

## **Cinque Partners LLC**

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**March 26, 2014**

This brochure ("Brochure") provides information about the qualifications and business practices of Cinque Partners LLC. If you have any additional questions about the contents of this Brochure, please contact us at (310) 954-0051. 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.

Cinque Partners LLC is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about Cinque Partners LLC is available on the SEC's website at <http://www.adviserinfo.sec.gov>. The SEC's web site also provides information about our affiliated persons who are registered, or are required to be registered, as investment adviser representatives of Cinque Partners LLC.

## **Item 2.     Material Changes**

This Brochure dated March 26, 2014 has been prepared by Cinque Partners LLC for its annual updating amendment according to the requirements and rules promulgated by the SEC.

This Item discusses only material changes made to the Brochure since the last annual update of the Brochure on March 28, 2013.

Item 4 was updated to disclose the dollar value of Cinque Partners' assets under management.

Item 5 was updated to disclose certain advisory fee arrangements.

Item 7 was updated to show minimum initial investments in fund share classes.

Item 12 was updated to include certain disclosures as to soft dollar arrangements, including that soft dollars may cause clients to pay higher commissions, allocation of soft dollar credits and usage of soft dollar credits from last year.

Item 14 was updated to include certain disclosures concerning solicitation arrangements.

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#### **Item 4.     Advisory Business**

Cinque Partners, LLC (“Cinque Partners”) is an independent investment adviser registered with the SEC and we provide investment advisory services to clients, as further described below. Cinque Partners is a Delaware limited liability company which has been in business since December 2011. Cinque Partner’s Managing Member and Chief Investment Officer is Alan Adelman. The other members of Cinque Partners are Fred Wahl, Jack Cowling and Pierre Brachet.

Cinque Partners provides portfolio management services (the “Services”) to institutional investors (each, an “Institutional Client” and together, “Institutional Clients”), registered investment companies (or mutual funds) and pooled investment vehicles and separately managed accounts (each, a “Fund” and together, the “Funds”). Cinque Partners does not hold itself out as specializing in a particular type of advisory service. The Services are discretionary in nature and consist of the ongoing and continuous review of the investments of each Institutional Client and/or Fund (each, a “Client” and together, “Clients”).

Cinque Partners will tailor the Services to the individual needs of each Client, primarily through the analysis performed for each Client and each security recommended. Cinque Partners reviews the investment objectives as well as the potential tax implications of an investment when choosing what security to recommend and how long each Client should hold such security. Holding periods for an investment will vary depending on the type of product, its sales commission, and its purpose in the overall portfolio structure for each Client. Securities which are considered include long term purchases which are generally held for at least one year, short term purchases which are generally sold within one year, trading securities which are generally sold within thirty (30) days of purchase and short sales. The Clients may communicate to Cinque Partners restrictions on securities, asset classes, custodians, holdings or any other restriction they would like to impose on their portfolios.

As of December 31, 2013 Cinque Partners had \$233,117,889 in discretionary assets under management, and no assets on a non-discretionary basis.

#### **Item 5.     Fees and Compensation**

Cinque Partners charges Clients an investment advisory fee for its services. This fee is based on the Client’s total assets under management with Cinque Partners. The specific manner in which fees are charged is established in each Client’s written investment management agreement with Cinque Partners.

The fees are charged either on a monthly or quarterly basis, in arrears, based on the market value of the account as of the last business day of the month, or based upon average daily balance of the account for the quarter. Accounts that are not open for a full calendar quarter will be responsible for the pro-rata portion of the fee based on the number of days the account was open during the quarter. The fees are deducted directly from the Client's accounts, by the account custodian, with Client authorization. Cinque Partners charges 0.10% (10 basis points) to 0.95% (95 basis points) on assets under management. For certain accounts, Cinque will split evenly the fee paid by the accounts with the accounts' primary investment advisor. For accounts for which the management fee is 0.10%, such split shall be over a baseline asset amount established as of the effective date of the agreement. Such fee splits are to be paid after deducting the primary advisor's costs related to the accounts.

The fees charged by Cinque Partners may be negotiated (resulting in a higher or lower fee) on a case-by-case basis dependent upon many factors regarding a Client's portfolio such as the overall complexity of the Client's financial affairs, extent of services provided, the mix of investments managed and the complexity of the Client's situation.

