

PART 2A OF FORM ADV: FIRM BROCHURE



**PECONIC PARTNERS LLC
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March 31, 2014

This brochure provides information about the qualifications and business practices of Peconic Partners LLC (“Peconic”). If you have any questions about the contents of this brochure, please contact Wook Lee at 212-904-0445 or wook@peconic.com. 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 Peconic also is available on the SEC’s website at www.adviserinfo.sec.gov.

Peconic is registered as an investment adviser with the SEC under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). SEC registration does not imply a certain level of skill or training.

ITEM 2 – MATERIAL CHANGES

If you are amending your *brochure* for your annual update and it contains material changes from your last annual update, identify and discuss those changes on the cover page of the *brochure* or on the page immediately following the cover page, or as a separate document accompanying the *brochure*. You must state clearly that you are discussing only material changes since the last annual update of your *brochure*, and you must provide the date of the last annual update of your *brochure*.

Peconic is updating its brochure as of March 31, 2014, as part of its annual amendment filings. The following is a summary of material changes made since Peconic last updated its brochure on April 1, 2013:

- Peconic has amended Item 9 to provide an update to the litigation.
- Peconic has made certain clarifying amendments throughout the Brochure.

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ITEM 4 – ADVISORY BUSINESS

<p>Item 4.A</p>	<p>Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).</p> <p>This Form ADV Part 2A is applicable to Peconic Partners LLC (“Peconic”), a New York limited liability company which has been registered as an investment adviser with the U.S. Securities & Exchange Commission (“SEC”) since its formation in 1997.</p> <p>Peconic provides discretionary investment advisory services to its clients. The clients consist of private investment funds (the “Peconic Funds”) and individual separate accounts (the “Separate Accounts”, and together with the Peconic Funds, the “Advisory Clients”).</p> <p>Peconic currently provides discretionary investment advisory services to the following five Peconic Funds:</p> <ul style="list-style-type: none"> ○ Peconic Grenadier Fund L.P., a New York limited partnership (the “Grenadier Fund”); ○ Peconic Triumph Fund L.P., a New York limited partnership (the “Triumph Fund”); ○ Peconic Triumph Fund II L.P., a New York limited partnership (the “Triumph Fund II”); ○ Peconic Partners Insurance Fund L.P., a Delaware limited partnership (the “Insurance Fund”); and ○ Peconic Partners International Fund Ltd., an offshore private investment company incorporated under the laws of Bermuda (the “International Fund”); <p>Peconic serves as the investment adviser and an affiliate of Peconic, Peconic Asset Managers LLC (the “General Partner”), serves as the general partner to the Grenadier Fund, the Triumph Fund and the Triumph Fund II. Peconic serves as both the general partner and the investment adviser to the Insurance Fund. Peconic serves as the investment adviser and another affiliate of Peconic, Peconic (Bermuda) Limited (“Peconic Bermuda”), serves as the manager of the International Fund.</p> <p>The principal owner of Peconic is William F. Harnisch.</p>
<p>Item 4.B</p>	<p>Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.</p> <p>Peconic has broad and flexible investment authority with respect to the Advisory Clients.</p> <p>The primary objective of the Advisory Clients is to seek long-term positive returns regardless of market conditions by identifying significant trends that extend beyond economic cycles. Investments include all types of publicly traded</p>

	<p>domestic and foreign securities and other publicly traded business interests, including put and call options (exchange listed and unlisted), warrants, debt instruments and money market instruments and in all rights and options relating thereto and, for hedging purposes, may enter into transactions in futures contracts on financial instruments, options on stocks and stock indices and derivatives. Investments may also include securities which are not actively traded, or, incidental to other investments, in securities for which there is no existing public market and where size or circumstances have created a relatively illiquid market, or securities for which there are legal or contractual restrictions on resale. Advisory Clients may also purchase securities directly from the issuers and from such issuers' shareholders through privately negotiated transactions. Investments may also include futures and commodity interests with respect to United States and foreign securities, stock indices thereon, interest rates and foreign currencies for the purpose of hedging against changes in value of the Advisory Clients' securities or changes in the prevailing levels of interest and rates or currency exchange rates.</p>
Item 4.C	<p>Explain whether (and, if so, how) you tailor your advisory services to the individual needs of <i>clients</i>. Explain whether <i>clients</i> may impose restrictions on investing in certain securities or types of securities.</p> <p>In providing investment advice to the Peconic Funds, Peconic neither tailors its advisory services to the individual needs of investors nor accepts investor-imposed investment restrictions. Peconic also currently provides investment advice to certain Separate Accounts. The investment objectives of such Separate Accounts may be tailored to the specific investor and/or be subject to different terms and/or fees than those of the Peconic Funds. Such investment objectives, fee arrangements and terms are individually negotiated, and it should be noted that any such Separate Account relationships are generally subject to significant account minimums. Further, Peconic may establish additional Separate Accounts in the future.</p> <p>The Peconic Funds, without any further act, approval or vote of any investor, may enter into side letters or other writings with individual investors which have the effect of establishing rights under, or altering or supplementing the respective Peconic Fund's offering terms. Any rights established, or any offering terms altered or supplemented, in a side letter with an investor will govern solely with respect to such investor (but not any of such investor's assignees or transferees unless so specified in such side letter) notwithstanding any other provision of the limited partnership agreement or articles and memorandum of association, as applicable.</p>
Item 4.D	<p>If you participate in <i>wrap fee programs</i> by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.</p> <p>Not applicable. Peconic does not participate in wrap fee programs.</p>
Item 4.E	<p>If you manage <i>client</i> assets, disclose the amount of <i>client</i> assets you manage on a <i>discretionary basis</i> and the amount of <i>client</i> assets you manage on a <i>non-discretionary basis</i>. Disclose the date "as of" which you calculated the amounts.</p>

	As of December 31, 2013, Peconic has \$661,530,064 of regulatory assets under management on a discretionary basis. Peconic does not currently have any regulatory assets under management on a non-discretionary basis.
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ITEM 5 – FEES AND COMPENSATION

