

**Item 1 – Cover Page**

**Part 2A of Form ADV  
Brochure for:**

**AGR Partners, LLC**

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**March 18, 2014**

**This Brochure provides information about the qualifications and business practices of AGR Partners, LLC (“AGR” or the “Firm”). If you have any questions about the contents of this Brochure, please contact the Firm at the address listed above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**AGR is a registered investment adviser with the SEC. Registration of an investment adviser does not imply any certain level of skill or training.**

**Additional information about AGR is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 – Material Changes**

This Brochure was prepared for AGR's annual updating amendment for the fiscal year ending December 31, 2013.

There have been no material changes since the date of AGR's previous annual updating amendment. In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes.

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## Item 4 – Advisory Business

### A. Description of the Advisory Firm

AGR Partners, LLC, a Delaware limited liability company, was formed on August 24, 2012 and registered to transact business in California on August 27, 2012. AGR will provide investment management services to separately managed accounts (the “Clients”). Ejnar Knudsen is the principal owner and Managing Director of AGR.

### B. Types of Advisory Services

AGR provides discretionary investment management and advisory services for a range of strategies including but not limited to investments in companies throughout the agriculture value chain in the United States and select international arenas. In limited circumstances for appropriate Clients, AGR may employ techniques including hedging, or select other investment products (including private or limited offerings, commodities, futures and other alternatives) for such Clients’ portfolios

### C. Client Tailored Services and Client Imposed Restrictions

AGR tailors its advisory services to the specific investment objectives and needs of the Clients. AGR meets with each prospective client to determine his, her or its needs and objectives. Based on such meetings, a specific program is proposed for each such prospective Client.

Clients may impose restrictions on investing in certain securities. Furthermore, the actual instruments AGR utilizes to execute the strategy may differ between Clients’ taxable and retirement accounts because of the margin restrictions within retirement accounts.

### D. Wrap Fee Programs

AGR does not participate in wrap fee programs.

### E. Amounts Under Management

AGR manages the assets of the Clients and has the following assets under management:

Discretionary Amounts:	Non-Discretionary Amounts:	Date Calculated:
\$0	\$145,000,000	December 31, 2013

## Item 5 – Fees and Compensation

### A. Fee Schedule

The fees and compensation payable to AGR are negotiable and vary among its Clients. However, the range of compensation is generally as follows:

#### 1. Management Fee

AGR typically receives an annual management fee. The management fee is negotiable and may be (i) a flat fee, (ii) a budget based fee approved by the Client and AGR, or (iii) a fee calculated as a percentage of a Client's investment. Any such fee shall be payable to AGR quarterly in advance.

#### 2. Incentive Allocation

Subject to the "high water mark" provision discussed below, AGR will generally receive an annual incentive allocation, calculated as a percentage of the net income allocated to each Client account, if net income exceeds an annualized rate of return (the "Hurdle Rate"). The incentive allocation will be generally subject to a "high water mark" procedure under which AGR receives an incentive allocation from a Client only to the extent net income allocated to that Client's account exceeds any net losses allocated to it that have not been recovered. AGR's incentive allocation is generally between 10% and 20% and will be typically made at the end of each calendar year, but may be earned over longer periods. Such incentive allocation may be reduced upon the agreement of AGR and each Client. The incentive allocation will only be charged to accounts of those Clients who are "qualified clients" as defined in Rule 205-3 of the Investment Advisers Act of 1940, as amended ("Advisers Act").

#### 3. Fee Comparison

The expenses of the Client, including the management fee and incentive allocation may constitute a higher percentage of average net assets than would be found in other investment vehicles.

### B. Payment of Fees

Management fees, incentive allocations, and third-party fees (discussed below) are generally paid by Clients directly, and in some circumstances, deducted from Client assets. Management fees, which are paid in advance, are withdrawn at the beginning of the quarter. Incentive allocations are generally allocated as of the last business day of the calendar year and as of any date on which an Investor makes a withdrawal or receives a distribution from such Investor's capital account(s), but may be earned and allocated over longer periods than one year.