Clients will incur other expenses in connection with obtaining advisory services from Cinque Partners, such as brokerage and transaction costs. Brokerage commission costs, transaction charges, stock transfer fees and other similar charges that are incurred in connection with transactions in a Client account as well as any fees charged by the account's custodian will be paid out of the assets in the account and are in addition to any fees paid to Cinque Partners.

Depending upon the particular arrangement with each Client, there may be other fees and expenses as well, such as custody or prime brokerage fees and expenses incurred by the Client directly for separate account arrangements. These fees and expenses are not paid to Cinque Partners. Other fees and expenses such as transfer agency, custody and administration and/or sub-administration fees and expenses may be incurred for investors in commingled funds. All such fees and expenses are described in the offering documents for such commingled fund investments.

Cinque Partners does not normally charge commissions or markups in addition to the advisory fees.

## **Item 6. Performance-Based Fees**

Cinque Partners does not charge performance based fees on any of the accounts for which it provides advisory services.

## **Item 7. Types of Clients**

Cinque Partners provides investment advisory services to institutions, registered investment companies and private pooled vehicles. The minimum initial investment for mutual funds sub-advised by Cinque Partners, is \$1,000,000 for Institutional class shares and \$2,500 (\$1,500 for individual retirement accounts) for Class A shares. Cinque Partners currently requires a minimum of \$10 million to open and maintain a separate account, however, such minimum is subject to waiver depending on the services and characteristics of the accounts.

## **Item 8. Method of Analysis, Investment Strategies and Risk of Loss**

### **Method of Analysis**

Cinque Partners' primary method of analysis is a combination of qualitative and quantitative portfolio analysis. This involves the use of a risk model to monitor multiple sources of risk and return for individual securities and for the portfolio generally. We monitor risk and return relative to the S&P 500 Index on the long holdings in the portfolio and relative to a policy benchmark (representing a weighted average of the S&P 500 Index and the BXM Index) which reflects the average risk target for the overall strategy, including long and short positions. Proprietary risk models using forecasts of return based on target prices are used in relation to volatility to partially hedge market risk or manage to an active risk target (Beta). Risk exposures are reviewed at least once a month and the portfolios are adjusted based on the target risk profile desired.

When investment recommendations are made to a Client, the Client's investment objectives, time horizon, and risk tolerances are considered. When recommending a holding period for a particular security, the tax implications are also taken into consideration. Recommended holding periods for investments vary depending on the type of product, the sales commission, and the purpose for holding the product as it relates to the overall portfolio structure.

### **Investment Strategy**

When recommending portfolios to Clients, Cinque Partners uses long-term purchases (typically held for at least a year), short-term purchases (typically sold within a year), trading securities (securities typically sold within 30 day), short sales, option writing, covered options or spreading strategies. Cinque Partners provides advice with respect to equity securities (exchange listed securities, securities traded over-the-counter or foreign issued securities), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life, variable annuities or mutual fund shares), U.S. government securities, partnerships, hedge funds and other alternative

investments. Cinque Partners may also offer advice on other types of investments if Cinque Partners deems such investment appropriate for the needs and objectives of the Client.

#### Material Risks Involved in Investing

Investing in securities and other financial instruments involves risks, including the potential loss of the Client's principal, which Clients should be prepared to bear. While certain strategies may offer the potential for greater growth, these same strategies may have greater potential volatility. While it is Cinque Partners' intent to reduce risk when possible, certain strategies may impose more risk than others.

While Cinque Partners' strategy primarily involves the recommendation of U.S. securities, from time to time, certain strategies recommended by Cinque Partners may invest in Non-U.S. foreign equity and fixed income investments ("Non-U.S. Investments"). Non-U.S. investments, and investing in emerging markets in particular, will subject a Client to certain risks not typically associated with investing in securities in the United States. Non-U.S. investments may be affected by changes in currency rates. A decline in an exchange rate of the foreign currency in which a portfolio security is quoted or denominated relative to the U.S. dollar would reduce the value of the portfolio security in U.S. dollars proportionately. The costs and expenses associated with investing in Non-U.S. markets are generally higher than U.S. markets. There generally may be less publicly available information regarding Non-U.S. Investments than U.S. companies. In addition, certain Non-U.S. economies are less stable than the U.S. economy, due to, among other things, volatile political environments and less stable monetary systems.

Cinque Partners may recommend securities it believes to be undervalued, but that may not realize their perceived value for extended periods of time or may never realize their perceived value.

Cinque Partners may recommend securities it believes have the potential for growth, but that may not realize such perceived potential for extended periods of time or may never realize such perceived growth potential. Such stocks may be more volatile than other stocks because they can be more sensitive to investor perceptions of the issuing company's growth potential.

