

Part 2A of Form ADV: Firm Brochure

**STONE TORO
INVESTMENT ADVISERS LP**

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December 31, 2013

This Brochure provides information about the qualifications and business practices of Stone Toro Investment Advisers LP. If you have any questions about the contents of this brochure, please contact us at (888) 778-5764 or info@stonetoro.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Stone Toro Investment Advisers LP also is available on the SEC’s website at www.adviserinfo.sec.gov.

Stone Toro Investment Advisers LP is registered as an investment adviser with the SEC. Registration of an investment adviser with the SEC or with any state securities authority does not imply any level of skill or training.

This brochure is not an offering or solicitation of securities or interests in funds managed by Stone Toro Investment Advisers LP or its affiliates.

Item 2 Material Changes

Part II - Page 3 - Item 4D

We updated our calculations of assets under management. As of December 31, 2013, we had approximately 341,397,825 discretionary regulatory assets under management.

Part II Page 4 Item 5B

We changed our Asset Based Fees and Associated Minimum Account Size

ADVISORY CLIENTS

Discretionary Accounts (\$100,000 minimum)

Relationship Size	Active/Passive Mix STIA Asset Allocation		ETF Strategies ¹ STIA + 3D Allocation	
	Majority Third-Party ²	Exclusively Third-Party	Majority Third-Party ²	Exclusively Third-Party
Up to \$2,000,000	1.25%	1.75%	1.00%	1.25%
\$2,000,000-\$5,000,000	1.00%	1.50%	.075%	1.00%
Over \$5,000,000	0.75%	1.25%	0.50%	0.75%

¹Does not include separate charge from 3D Asset Management. See www.3dadvisor.com

²Stone Toro Investment Advisers LP (STIA) makes available to its advisory clients an asset allocation that utilizes registered mutual funds for which STIA is the investment adviser (proprietary funds). STIA believes utilizing these funds is in the best interest of its advisory clients. STIA seeks to better control the entire investment process by utilizing these funds. STIA will keep the total allocation to these proprietary funds to less than 50% of the account balance at the time of each rebalance. Advisory clients are welcome to opt out of this approach and only utilize third-party mutual funds and ETFs. The additional due diligence required and effort to manage the asset allocation process for third-party funds is reflected in the additional fees charged to advisory clients that opt out of using proprietary funds. STIA earns a management fee for the advisory services provide to the proprietary mutual funds. This fee is set by the mutual fund board and is considered competitive when compared to other similar funds.

MANAGED ACCOUNTS

Equities and Balanced (\$100,000 minimum)

Relationship Size	Management Fee
Up to \$2,000,000	1.50%
\$2,000,000-\$5,000,000	1.25%
Over \$5,000,000	1.00%

HEDGED FUNDS

Private Investment Partnerships and Offshore Investment Feeders
(Minimum generally set at \$1,000,000 for qualified purchaser)

Fund	Management Fee	Performance Allocation Fee
ST Alpha Event Fund LP	2%	20%
ST Alpha Event Fund Ltd	2%	20%

HEDGED SMAs

Separately Managed Accounts Utilizing a Hedged Strategy
(Minimum negotiable by strategy)

Strategy	Management Fee	Performance Allocation Fee
ST Alpha Event	2%	20%
ST Alpha Tech	2%	20%

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Item 4 Advisory Business

A. General Description of Our Advisory Firm

Stone Toro Investment Advisers LP is a Delaware limited partnership that was formed in 2010 and is located in Princeton, New Jersey. Richard H. Jenkins is a limited partner of the Adviser and is also a managing member of its general partner, Stone Toro Asset Management LLC, a Delaware limited liability company (the “General Partner”). Mr. Jenkins controls the day to day activities of the Adviser, although the General Partner has ultimate responsibility for the management, operations and investment decisions made by the Adviser. The General Partner is wholly controlled by Richard H. Jenkins, Michael J. Jarzyna, and Jeffrey L. Russo – each of whom is a managing member. Their biographies are as follows:

RICHARD H. JENKINS, CPA, CFP®

Born 1958

Post-Secondary Education:

California State University at Los Angeles - 1981, BS in Accounting

Recent Business Background:

Stone Toro Investment Advisers LP, CEO/CCO, 01/2010 - Present

Stone Toro Asset Management LLC, COO, 11/2009 - Present

Zynin Capital Management LLC, CEO/CCO, 08/2009 - Present

UBS Financial Services, Inc., Financial Advisor, 01/2008 - 09/2009

Merrill Lynch Pierce Fenner & Smith, Financial Advisor, 04/2004 - 01/2008

Merrill Lynch Investment Managers, Marketing Director, 02/2003 - 03/2004

Merrill Lynch Investment Managers, Finance Director, 01/1999 - 02/2003

Merrill Lynch Pierce Fenner & Smith, Corporate Audit, 09/1996 - 01/1999

MICHAEL J. JARZYNA, CFA

Born 1965

Post-Secondary Education:

Syracuse - 1991, MBA in Finance

Rutgers College - 1988, BA in History

Recent Business Background:

Stone Toro Investment Advisers LP, Portfolio Manager, 01/2010 - Present

Stone Toro Asset Management LLC, Managing Member, 11/2009 - Present

Zynin Capital Management LLC, Managing Member, 08/2009 - Present

BlackRock Investments, Inc., Associate Portfolio Manager, 10/2006 - 03/2009

Princeton Funds Distributor, Inc., Stock Analyst, 10/1998 - 10/2006

JEFFREY L. RUSSO, CFA, CMT

Born 1967

Post-Secondary Education:

Boston College - 1994, MBA with Concentration in Finance

University of Massachusetts - 1989, BBA in Finance, Minor in Economics

Recent Business Background:

Stone Toro Investment Advisers LP, Portfolio Manager, 01/2010 - Present

Stone Toro Asset Management LLC, Managing Member, 11/2009 - Present

Zynin Capital Management LLC, Managing Member, 10/2009 - Present

BlackRock Investments, Inc., Director, 10/2006 - 03/2009

BlackRock Capital Markets, LLC, Trader, 11/2007 - 03/2009

Merrill Lynch Investment Managers, Trader, 08/1999 - 09/2006

B. Advisory Services

This brochure generally includes information about the Adviser and its relationships with its clients and affiliates. While much of this brochure applies to all of those clients and affiliates, there is information included that only applies to specific clients or affiliates.