Item 5.A	<p>Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.</p> <p>Peconic (or the General Partner) is generally compensated for its advisory services by charging fees that are based upon a set percentage of assets under management and performance. Set forth below are summaries of the fees payable by investors in the Peconic Funds and by the Separate Accounts. It should be noted that detailed disclosure about the fees and other expenses applicable to an investment in the Peconic Funds is provided in the operative documents for the applicable Peconic Fund. Those operative documents should be carefully reviewed prior to making an investment in the Peconic Funds.</p> <p>In consideration of the advisory services provided to the Grenadier Fund, the Triumph Fund and the Triumph Fund II, Peconic generally receives a Management Fee at the monthly rate of one-twelfth of one percent (1%) of fifty percent (50%) of the sum of (a) the net asset value of the respective Peconic Fund as of the first day of each month, plus (b) the net asset value of the respective Peconic Fund as of the last day of that month. Peconic receives, in consideration of its advisory services as general partner to the Insurance Fund, a Management Fee at the monthly rate of one-twelfth of one and a half percent (1.5%) of fifty percent (50%) of the sum of (a) the net asset value of the Insurance Fund as of the first day of each month, plus (b) the net asset value of the Insurance Fund as of the last day of that month. Further, Peconic Bermuda receives a Management Fee equal to 1% of the annual net asset value of the International Fund, payable monthly.</p> <p>As provided in the limited partnership agreement of each of the Grenadier Fund, the Triumph Fund and the Triumph Fund II, the General Partner is credited and charged for allocated net profits and net losses, respectively, of each Partnership. Each such Peconic Fund's net overall profits are generally allocated in the ratio of 80% to the limited partners and 20% to the General Partner, subject to a loss carryforward provision. Each such Peconic Fund's net overall losses are generally allocated in the ratio of 99% to the limited partners and 1% to the General Partner.</p> <p>The Insurance Fund's net overall profits are generally allocated in the ratio of 80% to the Limited Partners and 20% to Peconic's account, subject to a loss carryforward provision. The Insurance Fund's net capital depreciation will be debited against its loss recovery account. Peconic will not be allocated any net profits until the amounts debited to the loss recovery account have been recovered.</p> <p>As the investment adviser, Peconic receives an annual incentive fee equal to 20% of net gains in the International Fund, subject to a loss carryforward provision. Peconic Bermuda, as the manager, receives a management fee equal to 1% of the net asset value, payable monthly.</p> <p>Compensation for advisory services rendered to the Separate Account clients is based in part upon a percentage of the net asset value of their account. While compensation arrangements may be negotiated and accordingly may vary, the</p>
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	<p>usual compensation for services rendered is a base management fee of 1% per annum of the value of the account. Additionally, Separate Account clients are generally charged based upon a percentage of the net gain in a client's account during a twelve month period. The fee is structured to comply with Rule 205-3 under the Advisers Act. The percentage of the overall gain to be received by Peconic is negotiable. Generally, Peconic charges 20% of the net gain attributable to the account during the applicable period, in addition to the management fee. It should be noted that such Separate Accounts are subject to significant account minimum investment requirements.</p> <p>Fees are negotiable in that Peconic and the General Partner, in their sole discretion, may reduce or waive its respective compensation for those investment accounts held by its officers, members, employees, prior employees and their immediate family members, including entities composed of such persons. For certain long-term clients of Peconic or its predecessor firm, fees may be lowered.</p> <p>It is critical that investors refer to their respective Advisory Client's governing documents for a complete understanding of how Peconic is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by the relevant governing documents.</p>
Item 5.B	<p>Describe whether you deduct fees from <i>clients'</i> assets or bill <i>clients</i> for fees incurred. If <i>clients</i> may select either method, disclose this fact. Explain how often you bill <i>clients</i> or deduct your fees.</p> <p>Peconic (or the General Partner) deducts fees from each Peconic Fund's assets. Investors do not have the ability to choose to be billed directly for fees incurred.</p> <p>The Management Fee with respect to the Peconic Funds is generally payable monthly in arrears and will be prorated in the event Peconic does not remain the investment adviser of a Peconic Fund for the entire month.</p> <p>As described in Item 5.A above, the Peconic Funds also generally charge an annual performance-based Incentive Allocation/Fee equal to 20% of the appreciation in each investor's account balance during the year, subject to a loss carry forward provision. The Incentive Allocation/Fee is calculated and charged separately with respect to each investor and/or class of shares or interests within each Peconic Fund. If an investor withdraws/redeems all or a portion of its capital account/shares on a date other than a fiscal year end, the Incentive Allocation/Fee will be determined through the withdrawal/redemption date.</p> <p>Generally, Separate Account clients are billed quarterly in arrears with respect to the management fee and in the event of termination prior to the end of a quarter, Separate Account clients are entitled to a pro-rata return of any advance payment made based on the number of days during the quarter prior to the effective date of termination. The performance-based fees of the Separate Account clients are generally payable quarterly or annually.</p> <p>It is critical that investors refer to their respective Advisory Client's governing documents for a complete understanding of how Peconic is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by the relevant governing</p>

	documents.
Item 5.C	<p>Describe any other types of fees or expenses <i>clients</i> may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that <i>clients</i> will incur brokerage and other transaction costs, and direct <i>clients</i> to the section(s) of your <i>brochure</i> that discuss brokerage.</p> <p>The Grenadier Fund will bear all the expenses incurred in the operation of the Grenadier Fund, including brokerage commissions and similar and related charges for trading securities and commodities, stock loan fees, borrowing costs, office expenses, insurance, legal, accounting and other professional fees and third party custodial fees, for which the Grenadier Fund will pay or reimburse the General Partner.</p> <p>With respect to the Triumph Fund, the Triumph Fund II and the Insurance Fund, the General Partner will provide for and bear all the expenses of such Peconic Funds, except for brokerage commissions and similar and related charges for trading securities and commodities, stock loan fees, legal, accounting and other professional fees and third party custodial fees, for which such Peconic Funds will pay or reimburse the General Partner. In addition, the General Partner has paid all legal, accounting and registration fees and all other out-of-pocket expenses incurred by the General Partner in connection with the organization of the Triumph Fund II and the Insurance Fund as well as the offering of such Peconic Fund interests. The Triumph Fund bore all the expenses incurred in connection with the organization of the Triumph Fund and the offering of such interests.</p> <p>The International Fund bears the fees of the Administrator and all other costs of its investment program including brokerage and custody charges, interest and taxes as well as professional fees of its auditors and attorneys.</p>
Item 5.D	<p>If your <i>clients</i> either may or must pay your fees in advance, disclose this fact. Explain how a <i>client</i> may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.</p> <p>Neither the Management Fee nor the Incentive Allocation/Fee is paid in advance. With respect to terminating the investment advisory relationship, the following is a summary outline of the Peconic Funds' withdrawal/redemption and pay-out provisions.</p> <p>Investors in the Grenadier Fund are permitted to withdraw on 30 days' written notice at the end of each fiscal year, and upon payment of a withdrawal fee of 1% of the amount withdrawn, at the end of each fiscal quarter other than at year end. Investors in the Triumph Fund are permitted to withdraw on 30 days' written notice at the end of each calendar quarter following the first anniversary of the admission. Investors in the Triumph Fund II are permitted to withdraw on 30 days' written notice at the end of each calendar quarter. Investors in the Insurance Fund are permitted to withdraw at the end of each fiscal month on 30 days' written notice. Investors in the International Fund may redeem all or a portion of their shares (in amounts of not less than \$100,000) as of the first business day of each month, upon not less than 30 days' prior written notice.</p> <p>With respect to the Grenadier Fund, the Triumph Fund and the Triumph Fund II,</p>

	<p>an investor that is withdrawing up to 90% of its capital account will generally receive payment in full within a week of the end of the calendar quarter in question. An investor that is withdrawing more than 90% of its capital account generally will receive payment equal to approximately 90% of its capital account within a week of the end of the calendar quarter in question, and the balance within 10 days of the completion of the annual audit.</p> <p>With respect to the Insurance Fund, an investor that is withdrawing at least 95% of its capital account will generally receive 95% of the estimated proceeds within 30 days and the balance, if any, promptly after completion of the annual audit. Investors who make partial withdrawals will be paid as promptly as practicable, generally within 30 days.</p> <p>Redemptions from the International Fund will generally be paid within 30 days. In the case of redemptions as of the end of a fiscal year, the International Fund may elect to pay at least 95% of the estimated redemption proceeds within 30 days and the balance, without interest, within 60 days after the end of the fiscal year.</p> <p>As discussed in Item 5.B above, Separate Account clients are generally billed quarterly in arrears with respect to the management fee and the performance-based fees are generally payable quarterly or annually. In the event of termination prior to the end of a quarter, Separate Account clients are entitled to a pro-rata return of any advance payment made based on the number of days during the quarter prior to the effective date of termination.</p> <p>Other conditions, restrictions, and limitations on withdrawals/redemptions may include, without limitation:</p> <ul style="list-style-type: none"> ○ The condition that withdrawal/redemption requests be properly submitted in accordance with the governing documents and in a timely manner; ○ The condition that any minimum holdings amounts have been satisfied; ○ The condition that withdrawals/redemptions, the calculation of net asset value, or the ability of investors to withdraw/redeem has not been suspended (in whole or in part); ○ Restrictions on the timing of withdrawal/redemption payments; ○ Limitations on the amount paid to a withdrawing/redeeming investor due to hold backs or reserves for certain expenses, fund liabilities, and contingencies, among others; and ○ Limitations on the method of withdrawal/redemption payments (i.e., in cash or in kind). <p>It is critical that investors refer to their respective Advisory Client's governing documents for a complete understanding of their withdrawal/redemption rights. The information contained herein is a summary only and is qualified in its entirety by the relevant governing documents.</p>
Item 5.E	<p>If you or any of your <i>supervised persons</i> accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.</p> <p>Not applicable.</p>