### C. Third-Party Fees

The Client shall pay such costs and expenses as AGR shall reasonably determine to be necessary, appropriate, advisable or convenient to carry on its business and realize its objective, including but not limited to: (i) management fees; (ii) all general investment

expenses (i.e., expenses which AGR reasonably determines to be directly related to the investment of the Client's assets); (iii) all administrative, legal, accounting, auditing, record-keeping, tax form preparation, compliance and consulting costs and expenses; (iv) fees, costs and expenses of third-party service providers that provide such services; and, (v) any extraordinary expenses, among other expenses.

AGR's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the Clients. Such charges, fees and commissions are exclusive of and in addition to AGR's management fee, and AGR shall not receive any portion of these commissions, fees, and costs.

Please see Item 12 of this Brochure regarding brokerage.

D. Prepayment of Fees

AGR will pro rate the management fee for Interests held for less than a full quarter. Prepaid but unearned fees are refunded to the Clients and/or Investors, as the case may be.

E. Outside Compensation for the Sale of Securities

Neither AGR nor any of its supervised persons accepts compensation for the sale of securities or other investment products outside of its association with AGR.

**The foregoing discussion in Items 5 represents AGR's basic compensation arrangements. The management fees and incentive allocations described above are structured to comply with Rule 205-3 under the Advisers Act and applicable state laws. Fees and other compensation are negotiable in certain circumstances and arrangements with any particular Investor may vary. Although AGR believes its fees are competitive, lower fees for comparable services may be available from other investment advisers.**

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

As discussed in Item 5.A., AGR generally receives an incentive allocation equal to a percentage of the net income allocated to each Investor for the year.

Clients should be aware that performance-based fee arrangements may create an incentive for AGR to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. In addition, this arrangement may cause Clients to pay a greater expense than if such fees were not charged.

Notwithstanding this potential incentive, AGR will evaluate investments in a manner that it considers to be in the best interest of the Clients, given those Clients' investment objectives, investment strategies, suitability of the investment, and risk profile.

Differences in AGR's compensation arrangements with its clients, particularly if some clients were to pay higher performance-based compensation, could create incentives for AGR to manage client portfolios so as to favor those portfolios of clients paying higher performance-based compensation, as could AGR's ownership interest (e.g., as the general

partner) in some client accounts. Notwithstanding these conflicts, AGR will allocate transactions and opportunities among the various client accounts it manages in a manner it believes to be as equitable as possible, considering each account's objectives, programs, limitations and capital available for investment, but even accounts with similar objectives will often have different investment portfolios.

## Item 7 – Types of Clients

AGR will provide investment advice and management to the Clients.

As described in Items 5 and 6, AGR will receive a performance based fees from its Clients. Clients must meet eligibility criteria, and are subject to certain withdrawal requirements and limitations. Each Client generally must be a “qualified client” (as defined in Rule 205-3 of the Investment Advisers Act of 1940). Prospective Clients are encouraged to thoroughly review the Investment Advisory Agreement (the “Agreement”), which sets forth all of the terms in detail.

Though the Clients generally pursue the same strategy, offering terms can be negotiated on a case by case basis and may differ.

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

### A. Methods of Analysis

AGR's methods of analysis include fundamental and cyclical industry analysis of investment opportunities. Sources of information include fundamental research activities, financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate ratings, company government filings, company management, Bloomberg, annual reports, prospectuses, filings with the Securities and Exchange Commission and other regulators, and company press releases.

### B. Investment Strategies

AGR will source, evaluate, structure and negotiate investments in equity and debt ownership interests in a diversified group of companies throughout the agriculture value chain in the United States and select international arenas. In the future, AGR may amend or expend its investment strategies to include a more diversified range of investments.

### C. Risks of Investments and Strategies Utilized

**Investing in securities involves risk of loss that Clients and Investors should be prepared to bear.** The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment program with AGR. Prospective Clients should read the entire Brochure as well the Agreement, and consult with their own advisers prior to engaging AGR's services.

Investment and trading risk factors may include:

**General Investment and Trading Risks.** Investment in securities and other instruments involves a high degree of risk, including the risk that the entire amount invested may be lost. AGR may invest in securities and other financial instruments using strategies and investment techniques with significant risk characteristics. No guarantee or representation is made that AGR's program will be successful. AGR's investment programs may utilize such investment techniques as option transactions, margin transactions, short sales, forwards, leverage and derivatives trading, the use of which can, in certain circumstances, maximize the adverse impact to which Clients may be subject.