The descriptions set forth in this brochure of specific advisory services that the Adviser offers to clients, and investment strategies pursued and investments made by the Adviser on behalf of its clients, should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that the Adviser considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies the Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

In general, we provide discretionary investment advisory services to our clients. Our clients consist of private investment funds (the "Funds"), individual and institutional clients (the "Advisory Clients"), and managed accounts (the "Managed Accounts").

Private Investment Funds

As part of our advisory business, we provide investment advisory services to ST Alpha Event Master Fund LP, a Delaware limited partnership (the "Master Fund"). The Master Fund has two feeder funds that are the only investors in the Master Fund. The names of these two feeder funds are ST Alpha Event Fund LP and ST Alpha Event Fund Ltd (collectively referred to as "the Funds").

All of the Funds are exempt from registration under the Investment Company Act of 1940, as amended (the "Investment Company Act"), pursuant to Sections 3(c)(1) or 3(c)(7). Investment in the Funds are privately offered only to certain qualified purchasers. We make all investment decisions on behalf of the Funds.

Other Advisory Services

We also provide investment and other financial advice to Advisory Clients. We help our Advisory Clients define and meet their financial goals through an analysis process that uses cash-flow analysis, tax/estate planning, and asset allocation. We seek to align our advice with each Advisory Client's risk tolerance, investment horizon, and other needs.

We offer Managed Account and registered mutual fund products as well. Advisory Clients are given a choice of utilizing these products to meet their investment goals. As detailed in Section 5.A., fees for our advisory services are reduced when Advisory Clients opt to use our products. We believe that controlling the investment strategy and the asset allocation process can have benefits to our Advisory Clients. However, we understand that some clients prefer to utilize third-party managers in our asset allocation recommendations.

We provide other advisory services as well, including estate planning, tax consulting, and analysis of non-publicly traded investments (e.g., collectibles, real estate, and privately issued securities). Clients may engage us to provide those services either on an as-needed or on-going basis. Where needed, we may create a virtual team of experts for these engagements. We form our virtual teams with both internal staff and staff from outside service providers.

C. Availability of Tailored Services for Individual Clients

We provide investment advice to Advisory Clients based on specific investment objectives and strategies. We tailor advisory services to clients' individual needs. We adhere to any investment restrictions imposed by our clients, so long as it does not violate any of our policies. We prefer to have clients' goals formalized into a comprehensive plan and have clients' investment restrictions written down in an investment policy statement.

Additionally, we offer customized Managed Accounts for those clients that have specific requirements not met with our standardized investment solutions. We create investment strategies with each client's particular investment goals, risk tolerances, and investment time horizons in mind. We consider each client's current income and cash flow requirements, tax circumstances, and investment restrictions (e.g., socially responsible, personal bias, or stock concentration restrictions). See Section 8.A. for more information on some of these strategies.

D. Client Assets Under Management

As of December 31, 2013, we had approximately \$341,397.825 of discretionary regulatory assets under management.

Item 5 Fees and Compensation

A. Advisory Fees and Compensation

Private Investment Funds

We receive monthly management fees from the Master Fund at an annual rate equal to 2.00% of the total net asset value of the Master Fund, valued as of the last business day of the preceding month.

In addition, the General Partner, our affiliate, is entitled to receive a performance allocation (the "Performance Allocation") equal to 20% of the annual increase, if any, in the net asset value of the Master Fund. This Performance Allocation will be calculated on a "peak to peak" basis, which means that it will only be made on "new" net appreciation above the previous peak, or "high water mark." The Performance Allocation will be allocated at the end of each fiscal year or immediately prior to a withdrawal occurring prior to the end of any fiscal year.

The Performance Allocation is also subject to a "clawback" by the Master Fund to the extent new profits of the Master Fund, measured as of March 31 of a year, for the prior fifteen (15) month period, are less than the amount that would have been paid based on the one-year calculation at year-end. In the event of a "clawback," the General Partner will contribute capital in the clawback amount back to the Master Fund, reduced by the aggregate tax liability associated with the original Performance Allocation. Where the capital account of an investor has borne a portion of a Performance Allocation, such account or person shall be credited with its pro-rata portion of the amount of the clawback.

Other Advisory Services

We have set minimums for opening new accounts. For new Advisory Clients, we require a minimum of \$100,000. For equity and balanced Managed Accounts, we require a minimum investment of \$100,000. We reserve the right to waive these minimums for certain clients where we believe a business purpose can be served by such an engagement.

Advisory Clients and Managed Accounts are generally charged an investment advisory fee based on the value of assets under management. Sometimes, however, we work with Advisory Clients on an hourly basis. Hourly charges are standard for project work that is not ongoing. For Advisory Clients seeking ongoing investment supervision and management, we require a minimum monthly retainer as part of the hourly fee arrangement.

We charge fees each month in arrears. Generally, we calculate asset-based management fees on the total market value of the assets we manage on behalf of a client. We calculate monthly management fees on daily balances for certain Advisory Clients and Managed Accounts based on the custodian and trading platform the client chooses for its investment accounts. For new Advisory Clients, we charge management fees as of the effective date of the investment management agreement. For accounts charged on month-end balances, we prorate fees for the number of days remaining in the month. Generally, we do not negotiate Advisory Client management fees for relationships with under \$10,000,000 in assets under management. We also charge Managed Account fees monthly in arrears based on the daily balance in the account. We calculate and charge Managed Account performance fees at calendar year-end.

Asset Based Fees

ADVISORY CLIENTS

Discretionary Accounts (\$100,000 minimum)

Relationship Size	Active/Passive Mix STIA Asset Allocation		ETF Strategies ¹ STIA + 3D Allocation	
	Majority Third-Party ²	Exclusively Third-Party	Majority Third-Party ²	Exclusively Third-Party
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MANAGED ACCOUNTS

Equities and Balanced (\$100,000 minimum)

Relationship Size	Management Fee
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HEDGED FUNDS

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(Minimum generally set at \$1,000,000 for qualified purchaser)

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HEDGED SMAs

Separately Managed Accounts Utilizing a Hedged Strategy

(Minimum negotiable by strategy)

Strategy	Management Fee	Performance Allocation Fee
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ST Alpha Tech	2%	20%

B. Payment of Fees

We generally bill clients monthly for management fees and annually for performance fees. Depending on the terms of our engagements, we either deduct fees directly from client accounts, or we send an invoice for payment by check, wire, or electronic transfer. At this time, we do not accept payment by credit card. Fees and compensation paid to us or our affiliates by the Funds are generally deducted from the assets of the Funds. As discussed above, management fees are generally deducted on a monthly basis and performance compensation is generally deducted on an annual basis.