Item 5.E.1	<p>Explain that this practice presents a conflict of interest and gives you or your <i>supervised persons</i> an incentive to recommend investment products based on the compensation received, rather than on a <i>client's</i> needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to <i>clients</i>. If you primarily recommend mutual funds, disclose whether you will recommend “no-load” funds.</p> <p>Not applicable.</p>
Item 5.E.2	<p>Explain that <i>clients</i> have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.</p> <p>Not applicable.</p>
Item 5.E.3	<p>If more than 50% of your revenue from advisory <i>clients</i> results from commissions and other compensation for the sale of investment products you recommend to your <i>clients</i>, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.</p> <p>Not applicable.</p>
Item 5.E.4	<p>If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.</p> <p>Not applicable.</p>

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

If you or any of your *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your *supervised persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your *supervised persons* face by managing these accounts at the same time, including that you or your *supervised persons* have an incentive to favor accounts for which you or your *supervised persons* receive a *performance-based fee*, and describe generally how you address these conflicts.

As described in Item 5.A above, Peconic receives performance-based compensation from the Advisory Clients. All accounts managed by Peconic pay performance-based compensation.

In general, Peconic (or the General Partner) will receive an Incentive Allocation/Fee based on each of the Peconic Fund's net profits, subject to a loss carryforward provision (also known as a high water mark). Under the loss carryforward provision, generally no Incentive Allocation/Fee will be paid by an investor until any net loss previously allocated to such investor's capital account or shares, as appropriate, has been offset by subsequent net profits. The Incentive Allocation/Fee is generally calculated and charged at the end of each fiscal year and in the event of an investor withdrawal/redemption.

The performance-based fees of the Separate Account clients are individually negotiated and are generally payable quarterly or annually.

It should be noted that the possibility that Peconic may receive performance-based compensation creates a potential conflict of interest in that it may create an incentive to make investments that are riskier or more speculative than in the absence of such a performance-based fee. Investors are provided with clear disclosure as to how performance-based compensation is charged with respect to a particular Advisory Client and the risks associated with such performance-based compensation prior to making an investment.

ITEM 7 – TYPES OF CLIENTS

Describe the types of *clients* to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

As described in Item 4.A, Peconic provides investment advice to pooled investment vehicles operating as private investment funds and individual separate accounts. Each investor in the Peconic Funds must meet the eligibility provisions as outlined in the Peconic Funds' offering documents. Requirements for making an initial investment in the Peconic Funds are as follows:

- The minimum initial investment in the Grenadier Fund, Triumph Fund and Triumph Fund II is \$1,000,000. The General Partner may, in its sole discretion, accept initial subscriptions less than \$1,000,000; provided, however, that in no event will the General Partner accept an initial subscription less than \$100,000.
- The minimum initial investment in the Insurance Fund is \$100,000.
- The minimum initial investment in the International Fund is \$500,000. The Board of Directors of the International Fund may, in their sole discretion, accept initial subscriptions less than \$500,000; provided, however, that in no event will the Board of Directors accept an initial subscription less than \$100,000. Investors in the International Fund must generally maintain a minimum account value of \$100,000.

As described in Item 4.A, Separate Account arrangements may be set up for certain large and strategic investors, at Peconic's sole discretion. Minimum account balances may be imposed on such Separate Accounts, which may vary. In general, Peconic will prefer clients with total assets of \$25 million or more. Peconic will accept smaller accounts at its discretion.

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

Item 8.A	<p>Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that <i>clients</i> should be prepared to bear.</p> <p>Peconic utilizes a variety of investment strategies and has broad discretion in making investments for the Advisory Clients. The investment strategies are set forth in the respective governing documents that are provided to Advisory Clients and Peconic Fund investors (as applicable).</p> <p><u>Methods of Analysis</u></p> <p>The construction of the Advisory Clients' portfolios is driven by the long-term macro economic themes established by Peconic. The themes are developed by identifying significant trends that extend beyond economic cycles. Individual securities are selected through a rigorous fundamental research process in conjunction with limited quantitative and technical analysis. The fundamental research focuses on the following critical factors: cash flow and earnings growth; senior management interaction; industry and company conditions; and price targets, among other factors.</p> <p><u>Investment Strategies</u></p> <p>Each of the Advisory Clients employs a long/short investment strategy investing in all types of publicly traded domestic and foreign securities while utilizing the firm's hedging techniques, including short selling and various derivative instruments, to maximize total return.</p> <p>Investments include all types of publicly traded domestic and foreign securities and other publicly traded business interests, including put and call options (exchange listed and unlisted), warrants, debt instruments and money market instruments and in all rights and options relating thereto and, for hedging purposes, may enter into transactions in futures contracts on financial instruments, options on stocks and stock indices and derivatives. Investments may also include securities which are not actively traded, or, incidental to other investments, in securities for which there is no existing public market and where size or circumstances have created a relatively illiquid market, or securities for which there are legal or contractual restrictions on resale. Advisory Clients may also purchase securities directly from the issuers and from such issuers' shareholders through privately negotiated transactions. In addition, investments may include futures and commodity interests with respect to United States and foreign securities, stock indices thereon, interest rates and foreign currencies for the purpose of hedging against changes in value of the Advisory Client's securities or changes in the prevailing levels of interest and rates or currency exchange rates. It should be noted that the Triumph Fund will not employ leverage in its investment activities.</p> <p>The Grenadier Fund, the Triumph Funds and the Insurance Fund will generally adhere to the following guidelines in exercising their respective investment</p>
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	<p>strategies:</p> <ul style="list-style-type: none"> ○ These Peconic Funds may at times concentrate as much as 50% of their total assets in a single industry, but will not purchase any security if, as a result of such purchase, more than 25% of the respective Peconic Fund's total assets (determined at the time of the purchase) would be invested in the securities of any single issuer, except as otherwise prohibited by applicable law. ○ Investment grade debt instruments, money market instruments and cash will account for up to 50% of the respective Peconic Fund's assets. ○ Futures and commodity interests will account for up to 10% of the respective Peconic Fund's assets. ○ Put and call options on stocks and stock index options will account for up to 5% of the respective Peconic Fund's assets. <p>The International Fund will generally adhere to the following guidelines in exercising its investment strategy:</p> <ul style="list-style-type: none"> ○ The International Fund will not invest more than 20% of its total assets in single issuer (with the exception of sovereign issuers or their agencies) or more than 50% of its assets in any one industry. ○ Futures and commodity interests will account for up to 10% of the International Fund's assets. <p>Please note that an investment in the Peconic Funds may be deemed highly speculative and is not intended as a complete investment program. Investing in the securities markets in general and in the Peconic Funds in particular involves significant risk. Investments in the Peconic Funds are designed only for sophisticated persons who are able to bear the economic risk of the loss of their investment and who have a limited need for liquidity.</p>
<p>Item 8.B</p>	<p>For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.</p> <p><u>Overall Investment Risk</u></p> <p>All securities investments risk the loss of capital. Investing in one or more Advisory Clients may be considered speculative and subject to significant risk. The Advisory Clients are for sophisticated investors who can accept a high degree of risk in their investment, do not need regular current income and can accept a potential loss of their entire investment.</p> <p><u>Concentration of Investments</u></p> <p>The investments of the Advisory Clients may be concentrated in a relatively limited number of investments which may tend to result in more rapid changes in the value of the Advisory Client's portfolio, upward or downward, than would be the case with greater diversification, with the result that a loss in any such position could have a material adverse impact on the Advisory Client's capital and</p>