**Common Stocks and Equity-Related Securities.** Prices of common stock react to the economic condition company that issued the security, industry and market conditions, and other factors and may fluctuate widely. Investments related to the value of stocks may rise and fall based on an issuer's actual and anticipated earnings, changes in management, the potential for takeovers and acquisitions, and other economic factors. Similarly the value of other equity-related securities, including preferred stock, warrants and options may also vary widely.

**Small- and Mid-Cap Risks.** Securities of small-cap issuers may present greater risks than those of large-cap issuers. For example, some small- and mid-cap issuers often have limited product lines, markets, or financial resources. They may be subject to high volatility in revenues, expenses and earnings. Their securities may be thinly traded, may be followed by fewer investment research analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. The market prices of securities of small- and mid-cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments and to market rumors than are the market prices of large-cap issuers.

**Commodities and Derivative Investments.** The prices of commodities contracts and derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the commodities underlying them. In addition, client assets are also subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouses or counterparties.

**Convertible Securities.** The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the investment value of convertible securities. The conversion value of a convertible security is determined by the market price of the underlying common stock. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its



conversion value. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security is called for redemption, a client will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third-party. Any of these actions could have an adverse effect on the client's ability to achieve its investment objective.

**PIPES and Other Restricted Securities.** In a Private investments in public equity ("PIPE") transaction, the client typically purchases unregistered equity securities of a class of securities that is publicly traded and receives registration rights with respect to the unregistered securities that it purchases. The securities are not publicly tradable when the client purchases them, however, and they may never become publicly tradable. Restricted securities generally are difficult or impossible to sell at prices comparable to the market prices of similar securities that are publicly traded. It is highly speculative as to whether and when an issuer will be able to register its securities so that they become eligible for trading in public markets.

**Futures, Commodities, and Derivative Investments.** The prices of commodities contracts and derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the commodities underlying them. In addition, client assets are also subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouses or counterparties.

**Hedging Transactions.** While a client may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the client than if it had not engaged in any such hedging transactions. For a variety of reasons, AGR may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent a client from achieving the intended hedge or expose the client to risk of loss.

**Derivatives and Hedging.** Derivatives are financial instruments or arrangements in which the risk and return are related to changes in the value of other assets, reference rates or indices. A client's ability to profit or avoid risk through investment or trading in derivatives will depend on AGR's ability to anticipate changes in the underlying assets, reference rates or indices.

**Short Selling.** Short selling involves selling securities which are not owned and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the

extent such decline exceeds the transaction costs and the costs of borrowing the securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the client of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position are available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

**Forward Trading.** Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. Disruptions can occur in any market due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses.

**Limited Diversification.** Investments may be primarily focused geographically in North American countries. Furthermore, broad diversification of investments in number or by industry or geography is not a primary investment of AGR. This limited diversity could expose clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those investments.

**Non-U.S. Securities.** Investments in securities of non-U.S. issuers pose a range of potential risks which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. issuers.

**Emerging Markets.** In addition to the risks associated with investments outside of the United States, investments in emerging markets (i.e., the developing countries) may involve additional risks. Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices.

**Private Companies and Illiquid Investments.** Securities and other assets, may be subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable,

and a client may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale.

**Counterparty Risk.** Transactions are may be affected in “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing clients to suffer a loss.

**Asset-Backed Securities.** The underlying assets and loans for asset-backed securities (“ABS”), those that are backed by consumer debt, are subject to prepayments that shorten the securities’ weighted average life and may lower their returns. If the credit support or enhancement is exhausted, losses or delays in payment may result if the required payments of principal and interest are not made. The value of these securities also may change because of changes in the market’s perception of the creditworthiness of the servicing agent for the pool, the originator of the pool, or the financial institution providing the credit support or enhancement.

**Real Estate Investing Risks.** As a result of AGR’s investment objective, AGR is subject to all of the risks associated with the ownership of real estate. These risks include, among others, declines in the value of real estate, negative changes in the climate for real estate, risks related to general and local economic conditions, decreases in property revenues, increases in prevailing interest rates, property taxes and operating expenses, decreases in property revenue, changes in zoning laws and costs resulting from the clean-up of environmental problems.

