

**Greer Anderson Capital, LLC**

**Brochure**

**March 24, 2014**

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This brochure provides information about the qualifications and business practices of Greer Anderson Capital, LLC. If you have any questions about the contents of this brochure, please contact us at (203) 622-1308. 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 Greer Anderson Capital, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

This Item summarizes material changes to Greer Anderson Capital, LLC's ("Greer Anderson" or the "Firm") Form ADV, Part 2A Brochure.

There are no material changes to report since the previous annual update of this Brochure was filed on March 31, 2013.

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**Item 4: Advisory Business**

Greer Anderson Capital, LLC (“Greer Anderson”) was founded in 2008. Greer Anderson advises, constructs and manages multi-asset portfolios for individuals, families, trusts, partnerships, foundations and private investment funds. Gary N. Anderson owns more than 75% of Greer Anderson.

Greer Anderson’s primary services are the management of investment portfolios for its clients, which include individuals, families, trusts, partnerships, foundations (collectively, “Separate Account Clients”) and private investment funds (each, a “Fund” and collectively, the “GAC Funds”) where certain of its control persons act as the managing member of the general partner. GAC Funds are commingled, pooled investment vehicles only available to investors meeting certain eligibility requirements as set forth more fully in each Fund’s confidential offering document (“Memorandum”). Detailed information regarding each GAC Fund is provided in its Memorandum.

Greer Anderson’s provision of investment advisory and management services to the GAC Funds is pursuant to the terms of each fund’s operating agreement or limited partnership agreement, as applicable, or through a separate management agreement.

The Firm’s research driven investment process applies to the advisory services it provides to all of its clients. The Firm endeavors to select investments in a portfolio of generally private investment pools, as well as managed accounts and registered investment companies managed by independent professional investment managers (“Portfolio Managers”) on behalf of its clients in an effort to realize long-term capital appreciation and capital preservation objectives, as described more fully below. Greer Anderson provides these services to its clients on both a discretionary and non-discretionary basis.

Greer Anderson manages globally diversified, multi-asset class portfolios structured according to client specific requirements. Greer Anderson’s advisory and management services include sourcing and recommending potential new investments, performing due diligence on investment opportunities, negotiating the terms of each investment, if applicable, and advising on potential dispositions of investments. Each Greer Anderson client portfolio is managed by the Firm’s investment professionals who endeavor to structure each portfolio within certain asset allocation and geographical diversification criteria.

Greer Anderson selects or assists clients in the selection and performance monitoring of certain investments in mutual funds and non-publicly traded partnerships and companies generally referred to as hedge, venture capital or private equity funds. It may also recommend to Separate Account Clients an investment in the GAC Funds, and, in certain circumstances, it may invest GAC Fund assets in another GAC Fund. Greer Anderson may recommend to a client such investments and investment managers as the Firm determines will best meet the investment objectives of the client. In connection with its advisory services, the Firm adheres to a research driven investment process that seeks to provide client portfolios with long-term capital appreciation and capital preservation. No single individual determines whether an investment will be recommended to any client.

Greer Anderson’s investment professionals review, recommend and monitor prospective and existing client portfolio investments. Depending on client specific investment criteria, strategies may include investments in, but are not limited to, hedge funds (long/short equity, distressed, credit, arbitrage, event driven and multi-strategy), long-only (equities and fixed income, including exchange traded securities, mutual funds and exchange traded funds (“ETFs”)), private equity (venture capital and buy out), and physical or real assets (real estate, energy and other hard assets) (the “Portfolio Funds”). Greer Anderson seeks client investment opportunities globally, including in North America, developed countries in

Europe and Asia, and emerging markets. See Item 8 Methods of Analysis, Investment Strategies and Risk of Loss for more information.

Greer Anderson will endeavor to allocate a client's portfolio assets among these various asset types taking into consideration the client's overall investment objective and the corresponding reasonableness of such investment. Non-publicly traded partnerships, private funds, mutual funds and ETFs are selected on the basis of a number of factors including, among other things, investment objective, performance history, management style and philosophy and fee structure. Client portfolio weighting between equities, fixed-income, non-publicly traded partnerships, private funds, physical or real assets, ETFs, mutual funds and the GAC Funds are determined by each client's individual needs and circumstances. Non-discretionary Clients have the opportunity to place reasonable restrictions on the types of investments which are made on their behalf. The GAC Funds also may have investment restrictions which are imposed through each GAC Fund's constituent documents and disclosed in its Memorandum.

As of December 31, 2013, the Firm managed client portfolios of approximately \$284,865,000 million in assets on a discretionary basis and \$36,039,000 million in assets on a non-discretionary basis. Greer Anderson does not participate in wrap fee programs by providing portfolio management services.

In addition to the advisory services described above, Greer Anderson may, from time to time, agree to manage accounts according to different investment guidelines specifically negotiated with a client.

### **Item 5: Fees and Compensation**

Greer Anderson's investment management agreements with Separate Account Clients describe, among other matters, the nature of the advisory relationship; whether discretionary investment authority, if any, has been granted; and fees (including whether fees are to be deducted directly from a client's account or separately billed).

Greer Anderson's fees do not include, if any, transaction charges (more information on Greer Anderson's transaction practices can be found under the Section entitled "Brokerage Practices"), custodial fees, transfer taxes, exchange fees, interest charges, electronic fund and wire transfer fees, or any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with the client. In addition, if Greer Anderson recommends or beneficially acquires other pooled investment vehicles (both affiliated (i.e., the GAC Funds) and unaffiliated), non-publicly traded partnerships, separately managed accounts, mutual funds or ETFs for client accounts, clients will be responsible for the fees and expenses charged by the underlying investment vehicle. These fees and expenses may include, among other things, management fees, performance-based fees, or both. In addition, some of the investments recommended by Greer Anderson may be purchased directly. Therefore, clients could generally avoid a second layer of fees by not using the advisory services of Greer Anderson and by making their own decisions regarding such investments.