	<p>performance.</p> <p><u>Use of Leverage</u></p> <p>Certain of the Advisory Clients may from time to time borrow to the maximum extent available to finance the acquisition of securities and to secure any such borrowings with its assets. Interest costs incurred in connection with the use of leverage may or may not be recovered by appreciation in the securities purchased or carried, and will be lost in the event of a decline in the market value of such securities. Leveraging will enhance the ability of the Advisory Client to acquire securities, but it will also increase its exposure to losses.</p> <p><u>Risks Inherent in Hedging</u></p> <p>There can be no assurance of the successful use of futures and options contracts as a hedging device. One risk arises because of the imperfect correlation between movements in the price of the futures contracts and movements in the price of the securities which are the subject of the hedge. If the values of the assets being hedged do not move in the same amount as the futures contract, the hedging strategy might not be successful and the Advisory Clients could sustain losses on their hedging transactions which would not be offset by gains on their portfolios. It is also possible that there may be a negative correlation between the commodity futures or options contracts and the securities being hedged, which could result in losses both on the hedging transactions and the securities subject to the hedge. In such instances, the Advisory Clients' overall returns could be less than if the hedging transactions had not been undertaken.</p> <p><u>Restricted and Illiquid Securities</u></p> <p>Some of the securities in which the Advisory Clients invest may be relatively illiquid, either because they are thinly traded, because they are traded in the over-the-counter market or on a regional exchange, or because they are subject to transfer restrictions. It may, however, be difficult for the Advisory Clients to dispose of restricted or illiquid securities promptly or at a reasonable price in order to satisfy withdrawal/redemption requests or other cash requirements of the respective Advisory Client. Moreover, securities purchased in such transactions may be subject to regulations that require a holding period substantially in excess of other securities purchased by the Advisory Client.</p>
Item 8.C	<p>If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.</p> <p><u>Short Sales</u></p> <p>Short selling, or the sale of securities not owned by the Advisory Clients, necessarily involves certain additional risks. Such transactions expose the Advisory Clients to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. Under adverse market conditions the Advisory Clients might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not</p>

	<p>favor such sales. Short sales theoretically involve unlimited loss potential, as the market price of securities sold short may continuously increase.</p> <p><u>Options</u></p> <p>Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. Because option premiums paid or received by an investor will be small in relation to the market value of the investments underlying the options, buying and selling put and call options can result in large amounts of leverage. As a result, the leverage offered by trading in options could cause an investor's asset value to be subject to more frequent and wider fluctuations than would be the case if the investor did not invest in options.</p> <p><u>Trading on Foreign Commodity Exchanges</u></p> <p>Trading on foreign commodity exchanges presents additional risks. Unlike trading on domestic commodity exchanges, trading on foreign commodity exchanges is not regulated by the U.S. Commodity Futures Trading Commission, and may be subject to greater risks than trading on domestic exchanges. For example, some foreign exchanges are principal markets for which no common clearing facility exists and a trader may look only to the broker for performance of the contract. In addition, unless the Advisory Client hedges against fluctuations in the exchange rate between the United States dollar and the currencies in which trading is done on foreign exchanges, any profits that the Advisory Client might realize could be eliminated by adverse changes in the exchange rate or the Advisory Client could incur losses as a result of those changes.</p> <p><u>Initial Public Offerings ("IPOs")</u></p> <p>The portfolios of the Advisory Clients may at times be comprised of a significant amount of securities purchased in IPOs. As there is no prior public market for such securities, there can be no assurance that an active public market will develop or continue after an investment has been made. Securities purchased in IPOs carry additional risks beyond those in general securities trading. While IPOs may offer significant opportunities for gain because of wide fluctuations in price, such fluctuation could work to the material disadvantage of the Advisory Clients.</p> <p><u>Lending</u></p> <p>The Advisory Clients may from time to time lend their securities to broker-dealers and other institutions as a means of earning additional income. If the borrower becomes bankrupt, the Advisory Clients could experience delays, costs and lost opportunities in recovering its securities. It should be noted, however, that securities loans must be fully collateralized, and Peconic must find the creditworthiness of the borrowing party satisfactory.</p>
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ITEM 9 – DISCIPLINARY INFORMATION

If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item. If your advisory firm or a *management person* has been *involved* in one of these events, you must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in your or the *management person's* favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the “date” of an event is the date that the final *order*, judgment, or decree was entered, or the date that any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

Items 9.A, 9.B, and 9.C do not contain an exclusive list of material disciplinary events. If your advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is not listed in Items 9.A, 9.B, or 9.C, but nonetheless is material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of its management, you must disclose the event. Similarly, even if more than ten years have passed since the date of the event, you must disclose the event if it is so serious that it remains material to a *client's* or prospective *client's* evaluation.

Item 9.A	<p>A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a <i>management person</i></p> <ol style="list-style-type: none"> 1. was convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any <i>felony</i>; (b) a <i>misdemeanor</i> that <i>involved</i> investments or an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses; 2. is the named subject of a pending criminal <i>proceeding</i> that involves an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses; 3. was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation; or 4. was the subject of any <i>order</i>, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a <i>management person</i> from engaging in any <i>investment-related</i> activity, or from violating any <i>investment-related</i> statute, rule, or <i>order</i> <p>Peconic and its management persons have been involved in a legal event that is not listed in Items 9.A, 9.B, or 9.C, but nonetheless may be considered material to an investor’s or prospective investor’s evaluation of our advisory business or the integrity of our management. This legal event is summarized as follows:</p> <p>On October 10, 2008, Peconic Partners LLC and Peconic Asset Managers LLC (collectively, the “Peconic Companies”) terminated the employment of the Peconic Companies’ former chief operating officer and chief compliance officer (the “former employee”). On October 14, 2008, the Peconic Companies filed a</p>
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	<p>complaint in the Supreme Court of the State of New York, County of Suffolk, seeking (i) recovery of \$300,000 that the former employee took from the Peconic Companies; (ii) repayment of a \$1 million loan (the “\$1 million loan”); and (iii) a declaratory judgment that pursuant to the respective operating agreements of the Peconic Companies, the former employee is required to withdraw as a member of each of the Peconic Companies and is entitled to no more than the payment, if any, due under the operating agreements.</p> <p>On November 10, 2008, the former employee filed a complaint in the Supreme Court of the State of New York, County of New York, alleging various breach of contract and tort claims, and a conspiracy to divest the former employee of his ownership interests in the Peconic Companies.</p> <p>On November 21, 2008, the Peconic Companies filed an amended complaint in the Suffolk County action which the CEO joined as a plaintiff, seeking damages for defamation and tort claims against the former employee.</p> <p>In March 2009, the former employee filed an amended complaint in the New York County action and the Peconic Companies and the CEO filed their verified answer which denied liability, asserted affirmative defenses, and asserted ten counterclaims.</p> <p>In May 2009, the Suffolk County Court transferred the action before it to New York County where it was consolidated with the action brought by the former employee in New York County.</p> <p>Following significant motion practice and appellate review, all of the former employee’s causes of action against the Peconic Companies have been dismissed, and a \$1,509,195.00 judgment has been entered against the former employee, based on the Peconic Companies’ fifth counterclaim for repayment of the \$1 million loan, with interest. The former employee’s only remaining claim, his sixth cause of action for defamation, is against the CEO as an individual. While the former employee has sought leave to supplement his amended complaint with additional claims against the Peconic Companies, that motion was denied. The former employee has appealed that denial, and additionally, may seek to revive certain of his dismissed claims upon a final judgment disposing of all the issues in the case. At this time, however, the action is stayed, pending the result of the personal bankruptcy action filed by the former employee in the Central District of California (Santa Ana). A hearing on the Peconic Companies’ motion to dismiss the former employee’s bankruptcy action is scheduled for April 9, 2014.</p> <p>The Peconic Companies and the CEO continue to believe that the former employee’s claims are without merit and intend to continue to fight them vigorously. The former employee’s only remaining claim is not against the Peconic Companies and accordingly the Peconic Companies believe the litigation will have no impact on their financial position, results of operations or cash flows.</p>
Item 9.B	<p>An administrative <i>proceeding</i> before the SEC, any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> in which your firm or a <i>management person</i></p> <p>1. was <i>found</i> to have caused an <i>investment-related</i> business to lose its</p>