Small and mid capitalization stocks may be subject to higher degrees of risk, their earnings may be less predictable, their prices more volatile, and their liquidity less than that of large capitalization or more established companies' securities.

Cinque Partners utilizes an options strategy that includes buy-writes, protective puts and long-call options in an attempt to improve portfolio downside protection and increase portfolio income. Options transactions contain a number of inherent risks, including the partial or total loss of the entire amount paid for the option in the event that the value of the underlying security or index does not

increase/decrease to the level of the contracted “exercise price.” An option writer may be assigned an exercise at any time during the period the option is exercisable. The writer of a covered call forgoes the opportunity to benefit from an increase in the value of the underlying interest above the option price, but continues to bear the risk of a decline in the value of the underlying interest. The writer of a put option bears a risk of loss if the value of the underlying interest declines below the exercise price, and such loss could be substantial if the decline is significant.

An investment in debt securities carries risk. If interest rates rise, debt security prices usually decline. The longer a debt security’s maturity, the greater the impact a change in interest rates can have on its price. Not holding a debt security until maturity, may cause a gain or loss when the debt security is sold. Debt securities also carry the risk of default, which is the risk that the issuer is unable to make further income and principal payments. Other risks, including inflation risk, call risk, and pre-payment risk, also apply.

Privately offered investment vehicles are unregistered private investment funds or pools that invest and trade in many different markets, strategies, and instruments. Such funds generally are not subject to regulatory restrictions or oversight. Opportunities for redemptions and transferability of interests in these funds are restricted. The fees imposed, including management and incentive fees/allocations and expenses, may offset trading profits. Investments in private funds or restricted positions with limited withdrawal rights or lock-up periods may restrict a Client’s ability to access the capital invested in such positions. Other risks associated with such investments are detailed in the offering memorandums for such investments.

Performance is largely dependent on the talents and efforts of certain individuals. There can be no assurance that Cinque Partners’ investment professionals will continue to be associated with Cinque Partners and the failure to retain such investment professionals could have an adverse effect on the value of an investment.

Strategies may engage in short selling which can, in some circumstances, substantially increase the impact of adverse price movements. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying securities to cover the short position.

Derivatives transactions, including those entered into for hedging purposes, may reduce returns or increase volatility. Forward currency contracts, over-the-counter options on securities and currencies and swap agreements as well as other derivatives, are subject to the risk of default by the counterparty, in addition to risks of changes in the value of the related currency, securities or other reference asset. Many derivatives also can be illiquid and highly sensitive to changes in the related currency, securities or other reference asset. As such, a small investment in certain derivatives could have a potentially large impact on performance.



Cinque Partners may recommend investments in exchange traded funds (“ETFs”). An investment in an ETF generally presents the same primary risks as an investment in a conventional mutual fund that has the same investment objectives, strategies, and policies. Additionally, the risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although the lack of liquidity of an ETF could result in it being more volatile.

The investments recommended by Cinque Partners may generate taxable income and realized capital gains or losses, and Clients should consult with their tax advisors about the tax consequences of their investments.

## **Item 9. Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Cinque Partners or the integrity of Cinque Partners’ management. There are no material legal or disciplinary events to disclose related to Cinque Partners’ business or its management.

## **Item 10. Other Financial Industry Activities and Affiliations**

Cinque Partners is not affiliated with any particular broker-dealer, nor does Cinque Partners have personnel who are registered representatives of a broker-dealer. Neither Cinque Partners nor any of its representatives are registered as a Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Advisor.

Cinque Partners does not recommend or select other investment advisers for our clients. It does not receive compensation from any advisers or third parties. Cinque Partners may from time to time introduce certain advisors with which it has a sub-advisory relationship for purposes of marketing and distribution of their accounts.

Gino Malaspina serves as Chief Compliance Officer of Cinque Partners. Mr. Malaspina is an attorney employed by Cipperman & Company LLC, a law firm located in Wayne, Pennsylvania. Mr. Malaspina is also a Managing Director of Cipperman Compliance Services LLC (“CCS”), an affiliate of Cipperman & Company LLC. Cinque Partners has entered into a Compliance Services Agreement with CCS pursuant to which CCS provides compliance services to Cinque Partners, including the designation of Mr. Malaspina as Cinque Partners’ Chief Compliance Officer.