#### Separate Account Clients

Separate Account client fees are generally a fixed fee and based on a percentage of assets under management and agreed on a client by client basis. Although client fees are negotiated annually, they generally conform to the following schedule:

- 0.50% on all Separate Account assets under management.

Additional fees may be paid by clients at their discretion as agreed to from time to time. Fees are typically billed quarterly to clients in arrears based on the agreed rate. Greer Anderson's fee generally

covers the services provided to clients for structuring and monitoring their portfolios. Greer Anderson may in its sole discretion agree to accept an alternative fee arrangement to the amounts set forth in the schedule above with respect to any client.

#### GAC Funds

The GAC Funds are unregistered pooled investment vehicles that invest primarily in private funds, separately managed accounts or mutual funds managed by portfolio managers. The GAC Funds pay a management fee based on a percentage of assets under management. The fee is calculated on unaffiliated assets under management and ranges from 0.50% to 1.00%.

Specific information relating to the fees charged by the GAC Funds can be found in each fund's Memorandum.

#### Additional Information on Fees

Greer Anderson does not require clients to pay fees in advance. If a client chooses to pay fees in advance and the account terminates, Greer Anderson will refund a proportionate part of any prepaid fee.

Greer Anderson may, in the future, serve as the general partner or otherwise sponsor, manage, or provide advisory services (directly or through affiliates) to other private investment funds or people or entities with fee schedules similar or dissimilar to those set forth above.

#### Alternative Fee Arrangements

Greer Anderson may, at its discretion, be willing to consider and negotiate fee arrangements that are not based on a percentage of assets under management. Greer Anderson may also waive fees for certain clients.

#### No Compensation from the Sale of Securities

Neither Greer Anderson nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

### **Item 6: Performance-Based Fees and Side-By-Side Management**

Greer Anderson does not manage accounts that pay it a performance-based fee (fees based on a share of capital gains or capital appreciation of the assets of a client). However, different clients pay different amounts of management fees. Different levels of asset-based fees creates conflicts of interest. Greer Anderson has an incentive to favor those accounts that pay a greater management fee over those accounts that pay a lesser management fee because Greer Anderson will receive greater compensation by doing so. Nonetheless, Greer Anderson seeks to treat all clients in a fair and equitable manner at all times, and will act in a manner that it believes to be in the best interests of all clients. To that end, Greer Anderson has established a variety of policies and other controls regarding allocation of investment opportunities, including those seeking to manage the conflicts of interest identified above in this Item 6. Please see Item 11 below for more information about our allocation policies.

**Item 7: Types of Clients**

Greer Anderson primarily provides investment management services to investment portfolios for individuals, families, trusts, partnerships, foundations, private investment funds, and other clients. In addition, Greer Anderson provides investment management services to sophisticated investors, including among others, insurance companies.

Each GAC Fund has a minimum investment requirement for investors as set forth in such GAC Fund's Memorandum, which minimum investment requirement is waivable in Greer Anderson's discretion. Greer Anderson does not, however, have a minimum account size for Separate Account Clients, which will be agreed on a case by case basis.

In general, Greer Anderson's clients are "qualified purchasers" as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940 and "accredited investors" within the meaning of Rule 501 under Regulation D of the Securities Act of 1933.

**Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

Greer Anderson primarily utilizes a fund-of-funds investing strategy (i.e., investing with external portfolio managers) on behalf of its clients. Greer Anderson allocates a clients' assets among a diversified portfolio of investment pools managed by external portfolio managers using a variety of investment and trading styles, some of which are more traditional investment strategies emphasizing investments in stocks and bonds, but many of which are less traditional investment strategies such as short sales, hedging (including the use of derivatives), option trading, and leverage (including margin trading and investing in derivatives). Many of these strategies may involve greater degrees of risk than more traditional strategies.

Greer Anderson adheres to a research driven investment process that seeks to provide client portfolios with long-term capital appreciation and capital preservation. Greer Anderson seeks to achieve long-term capital appreciation and capital preservation by constructing diversified portfolios across multiple asset classes such as fixed income, equities, hedge funds, private equity and real assets (also known as physical assets). Client portfolios are further diversified by investing on a global basis. The research strategy focuses on bottom-up, fundamental research driven analysis and will typically avoid meaningful exposures to strategies such as quantitative, "black box", macro, momentum, high-velocity trading or high levels of leverage.

**Investment Strategies:**

Greer Anderson seeks to identify investment opportunities with Portfolio Managers on a global basis across all asset classes. Greer Anderson's objective is to build portfolios of complimentary managers and investment strategies. The investment strategies employed by the Portfolio Managers selected by the Firm may include, but are not limited to:

**Fixed Income and Cash**

Investment in fixed income securities may offer opportunities for income and capital appreciation, and may be used for, among other purposes, temporary defensive purposes and to maintain liquidity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes, and debentures issued by U.S. or foreign corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities or by a foreign government; municipal securities; and mortgage backed securities

("MBS") and asset-backed securities ("ABS"). These securities may pay fixed, variable, or floating rates of interest, and may include zero-coupon obligations.

### Equity Long/Short

Equity long/short managers are typically long-biased focused on investing in equities and equity derivatives. They differ from traditional equity managers in that they can go long and short securities, can lever or de-lever their portfolios and do not manage to a benchmark. They are distinguishable from one another by the extent of their gross leverage and their normal net long or short exposure. In addition, while some employ a broad generalist approach, others tend to be sector, style, or geographically specific and/or to differentiate based on the market capitalization of the companies in whose securities they invest.