	<p>authorization to do business; or</p> <p>2. was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation and was the subject of an <i>order</i> by the agency or authority</p> <p>(a) denying, suspending, or revoking the authorization of your firm or a <i>management person</i> to act in an <i>investment-related</i> business;</p> <p>(b) barring or suspending your firm's or a <i>management person's</i> association with an <i>investment-related</i> business;</p> <p>(c) otherwise significantly limiting your firm's or a <i>management person's investment-related</i> activities; or</p> <p>(d) imposing a civil money penalty of more than \$2,500 on your firm or a <i>management person</i>.</p> <p>Not applicable.</p>
Item 9.C	<p>A self-regulatory organization (SRO) proceeding in which your firm or a management person</p> <p>1. was <i>found</i> to have caused an <i>investment-related</i> business to lose its authorization to do business; or</p> <p>2. was <i>found</i> to have been <i>involved</i> in a violation of the <i>SRO's</i> rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from <i>investment-related</i> activities; or (iii) fined more than \$2,500.</p> <p>Not applicable.</p>

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Item 10.A	<p>If you or any of your <i>management persons</i> are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.</p> <p>Not applicable.</p>
Item 10.B	<p>If you or any of your <i>management persons</i> are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.</p> <p>Peconic has been registered as a commodity trading advisor and a commodity pool operator under the Commodity Exchange Act and has been a member of the National Futures Association since June 23, 1997. Further, the General Partner has also been registered as a commodity pool operator under the Commodity Exchange Act and has been a member of the National Futures Association since June 23, 1997. William F. Harnisch is registered as Peconic's and the General Partner's associated person. William F. Harnisch, Wook Lee, and Richard Adelaar are registered as Peconic's and the General Partner's principals.</p>
Item 10.C	<p>Describe any relationship or arrangement that is material to your advisory business or to your <i>clients</i> that you or any of your <i>management persons</i> have with any <i>related person</i> listed below. Identify the <i>related person</i> and if the relationship or arrangement creates a material conflict of interest with <i>clients</i>, describe the nature of the conflict and how you address it.</p> <ol style="list-style-type: none"> 1. broker-dealer, municipal securities dealer, or government securities dealer or broker 2. 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) 3. other investment adviser or financial planner 4. futures commission merchant, commodity pool operator, or commodity trading advisor 5. banking or thrift institution 6. accountant or accounting firm 7. lawyer or law firm 8. insurance company or agency 9. pension consultant 10. real estate broker or dealer 11. sponsor or syndicator of limited partnerships <p>Peconic serves as the investment adviser to the Advisory Clients. Peconic, its employees, affiliates or their related persons may also invest directly in any one, some or all of the Peconic Funds.</p> <p>An affiliate of Peconic, Peconic Partners LLC (the "General Partner") serves as the general partner to the Grenadier Fund, the Triumph Fund, the Triumph Fund II</p>

	<p>and the Insurance Fund.</p> <p>An affiliate of Peconic, Peconic Bermuda serves as the manager to the International Fund.</p>
Item 10.D	<p>If you recommend or select other investment advisers for your <i>clients</i> and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.</p> <p>Not applicable.</p>

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

<p>Item 11.A</p>	<p>If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any client or prospective client upon request.</p> <p>Peconic’s Code of Ethics (the “Code”) is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (“Advisers Act”). The Code applies to Peconic’s access persons (which term includes all employees of Peconic) and sets forth a standard of business conduct that takes into account Peconic’s status as a fiduciary and requires access persons to place the interests of Advisory Clients and investors above their own interests. The Code requires access persons to comply with applicable federal securities laws. Further, access persons are required to promptly bring violations of the Code to the attention of Peconic’s Chief Compliance Officer. All access persons are provided with a copy of the Code and are required to acknowledge receipt of the Code on at least an annual basis.</p> <p>The Code of Ethics covers a wide range of issues, including the following:</p> <ul style="list-style-type: none"> • Prohibitions against the following practices: Front-running, window-dressing, portfolio pumping, favoring certain clients over others, and taking advantage of investment opportunities belonging to a client without recommending or effecting a suitable transaction in that security for the client; • Confidentiality requirements concerning client transactions; • Client privacy requirements; • Restrictions on giving and accepting gifts and entertainment involving clients; • Annual disclosure and preclearance of certain outside business activities; • Prohibitions on employee trading on material non-public information and market rumors; • Periodic reporting requirements and preclearance requests for certain personal securities transactions by employees involving initial public offerings, limited offerings and any other security that may be purchased or sold by Peconic’s Advisory Clients; and • Restrictions on personal securities transactions by employees, including use of Restricted Lists and Watch Lists. <p>Investors or prospective investors may obtain a copy of Peconic’s Code of Ethics by contacting the Chief Compliance Officer, Wook Lee, at 212-904-0445.</p>
<p>Item 11.B</p>	<p>If you or a <i>related person</i> recommends to <i>clients</i>, or buys or sells for <i>client</i> accounts, securities in which you or a <i>related person</i> has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</p> <p>As explained in Item 10.C above, Peconic serves as the investment adviser to the Advisory Clients. Peconic, its employees, affiliates or their related persons may also invest directly in any one, some or all of the Peconic Funds.</p>

	<p>An affiliate of Peconic, Peconic Partners LLC (the “General Partner”) serves as the general partner to the Grenadier Fund, the Triumph Fund, the Triumph Fund II and the Insurance Fund.</p> <p>An affiliate of Peconic, Peconic Bermuda serves as the manager to the International Fund.</p> <p>The fact that Peconic, its employees, affiliates or their related persons have a financial ownership interest in the Peconic Funds creates a potential conflict in that it could cause Peconic to make different investment decisions than if they did not have such a financial ownership interest. Further, Peconic (and/or the General Partner) charges the Advisory Clients fees based on a percentage of assets under management. Such asset-based fee is payable without regard to the overall success or income earned by the Advisory Clients and therefore may create an incentive on the part of Peconic to raise or otherwise increase assets under management to a higher level than would be the case if Peconic were receiving a lower or no management fee. The receipt of performance fee by Peconic or the General Partner may create an incentive for Peconic to make investments for the Advisory Clients that are riskier or more speculative than it otherwise would.</p>
Item 11.C	<p>If you or a <i>related person</i> invests in the same securities (or related securities, <i>e.g.</i>, warrants, options or futures) that you or a <i>related person</i> recommends to <i>clients</i>, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.</p> <p>Related persons of Peconic may buy, sell or otherwise invest in securities that Peconic also recommends to Advisory Clients. Each such related person transaction is separately identified and made strictly in accordance with Peconic’s Code of Ethics and the terms of the offering described in any applicable Advisory Client’s offering documents. In order to manage this conflict of interest, Peconic’s Code of Ethics requires related persons of Peconic to obtain prior written approval from the Chief Compliance Officer (or Peconic’s Trading Desk) before engaging in personal transactions involving any security that may be purchased or sold by an Advisory Client. The Chief Compliance Officer (or Peconic’s Trading Desk) may approve the transaction if he concludes that the transaction would comply with the provisions of the Code of Ethics and is not likely to have any adverse economic impact on the Advisory Clients. Peconic will also maintain a “Restricted List”, which will include issuers of securities that Peconic has come into contact with material non-public information, and a “Watch List”, which will include securities that are under consideration for Advisory Clients as well as any securities owned by Advisory Clients. Generally, any security appearing on the Restricted List or Watch List will not be approved for personal trading.</p> <p>Notwithstanding the foregoing, the following may trade at the same time in securities and futures held by Advisory Clients: (i) certain accounts in which William F. Harnisch and his family members have interests; and (ii) funds and accounts of which Peconic is the investment adviser or the general partner and in which officers, members, employees, prior employees and their immediate family members of Peconic may invest; subject to an allocation policy designed to ensure fairness and equity in all transactions.</p>