**International Operations Risks.** Legal, monetary and political risks that are different than those in the U.S. are associated with investing in different countries in the agriculture strategy.

**General Agricultural Investments Risks.** Risks associated with the ownership of agricultural companies and property and the real estate industry in general, including: the burdens of ownership of real property; local, national and international economic and social conditions (such as an oversupply of, or a reduction in demand for, rental farmland properties); the supply and demand for properties and the effect of competition for such properties; the quality and philosophy of management by tenant farmers; buyers and sellers of properties; changes in interest rates and the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable; changes in environmental laws and regulations, planning laws, zoning laws, building laws and other governmental rules and fiscal and monetary policies; environmental claims arising in respect of properties acquired with undisclosed or unknown environmental problems or as to which inadequate reserves have been established; changes in real property tax rates or changes in tax laws; changes in energy prices; uninsured casualties; vandalism; force majeure acts, terrorist events, under-insured or uninsurable losses; and other factors which are beyond reasonable control. In addition, properties that are subject to liabilities or that

have problems relating to environmental condition, state of title, physical condition, possession claims or compliance with zoning laws, building codes or other legal requirements may be acquired.

**Agricultural Investments in Foreign Countries Risks.** Investing in the agricultural sector outside the United States creates the following risks: exposure to local weather patterns and natural disasters, subjection to the local regulation and approval processes for foreign investors, impact of the quality, durability and capacity of applicable infrastructure, the requirement of license or accreditation to market and sell agricultural products produced in Australia, the requirements of laws relevant to the issuance of native land titles, being subject to sophisticated laws and regulations having to do with the operation of agricultural assets and businesses, the implementation of tax on emitters of carbon dioxide, labor availability and cost.

**Tax Risks.** The impact of country, states, provinces, municipalities and other local jurisdictions taxes on agricultural investments.

**Regulatory and Compliance Risks.** The risks of ERISA, Dodd-Frank Act, Volcker Rule, Freedom of information Acts on the agricultural strategy. Also, the strategy will not be registered under the Investment Company Act.

**Non-Diversification Risks.** The strategy is considered to be “non-diversified,” which means that it can invest a greater percentage of its assets in the securities of a single issuer than a “diversified” strategy. Investing in a non-diversified strategy involves greater risk than investing in a diversified strategy because a loss in value of a particular security may have a greater effect on the strategy’s return since it may represent a larger portion of the strategy’s total portfolio assets.

**Special Risks of Investing in Natural Resources.** The value of the strategy’s investments in financial instruments of natural resources issuers and directly in natural resources may be affected by various factors, including increased market volatility, natural events, inflationary pressure and national and international politics, causing the strategy to perform poorly. In addition, direct investments in natural resources, such as holding precious metals, are generally more illiquid than securities holdings, which could result in difficulty in their disposal in a timely and favorable manner.

**Terrorist Action.** There is a risk of terrorist attacks on the U.S. and elsewhere causing significant loss of life and property damage and disruptions in global markets. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment with AGR. Prospective Investors and Clients should read the entire Brochure as well the Constituent Documents, other materials that may be provided by AGR and consult with their own advisers prior to engaging AGR’s services.**

## **Item 9 – Disciplinary Information**

AGR and its management persons have not been a party to any legal or disciplinary events that would be material to a client's or prospective client's evaluation of its investment advisory business or the integrity of its management.

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

### **A. Registration as a Broker-Dealer or Broker-Dealer Representative**

Neither AGR nor its management persons are registered as a broker-dealer or broker-dealer representative.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither AGR nor its management persons are registered as futures commission merchant, commodity pool operator, or a commodity trading advisor.

### **C. Relationships Material to this Advisory Business and Possible Conflicts of Interest**

Ejnar Knudsen is the founder and principal of Craton Capital GP, LLC, a Delaware limited liability company ("Craton"). Craton is the general partner of Craton Capital, L.P., a New York limited partnership. Mr. Knudsen is also a director of Materra, LLC, a California limited liability company ("Materra"). A portion of Mr. Knudsen's time and attention will be devoted to his business and related clients of Craton and Materra. Accordingly, AGR's business hours related to investment advisory services may be affected. The offering of investment advice by AGR is distinct from Mr. Knudsen's business with Craton and Materra. Clients of AGR are not clients of Craton or Materra, and vice versa, in the absence of a clear and written explicit agreement to such effect among AGR, the Clients, Craton and Materra.