## **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Cinque Partners has adopted a Code of Ethics that complies with Rule 204A-1 under the Advisers Act. The Code of Ethics applies to all of Cinque Partners' supervised persons. The term "supervised person" means any partner, officer, director (or other person occupying a similar status or performing similar functions) or employee of Cinque Partners, or other person who provides investment advice on behalf of Cinque Partners and is subject to Cinque Partners' supervision and control. Cinque Partners' supervised persons must certify on an annual basis that they have received, read and understood the Code of Ethics.

Cinque Partners' Code of Ethics addresses the following areas of Cinque Partners' business: procedures regarding personal securities transactions of Cinque Partners' partners, directors, officers and employees (including pre-approval of transactions in initial public offerings and private offerings); procedures pertaining to gifts and outside business activities. Each officer, director and employee is required to certify annually that he or she has read and understands the Code of Ethics. Cinque Partners will provide a copy of its Code of Ethics to any Client or prospective Client upon request. Please contact Alan Adelman at [aadelman@cinquepartners.com](mailto:aadelman@cinquepartners.com) for a copy.

Cinque Partners' Chief Compliance Officer is responsible for ensuring that Cinque Partners receives duplicate brokerage confirmations and brokerage account statements for certain supervised persons of Cinque Partners who have one or more securities accounts with broker-dealers. A review of the trading activity of Cinque Partners' personnel within such securities accounts is conducted periodically to ensure that our personnel comply with the personal trading policy of Cinque Partners.

Cinque Partners acts as sub-advisor to certain registered mutual fund and other accounts, which Cinque Partners may recommend to clients. This may create a conflict of interest because Cinque Partners receives sub-advisory fees with respect to managing these funds and accounts.

## **Item 12. Brokerage Practices**

Cinque Partners has a fiduciary duty to seek to obtain best execution on behalf of each Client, and brokers are selected with a view to obtaining best execution of transactions.

Cinque Partners believes that best execution is typically achieved not necessarily by negotiating the lowest commission rate but by seeking to obtain the best overall result. Cinque Partners considers all factors it deems relevant including execution

capabilities, financial stability of the broker, responsiveness, confidentiality, promptness, clearance, settlement, and price.

Cinque Partners does not permit Clients to direct brokerage.

Cinque Partners may aggregate Client securities transactions in block trades, when appropriate, for the purpose of obtaining a better price and/or execution for such Clients. Cinque Partners does not negotiate volume commission discounts on blocked trades with the executing broker-dealer. Blocked trades are individually ticketed with the commission paid by the Client being at the previously negotiated and mutually agreed upon rate between the Client and the broker-dealer. When a block trade placed is filled in its entirety on the same business day, each account will receive the same average price per share. However, in those circumstances where an order is only partially filled, trades will be allocated in a manner which is fair and equitable to all affected accounts. To the extent practical, accounts will participate equally on a pro-rata basis.

Cinque Partners may arrange for a cross trade, which occurs when one Client buys a security and another Client sells the same security to the Client buying the security. The security therefore crosses from one Client account to another Client account. Cinque Partners will effect cross trades for Clients only if the conditions are in the best interest of the impacted Clients. Cinque Partners will not receive any compensation for facilitating cross trades.

Cinque Partners may receive research, products or services other than execution from broker-dealers in connection with Client securities transactions. Cinque Partners may direct Client brokerage to broker-dealers who provide research and brokerage services to Cinque Partners. Such arrangements are subject to Cinque Partners' policy of seeking best execution and come within the safe harbor under Section 28(e) of the Securities Exchange Act of 1934, which permits the payment of commissions that exceed commissions other broker-dealers may charge if an adviser determines that such commissions are reasonable in relation to the research or brokerage services provided. This practice is commonly referred to as "soft dollars".

The research or brokerage products and services that Cinque Partners may obtain from broker-dealers may include, among others, economic statistics and forecasting services, industry and company analyses, portfolio strategy services, quantitative data and market information systems. Research and brokerage products or services received may include proprietary research generated by the broker-dealers that execute the transactions, brokerage services, or a rebate on brokerage services, provided by the executing broker-dealer, or research generated by third parties. Cinque Partners also may receive research in connection with purchases of fixed price offerings on behalf of managed accounts or as a result of executing fixed income transactions through broker-dealers acting on an agency basis.

A broker-dealer might also furnish Cinque Partners with a "mixed-use" product or service that is useful both in making investment decisions for managed accounts and in performing administrative or other non-research functions. Where this occurs, Cinque Partners allocates the cost of the product or service such that the portion or specific component that assists in the investment decision-making process is obtained with portfolio commissions and the portion or specific component that provides non-research assistance is paid for by Cinque Partners from its own funds.