	<p>It should be noted that the Peconic's principal has invested a substantial portion of the capital in the Peconic Funds.</p>
Item 11.D	<p>If you or a <i>related person</i> recommends securities to <i>clients</i>, or buys or sells securities for <i>client</i> accounts, at or about the same time that you or a <i>related person</i> buys or sells the same securities for your own (or the <i>related person's</i> own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</p> <p>Peconic and its related persons conduct investment activities for their own accounts and may serve as investment advisers or investment managers to other clients in the future. Such other activities or accounts may have investment objectives or may implement investment strategies similar to those of the Advisory Clients. Peconic and its principal owner have a significant investment in certain Peconic Funds and may have investments in certain other entities managed by Peconic or its affiliates from time to time. In addition, Peconic may, at some point in the future, provide discretionary investment advisory services to additional Separate Accounts. The trades made by any affiliated funds or Separate Accounts that would be managed by Peconic or its affiliates, in the future, may compete with trades for the Advisory Clients' portfolios. In addition, Peconic will generally determine the allocation of assets among the Advisory Clients pro rata based on assets under management or in some other manner which Peconic determines is fair and equitable under the circumstances to all Advisory Clients.</p> <p>Please see Item 11.C above for a description of how Peconic manages the personal trading aspect of this conflict via its Code of Ethics.</p>

ITEM 12 – BROKERAGE PRACTICES

Item 12.A.1	<p>Describe the factors that you consider in selecting or recommending broker-dealers for <i>client</i> transactions and determining the reasonableness of their compensation (e.g., commissions).</p> <ol style="list-style-type: none"> 1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create. <ol style="list-style-type: none"> a. Explain that when you use <i>client</i> brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services. b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your <i>clients’</i> interest in receiving most favorable execution. c. If you may cause <i>clients</i> to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact. d. Disclose whether you use soft dollar benefits to service all of your <i>clients’</i> accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to <i>client</i> accounts proportionately to the soft dollar credits the accounts generate. e. Describe the types of products and services you or any of your <i>related persons</i> acquired with <i>client</i> brokerage commissions (or markups or markdowns) within your last fiscal year. f. Explain the procedures you used during your last fiscal year to direct <i>client</i> transactions to a particular broker-dealer in return for soft dollar benefits you received. <p>Peconic recognizes its duty to obtain “best execution” for its Advisory Clients. Prompt execution of orders at the most favorable price is one of Peconic’s primary considerations in all securities transactions; however, Peconic is not required to solicit competitive bids and does not have an obligation to seek the lowest available commission. In addition, brokers selected include those who supplement Peconic’s research with statistical data, investment information, economic facts and opinions, news services, software used in analysis and valuation of securities, electronic data processing and automated trade processing systems which Peconic uses in formulating its advice to Advisory Clients (although not all the information Peconic receives is necessarily relevant to advising particular Advisory Clients). In some instances, commission dollars</p>
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	<p>may not directly benefit the Advisory Client which generated the commissions. Peconic utilizes an independent third party broker and trading evaluation service to assist it with its analysis and evaluation of each of its brokers. Peconic considers this analysis as well as the value of the research provided by the brokers, the brokers' execution capabilities and commission rates charges in its selection of brokers. Brokers also are selected because of their ability to provide liquidity with certain executions such as large block trades. Peconic from time to time may direct brokerage to consultants who introduce Peconic to potential Advisory Clients and investors as described in Item 12.A.3 below.</p> <p>Also, at times, step-out transactions may be used to fund acquisitions of brokerage or research products and services with soft dollars as long as the acquisition of brokerage or research complies with the requirements of Peconic's best execution procedures and applicable laws. Allocation of securities transactions are made in Peconic's best judgment, in a manner it believes fair and reasonable to its Advisory Clients, rather than by any formula. Peconic generally makes use of a large number of securities firms and does not attempt to limit the use of any firm's brokerage services to particular Advisory Clients which may benefit from specific research or other non-research or other non-execution services the firm provides. Peconic does not have a policy of "paying up" for research, although the securities firms utilized by Peconic in general charge higher commission rates than firms which furnish execution services only. Peconic periodically reviews the commission rates charged by the securities firms it utilizes in light of the execution and value of research services they provide or can be expected to provide, and in light of competitive conditions.</p> <p>On occasion, Peconic will direct trades in over-the-counter securities on an agency basis through Electronic Communication Network Systems ("ECNs") rather than directing them to a market-maker or a dealer on a principal basis, if Peconic believes that use of the ECNs will provide best execution for the Advisory Client, either because Peconic believes that by using the ECNs it can obtain a better price or obtain better access to thinly traded securities that may not be available or as available in other markets, or better effect a trading strategy using the anonymity that trading on the ECNs provides, or better effect a transaction in some other situations, including without limitation block trading.</p> <p>It should be noted that certain commission arrangements may involve a product or service that can be used for purposes other than "research and brokerage" (i.e., "mixed-use" products and services) such that a portion of such product or service may fall outside the parameters of Section 28(e) of the Securities Exchange Act of 1934, as amended. In such cases, Peconic will make a good faith allocation of the cost according to its use and the amount allocated to the use that does not qualify under Section 28(e) will be paid for by Peconic with "hard" dollars (e.g., a message service that is used 60% to transmit orders to broker-dealers for execution and 40% for general communication purposes will only be paid for 60% in soft dollars to stay within the Section 28(e) safe harbor).</p> <p>In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of Peconic's allocation of the costs of such benefits and services between those that primarily benefit Peconic and those that primarily benefit the Advisory Clients. Examples of mixed-use products that may be used by Peconic include, but are not limited to: subscriptions, proxy voting services, portfolio management/compliance</p>
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	<p>software.</p> <p>Peconic may effect cross trades through unaffiliated broker-dealers between its Advisory Clients and the clients of other investment advisers sharing the same portfolio managers. Any such trades will be effected without client consent or notification and will not be effected with clients of Peconic that are subject to ERISA, unless permitted by applicable rules.</p>
Item 12.A.2	<p><u>Brokerage for Client Referrals.</u> If you consider, in selecting or recommending broker-dealers, whether you or a <i>related person</i> receives <i>client</i> referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.</p> <ol style="list-style-type: none"> a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving <i>client</i> referrals, rather than on your <i>clients'</i> interest in receiving most favorable execution. b. Explain the procedures you used during your last fiscal year to direct <i>client</i> transactions to a particular broker-dealer in return for <i>client</i> referrals. <p>On occasion, Peconic will make presentations to broker-dealers in an effort to have the broker-dealers recommend to their own clients that they become clients of Peconic or invest in Peconic's investment partnerships. In addition, employees and registered representatives of broker-dealers may become clients of Peconic or invest in investment partnerships for which Peconic acts as investment adviser. In each case, Peconic has a conflict of interest because selecting such broker-dealers, or selecting brokers who have already referred clients to Peconic, to effect client transactions may encourage the referral of new clients by the broker-dealers or their employees and registered representatives. This creates an incentive for Peconic to direct more brokerage to such broker-dealers in an effort to generate future referrals or obtain additional contributions. This incentive conflicts with Peconic's duty to select broker-dealers consistent with its duty to obtain best execution. Peconic believes that it has developed adequate policies and procedures to monitor its selection of brokers who have referred or may refer clients to Peconic, or whose employees or registered representatives have become clients of Peconic, to determine whether its selection of broker-dealers is influenced by such matters, whether its selection of broker-dealers is consistent with its duty to obtain best execution.</p>
Item 12.A.3	<p><u>Directed Brokerage.</u></p> <ol style="list-style-type: none"> a. If you routinely <u>recommend</u>, <u>request</u> or <u>require</u> that a <i>client</i> direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their <i>clients</i> to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of <i>client</i> transactions, and that this practice may cost <i>clients</i> more money.