### Credit

Credit managers typically focus on debt securities and instruments of companies which could be investment grade, below investment grade, high yield or distressed. Often, a corporate event results in the re-pricing of these securities, which may lead to profits. In the event of bankruptcy or default, credit securities usually have priority over others in the capital structure. The distressed and high-yield sub-strategy involves investing in the securities of companies experiencing financial or operational difficulties or otherwise having below investment grade credit ratings. These securities may trade at substantial discounts to par value, because, in part, certain classes of investors are forced to sell low-credit instruments. Profits are made based on two kinds of mispricings: (i) fundamental or intrinsic value and (ii) relative value between comparable securities.

### Event Driven

Event driven managers seek to identify companies that are subject to corporate events such as restructurings, mergers, takeovers, spin-offs and other special situations. Event driven managers seek to capitalize on the mispricings that occur due to market misconceptions about such events (either occurring or not occurring). Representative strategies within this sector include merger arbitrage, high yield/distressed, capital structure arbitrage, and special situations.

### Long Only

Long only managers generally make investments that involve the purchase of financial instruments that the Portfolio Managers believe are undervalued. Long-biased Portfolio Managers generally have low short exposure and maintain a net exposure usually around 100% net long but sometimes higher or lower.

### Emerging Markets

Dedicated emerging market strategies invest in equity of companies in underdeveloped or developing economies, such as, without limitation, in the People's Republic of China, India, other Southeast Asian countries, Africa, and South America.

### Private Equity

Private equity is generally a strategy that involves the purchase of illiquid equity interests (or in some cases, debt with equity components) in private companies. Categories of private equity strategies include buyout (generally acquisition-driven growth opportunities), growth (generally high growth opportunities) and venture capital (generally immature companies), as well as credit/distressed (generally opportunities created by a company's financial or operational distress), and hybrid opportunities.



**Real (Physical) Assets**

Real assets involve physical assets such as real estate and energy. Real assets can be owned either in a liquid or illiquid investment form.

**Methods of Analysis:**

The professionals at Greer Anderson actively source, research and monitor existing and prospective Portfolio Managers after consideration of a variety of factors. Some of the factors are listed below and are general in nature, and it should not be assumed that each Portfolio Manager will necessarily meet all of the following criteria:

- Diversification – creating a portfolio of Portfolio Managers utilizing a variety of investment and trading strategies;
- Due diligence – reviewing the disclosure documents, if any, for each Portfolio Manager, and may, in its discretion, interview personal references and conduct on-site visits;
- Experience and reputation – evaluating the Portfolio Manager’s experience, reputation and skills in his or her specific area of expertise;
- Fees – reviewing the fees and expenses associated with a Portfolio Manager and generally making an investment decision based on analysis of the potential net return to investors;
- Liquidity – considering the liquidity of an investment in any Portfolio Fund, including: investments in illiquid investments, lock-up periods, “side pockets” of certain investments and/or redemptions gates; and
- Track record – reviewing the performance history of a Portfolio Manager and relevant strategy.

Greer Anderson may also at times confer with third-party investment consultants to support its due diligence efforts. Upon completion of this analysis, Greer Anderson will then make an investment decision or recommendation based on eligibility, liquidity and strategy for clients of the Firm.

**Material Risks of Investment Strategies**

Greer Anderson has identified the following risks that clients may incur as a consequence of the investment strategies utilized by Greer Anderson and its external managers. Investing in securities involves a risk of loss that clients and investors should be prepared to bear. A client should carefully consider these risks when establishing an account with the Firm. Additional risk factors for each GAC Fund are set forth in the Memorandum of each GAC Fund.

Material risks of investing with external managers include, but are not limited, the following:

*Selection of External Managers.* All Portfolio Managers are selected by Greer Anderson. The investors have no opportunity to select or evaluate Portfolio Managers’ investments or strategies. The likelihood that investors will realize income or gain will depend on the skill and expertise of Greer Anderson in selecting Portfolio Managers.

*Increased Expenses.* Rather than investing the assets of a client directly in financial instruments, Greer Anderson invests clients’ assets with several Portfolio Managers. This strategy may significantly increase the fees and expenses payable by a client because the Portfolio Managers charge their own fees and expenses, and the client also incurs its own expenses for advisory and management services, including any management fee, and operating costs. In addition, a Portfolio Manager is usually compensated based on the performance of only the assets it manages for a client. Accordingly, there may often be times

when one or more Portfolio Managers receive incentive compensation in respect of its portion of a client's assets for a period when the client's assets, as a whole, have depreciated.

*No Control; Limited or No Transparency.* Greer Anderson exercises no control over the Portfolio Managers. Although Greer Anderson attempts to monitor the performance of each Portfolio Manager, a client must ultimately rely on each Portfolio Manager to operate in accordance with the investment strategy or the guidelines laid out by a Portfolio Manager and the accuracy of the information provided to the client by a Portfolio Manager. If a Portfolio Manager does not operate in accordance with the investment strategy or guidelines, or if the information furnished to a client is not accurate, the client might sustain losses with respect to its investment with the Portfolio Manager despite Greer Anderson's attempt to monitor the investment. Greer Anderson will generally not have access to the portfolio positions of Portfolio Managers.

*Exposure to Multiple Strategies.* Since a client may employ diverse investment strategies through its investment in Portfolio Funds, and may change its allocation of assets among strategies at any time, investors in a client are exposed to the risks associated with each of those strategies but will not know at the time of investment the precise nature of that exposure over the duration of their investment. An investment in a client therefore involves a high degree of uncertainty and investors will be exposed to a significant degree of risk.