C. Other Fees and Expenses

In addition to paying management fees and, if applicable, performance fees, clients may incur other investment expenses. For example, a custodian may charge for trades, annual maintenance, margin interest, tax withholding, wire transfers, overdrafts, and other fees associated with a client's investment account. Asset managers of mutual funds, electronically traded funds, separately managed accounts, and other pooled investment vehicles charge fees for their services and expenses incurred in managing these investments as well. In these cases, clients will be charged for their share of the underlying fund's operating and other expenses. These fees are in addition to the investment management fees charged by us.

With respect to our private fund clients, the Funds bear all of the expenses incidental to their operations and business. These expenses include, but are not limited to: the fees of any outside services providers such as third-party administrators; the organizational expenses paid in connection with the formation of the Funds; the expenses relating to the offering of the Funds' interests; all direct operating expenses of the Funds (except for salaries of employees of the General Partner and rent, all of which will be paid by the General Partner and its affiliates); investment expenses; interest expenses; custodial fees; brokerage commissions; taxes; legal, accounting, reporting and auditing expenses; tax preparation; and any other expenses that the General Partner reasonably determines should be expenses of the Funds.

D. Prepayment of Fees

Generally, we do not require clients to prepay fees. One exception is the retainer we may charge to clients requesting services paid for on an hourly basis. The retainer is paid at the end of each month and is non-refundable even if hourly fees for the following month are less than the retainer. Instead, the unused balance is carried over to apply against hourly fees in the next six months.

E. Additional Compensation and Conflicts of Interest

We are a "fee-based" adviser, however, you have a choice to be treated as a "fee-only" or "fee-based" Advisory Client. As a "fee-only" client, our registered representatives will not be allowed to receive commission on products recommended to you. If you choose to be a "fee-based" Advisory Client, our registered representative will be allowed to receive commission on products recommended to you (for example, an insurance commission of life insurance recommended as part of an estate plan).

Registered representatives of the adviser are allowed to dually register with a broker-dealer where statutory provisions allow and to be a licensed insurance agent with a state-registered insurance agency. Dual licensing is required for our registered representatives to receive a commission for investment product sales. If one of our registered representatives recommends that you invest in or purchase a product that will result in a commission payment or any other monetary benefit to the registered representative, we require that the registered representative disclose such arrangement to you and that you sign a commission disclosure acknowledgement.

Item 6 Performance-Based Fees and Side-By-Side Management

Additionally, we generally charge a higher management fee for the private funds than we do to other clients. As such, we may be motivated to sell investors these private funds instead of our other advisory services and managed accounts. Accordingly, prospective investors should always consider our financial motivation when selecting the services or products we offer.

We are required to act in a manner that we consider fair, reasonable and equitable in allocating investment opportunities to the Funds and the Managed Accounts, but, except as may be provided by applicable federal and state securities laws, we and our affiliates are not otherwise subject to any specific obligations or requirements concerning the allocation of time, effort or investment opportunities, or any restrictions on the nature or timing of investments for the Funds and the Managed Accounts.

In addition, we have adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts. Where possible, we aggregate trades across Managed Accounts with substantially similar investment objectives and distribute orders using an average price. We seek to compare the performance of similarly managed accounts to determine whether there are any material discrepancies. Furthermore, procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities in proportion to asset size. We endeavor to allocate limited opportunities (such as initial public offerings and private placements) in such a manner so as to ensure fair and equitable allocation among accounts. These areas are monitored by our Chief Compliance Officer.

Finally, you can select the type of relationship you want with us. You can choose to be a “fee-only” or “fee-based” Advisory Client. You can restrict your investment selections to investment products for which we receive no advisory or performance fee. Where suitable, you can have no Advisory Client relationship with us and still be an investor in one of our Private Funds or Management Accounts. We want you to be fully informed about our advisor approach and how we earn our fees.

Item 7 Types of Clients

We provide investment advisory services to the Funds. In addition, we provide investment advisory services and Managed Account products to individuals, trusts, charitable organizations, corporations, and pension and profit sharing plans (IRAs, SEPs, Defined Benefit Plans, etc.).

We may need to request that clients provide us with proof of authority, directed trading letters, qualified client or qualified purchaser status, accredited investor letters/certifications, and/or other information to allow us to manage their assets.

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

A. Methods of Analysis and Investment Strategies

We use a variety of methods and strategies to make investment decisions and recommendations. These methods include fundamental, technical, quantitative, qualitative, charting, and cyclical analyses to determine the intrinsic value of securities and other types of instruments.

All investments involve risk of loss, including loss of principal. There can be no assurance that our investment objectives will be achieved, and investment results may vary substantially.

Private Funds

We utilize a variety of investment strategies and have broad discretion in making investments for the Funds. The investment strategies are set forth in the Funds' respective offering documents that are provided to Fund investors.

The primary investment objective of the Funds is capital appreciation. In seeking to achieve the Funds' objectives, we may use any investment strategy, long or short, in the global and domestic marketplace that we believe will enhance overall performance and, except as described in the Funds' offering materials, there are no restrictions on the securities or other financial instruments that may be used by the Funds.

We expect to use quantitative, technical, and fundamental analysis to identify attractive investment opportunities for establishing long positions in the Funds, and to identify securities that we believe are overvalued by the market in which the Funds may establish short positions.

The equity securities the Funds may invest in include common stock, preferred stock, depository receipts, and securities convertible into common stock, such as warrants, rights, convertible bonds, debentures and convertible preferred stocks. The Funds may also invest in debt securities and any other securities we deem appropriate. At times, the Funds may hold their assets for temporary or defensive purposes in cash and cash equivalents and may purchase or sell equity securities for hedging purposes.

Further, the Funds may use derivatives, including listed and over-the-counter options, forward contracts on securities and currency, options on securities indices, and index and equity swaps. In addition, the Funds may lend the Funds' portfolio securities held long. The Funds may employ leverage in the forms of trading on margin and entering into other forms of direct or indirect borrowings, including reverse purchase agreements, and the proceeds from short sales. The Funds may use limited leverage but may, at times, be leveraged on the long side as much as 3 to 1.

There can be no assurances that the Funds will be able to meet their investment objectives.

Please note that an investment in the Funds may be deemed highly speculative and is not intended as a complete investment program. Investing in the securities markets in general and in the Funds in particular involves significant risk. Investments in the Funds are designed only for sophisticated, qualified investors who are able to bear the economic risk of the loss of their investment.