	<p>b. If you <u>permit</u> a <i>client</i> to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of <i>client</i> transactions. Explain that directing brokerage may cost <i>clients</i> more money. For example, in a directed brokerage account, the <i>client</i> may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the <i>client</i> may receive less favorable prices.</p> <p>Peconic generally has discretion in deciding what brokers and dealers the Advisory Clients will use and in negotiating the rates of compensation the Advisory Clients will pay. However, Peconic has arrangements with certain consultants pursuant to which Peconic directs brokerage of its Advisory Clients to broker-dealers selected by each consultant based on assets under management attributable to them. In entering brokerage orders on behalf of the Advisory Clients, Peconic, subject to its duty to obtain best execution, directs trades to such broker-dealers with instructions that they, as executing brokers, credit the trades for the benefit of another broker-dealer that employs the consultant. Subject to obtaining best execution, the amount of the directed brokerage commissions equals a percentage, determined by Peconic in its sole discretion but usually no more than 1% to 1.25%, of the amount of subscriptions or the value of the assets under management for which the consultant is responsible. If Peconic were to direct more brokerage to the broker-dealer for the benefit of the consultant than Peconic was required to direct, Peconic could benefit if the consultant then sought to find additional clients for Peconic. As a result, a conflict of interest could exist because directing such excess brokerage could violate Peconic's duty to obtain best execution. It should be noted that not all advisers require their clients to direct brokerage and this practice may cost Advisory Clients more money if Peconic is unable to achieve the most favorable execution of Advisory Client transactions.</p> <p>Additionally, Peconic is sometimes subject to client imposed limits on which securities are to be bought or sold and the total amount of securities to be bought or sold.</p>
<p>Item 12.B</p>	<p>Discuss whether and under what conditions you aggregate the purchase or sale of securities for various <i>client</i> accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to <i>clients</i> of not aggregating.</p> <p>For various reasons (including efficiency, control of order flow, avoidance of conflicts in securing floor executions and rotation of investment opportunities), orders entered at the same time in the same security for different Advisory Clients (including accounts in which officers or employees of Peconic may have an interest), at Peconic's discretion, may be, and usually are, aggregated for execution purposes. In addition, the bunching of orders may occur with Advisory Client accounts from affiliated entities of Peconic and other investment advisers sharing the same portfolio managers. Where orders are aggregated, the Advisory Clients will pay the pro-rata portion of the commission charged for the entire order. In general, a bunched transaction may enable Peconic to obtain a discounted commission charge. Such aggregate trading will be reviewed periodically by Peconic's portfolio managers, the Trading Desk and the Chief Compliance Officer to ensure that accounts are not systematically disadvantaged by this policy. The Trading Desk will select the appropriate brokers based upon</p>

	<p>the Trading Desk's determination of who will likely provide best execution, except for those accounts with specific brokerage direction (if any).</p> <p>In some circumstances, it may be appropriate for Peconic to buy or sell a security on behalf of more than one Advisory Client over a period of time. For example, if Peconic is buying a small capitalization and /or relatively illiquid security for more than one Advisory Client, Peconic may wish to fill the order over a period of days or even weeks. In such instances, although it may not be possible to aggregate orders to be entered for all of Advisory Clients, Peconic still must allocate Advisory Clients' orders pursuant to the trade allocation guidelines set forth herein (as applicable).</p> <p>There are two situations in which orders for securities may not be aggregated with other orders entered for the same security at the same time. First, certain Advisory Clients may direct the execution of some securities transactions through specific brokers and may negotiate the rates for such transactions, and Peconic will endeavor to comply with such directions. Second, as noted in Item 12.A.3 above, Peconic has arrangements with consultants whereby brokerage is directed to the consultants based on assets under management attributable to them. Where an Advisory Client has directed that a specific broker be used to execute transactions, or where Peconic directs brokerage on a transaction to such a consultant, such transaction may not be aggregated with other orders entered at the same time in the same security, with the result that commission rates for such trades may differ from, or be more than, those charged on the aggregated transactions.</p>
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ITEM 13 – REVIEW OF ACCOUNTS

<p>Item 13.A</p>	<p>Indicate whether you periodically review <i>client</i> accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the <i>supervised persons</i> who conduct the review.</p> <p>The Advisory Client portfolios are regularly reviewed and their performance is analyzed on a daily basis. These reviews include investment strategy meetings, which are generally held daily or more frequently as needed, and attended by six senior management members and Portfolio Managers, Traders and Analysts of Peconic. These investment strategy meetings enable a thorough discussion and evaluation of a broad range of economic and market factors to determine which sectors to emphasize, where to position portfolios along the capitalization spectrum and which investment themes to pursue. Subject to these guidelines, Peconic’s investment professionals perform their investment research and analysis and they have significant responsibility in assisting and advising Mr. Harnisch with the construction and management of the portfolios.</p> <p>In addition, portfolio securities are marked to market and generally reviewed daily by the Trading Desk, senior management and Peconic’s investment professionals from electronic and hard copies delivered to him/her each morning. Matters reviewed may include security costs and current values, realized and unrealized gains and losses for each position, portfolio yield from inception to date and income from interest and dividends. These matters are reviewed in light of factors deemed relevant under the circumstances by the reviewers, and may include such things as current conditions in the securities markets, industry trends, any news reports about particular issues and all other pertinent information, as well as the investment criteria set by the Advisory Client.</p> <p>Further, Wook Lee, in his capacity as Chief Compliance Officer, periodically reviews the firm’s trading to ensure consistency with applicable law and regulations.</p>
<p>Item 13.B</p>	<p>If you review <i>client</i> accounts on other than a periodic basis, describe the factors that trigger a review</p> <p>Please see Item 13.A above. The accounts are reviewed regularly.</p>
<p>Item 13.C</p>	<p>Describe the content and indicate the frequency of regular reports you provide to <i>clients</i> regarding their accounts. State whether these reports are written.</p> <p>Investors generally receive the following written reports on a regular basis: monthly summaries of all purchases and sales; and monthly statements of securities held in the account, augmented by information on industry allocation, yield based on market value, percent of total assets, acquisition price, and current market value . Investors are also sent investment strategy letters every quarter and audited financial statements on an annual basis which are prepared by an independent auditor in accordance with accounting principles generally accepted in the United States.</p>

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Item 14.A	<p>If someone who is not a <i>client</i> provides an economic benefit to you for providing investment advice or other advisory services to your <i>clients</i>, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.</p> <p>Not applicable.</p>
Item 14.B	<p>If you or a <i>related person</i> directly or indirectly compensates any <i>person</i> who is not your <i>supervised person</i> for <i>client</i> referrals, describe the arrangement and the compensation.</p> <p>Although Peconic does not currently have any active solicitation agreements, Peconic has previously entered into, and may in the future enter into additional, agreements with third parties for the purpose of soliciting prospective investors to Peconic. All such agreements will be conducted in a manner that is consistent with Advisers Act Rule 206(4)-3 and relevant SEC guidance. All arrangements with solicitors must be approved by Peconic's Chief Compliance Officer (or his designee).</p>

ITEM 15 – CUSTODY

If you have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other qualified custodian and that *clients* should carefully review those statements. If your *clients* also receive account statements from you, your explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from you.