*Substantial Positions.* A client may from time to time acquire substantial positions with particular Portfolio Funds. The Portfolio Funds may have restrictions in their governing documents that limit a client's ability in whole or in part to withdraw capital from, or invest additional capital in, the Portfolio Fund, other than at specified times or in specified amounts. In addition, the Portfolio Funds may invest in instruments with limited liquidity. Such restrictions may limit Greer Anderson's flexibility to reallocate a client's assets among the Portfolio Managers, or to pay an investor's withdrawal request. Among the actions Portfolio Funds may take if they determine it necessary to restrict withdrawals are the following: suspension of withdrawal rights, suspension of the calculation of the Portfolio Fund's net asset value, suspension or delay in making withdrawal payments, creation of "side pockets" for illiquid investments, and/or the imposition of withdrawal "gates" (which limit the amount of total withdrawal on each withdrawal date to a specified percentage or dollar amount of a Portfolio Fund's net assets).

*No Coordination.* The Portfolio Managers do not coordinate their investment strategies with each other, and at times may take positions on behalf of a client which are the same as, or opposite from, positions taken by other Portfolio Managers.

*Legal Proceedings.* The Portfolio Funds may be subject to lawsuits or proceedings by government entities or private parties as a result of their actions. A client shall bear its pro rata portion of any expenses or liabilities of the Portfolio Funds arising from any such lawsuit or proceeding.

*Small Operations.* Some of the Portfolio Managers to whom a client may allocate capital may consist of only one or a few key individuals. If those key individuals for any reason ceased to provide services to the Portfolio Manager, the client might sustain substantial losses.

*Investments in New Portfolio Funds.* Certain of the Portfolio Funds in which a client may invest may have limited or no operating history. The prior performance of the principal(s) of any Portfolio Manager in any similar venture is not a guarantee of future results. There is no assurance that any Portfolio Fund will achieve its investment objective or that any Portfolio Manager will create a profitable investment management business.

*Changes of Allocation.* A client expects from time to time to change the percentage of the client's assets allocated to a particular Portfolio Manager. These changes are made in Greer Anderson's sole discretion and may be made for any reason whatsoever. No assurance can be given that an allocation change will result in increased profits for the client.

*Valuation.* Each client's administrator, as applicable, except under extraordinary circumstances, may rely on the valuations provided by Portfolio Managers in calculating the net asset value of a client and in preparing the client's financial statements. There is no assurance that such valuations will be correct or that such information will be received in a timely manner.

*Managed Account Allocations.* A client may place assets with Portfolio Managers by opening discretionary managed accounts rather than investing in private investment funds or registered investment companies. Greer Anderson expects that any such managed accounts will not incur exposure greater than the value of their assets. Nevertheless, managed accounts expose a client to theoretically unlimited liability, and it is possible that the client could lose more in a managed account directed by a Portfolio Manager than the client had allocated to such Portfolio Manager to invest.

*Shares of Investment Companies.* A client may invest its assets in the shares of registered open-end and closed-end investment companies as a means of carrying out its investment policies. The value of an open-end mutual fund may fall more quickly or rise more slowly than the stock or bond markets as a whole. This risk is exacerbated in investments which are concentrated in particular types of securities or particular market sectors. Investments in investment companies may include shares of money market funds. Due to regulations under the Investment Company Act, a Client will be restricted from acquiring more than 3% of an investment company's voting stock.

In addition to investments relating to a fund-of-funds strategy, the investment strategies utilized by the Portfolio Managers include, without limitation:

*Long/Short Equity.* Given the fact that a long/short equity strategy involves identifying securities which are generally undervalued (or, in the case of short positions, overvalued) by the marketplace, success of this strategy necessarily depends upon the market eventually recognizing such value in the price of the security, which may not necessarily occur or may occur over extended time frames which limit profitability. Positions may undergo significant short-term declines and experience considerable price volatility during these periods. In addition, long and short positions may or may not be correlated to each other. If the long and short positions are not correlated, it is possible to have investment losses in both the long and short sides of the portfolio.

*Equity Securities.* Portfolio Managers may invest in equity securities. Prices of equity securities may fluctuate in accordance with changes in the financial condition of their respective issuers and also in accordance with overall market and economic conditions. In addition, the Portfolio Managers may invest in equity securities issued by unseasoned companies and such investments may be highly speculative. The Portfolio Funds' investments in equity securities may not generate any income or appreciate in value and may lose value.

*Fixed Income Investments.* The value of the fixed income financial instruments in which the Portfolio Managers may invest will generally change as interest rates fluctuate in the relevant financial markets, in addition to being affected by such factors as credit risk and financial condition relating to particular issuers. Generally, when interest rates decline, the value of any long fixed income portfolio held by the Portfolio Managers can be expected to rise while that of any short fixed income portfolio can be expected to decline. Conversely, when interest rates rise, the value of a long fixed income portfolio can be expected to decline while that of a short fixed income portfolio can be expected to rise.

*Credit Securities.* The Portfolio Managers may invest in bonds, notes, debentures, bills, trade claims, and other forms of indebtedness or liability issued or incurred by corporations, municipalities, sovereign nations, governmental agencies and instrumentalities, business entities or other persons. These instruments may be unrated and possess speculative characteristics. An economic recession may severely disrupt the market for credit securities and could adversely impact the value of these securities. The issuers of these securities may face uncertainties which may adversely affect the issuer's ability to make timely payments of interest and principal.

*Short Sales.* A short sale will result in a gain if the price of the securities sold short declines between the date of the short sale and the date on which securities are purchased to replace those borrowed. A short sale will result in a loss if the price of the securities sold short increases. Any gain will be decreased, and any loss will be increased, by the amount of any payment, dividend or interest that the Portfolio Managers may be required to pay with respect to the borrowed securities, offset (wholly or partly) by short interest credits. In a generally rising market, short positions may be more likely to result in losses because the securities sold short may increase in value. A short sale involves a finite opportunity for appreciation, but a theoretically unlimited risk of loss. In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase.