Advisory Clients

We work with our Advisory Clients to design a financial plan and investment strategy that supports their goals. Advisory Clients may experience financial events in different ways. As such, we have a variety of

ways to work with Advisory Clients to design an investment strategy that meets each client's core beliefs and values.

Active Trading. We believe active trading has a place in some clients' investment strategies. Through technology and low-cost trading providers, combined with on-staff professional traders and portfolio managers, we believe that we can create a better reward/risk ratio through active trading. Employing patent-pending investment selection processes and technical trading signals, we seek to use active trading strategies to limit risk and capture inefficiencies in the market. Active trading does not imply a continuous or higher frequency trading strategy as might be used in our Managed Accounts. With active trading, we target returns and set limits for price fluctuations. We execute trades upon the achievement of these trading signals.

Buy and Hold. We offer buy and hold investment strategies to Advisory Clients who seek to hold securities for a relatively longer period of time, regardless of short-term factors such as fluctuations in the market or volatility of the stock price.

Global Allocation. We leverage the skill of our investment team in an effort to find investment categories that have higher probabilities of outperformance. We have portfolio managers and advisers that can help clients build a portfolio that includes equity and fixed income investment opportunities from both developed and emerging markets around the world.

Hedging. We seek to utilize a variety of financial instruments such as derivatives and options for risk management purposes. Typically, we avoid the use of these instruments for our Advisory Clients due to the complexity and inefficiency they tend to bring to a portfolio. Covered call option strategies may be employed in some portfolios where requested by our clients or warranted by the investment objectives. For Advisory Clients seeking exposure to alternative investments, we can provide recommendations for investment in managers that utilize various forms of hedging strategies. We have alternative investment portfolio managers that are trained in the evaluation of alternative investment managers. We do not, however, recommend our own alternative investment products to our clients. Advisory Clients who have multiple advisers may, however, invest in our alternative investment products if one or more of their other advisers makes that recommendation.

Leverage. Typically, we do not employ leverage in the management of our Advisory Clients' portfolios. However, if desired and where appropriate, we can offer advice in the use of leverage and design strategies to add leverage to portfolios.

Relative Value. Our investment selection is driven by a variety of factors including the assessment of a security's value relative to its own fundamental valuation range. We believe undervalued securities offer a more predictable and consistent investment opportunity than investing in purely growth securities where those securities are trading at the top of their relative value range.

Managed Accounts

We offer Managed Accounts to clients seeking a particular strategy for their investment portfolio. We believe that our Managed Account clients should seek professional advice in determining whether our strategies are appropriate for their portfolio. We provide Managed Accounts using the following strategies:

Long/Short Small/Mid-Cap Tech. Michael Jarzyna, Portfolio Manager, applies a mean reversion strategy to the selection of long and short positions in a hedging strategy. Typically, he will not hold long positions that are more than 175% of the net asset value of the account. He manages the strategy to a net

long position between 50-85% of the net asset value of the account, but he will go market-neutral under certain circumstances, such as high volatility in the market. The Portfolio Manager selects a significant portion of stocks from equity securities that are issued by small-cap and mid-cap companies in the technology sector and that are included in the Russell 3000 Index. Fees for this strategy are a 2% management fee and 20% performance fee. Available for qualified clients only.

Custom-Designed Managed Account. We offer a customized strategy that we call “Flexible Allocation” that uses equities, fixed income, or a combination of the two. We create this strategy with the client’s particular investment goals, risk tolerance, and investment time horizon in mind. We consider the client’s current income and cash flow requirements, tax circumstances, and investment restrictions (e.g., socially responsible, personal bias, or stock concentration restrictions). We may utilize ETFs, mutual funds, and other structured or pooled investments vehicles to diversify the customized Managed Accounts. We consider costs, manager history, and certain risk factors when selecting these investments. Once designed, we actively manage the strategy using internally developed asset allocation and investment selection models. We use a combination of analytical tools and forms of analysis to identify trends, valuation, trading signals, and risks. We apply the “Equity/Balanced” fee schedule to these accounts unless the entire account is restricted to cash and fixed income.

B. Material Risks (Including Significant or Unusual Risks) Relating to Investment Strategies

Investment and Trading Risks Generally. The profitability of any investment program depends, to a great extent, upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that we will be able to accurately predict these price movements. With respect to the investment strategy utilized by the Funds, there is always a significant degree of market risk, including the risk of a complete loss of capital.

The performance of any investment is subject to numerous factors which are not within our control or predictable by us. Such factors include a wide range of economic, political, competitive and other conditions (including acts of terrorism and war) that may affect investments in general or in specific industries or companies. In recent years, the securities markets have become increasingly volatile, which may adversely affect the ability of the Funds to realize profits. As a result of the nature of the Funds’ investing activities, it is possible that the Funds’ financial performance may fluctuate substantially from period to period.

Selection Risk. Selection risk is the risk that the securities we select will underperform the markets, the relevant indices or the securities selected by other funds with similar investment objectives and strategies.

Arbitrage Risk. Investing in companies involved in a merger or acquisition typically involves going long on the stock of the target company and short on the acquirer. The realization of profit in a typical set of trades depends on the consummation of the merger or acquisition and is therefore subject to the risks that the deal does not occur, is delayed or occurs on terms which reduce the profit or result in a loss. In certain transactions, the investment may not be hedged against market fluctuations, which can result in losses even if the transaction is consummated. In addition, the short position may not be able to be covered at a favorable price, resulting in a loss.

Issuer-Specific Risk. We invest in specific issues of publicly traded securities. These securities have risks such as changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions that can increase the risk of default by an issuer or counterparty – all of which can affect a security’s or instrument’s value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or

financial resources.

Short Selling Risk. Some of our investment programs include short selling. Short-selling transactions expose portfolios to the risk of loss in an amount greater than the initial investment. To close a short position, we need to purchase the stock at the current market value. Stocks can increase rapidly and without effective limit. Our lending broker may demand that the securities borrowed in connection with a short sale be returned on short notice. If we get this request for return of shorted securities at a time when other short sellers are receiving similar requests, a “short squeeze” can occur. We might have to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the price shorted.

Relative Value Risk. We analyze security values based on historic information about the security. We know that some securities will not revert to the mean price. For example, an undervalued position may continue to decline in value and the company may go out of business, yielding a worthless position. Fundamental data used to analyze a company may be incomplete or may not reflect a trend for the security. We create trading ranges for securities purchased using relative valuation models, but the security may move quickly such that we cannot exit our position in the security within the established range.