Cinque Partners may have an incentive to select or recommend a broker-dealer based on Cinque Partners' interest in receiving the research of other products or services, rather than on its Clients' interest in receiving the most favorable execution. Cinque Partners may cause clients to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits. Cinque Partners seeks to allocate soft dollar benefits to service all client accounts. These soft dollar credits are allocated proportionately to research services that benefit all client accounts.

Cinque Partners may enter into research service arrangements in which it may incur obligations to pay for research services using its own funds to the extent that the services are not fully paid for by Client brokerage that Cinque Partners directs to the broker-dealer or broker-dealers providing the services. Although such arrangements may present a potential conflict of interest because Cinque Partners may have an incentive to direct brokerage so as to avoid paying for the research services using its own funds, any such arrangements will be subject to Cinque Partners' policy of seeking best execution and will be designed to fall within the safe harbor under Section 28(e) of the Securities Exchange Act of 1934. In addition, Cinque Partners' Management Committee performs periodic reviews of our soft dollar arrangements to help ensure they are in the best interests of our Clients. When Client brokerage commissions are used to obtain research or other products or services, Cinque Partners receives a benefit because Cinque Partners does not have to produce or pay for the research, products or services.

During its last fiscal year, Cinque Partners directed client transactions to broker-dealers based on factors including, but not limited to, (i) access to liquidity in the relevant security, (ii) access to research analysts and other broker-dealer personnel who provided assistance in the research and analysis of the relevant security, (iii) access to conferences that provided assistance in the research and analysis of the relevant security, (iv) whether the broker-dealer generated the idea for the relevant security, and (v) access to trading platforms that allow our traders to better control execution costs. Cinque Partners believes it obtained best execution for clients when executing these securities transactions.

### **Item 13. Review of Accounts**

Cinque Partners reviews Client accounts periodically on an ongoing basis, such review is directed by Alan Adelman, the firm's Chief Investment Officer. Cinque Partners prepares written Client reports and sends them to Clients quarterly. Such reports contain performance information, transaction detail and general market information.

Account reviews may also be conducted in the event of a new deposit, a withdrawal, the rebalancing of a portfolio, a material change in the investment environment, a change in the Client's goals, time horizons or financial needs, or at the Client's request.

### **Item 14. Client Referrals and Other Compensation**

This Item requires an investment adviser to provide information relating to its arrangements with third-parties through which it receives compensation from a third-party for providing investment management services to its Clients or through which it provides compensation to third-parties for Client referrals. Cinque Partners does not receive any economic benefit, directly or indirectly, from any third party for advice rendered to Clients of Cinque Partners. Cinque Partners may from time to time engage a third-party to solicit separately-managed account clients where Cinque Partners will serve as investment advisor. To date, Cinque Partners has not entered into any such arrangements.

### **Item 15. Custody**

Cinque Partners does not have custody of any Client account, funds or securities. Cinque Partners uses a qualified custodian to maintain Client accounts, funds and securities. The custodian sends monthly reports to each Client and Cinque Partners urges each Client to carefully review those statements and to compare the information in those reports to the information in the quarterly reports Cinque Partners provides to the Clients. Cinque Partners' statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16. Investment Discretion**

For those Client accounts where Cinque Partners provides ongoing supervision, the Clients give Cinque Partners written authorization in an investment advisory agreement to act as the Client's investment adviser and provide discretionary investment advisory services over the Client's account(s) with respect to securities

to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the Client before any advisory relationship begins.

### **Item 17. Voting Client Securities**

Generally, Clients will receive proxies directly from the issuer of the security or the qualified custodian. Cinque Partners does not request or require, but will accept, authority to vote proxies on behalf of Clients. Cinque Partners has adopted policies and procedures to address conflicts which may arise in connection with voting proxies. Cinque Partners may depart from its stated guidelines in order to avoid voting decisions believed to be contrary to the best interests of its Clients. More information regarding our policies and procedures regarding proxies can be obtained by calling Cinque Partners at (310) 954-0051.

### **Item 18. Financial Information**

This Item requires investment advisers to provide certain financial information or disclosures about their financial condition. Cinque Partners does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance and therefore it is not required to include a balance sheet with this Brochure. Cinque Partners has no financial hardships or other conditions that might impair its ability to meet its contractual obligations to Clients. Cinque Partners has not been the subject of a bankruptcy proceeding.