*Hedging.* Hedging strategies in general are intended to limit or reduce investment risk, but can also be expected to limit or reduce the potential for profit. While the Portfolio Funds may (but are not required to) enter into hedging transactions to seek to reduce risk, there is no guaranty that such hedging transactions will do so and such transactions may result in poorer overall performance for a Portfolio Fund than if it had not engaged in any such hedging transaction.

*Derivatives.* Portfolio Funds may use derivatives, such as options, futures and swaps. The derivatives market is subject to general uncertainty as to how it will perform during periods of unusual price volatility or instability, market illiquidity, or credit distress. Substantial risks are also involved in borrowing and lending against derivatives. Derivatives prices can be volatile, market movements are difficult to predict, and financing sources and related interest rates are subject to rapid change. Certain derivatives also involve embedded leverage, and a relatively small price movement may result in substantial losses to the Portfolio Fund. One or more markets may move against the derivatives positions held by a portfolio fund, thereby causing substantial losses. To date, most of these instruments have not been traded on exchanges but rather through an informal network of banks and dealers that have no obligation to make markets in them and can apply essentially discretionary margin and credit requirements (and thus in effect force an external manager to close out positions). In addition, some derivatives carry the risk of failure to perform by the counterparty to the transaction or the risk that the counterparty will default on its obligation to return collateral or other assets of the Portfolio Fund. Many unforeseeable events, such as government policies, can have significant effects on interest and exchange rates, which in turn can have large and sudden effects on prices of derivative instruments.

*Futures and Commodities.* Portfolio Managers may invest in futures and commodities. Futures contracts are customarily bought and sold on margins which range upward from less than 5% of the purchase price of the contract being traded. Because of these low margins, price fluctuations in futures markets may create profits and losses which are greater than are possible in other forms of investment. The minimum amount of margin required for a particular futures contract is set from time to time by the exchange upon which such futures contract is traded and may be modified by the exchange at any time during the term of the contract. When the market value of a particular position changes to a point where the margin on deposit does not satisfy margin maintenance requirements, the Portfolio Fund will be subject to a margin call from its broker. If the margin call is not met within a reasonable time, usually less than 24 hours, the broker may close out the position.

*Investments in Non-U.S. Financial Instruments.* Portfolio Funds may invest in securities of non-U.S. companies, which generally are denominated in non-U.S. currencies, and utilize options or derivatives based on non-U.S. indices. Such investments involve certain considerations comprising both risk and opportunity not typically associated with investing in U.S. companies. These considerations include a fluctuation in exchange rates of non-U.S. currencies; the possible imposition of an exchange control regulation or a currency blockage; less public information with respect to issuers of securities; less governmental supervision of stock exchanges, securities brokers and issuers of securities; possible securities clearance and settlement problems; lack of uniform accounting, auditing and financial reporting standards; the possible expropriation of assets or confiscatory taxation by a host government; the fact that many non-U.S. markets are not as liquid as those in the United States; and the possible imposition of additional taxes.

*Emerging and Frontier Markets.* It is anticipated that where appropriate, client portfolios will invest directly or indirectly in one or more emerging markets (including, but not limited to, China, India, Brazil and Russia) and to a lesser extent, frontier markets (including, but are not limited to, Argentina, Kenya, and Vietnam). Investing in companies based in emerging and frontier markets, which are underdeveloped or developing economies, involves certain considerations not usually associated with investing in companies located in more developed countries. These considerations may include political and economic factors, such as greater risks of expropriation, nationalization, and general social, political and economic instability; the small size of the securities markets in emerging and frontier markets and the low volume of trading, resulting in potential lack of liquidity in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; inconsistencies among local, regional, and national laws; and certain government policies that may restrict investment opportunities. A Portfolio Fund or Portfolio Manager may face difficult approval and registration procedures when making or disposing of investments, and, as a foreigner, may be subject to legal or regulatory constraints or prejudices that do not affect local investors. In addition, the reporting standards, practices and disclosure requirements in emerging and frontier markets are not equivalent to those in the United States and Western European countries and may differ in fundamental ways. Accordingly, less information may be available to investors. Investments in emerging and frontier markets could be affected by other factors not present in more developed countries, including lack of uniform accounting, auditing and financial reporting standards, inadequate settlement procedures and potential difficulties in enforcing contractual obligations.

*Foreign Exchange.* In the case of investments in securities that are not denominated in U.S. dollars, any fluctuation in currency exchange rates will affect the value of such investments and the returns ultimately achieved. In addition, costs may be incurred in connection with conversions between various currencies.

*Leverage/Other Borrowings.* The Portfolio Funds may employ substantial leverage in pursuing their investment objectives and may borrow to finance the acquisition of assets from U.S. and non-U.S. sources, and to secure any such borrowings with their assets. In addition, a Fund and the Portfolio Funds may borrow to fund withdrawals and for other purposes, including to pay fees and expenses and make investments in anticipation of the receipt of subscription funds. Leveraging amplifies net profits and losses and increases transaction costs. Leverage may be acquired through traditional borrowing transactions, through the use of margin and through derivative transactions, such as options, futures, forward contracts and equity, credit default and other types of swaps, and repurchase agreements that have a similar effect.

*High-Yield Debt (Junk Bonds); Distressed Debt.* High-yield bonds (commonly known as “junk bonds”), distressed debt instruments, and other debt securities in which Portfolio Funds may invest will typically be junior to the obligations of companies to senior creditors, trade creditors, and employees. The lower rating of high-yield debt reflects a greater possibility that adverse changes in the financial condition of the

issuer or in general economic, financial, competitive, regulatory, or other conditions may impair the ability of the issuer to make payments of principal and interest. High-yield debt securities have historically experienced greater default rates than investment grade securities. The ability of holders of high-yield debt to influence a company's affairs, especially during periods of financial distress or following insolvency, will be substantially less than that of senior creditors.