Lack of Diversification. We manage some strategies that are not diversified among a wide range of security types, countries, or industry sectors. Accordingly, a managed account or Fund may rapidly change in value, more than would be the case if we maintained a wider diversification among types of securities and other instruments in the account.

Leverage. We may employ leverage through the use of short positions, margin, options, and futures. In addition, we may enter into other forms of direct and indirect borrowing in connection with certain strategies, including reverse repurchase agreements and the proceeds from short sales. Leverage increases the potential for risk of loss as measured by volatility.

Hedging. There can be no assurance that a particular hedge is appropriate or that it will be effective in reducing risk. While we may use hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk.

Frequent Trading. Many of our strategies use frequent trading. Frequent trading increases trading costs, which reduce portfolio returns. We endeavor to use lower cost providers of brokerage and custody services to help minimize these trading costs, but we do not guarantee that the cost will be the lowest available or that returns will be returns sufficiently adequate to offset these costs. We do not, however, receive a commission from trades in any of our clients’ accounts.

C. Risks Associated with Types of Securities that are Primarily Recommended

Equity Securities. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large-cap stocks can react differently from small-cap stocks, and “growth” stocks can react differently from “value” stocks. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets in general. Historically, equity securities fluctuate in value more than fixed income or cash investments.

Fixed-Income and Debt Securities. Investing in fixed-income and debt securities such as bonds, notes

and asset-backed securities may cause a decline in the value of an investment if interest rates or inflation rates go up. Also, if the issuer of the fixed-income or debt security fails to pay interest or principal, or is perceived to be less financially secure, the value of fixed-income investments could decline and even become worthless. Lastly, the value of investments in fixed-income and debt securities may fluctuate if the ratings of the securities change. Ratings are used by the debt markets to help evaluate the overall risk of the issuer and issue. The overall value of a client's portfolio could be impacted by fluctuations in the ratings of fixed-income and debt securities in such portfolio.

Derivative Investments. The Funds may use derivative instruments, or "derivatives," which include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives trading. As a result, there is a risk of a loss exceeding the original amount invested. Additionally, derivatives may subject investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. The use of derivatives also subjects investors to counterparty risk which lies with each party with whom a client contracts for the purpose of making derivative investments. In the event of the counterparty's default, clients will typically only rank as unsecured creditors and risk the loss of all or a portion of the amount they are contractually entitled to receive.

Exchange Traded Funds (ETFs) and Mutual Funds. We may use ETFs and mutual funds in building portfolios. Generally, ETFs are a basket of securities constructed to track a market index, a combination of indices, or a particular market segment. Mutual funds are investment companies organized and regulated under the Investment Company Act of 1940. We believe that diversification through the use of ETFs and mutual funds offers clients a way to eliminate certain risks associated with investing directly in the securities of a single issuer. However, ETF and mutual fund diversification does not protect clients from sharp movement in the price of the ETF or the net asset value of the mutual fund. ETFs and mutual funds have risks that include surprise dividends, changes to regular dividend amounts, announcements of rights offerings and possible surprise revisions to net asset values. We may also invest in small and/or unseasoned ETFs and mutual funds with small market capitalization. While smaller ETFs and mutual funds generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification, and competitive strength of larger funds. In addition, the frequency and volume of their trading may be substantially less than is typical of larger funds. As a result, the securities of smaller funds may be subject to wider price fluctuations.

Distressed Securities Risk and Special Situations. The Funds may invest in securities of companies in transition, out of favor, financially leveraged or troubled, or those recently involved in a major strategic action, restructuring, bankruptcy, reorganization or liquidation. These securities entail special risks. Such securities may be speculative, involve a substantial degree of uncertainty and the ability of such companies to pay their debts on time could be affected by a wide variety of market and economic factors. In addition, there is a risk that any transaction in which such a company is involved may be unsuccessful, take considerable time, or result in a distribution of cash or a new securities or financial instrument that is lower in value than the price of the security when it was initially purchased. Similarly, if an anticipated transaction does not in fact occur, the security may end up being sold at a substantial loss.

Foreign and Emerging Markets Securities Risk. We may purchase equity and other securities issued in any foreign country, developed or undeveloped, that are traded in U.S. markets and as permitted by applicable law. In addition to the usual risks inherent in U.S. investments, other substantial risks are

involved in investing in securities issued by companies in foreign nations. Such risks include, but are not limited to: the possibility of expropriation; nationalization; confiscatory taxation; taxation of income earned in foreign nations or other taxes imposed relating to investments in foreign nations; foreign exchange controls (which may include suspension of the ability to transfer currency from a given country); political or social instability; and diplomatic developments that could affect investments in securities of issuers in foreign nations. In addition, in many countries there is less publicly available information about issuers than is available in reports about companies in the U.S. Similarly, foreign companies may not be subject to uniform accounting, auditing and financial reporting standards, and auditing practices and requirements may not be comparable to those applicable to U.S. companies. Further, it may be difficult or impossible to pursue legal remedies and obtain judgments in foreign courts. In many foreign countries, there is less governmental supervision and regulation of business and industry practices, stock exchanges, broker-dealers and listed companies than in the U.S. The securities markets of many of the countries in which we may invest also may be smaller, less liquid and subject to greater price volatility than those in the U.S. Commission rates in foreign countries are also likely to be higher, and the settlement period of securities transactions may be longer than in U.S. markets. Finally, in some countries, it may be difficult to establish direct legal ownership of investments made.

Investments in emerging or developing countries involve the same risks as described above for foreign investing. In addition, companies in emerging or developing countries generally do not have lengthy operating histories. Consequently, these markets may be subject to more volatility and price fluctuations than securities traded on more developed markets.

Options. Options trading is a highly specialized activity which entails greater than ordinary investment risk. Options may be more volatile than the underlying instruments, and therefore, an investment in options may be subject to greater fluctuation than an investment in the underlying instruments themselves. There are several additional risks associated with transactions in options. For example, there are significant differences between the securities, currency and options markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its objectives. In addition, a liquid secondary market for particular options, whether traded over the counter or on an exchange, may be absent for a variety of reasons.

