantage of their positions.

The Code prohibits employees from engaging in personal securities transactions in individual equity securities without the prior approval of Litmore’s Chief Compliance Officer (“CCO”).

Upon employment, all employees must report to the CCO all personal brokerage accounts over which they exercise influence, control or discretion. Thereafter, all employees must report all personal securities transactions on at least a quarterly basis.

The Code is distributed to each employee at the time of hire. All employees must also acknowledge the terms of the Code annually, or as amended.

The principals of Litmore are investors in the Sonata Funds and will share in any profits and losses generated by the Sonata Funds.

Litmore will provide a complete copy of its Code to any client or investor or prospective client or investor upon request.

Item 12 – Brokerage Practices

Subject to the investment objectives, policies and restrictions of each client, Litmore ordinarily has the discretionary authority to determine the type, amount, and price of securities to be bought and sold on behalf of each client, including the selection of, and commissions paid to, brokers.

All brokerage commissions and related transaction costs are paid by clients. Portfolio transactions are executed by brokers and dealers selected by Litmore, based on their ability to provide the best available execution and in consideration of such broker’s provision of, or payment of the costs of, certain services that are of benefit to Litmore and its clients.

In selecting broker-dealers to effect securities transactions, Litmore seeks to obtain best execution by considering factors including, but not limited to, a broker’s reputation, special execution capabilities, liquidity and block-positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, financial strength and stability, efficiency of execution and error resolution, the availability of stocks to borrow for short trades, and other

factors as Litmore considers relevant and beneficial to its clients. Litmore is not required to seek to obtain the lowest commission cost on each transaction.

Litmore may in the future enter into soft dollar arrangements with brokers pursuant to which Litmore receives certain research services. Litmore carefully considers the trading costs in relation to the relative value of the benefits received. Brokers that provide research while satisfying best execution criteria are paid through trading relationships at negotiated commission rates.

Research services obtained from brokers generally may include market information, technical data, recommendations, and general reports. Litmore does not attempt to put a specific dollar value on the services rendered or to allocate the relative costs or benefits of those services among various accounts, believing that the research Litmore receives will help Litmore to fulfill its overall duty to its clients and investors. Litmore may not use each particular research service to service each client that may have generated a particular benefit. As a result, a client may pay brokerage commissions that are used, in part, to purchase research services that are not used to benefit that specific account. Broker-dealers selected by Litmore may be paid commissions for effecting transaction for clients that exceed the amount other broker-dealers would have charged to effect these transactions if Litmore determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or Litmore's overall duty to its clients.

Subject to Litmore's obligation to seek best execution of all transactions for its clients, Litmore may consider referrals of potential clients or investors in the Sonata Funds in determining its selection of brokers. In such cases, Litmore may have an incentive to select or recommend a broker or dealer based on its interest in receiving investor referrals, rather than on the interest of the client in receiving the most favorable execution.

Litmore has established allocation and aggregation procedures for the allocation of portfolio investment transactions among its clients. The allocation and aggregation procedures are designed to ensure that each client is treated fairly and that transactions are allocated in a manner that is fair and equitable to each client relative to all other clients, taking into account each client's objectives.

Orders to buy or sell the same security for multiple clients may be placed on an aggregated basis and allocated proportionately to each participating client, taking into consideration the size of the order placed, any applicable investment restrictions, and any other relevant factors. Each client that participates in an aggregated order will generally participate at the average share price at which the order is executed.

Litmore will only engage in cross transactions (one client buying or selling securities from or to another client) when the transaction is in the best interests of, and consistent with the investment objectives and policies of, both clients involved in the transaction. Any cross trades between

clients must be effected at the current market price of the security, based on current sales data relating to transactions of comparable size for the same security.

Unless otherwise agreed to between Litmore and each client, Litmore will not ordinarily be responsible for losses resulting from trade errors in client accounts, whether caused by the actions of Litmore or unrelated third parties, unless caused by the gross negligence, fraud or willful misconduct of Litmore.

Item 13 – Review of Accounts

To ensure conformity with investment guidelines and objectives, all accounts are reviewed on a daily basis by either Mr. Hakimzadeh or Mr. Donnenfeld.

On a monthly basis, the administrator for each Sonata Fund calculates the net asset value of the fund. Litmore monitors the activities of the fund administrators and reviews and approves the monthly net asset value prepared by each administrator.

The administrator of each Sonata Fund provides investors with written monthly statements detailing their account information. Investors also receive audited financial reports for the relevant Sonata Fund within 120 days after its fiscal year end.

Item 14 – Client Referrals and Other Compensation

Litmore may enter into arrangements with third parties whereby Litmore will pay to third parties who introduce clients to Litmore a portion of the management fees received by Litmore or its affiliates from such clients. Such arrangements will be disclosed to Litmore's clients and investors in accordance with, and otherwise comply with, Rule 206(4)-3 under the Advisers Act to the extent applicable.

Item 15 – Custody

Funds and securities for all client accounts, including the Sonata Funds, are held by a qualified custodian.

Investors in the Litmore's Funds receive monthly reports from the fund administrator and annual audited financial statements.

Managed account clients should receive at least quarterly statements from their custodian. Litmore urges you to review such statements carefully.

Item 16 – Investment Discretion

Subject to the investment objectives, policies and restrictions of each client, Litmore has discretionary authority to determine the type, amount and price of securities and investments to

be bought and sold on behalf of each client, including the selection of, and commissions paid to, brokers.

Item 17 – Voting Client Securities

Litmore has adopted a proxy voting policy, as required by the Advisers Act. Our proxy voting policy ensures that we will act in the best interest of our clients in determining whether and how to vote on any proxy voting matter. Votes on all matters are determined on a case-by-case basis. Consideration is given to both the short-term and long-term implications of the proposal to be voted upon. Litmore monitors proxy voting in order to identify any potential conflicts of interest. In the event of a material conflict of interest, Litmore may seek a client recommendation as to how to vote.

Upon request, Litmore will provide to each client a copy of its proxy voting policy and information on how the proxies were voted for the client's account.

Item 18 – Financial Information

Litmore has no financial commitment that should impair its ability to meet its contractual and fiduciary commitments to clients.