*Public Equity Securities.* Portfolio Funds and Portfolio Managers may invest long and short in publicly traded equity securities. In general, stock values fluctuate in response to the activities of individual companies and in response to general market and economic conditions. Accordingly, the value of the stocks and other securities and instruments may decline over short or extended periods. The stock markets tend to be cyclical, with periods when stock prices generally rise and periods when stock prices generally decline. The volatility of equity securities means that the value of an investment may increase or decrease.

*Real Estate Investing.* Client assets may be allocated to Portfolio Funds concentrating in real estate investments. While real estate investing presents the potential for significant capital appreciation, such investments also involve a high degree of risk, including a significant degree of financial, operating, illiquidity, and competitive risk. Frequently, such funds structure their investments with the use of leverage. While the use of leverage will enhance the returns on a successful investment, a leveraged capital structure will be subject to increased exposure to extreme economic conditions, such as a significant rise in interest rates, or a severe downturn in the economy, increasing the risk of loss associated with the investment.

*Energy Investments.* A portion of client assets may be allocated to Portfolio Funds concentrating in energy or other real asset opportunities. Such investments are likely to be subject to the same or similar risks as investing in real estate.

*Buyouts/Growth Capital.* Buyout and growth capital funds frequently structure their investments with the use of leverage. While the use of leverage may enhance the returns on a successful investment, a company with a leveraged capital structure will be subject to increased exposure to changing economic conditions, such as a significant rise in interest rates, or a downturn in the economy or the company's industry, enhancing the risk of loss associated with the investment.

*Venture Capital.* While venture capital investing presents the potential for significant capital appreciation, such investments also involve a high degree of risk. It is anticipated that the portfolio companies of these funds will confront a significant degree of financial, operating, illiquidity, and competitive risk. In addition, many of these companies, due to their limited revenues and history of operating losses, may need to rely on their ability to fund continuing operations via the private and public capital markets. Such continued funding may be curtailed as a result of a variety of factors which may include, but would not be limited to, rising interest rates, downturns in the economy or deterioration in the condition of the company or its industry.

The foregoing is a summary of the material risks involved in Greer Anderson's investment strategies. Further discussion of risk factors related to the Funds is presented in each GAC Fund's Memorandum, which is available to current and eligible prospective investors in such Fund.

## **Item 9: Disciplinary Information**

Neither Greer Anderson, nor any supervised person, has legal or disciplinary events (i.e., criminal or civil action in domestic, foreign or military court, administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or self-regulatory organization) that are material to evaluating Greer Anderson's advisory business or its integrity.

**Item 10: Other Financial Industry Activates and Affiliations**

Greer Anderson provides investment management services to a diverse number of clients. As a consequence, although Greer Anderson is committed to acting in the best interests of its clients, in some situations there may be conflict of interest between Greer Anderson's interests and a client's interests or there may be conflicts in the interests of multiple clients. Many of these conflicts of interest are inherent in operating an investment advisory business.

As noted in Item 4, "Advisory Business," Greer Anderson or an affiliate serves as a general partner or managing member of the GAC Funds. A potential or actual conflict of interest could occur if Greer Anderson recommends to certain clients investments in the GAC Funds, from which Greer Anderson or its affiliate receive a management fee. These potential conflicts include, by way of example: the receipt by Greer Anderson of a fee that is higher than the fee currently paid by a client account; and, an incentive to resolve matters in favor of the GAC Funds over clients that are not affiliates.

Greer Anderson seeks to mitigate these conflicts through a variety of means. Greer Anderson maintains a Code of Ethics that emphasizes its fiduciary obligation to put client interests first and not to favor one client over another. Please see Item 11, "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" for additional information regarding conflicts of interest that arise as a result of Greer Anderson's investment advisory activities.

Greer Anderson also maintains allocation procedures that it believes are designed to result in fair allocations of investment opportunities to clients over time. Investments are made and investment allocations are done in a manner that Greer Anderson believes is fair and equitable. Please see Item 11 below for more information about our allocation policies.

A related person of Greer Anderson is a general partner or managing member of other investment related limited partnerships and limited liability companies that are closed to new investors ("venture capital funds"). As part of its advisory activities, Greer Anderson is not compensated for nor does it recommend, select or manage on behalf of its clients investments in such venture capital funds.

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

Greer Anderson has adopted a Code of Ethics that sets forth standards of ethical and fiduciary conduct and requires compliance with federal securities laws.

The Code of Ethics permits employees to maintain personal securities accounts provided that such accounts are disclosed to Greer Anderson, personal trading is consistent with applicable law, and that designated personnel report personal securities holdings and transactions and obtain preapproval of certain investments. The Firm has also adopted an Insider Trading Policy that restricts the use and communication of material non-public information.

Officers, Directors, and Employees of the Firm may periodically buy or sell securities for their own accounts that are also purchased and/or sold for client portfolios. This has the potential to create a conflict of interest between employees of Greer Anderson and clients. In order to address this potential conflict of interest, the Firm's Code of Ethics establishes policies and procedures relating to trading by Greer Anderson and its employees. The Code of Ethics is based on the principle that the Firm's employees owe a fiduciary duty to clients and must avoid activities, interests and relationships that might interfere with making decisions in the best interests of any client. Among other things, the Firm's Code of Ethics generally requires that Officers (and employees, if any):

- are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding these securities or communicating material non-public information to others.
- are required to place the interests of clients above the interests of the Firm or other employees whenever a conflict may be present.
- are required to certify annually that they have complied with the Firm's Code of Ethics.
- may not give or accept gifts or entertainment that are inappropriate or could be seen as overly generous or which could influence Employee decision-making.
- are required to pre-clear any transactions in privately offered securities and initial public offerings. Officers may also be required to submit annual and quarterly reports of security transactions for their own accounts or any account in which they have a direct or indirect beneficial interest.
- that become aware of any violation of the Code of Ethics are required to report such violation to the Chief Compliance Officer.