Futures Contracts. Futures contracts are typically used to reduce risk in a portfolio by hedging, which involves selecting futures contracts to offset a position in the portfolio that may experience adverse price movement such that the net effect of the combined positions on investment performance is neutral. The successful use of futures contracts or options on futures for hedging depends in part on the degree of correlation between a futures position and the portfolio position. Because perfect correlation between a futures position and the portfolio position it is intended to protect is seldom achieved, full protection may not be obtained, thereby leaving exposure to risk of at least some loss. While a portfolio may benefit from the use of futures and options on futures, unanticipated changes in securities prices may result in less favorable investment performance for the portfolio than would have been the case in the absence of such transaction. The risk of loss involved in entering into futures contracts and in writing call options on futures to seek to increase total return is potentially unlimited and a loss may exceed the amount of the premium received. Due to the low margin deposits required in futures trading, it is possible that a relatively small price movement in futures contracts used to enhance return may result in substantial loss.

Swaps. Both index and equity swaps are subject to counterparty risk. Counterparty risk is the risk that the client, when it engages in a swap transaction with another party, relies on the other party to consummate the transaction and subjects itself to the risk of default by the other party. Failure of the party to complete the transaction may cause the client to incur a loss or to miss an opportunity to obtain a price believed to be advantageous.

Initial Public Offerings. Special risks are associated with purchasing new issues or the securities of companies that have recently issued new issues. These risks may include a limited number of interests available for trading, unseasoned trading, lack of investor knowledge about the company and a limited operating history. These factors may contribute to substantial price volatility. The limited number of interests available may make it more difficult for us to buy and sell significant amounts of such interests without an unfavorable impact on prevailing market prices. In addition, some companies involved in a new issue are in relatively new industries or lines of business which may not be widely understood by investors. Some of such companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near term prospect of achieving them.

Item 9 Disciplinary Information

There is no disciplinary information to report.

Item 10 Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration Status

None of our management or staff are currently a registered representative of a broker-dealer.

B. Material Relationships or Arrangements with Industry Participants

We have entered into an arrangement with Interactive Brokers LLC (hereafter, the “Account Provider”) pursuant to which we have engaged the Account Provider to provide custody accounts and broker securities transactions on behalf of our clients. Advisory Clients are not required to use this firm for their accounts. However, we encourage Advisory Clients to use this Account Provider in order to gain the most from our trading and operational systems and professional staff. We reserve the right to refuse discretionary account advisory services for accounts maintained by custodians and broker dealers other than the Account Provider. The Account Provider charges trading commissions, commission equivalents, mark-ups, mark-downs, spreads and other transaction-related and account charges. We do not share in these charges and only receive advisory fees for our services. However, we are motivated to recommend the Account Provider because of our contractual relationship for their services and the operational processes we have built around the use of their trading and reporting systems. The Account Provider publishes fee schedules which are available for client review prior to signing any account opening agreements. If a client chooses to use the Account Provider, we can facilitate the account opening process, provide account administration services, and assist with the review of custodial statements.

We utilize the services of Deutsche Bank Securities Inc., Citigroup Global Market Inc., and Merrill Lynch Professional Clearing Corp as the prime brokers for the hedge fund. These prime brokers provide certain settlement, custodial, and financing services to the hedge fund. Additionally, certain execution brokers are used in the trading of the hedge fund. In determining the execution brokers through whom, and commission rates and other transaction costs at which, securities transactions for the hedge fund are to be executed, execution brokers will be selected primarily on the basis of their execution capability and trading expertise consistent with the effective execution of the transaction. In evaluating such capability and expertise we consider the size and type of the transaction, the nature and character of the markets for the security to be purchased or sold, the execution efficiency, settlement capability, the financial condition of the broker-dealer firm, the trading advice and guidance offered, and the best qualitative execution. A full list of executing brokers is available to qualified purchasers who have been approved by the Adviser or the General Partner of the hedge fund to perform due diligence review of the hedge fund.

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

A. Code of Ethics

We expect our employees and owners to act honestly and fairly in all respects in dealing with clients. In this regard, we have adopted a code of ethics (the “Code of Ethics”) that requires us to put the interests of our clients before our own interests. All of our personnel are also required to comply with applicable federal and state securities laws. You may obtain a copy of our Code of Ethics by contacting Denise Atkinson, our Chief Compliance Officer, by telephone at 609-751-9231 or by email at denise.atkinson@stonetoro.com. Please see below for further provisions of the Code of Ethics as they relate to the pre-clearing and reporting of securities transactions by related persons.

On occasion, we may come into possession of confidential or material nonpublic information about publicly traded companies, including companies in which we have invested or seek to invest on behalf of clients. We prohibit using such information for our own benefit or for the benefit of any other person, regardless of whether such other person is a client. We maintain and enforce written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information. In certain circumstances, we may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security. We prohibit communicating such information to clients or using such information for our clients’ benefit. In such circumstances, we will have no responsibility or liability to our clients for not disclosing such information, or for not using such information for our clients’ benefit.

B. Client Transactions in Securities where Adviser has a Material Financial Interest

Advisory Clients are given a choice of utilizing products where we act as the investment adviser or receive a commission or other monetary benefit. As detailed in Section 5.A., fees for our advisory services are reduced when Advisory Clients opt to use our products. We believe that controlling the investment strategy and the asset allocation process can have benefits to our Advisory Clients. However, we understand that some clients prefer to utilize third-party managers in our asset allocation recommendations. Additionally, we will not sell our Advisory Clients any security that we own or where we have a material financial interest without disclosing such ownership or material financial interest. For example, we may recommend an investment in one of our private funds where we or an affiliate have material interests in the fund. We believe that investing alongside of our clients is a good practice and demonstrates our confidence in the fund to our clients. However, we will not buy/sell you a public security that you/we own in a private or OTC sale. All public security transactions on behalf of our Advisory Clients are conducted in the open market on liquid exchanges.

C. Investing in Securities Recommended to Clients

At times, we may invest in the same securities as our clients. We have policies and procedures to try and ensure that our clients get the best price and priority in allocations of limited quantities of a security. This applies to immediate family members of our owners and employees, too. Where possible, we aggregate orders for our discretionary account relationships and allocate shares using an average price. Additionally, we review the trading accounts of owners and employees to identify any potential trading overlap between clients and employees. Any profit earned by employees in violation of our Code of Ethics or trading policies will 1) result in disciplinary action, and 2) require the profit to be given to a public charitable organization. In order to monitor compliance with our personal trading policy, among other things, we review monthly and quarterly investment account statements of our employees, owners, and any consultants with access to our trading strategies. For purposes of the policy, an employee’s “personal

account” generally includes (a) any account in the name of the employee, his/her spouse, his/her minor children or other dependents residing in the same household; (b) any account for which the employee is a trustee or executor; or (c) any account which the employee controls, including client accounts which the employee controls and in which the employee or a member of his/her household has a direct or indirect beneficial interest.