Peconic and the General Partner are deemed to have custody of the Peconic Funds by virtue of their status as investment adviser or general partner, respectively. The qualified custodians for the Advisory Clients are as follows:

Morgan Stanley & Co., Incorporated
1221 Avenue of the Americas, 28th Floor
New York, NY 10020

Citigroup Global Markets Inc.
390 Greenwich Street, 5th Floor
New York, NY 10013.

To ensure compliance with Rule 206(4)-2 under the Advisers Act, Peconic reasonably believes that all investors in the Peconic Funds will be provided with audited financial statements, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 days of the end of the Peconic Funds' respective fiscal years. Investors should carefully review such audited financial statements.

Peconic is of the view that it does not have custody of the client funds and securities in the Separate Accounts, excluding those Separate Accounts managed for related persons of Peconic, as Peconic does not hold or possess Separate Account funds, Peconic is not permitted or authorized to withdraw Separate Account funds without authorization of the owner of the respective Separate Account and Peconic does not does not serve as general partner, managing member or in a comparable position to the Separate Accounts.

ITEM 16 – INVESTMENT DISCRETION

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

Peconic has discretionary authority to manage the Advisory Clients. Peconic is authorized to make purchase and sale decisions for the Advisory Clients. As explained in Item 4.C above, individual investors in the Peconic Funds do not have the ability to impose limitations on Peconic's discretionary authority. Prospective investors are provided with an offering memorandum prior to their investment and are encouraged to carefully review the offering memorandum, along with all other relevant offering documents, and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective investors must also execute a subscription agreement, which constitutes a legal, valid and binding obligation of the investor, enforceable in accordance with its terms. Further, prospective investors in the domestic Peconic Funds must also execute a limited partnership agreement.

ITEM 17 – VOTING CLIENT SECURITIES

Item 17.A	<p>If you have, or will accept, authority to vote <i>client</i> securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your <i>clients</i> can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your <i>clients</i> with respect to voting their securities. Describe how <i>clients</i> may obtain information from you about how you voted their securities. Explain to <i>clients</i> that they may obtain a copy of your proxy voting policies and procedures upon request.</p> <p>Peconic understands and appreciates the importance of proxy voting. When Peconic has discretion to vote the proxies of its Advisory Clients, it will vote those proxies in the best interest of the Advisory Clients and in accordance with the following policies and procedures:</p> <p><u>Voting Client Proxies</u></p> <p>All new and existing discretionary accounts either provide Peconic with voting authority or maintain voting authority themselves. In cases where Peconic maintains voting authority, during the account set-up process, the custodian is instructed to forward all proxies to RiskMetrics, Peconic’s proxy service. Reflecting a basic investment philosophy that good management is shareholder focused, proxy votes will generally be cast in support of management on routine corporate matters and in support of any management proposal that is plainly in the interest of all shareholders. Specifically, proxy votes generally will be cast in favor of proposals that:</p> <ul style="list-style-type: none"> • maintain or strengthen the shared interests of stockholders and management; • increase shareholder value; and • maintain or increase shareholder rights generally. <p>Proxy votes will generally be cast against proposals having the opposite effect of the above. Where Peconic perceives that a management proposal, if approved, would tend to limit or reduce the market value of the company’s securities, Peconic will generally vote against it. Peconic believes that means for ensuring management accountability to shareholders, in the rare cases where is threatened, must not be compromised.</p> <p>Peconic generally supports shareholder rights and recapitalization measures undertaken unilaterally by boards of directors properly exercising their responsibilities and authority, unless such measures could have the effect of reducing shareholder rights or potential shareholder value. In cases where shareholder proposals challenge such actions, Peconic’s voting position will generally favor not interfering with the directors’ proper function in the interest of all shareholders.</p> <p>Peconic believes that proposals on strictly social or political issues are irrelevant to the goal of maximizing the return on funds under Peconic’s management. Peconic will generally vote against such proposals, but will consider supporting proposals that seek to protect shareholder rights or minimize risks to shareholder</p>
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	<p>value.</p> <p>Peconic may abstain from voting a client proxy if it is concluded that the effect on shareholders' economic interests or the value of the portfolio holding is indeterminable or insignificant. Peconic may abstain from voting a client proxy for cost reasons (e.g., costs associated with voting proxies of non-U.S. securities). In accordance with fiduciary duties, Peconic will weigh the costs and benefits of voting proxy proposals and make an informed decision with respect to whether voting a given proxy proposal is prudent. The decision takes into account the effect that the vote of Peconic's Advisory Clients, either by itself or together with other votes, is expected to have on the value of the Advisory Client's investment and whether this expected effect would outweigh the cost of voting.</p> <p><u>Resolving Conflicts of Interest</u></p> <p>Peconic reviews each proxy to assess the extent, if any, to which there may be a material conflict between the interests of the Advisory Clients on the one hand and Peconic's interests (including those of Peconic's affiliates, directors, officers, employees and other similar persons) on the other hand (a "potential conflict"). Peconic performs this assessment on a proposal-by-proposal basis, and a potential conflict with respect to one proposal in a proxy shall not indicate that a potential conflict exists with respect to any other proposal in such proxy. If it is determined that a potential conflict may exist, it shall be reported to Peconic's senior management. Peconic's senior management shall determine whether a potential conflict exists and is authorized to resolve any such conflict in a manner that is in the collective best interests of the Advisory Clients (excluding any Advisory Client that may have a potential conflict).</p> <p>Peconic will use commercially reasonable efforts to determine whether a potential conflict may exist, and a potential conflict shall be deemed to exist if and only if one or more of Peconic's senior portfolio managers actually knew or reasonably should have known of the potential conflict. Peconic takes into consideration what is best for the Advisory Clients with respect to proxy voting. Peconic may utilize Advisory Client directed proxy voting guidelines or the AFL-CIO guideline as a model, as requested.</p> <p><u>How to Obtain Voting Information</u></p> <p>Investors may at any time request, either verbally or in writing, a proxy voting report from Peconic's Client Relations contact. The report shall include a description of the matter on the ballot, how it was voted, whether management or a shareholder proposed it and whether it was a vote for or against management.</p> <p>If you have any questions about our proxy voting policies and procedures, or would like detailed information on how any proxies were actually voted, please contact Wook Lee, Peconic's Chief Compliance Officer, at (212) 904-0445.</p>
Item 17.B	<p>If you do not have authority to vote <i>client</i> securities, disclose this fact. Explain whether <i>clients</i> will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) <i>clients</i> can contact you with questions about a particular solicitation.</p>

	Not applicable.
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ITEM 18 – FINANCIAL INFORMATION

Item 18.A	<p>If you require or solicit prepayment of more than \$1,200 in fees per <i>client</i>, six months or more in advance, include a balance sheet for your most recent fiscal year.</p> <ol style="list-style-type: none"> 1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity. 2. Show parenthetically the market or fair value of securities included at cost. 3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X. <p>Not applicable.</p>
Item 18.B	<p>If you have <i>discretionary authority</i> or <i>custody</i> of <i>client</i> funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per <i>client</i>, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to <i>clients</i>.</p> <p>Peconic is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.</p>
Item 18.C	<p>If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.</p> <p>Not applicable.</p>