In accordance with their investment objectives and tolerance for risk, Greer Anderson may recommend that particular clients invest in the GAC Funds. See Item 10 above for the conflict of interest inherent in this practice and manner in which Greer Anderson addresses this conflict of interest.

Greer Anderson also provides investment management services to trusts and other client accounts that are owned primarily by officers (or their families) of the Firm (the "family accounts") and accounts of principals of Greer Anderson (collectively with family accounts, "Related Accounts"). The Firm's management of these Related Accounts may create potential conflicts of interest with regard to the allocation of investment opportunities between the Related Accounts and the other Greer Anderson clients.

Greer Anderson has adopted allocation policies and procedures that may be appropriate when one or more of the accounts managed by Greer Anderson participates in the same investment at the same time and which allocations are intended to be fair and equitable, even though a specific investment or specific allocation may have the effect of benefitting one or more client accounts over another client account. It is Greer Anderson's policy that private investment fund clients and unrelated separately managed account clients (collectively, "Unrelated Accounts") participate ahead of Related Account clients. In addition, each time Greer Anderson seeks to make an investment for a Related Account client it must obtain the CCO's approval, and before granting such approval the CCO must determine that the investment is not appropriate for the Unrelated Accounts or that the Unrelated Accounts have received enough of the opportunity given its investment strategy. Generally, Greer Anderson determines prior to a trade the amount of any investment it wishes to sell or purchase for client accounts. After determining which Unrelated Accounts are eligible, Greer Anderson will usually invest or divest uniform percentages of each Unrelated Account's total assets in or from identical investments ("target percentages"). Target percentages are generally decided prior to placing an order. The portfolio managers may consider some or all of the following factors in making decisions as to the amount of an investment to purchase or sell for client accounts: the investment goals and guidelines, available cash, liquidity requirements, minimum allocations, existing portfolio holdings and other restrictions. In making investment decisions for the Related Accounts, the portfolio managers may consider some or all of the following factors in making decisions as to the amount of an investment to purchase or sell for such Related Accounts: the investment goals and guidelines, available cash, liquidity requirements, availability of assets, minimum allocations, existing portfolio holdings and other restrictions. If partial sales or purchases are made, the allocation of securities to client accounts shall be on the same ratio as the actual transactions bear to the intended target percentages or other factors. Exceptions to this policy may occur. For example, if one or more accounts would be unable to meet an investment objective, or if a pro rata allocation results in a de minimis



allocation to certain accounts or Greer Anderson determines for other investment management reasons that the pro rata allocation would not be appropriate, Greer Anderson may deviate from the pre-allocation formula.

Greer Anderson will provide a copy of the Code of Ethics and the Insider Trading Policy to clients and prospective clients upon request. Requests should be directed to: Chief Compliance Officer, Greer Anderson Capital, LLC, 601 California Street, Suite 810, San Francisco, California 94108, Telephone: 415-773-1428.

### **Item 12: Brokerage Practices**

Greer Anderson provides investment advice and portfolio management services to clients which almost exclusively invest in externally managed registered and unregistered pooled funds. Greer Anderson is generally not involved in the execution of securities transactions for client accounts through brokers.

On occasion, the Firm may assist in the effecting of securities transactions on behalf of its client accounts. In such circumstances, it will seek to obtain best execution in connection with these transactions. In evaluating best execution, the Firm will take into consideration such factors as price, size of the order, difficulty of execution and operational facilities of a brokerage firm. In selecting a broker, the Firm may take into account, among other things, the broker's commission rate, execution capabilities, actual experience, efficiency, promptness, financial stability, reputation, confidentiality, and research services provided by the broker. Because of the limited nature of the Firm's securities transactions through brokers, and its use of online or discount brokers, it does not negotiate commission rates. Greer Anderson does not select the brokers based on the receipt of such economic benefits and has made a determination that each of the brokers it uses provides it with best execution in light of the factors described above.

Greer Anderson does not obtain research through third party soft dollar arrangements. Notwithstanding, unsolicited research (such as market data, technical analysis, economic commentary, and regulatory and policy analysis) may be made available to Greer Anderson by online or discount brokers that it uses for limited client securities transactions. The research that Greer Anderson obtains may be used to service, support, and advise all of its client accounts. At any point in time, the Firm may receive research that is used for some but not all clients and may not even be used for the client whose commissions generated such research. The Firm may receive a benefit under these circumstances because it does not have to produce or pay for this research that is made available by such brokers to all of their clients. Although the Firm endeavors to make brokerage decisions in the best interests of its clients, the Firm has a potential conflict of interest because it has an incentive to select or recommend a broker based on the Firm's receipt of such research, rather than on a client's interest in receiving most favorable execution. An account may, therefore, pay higher brokerage commissions than are otherwise available.

Clients do not direct that their own brokers be used.

As noted above, because Greer Anderson's securities transaction activity through brokers is limited, it does not engage in trade aggregation for client accounts. Greer Anderson does not consider client referrals from a broker-dealer or third parties when selecting broker-dealers.

### **Item 13: Review of Accounts**

Greer Anderson generally reviews all client accounts monthly and distributes client investment reports quarterly. In addition, the Firm endeavors to communicate with clients on a periodic basis to provide a detailed review of their accounts.

### Account Reviews

The Firm generally reviews all client accounts monthly, or more frequently as deemed appropriate. This review includes, among other things, analyzing current balances with the balances from prior periods, analyzing performance and assessing the appropriateness of each portfolio or investment account in light of the client's investment objectives, and recommending changes to each portfolio as deemed appropriate.