From time to time, we may restrict an employees’ trading activities (and that of certain of their relatives) because of impending investment decisions on behalf of clients. As a general practice, however, employees seeking to directly investment in equity securities of listed companies must obtain pre-approval from the CCO and execute the approved transaction on the same day the approval is given. Generally, our owners and employees are required to invest in mutual funds, outside managed accounts, and ETFs. This helps limit 1) the potential for any benefit to be derived by the employee from the trading activity in our client accounts, and 2) any adverse impact on our client accounts resulting from employees’ securities transactions.

D. Conflicts of Interest Created by Contemporaneous Trading

See Paragraph C of this Item 11 above.

Item 12 Brokerage Practices

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

We consider a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) in clients' accounts. We review factors such as net price, reputation, financial strength and stability, efficiency of execution and error resolution, efficiency of trading tools and effectiveness of reporting systems, and the value offered for research and trading strategy services. In selecting a broker-dealer to execute transactions and determining the reasonableness of the broker-dealer's compensation, we are not required to solicit competitive bids for the lowest available commission cost. As a rule, we do not negotiate "execution only" commission rates. Thus, a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate.

1. Research and Other Soft Dollar Benefits

We may receive research or other products or services other than execution from a broker-dealer and/or a third party in connection with client securities transactions. These are known as "soft dollar" benefits. We limit the use of "soft dollars" to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analyses of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post-trade matching of trade information; and services required by the SEC or self-regulatory organizations such as comparison services, electronic confirms, and trade affirmations.

When we use client commissions to obtain Section 28(e)-eligible research and brokerage products and services, the Chief Compliance Officer will periodically review and evaluate our soft dollar practices to determine in good faith whether the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or our overall responsibilities to the accounts or portfolios over which we exercise investment discretion.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services may create conflicts of interest. This is because we will not have to pay for the products and services themselves, which may create an incentive for us to select or recommend a broker-dealer based on our interest in receiving those products and services. The broker-dealers we recommend do not offer a lower-priced trading alternative that excludes the additional services we receive. We make every effort to negotiate the best execution price from these broker-dealers before recommending the use of these broker-dealers. Further, we generally do not rely upon the research provided as part of the account platform service. Should non-custodial (i.e., executing) broker-dealers be selected for trading securities in client accounts, clients will pay a brokerage fee based on the agreement we make with these broker-

dealers. When we use broker-dealers that provide additional services, clients are likely to pay commissions (or markups or markdowns) higher than those charged by purely executing broker-dealers. Nevertheless, we have a financial incentive to grow clients' assets because of our asset-based fee arrangements, and so we balance the cost of paying for soft-dollar services through trading fees with the benefits those services bring to our clients' accounts.

We may use research and brokerage services obtained by commissions to benefit other clients who did not participate directly in the subject trades. Generally, all clients use the same commission schedule for trades. However, we may formulate trading strategies from the information obtained from fees on some clients' trades and execute these strategies with lower-cost providers in other client accounts. We review trading commission schedules of executing brokers and account providers at least annually and, if appropriate, will discuss with clients the options available to lower costs and increase services to benefit their investment portfolios.

2. Brokerage for Client Referrals

We do not select or recommend broker-dealers based on any referral of business from other broker-dealers or third parties. To date, we have not received any referral business from the broker-dealers that we recommend to our clients.

3. Directed Brokerage

Under certain circumstances, clients may direct that we execute their trades with a specified broker-dealer. If we have a negative opinion about the broker-dealer or its ability to execute the trade, we will share that opinion with the client. Where possible and practical for all clients involved, we aggregate transactions in the same security for accounts that have directed the use of the same executing broker-dealer. When the directed broker-dealer is unable to execute a trade, we may select broker-dealers other than the directed broker-dealer to effect the client's securities transactions. We will make no attempt to negotiate commissions on a client's behalf when that client directs us to use a specific broker-dealer. In such cases, the client is responsible for negotiating the terms of the trades with that broker-dealer.

Currently, we recommend and use Interactive Brokers LLC for client investment account services and we execute the majority of client transactions with these broker-dealers. We build our processes for account setup, administration, trading, and reporting on the systems that these broker-dealers provide. A client's request for us to use other broker-dealers can result in reduced efficiency for our staff and may result in degraded financial results in the management of that client's portfolio as compared to using the broker-dealers we recommend. Trading systems are often complex and require substantial training. Clients may not be able to execute trades as quickly or get the best price or execution at other broker-dealers. We negotiate for certain pricing and services for our clients at Interactive Brokers LLC and. A client may be paying higher prices or receiving lower levels of service with other broker-dealers. We reserve the right to refuse to service accounts with other broker-dealers directed by clients.

B. Order Aggregation

We often purchase or sell the same security for many clients at or near the same time, and use the same executing broker. Where possible, we aggregate client orders for the purchase or sale of the same security. For nondiscretionary accounts, this is not possible unless you give us temporary discretion to aggregate the trades. Industry rules require that we execute trades for nondiscretionary accounts at the time the client gives us approval for the trade. Unless we received simultaneous approval from clients, we would not be able to aggregate nondiscretionary account trades. For discretionary accounts, we aggregate trades across multiple client accounts where possible. To do this, we execute the trade in an "Allocation"

account that is in the name of the Adviser. Trades are allocated from this account to each client account using the average price for all trade lots taken in total. We use aggregation to avoid showing any bias or favoritism between our clients' accounts. Additionally, we aggregate to gain efficiency in the trading process, negotiate better pricing, and gain favored positions in executing broker trade allocations. If an aggregated order is only partially filled, our procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to our clients. Depending on the investment strategy pursued and the type of security, this may result in a *pro rata* allocation to all participating clients. The Adviser or a related person or entity may also participate in an aggregated order. The trading strategies of the Funds do not provide for an aggregation and allocation process.

Item 13 Review of Accounts

A. Frequency and Nature of Review

We make an effort to review every client account at least monthly. Accounts are reviewed by each client's designated adviser or his/her designee to determine, among other things, whether security positions should be maintained in view of current market conditions. When a client's adviser feels it necessary to go over changes with the client, the adviser may formalize his/her review with reports on holdings, transactions, and performance. At least quarterly, each client receives a report that reflects the status of the client's account and any recommended changes. If a client has any questions about his or her account activity or feels that the account activity does not reflect the client's instructions, we encourage them to call, email, or write the CCO for a complete analysis and to schedule a meeting to review any concerns. Custodians provide account statements to clients. Generally, statements are issued at least quarterly and may be delivered electronically through clients' online access to the accounts. We encourage clients to have online access to their accounts and to review trade confirmations and other activity on a regular basis.