### **D. Selection of Other Advisors or Managers**

AGR does not utilize nor select other advisors or third party managers. All assets are managed by AGR.

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

### **A. Code of Ethics**

AGR has adopted a Code of Ethics (the "Code") pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended. The Code governs the activities of each member, officer, director and employee of AGR (collectively, "Employees"). AGR holds its Employees to a high standard of integrity and business practices that reflects its fiduciary duty to the Client. In serving its Client, AGR strives to avoid conflicts of interest or the appearance of conflicts of interest in connection with the personal trading activities of its

Employees and Client securities transactions. When persons covered by the Code engage in personal securities transactions, they must adhere to the following general principles as well as to the Code's specific provisions: (a) at all times the interests of Client must be paramount; (b) personal transactions must be conducted consistent with the Code in manner that avoids any actual or potential conflict of interest; and (c) no inappropriate advantage should be taken of any position of trust and responsibility. Employees covered by the Code have certain trading restrictions and reporting obligations of their personal securities transactions. Each Employee is provided with a copy of the Code and must annually certify that they have received it and have complied with its provisions. In addition, any Employee who becomes aware of any potential violation of the Code is obligated to report the potential violation to the Chief Compliance Officer.

AGR will provide a copy of its Code of Ethics to Clients and prospective Clients upon request. Such a request may be made by submitting a written request to AGR at the address on the cover page to this Brochure.

**B. Recommendations Involving Material Financial Interests**

Neither AGR nor its related persons recommends to Clients, or buys or sells for Client accounts, securities in which AGR or a related person has a material financial interest.

**C. Investing Personal Money in the Same Securities as Clients**

Although AGR's policies and procedures generally prohibit its Employees and related persons from trading in the same instruments that AGR buys or sells for Client accounts, there may be limited circumstances in which AGR, its Employees and/or the related persons may also personally buy or sell the same instruments that AGR buys or sells for Client accounts, and it or they may own securities, or options on securities, of issuers whose securities are subsequently bought for Client accounts because of AGR's recommendations regarding a particular security. AGR's policy as to such transactions is that neither AGR nor any of its Employees or related persons are to benefit from price movements that may be caused by transactions for Client accounts or otherwise. AGR addresses this conflict by requiring employees to sign and adhere to AGR's Code of Ethics and to report personal securities holdings and transactions to AGR.

**D. Trading Securities At/Around the Same Time as Clients' Securities**

As discussed above, from time to time, AGR, its Employees, or related persons of AGR may buy or sell securities for themselves that AGR also recommends to the Client. AGR will always document any transactions that could be construed as conflicts of interest and will always transact Client business before the business of its Employees and/or related persons when similar securities are being bought or sold.

## Item 12 – Brokerage Practices

### A. Factors Used to Select or Recommending Broker-Dealers

AGR will have discretion as to the placement of brokerage (and accordingly, the commission rates paid); provided, however, that certain Clients will have the discretion to select their own brokers and/or custodians. In selecting brokers to effect portfolio transactions, AGR considers such factors as price, quality of execution, expertise in particular markets, the ability of the brokers to effect the transactions, the brokers' facilities, reliability, reputation, experience, financial responsibility in particular markets, familiarity both with investment practices generally and techniques employed by clients and certain brokerage or research services ("soft dollar items") provided by such brokers and clearing and settlement capabilities, subject at all times to principles of best execution, in accordance with AGR's policies and procedures. In selecting broker/dealers to execute transactions, AGR need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. AGR believes that the broker-dealers that it recommends provide competitive transaction and custody costs, helping clients to eliminate or control costs and optimize the custodial structure to the benefit of account holders. When possible, AGR seeks to pre-negotiate preferred terms for its clients providing clients with the benefits associated with the economy of scale and custodial knowledge of the firm.