Greer Anderson's investment professionals are responsible for the review of client accounts.

### Client Reports

At least quarterly, but more frequently as requested, Greer Anderson provides clients with written investment reports. Firm investment professionals endeavor to conduct formal meetings with clients periodically to review investment performance and strategy. Additional meetings, telephone calls, and correspondence occur as necessary to address other questions or issues as they develop.

Investors in the Funds annually receive audited financial statements.

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

Greer Anderson does not compensate third parties for client referrals. Neither Greer Anderson nor any related person has any arrangement where it receives a payment or other economic benefit from a non-client in connection with giving advice to clients.

### **Item 15: Custody**

Greer Anderson is not a custodian and its practice is not to have physical custody of client assets. Notwithstanding the foregoing, Greer Anderson recognizes that it may be deemed to have custody under certain circumstances, such as when Greer Anderson or related persons of Greer Anderson act as the general partner or managing member of certain clients. In circumstances where Greer Anderson may be deemed to have custody, the Firm will comply with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940, which requires, among other things, that a qualified custodian (for example, a bank or broker-dealer) maintain all client funds and securities. Greer Anderson satisfies reporting requirements under that rule by engaging an independent public accountant to audit annually the pooled investment vehicle(s) and distribute, at least annually, audited financial statements prepared in accordance with generally accepted accounting principles to all limited partners (or members or other beneficial owners) within time periods required under the custody rule. Clients should carefully review all financial statements received from qualified custodians. To the extent clients, limited partners, members or other beneficial owners also receive account statements from Greer Anderson, such persons should carefully compare the statements received from Greer Anderson with those received from the qualified custodian and bring any discrepancies promptly to Greer Anderson's attention.

### **Item 16: Investment Discretion**

The Firm works on either a non-discretionary or a discretionary basis. In a non-discretionary relationship, the Firm leads the investment decision-making process with the client as the final decision-maker; whereas in a discretionary relationship, the Firm, without obtaining specific client consent, makes the investment decisions.

Discretionary relationships may have the following attributes or limits. In some instances, a control person of Greer Anderson may hold a full power of attorney with respect to a client account, while in

other instances a control person may hold a limited power of attorney, primarily enabling the Firm to meet capital calls, transfer funds to a client's bank account, or otherwise facilitate logistics involved with a client's investments. A control person also may serve as trustee for a client account or sub-account. Generally, these types of authority are documented in writing by a client before they are initially exercised. A client may impose limits different from, or in addition to, those mentioned here.

The Firm or its affiliates are general partners or managers of the GAC Funds, and in those roles, exercise discretionary investment authority over the GAC Funds.

### **Item 17: Voting Client Securities**

Generally, the types of investments recommended by Greer Anderson do not solicit proxies from shareholders, and Greer Anderson generally does not vote proxies on behalf of its clients. However, if and when the Firm has the responsibility to vote proxies, it will do so in accordance with the following policies and procedures.

#### Client's Best Interest and Conflicts of Interest

Proxies are voted with the paramount aim of furthering the best economic interest of clients over the long-term ("best interest of clients") in a way that maximizes the value of client assets. Greer Anderson will vote proxies with diligence, care, and loyalty and will vote each proxy in accordance with its fiduciary duty to its client. In that regard, Greer Anderson will seek to avoid possible conflicts of interest in connection with proxy voting. If no material conflicts of interest are identified, the CCO will vote the proxy in the interest of maximizing shareholder value or may elect to abstain from voting if Greer Anderson deems such abstinence in its clients' best interests. If a material conflict of interest is detected, the CCO will convene the proxy voting committee, which is comprised of the portfolio managers and the CCO, to which he will: (i) describe the proxy vote under consideration and identify the perceived conflict of interest, (ii) propose the course of action he believes is in Greer Anderson's clients' best interests, and (iii) explain to the committee why he believes this course of action is most appropriate. The committee members will then review any documentation associated with the proxy vote in question and evaluate the CCO's proposal and make a recommendation regarding the proxy vote. If the committee is unable to reach a unanimous decision, Greer Anderson will engage an outside proxy voting service or consultant to make a recommendation. The CCO will retain documentation of the proxy voting service or consultant's recommendation and will vote clients' proxies in accordance with that recommendation.

#### Individualized

To the extent that clients have adopted their own procedures, and Greer Anderson is asked to vote proxies in accordance with those procedures, depending upon those clients' directions the Firm may vote the same securities differently. In such cases, Greer Anderson will maintain documentation to support its voting.

#### Sources of Information

The CCO shall consult with the Firm's portfolio managers to determine how to vote a proxy. Greer Anderson may conduct research internally or use the services of an independent research consultant or independent service provider. Greer Anderson may consider any information it deems relevant, including, without limitation, legislative materials, studies of corporate governance and other proxy voting issues, or analyses of shareholder and management proposals by a certain sector of companies, *e.g.*, Fortune 500 companies.

Maintenance of Records

The CCO will record all proxy votes and the following information, among others, will be maintained as applicable to the type of proxy: (i) name of the issuer of the portfolio security and the exchange ticker symbol or CUSIP number, (ii) number of shares Greer Anderson is voting on a firm-wide basis, (iii) a brief identification of the matter voted on, (iv) how Greer Anderson cast its vote, and (iv) whether any client requested an alternative vote of its proxy.

A copy of Greer Anderson's proxy voting policies and procedures, as well as information with respect to how the Firm voted specific proxies, is available upon request. Requests should be directed to: Chief Compliance Officer, Greer Anderson Capital, LLC, 601 California Street, Suite 810, San Francisco, California 94108, Telephone: 415-773-1428.

**Item 18: Financial Information**

Greer Anderson has no financial condition that impairs its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy proceeding.