Private fund portfolios are reviewed on a regular basis by our investment professionals, the Chief Operating Officer and the Chief Compliance Officer. These reviews are designed to monitor and analyze transactions, positions and investment levels.

B. Factors Prompting a Non-Periodic Review of Accounts

Certain events may prompt other reviews of accounts. Such events might include significant market events affecting the price of one or more securities in client accounts, changes in the investment objectives or guidelines of a particular client, or specific arrangements with particular clients.

C. Content and Frequency of Regular Account Report

We issue quarterly and annual reports to clients. Our reports will include, among other things, a summary of assets, realized and unrealized capital gains and losses, performance measured against an appropriate index, and actual income generated by the portfolio. On an as-needed basis, we issue reports to clients with nondiscretionary accounts with recommendations for rebalancing those accounts. These reports can be delivered electronically at the request of the client.

Investors in the Funds are furnished with annual reports containing financial statements examined by the Funds' independent auditors as soon as practicable after the audit date. These investors are also furnished with monthly unaudited reports of the Funds' performance.

Item 14 Client Referrals and Other Compensation

A. Economic Benefits Received from Non-Clients for Providing Services to Clients

Please see Item 12 for information on our “soft-dollar” practices. We do not receive any other economic benefit from non-clients providing services to our clients.

B. Compensation to Non-Supervised Persons for Client Referrals

We may pay third-party solicitors for client referrals, provided that, to the extent required, each solicitor has entered into a written agreement with us. Solicitors will provide each prospective client with a copy of our Form ADV Part 2, and a disclosure document setting forth the terms of the solicitation arrangement, including the nature of the relationship between us and the solicitor and any fees that we pay to the solicitor. Where applicable, any payment for client solicitations will be structured to fully comply with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, and related SEC staff interpretations. Introducing agents, or “finders,” who provide a connection between us and prospective clients may also be paid for these introductions. By definition, finders do not engage in any sales or marketing discussions with prospective clients and do not participate in the discussions regarding the prospective relationship with us. We assume the responsibility of providing such prospective clients with Form ADV Part 2 and other disclosure documents, including information about the relationship between the us and the finder and the compensation to be paid by us to the finder.

Item 15 Custody

We do not have custody of client assets for purposes of Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended. Clients receive account statements directly from the custodian.

We may provide copies of account statements to client as an infrequent accommodation. These copies are a substitute statement to be used until the client obtains copies directly from the custodian. Clients should not permanently rely on any copies of account statements provided by our staff. Statement diversion schemes are one of the more common forms of defalcations and misappropriations by wayward representatives. For custodians that we recommend, we have policies and procedures to ensure that clients receive their statements directly from the custodian and/or that clients have direct online access to their investment account statements and reports. If a client suspects that the statements he or she is receiving do not accurately represent the client's account holdings and transactions, the client should immediately contact his or her custodian directly and notify our CCO of any concerns.

Item 16 Investment Discretion

We offer investment advisory services on a discretionary basis to our clients. All Managed Account clients and investors in the Funds give us discretion. Clients have the option to restrict our discretionary trading to conform within parameters set by the client. If we cannot comply with a client's restrictions for any reason, we will inform the client and request instructions before continuing to trade in that client's account.

Prior to assuming full discretion in managing a client's assets, we enter into a written investment management agreement with the client that sets forth the scope of our discretion. This contract gives us the authority, among other things, to determine (i) the securities to be purchased and sold for the client's account, subject to restrictions specified by the client; (ii) the amount of securities to be purchased or sold for the client's account; (iii) the asset allocation between investment categories and securities; and (iv) the timing of rebalancing and trading decisions. Clients' various investment objectives and strategies, risk tolerances, tax status, and other criteria may create differences between one client's portfolio and other client portfolios. We may consider several factors in allocating securities among clients, including (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) the size of the client account; (v) the nature and liquidity of the security to be allocated; (vi) the size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows.

We have entered into an investment management agreement with each of the Funds, pursuant to which we have been granted discretionary trading authority. Our investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents.

We do not instruct executing brokers to cross trades. However, we cannot determine whether executing brokers cross our clients' trades. We will not enter orders for free transfer of securities between accounts for the purpose of crossing trades, and the custodians we recommend would not accept such orders without express written instruction from both owners of the accounts, or their designees.

If it appears that a trade error has occurred, we review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, our error correction procedure seeks to ensure that clients are treated fairly and, following error correction, are not disadvantaged by the error. We have discretion to resolve errors in any appropriate manner that is consistent with this policy. We will assist clients in an effort to recover any losses incurred from any custodian trade errors, but we do not assume the liability for a custodian's breach of its standards of conduct and service level agreements.

Item 17 Voting Client Securities

If a client delegates voting authority for its securities to us, we review the impact of the vote on the outcome and the relative risk of not voting. If we determine that we should vote a client's shares, we will seek to vote in the client's best interest. In voting proxies, we vote in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors and increases in, or reclassification of, common stock. Generally, we will vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals, we will determine whether a proposal is in the client's best interest and may take into account the following factors, among others: (i) whether the proposal was recommended by management and our opinion of such management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance. When identified, we will inform the client if any conflicts arise where voting in the client's best interest would not be in our best interest, and we will deliver the voting authority back to the client for that proxy.

We have been delegated the authority and right to vote proxies received by the Funds. We vote in a manner that we believe reasonably furthers the best interests of the Funds and is consistent with our investment philosophy. We may take into account the factors outlined above, among others. If a proxy creates a material conflict between our interests and the interests of the Funds, we will resolve the conflict before voting the proxies. The Funds cannot generally direct how we vote in a particular situation.

Clients may obtain, free of charge, a full copy of our proxy voting policies and procedures and/or a record of proxy votes by contacting our CCO. Proxies not voted will be discarded. Clients may also obtain copies of the proxy statements directly from the issuing companies or from the SEC website <http://www.sec.gov/edgar.shtml>.

Item 18 Financial Information

This Item is not applicable. We do not require or solicit prepayment of fees six months or more in advance, we are not aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients, and we have not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 Requirements for State-Registered Advisers

This Item is not applicable. We are not registered with any State as an investment adviser.