Certain brokers utilized by AGR may provide general assistance to AGR, including, but not limited to technical support, consulting services, and consulting services related to staffing needs. In selecting a broker, AGR may consider the broker's general assistance and consulting services. To the extent AGR would otherwise be obligated to pay for such assistance, it has a conflict of interest in considering those services when selecting a broker.

#### 1. Research and Other Soft Dollar Benefits

AGR may effect transactions with broker-dealers who provide research services (collectively, "soft-dollar items") to AGR that assist AGR in making investment and trading decisions on behalf of its Clients. The negotiated commissions paid to broker-dealers supplying soft-dollar items may not represent the lowest obtainable commission rates. In any such arrangement, the amount of the commission paid must be reasonable in relation to the value of the brokerage and soft-dollar items provided by the broker-dealer, viewed in terms of either the particular transaction or AGR's overall responsibilities with respect to its Clients. AGR intends to comply with the soft-dollar "safe harbor" afforded by Section 28(e) under the 34 Act.

When AGR uses Client brokerage commissions to obtain soft-dollar items, it receives a benefit because it does not have to produce or pay for such soft-dollar items. However, AGR believes that such soft dollar items may provide the Clients with benefits by supplementing the research and services otherwise available to the Clients. In addition, the research and other benefits resulting from a brokerage relationship benefit all Client accounts or AGR's operations as a whole, including any Client accounts that direct AGR to use a broker that does not provide soft dollar benefits.

AGR may have an incentive to select or recommend a broker-dealer based on its interest in receiving the soft-dollar items, rather than on the Client's interest in receiving most favorable execution. AGR periodically reviews the execution performance of its brokers to ensure that any potential conflicts of interests are resolved.

To the extent that AGR does engage in such "soft dollar" arrangements, the Client may a brokerage commission in excess of that which another broker might charge for effecting the same transaction if AGR determines in good faith that such commission is reasonable in relation to the value of the brokerage, research, other services and soft dollar relationships provided by that broker, viewed in terms of either the specific transaction or AGR's overall responsibilities to the portfolios over which AGR exercises investment authority.

Soft-dollar items, whether provided directly or indirectly, may be utilized for the benefit of AGR and its affiliates' other accounts. Soft-dollar items are not limited to those Clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular clients or groups of clients. Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits. AGR may receive soft dollar credits based on principal, as well as agency, securities transactions with brokerage firms.

A broker from which AGR obtains soft dollar services generally establishes "credits" based on past transactional business (including markups and markdowns on principal transactions), which may be used to pay for specified expenses. In some cases the process is less formal and a broker simply may suggest a level of future business that would fully compensate the broker for services or products it provides. AGR monitors the soft dollar services provided to ensure that appropriate transactions are executed with a soft dollar provider.

## **2. Brokerage for Client Referrals**

AGR does not consider, in selecting or recommending broker-dealers, client referrals from a broker-dealer. AGR may receive referrals in the future and if it does it will appropriately amend this Brochure.

## **3. Directed Brokerage**

AGR does not accept directed brokerage arrangements. Securities transactions are executed by brokers selected by AGR in its discretion and without the consent of the Client or its Investors. AGR may enter into directed brokerage arrangements in its discretion.

## **B. Aggregating Trading for Multiple Client Accounts**

AGR may (but is not required to) combine orders on behalf of one Client account with orders for other Client accounts for which it or its principals have trading authority, or in which it or its principals have an economic interest. When it does, AGR will generally allocate the securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants. AGR believes combining orders in this way will, over time, be advantageous to all participants. However, the average price could be less advantageous to a Client than if that Client had



been the only account effecting the transaction or had completed its transaction before the other participants. Because of AGR's relationship to the Clients it manages by virtue of its position as an investment manager, there may be circumstances in which transactions for those entities may not, under certain laws, regulations and internal policies, be combined with those of some of AGR's and its affiliates' other Clients, which may result in less advantageous execution for those Clients.

AGR may place orders for the same security for different Clients at different times and in different relative amounts due to differences in investment objectives, cash availability, size of order and practicability of participating in "block" transactions. The level of participation by different Clients in the same security may also be dependent upon other factors relating to the suitability of the security for the particular Client.

In addition, AGR and/or its related persons or Clients may buy or sell specific securities for its or their own account that are not deemed appropriate for Client accounts at the time, based on personal investment considerations that differ from the considerations on which decisions as to investments in client accounts are made. Where execution opportunities for a particular security are limited, AGR attempts in good faith to allocate such opportunities among Clients in a manner that, over time, is equitable to all clients.

### **Item 13 – Review of Accounts**

#### **A. Frequency and Nature of Periodic Review and Who Makes Those Reviews**

AGR reviews Client accounts on a regular, but no less than quarterly basis to ensure consistency with the Client's strategy and performance objectives. Asset allocation, cash management, market prospects and individual issue prospects are considered. The reviews are conducted by Ejnar Knudsen.

#### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may take place more frequently if triggered by economic, market, or political conditions.

#### **C. Content and Frequency of Regular Reports**

AGR provides reports to Clients at least quarterly, including a description of any new investments in the Client's account. Clients will also receive quarterly account statements from the account's custodian. AGR urges Clients to carefully review both account statements and compare official custodial records to the account statements provided by AGR. It is the Client's responsibility to verify the accuracy of the fee calculations as the custodian will not determine whether the fee is properly calculated.

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

### **A. Economic Benefits Provided by Third Parties**

AGR does not receive any economic benefit, directly or indirectly from any third party for advice rendered to the Client.

### **B. Compensation to Non-Advisory Personnel for Client Referrals**

Currently, neither AGR nor its related persons directly or indirectly compensates any person who is not advisory personnel for Client referrals. If in the future AGR enters into such arrangements, this Brochure will be appropriately amended.

## **Item 15 – Custody**

Generally, AGR uses qualified third-party custodians to custody client assets. Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains Client investment assets. AGR urges clients to carefully review such statements and compare such official custodial records to the account statements that it may provide to the Clients. AGR's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

As provided in the Agreement, each Client shall have the complete discretion to allow for its commitment to be invested (or not to be invested) in any of the potential investments presented by AGR.

## **Item 17 – Voting Client Securities**

AGR generally does not vote proxies on behalf of the Client; however, in case AGR obtains the authority to vote proxies from its Clients, it has adopted proxy voting policies and procedures in accordance with Rule 206(4)-6 of the Investment Advisers Act of 1940, as amended. The policies require AGR to vote proxies received in a manner consistent with the best interests of the Client.

The policies also require AGR to vote proxies in a prudent and diligent manner intended to enhance the economic value of the assets of the Clients. However, the policies permit AGR to abstain from voting proxies in the event that the Clients' economic interest in the matter being voted upon is limited relative to the Clients' overall portfolio or the impact of the Clients' vote will not have an effect on its outcome or on the Clients' economic interests.

Certain of AGR proxy voting guidelines are summarized below:

- AGR votes for: uncontested director nominees recommended by management; the election of auditors recommended by management, unless a dispute exists over policies; limiting directors' liability; and eliminating preemptive rights.
- AGR votes against proposals to: entrench the board or adopt anti-takeover measures; proposals to provide cumulative voting rights; and social issues.

Although many proxy proposals can be voted in accordance with AGR's proxy voting guidelines, some proposals will require special consideration, and AGR will make a decision on a case-by-case basis in these situations, including proposals to: eliminate director mandatory retirement policies; rotate annual meeting locations and dates; grant options and stock to management and directors; and indemnify directors and/or officers.

Where a proxy proposal raises a material conflict between AGR's interests and the interests of the Clients, AGR will seek to resolve the conflict in the best interest of the Clients.

Clients may obtain a copy of AGR's complete proxy voting policies and procedures upon request. Clients may also obtain information from AGR about how AGR voted any proxies on behalf of their account(s).

## **Item 18 – Financial Information**

AGR has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy petition.

### **A. Balance Sheet**

AGR does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this Brochure.

### **B. Financial Condition**

AGR generally does not have discretionary authority over the Client's assets but does have the authority to execute transactions with client approval. At this time, neither AGR nor its management persons have any financial conditions that are likely to reasonably impair its ability to meet contractual commitments to Clients.

### **C. Bankruptcy Petitions in Previous Years**

AGR has not been the subject of a bankruptcy petition in the last ten years.

## **Item 19 – Requirements for State-Registered Advisers**

Not applicable.