

ITEM 1

COVER PAGE

Hyaline Capital Management, LLC

April 2014

This brochure provides information about the qualifications and business practices of Hyaline Capital Management, LLC (the “Adviser”), an investment adviser registering with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at (646) 840-5494 and/or justin@hyalinecapital.com. This information has not been approved or verified by the SEC or by any state securities authority. Additional information about the Adviser is available on the SEC’s website at www.adviserinfo.sec.gov. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Hyaline Capital Management, LLC

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ITEM 2 – MATERIAL CHANGES

This is the Adviser's initial brochure. Therefore, there are no material changes to report.

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Item 4 - Advisory Business

A. General Description of Advisory Firm.

The Adviser is an investment adviser with its principal place of business at 546 Fifth Avenue, 14th Floor, New York, New York 10036. The Adviser commenced operations as an investment adviser July, 2012. Anthony D'Andraia and Justin Meadlin are the principal owners of the Adviser.

B. Description of Advisory Services.

The Adviser provides discretionary investment advisory services to an offshore private investment vehicle, high net worth individuals, family offices, fund of funds, institutional investors, and separately managed institutional accounts (each an "**Account**" and collectively, the "**Accounts**" or "**Separately Management Accounts**"). The Adviser's discretion is limited to trading the client account within the brokerage platform provided by client in accordance with the investment strategy. As such, the Adviser may not withdraw any amount of money from the client account or to direct the broker or dealer to distribute money on the client's behalf.

We utilize a top-down, macro-driven approach to long/short equity investing taking long positions in perceived undervalued securities and short positions in perceived overvalued securities. We employ this one strategy for all of our Separately Managed Accounts but may modify the strategy to comply with Account guidelines.

C. Availability of Tailored Services for Individual Clients.

Clients may impose restrictions with respect to investing in certain types of securities or employing certain investment strategies and/or risk management profiles, as set forth in the addendums to the applicable investment management agreement.

D. Client Assets Under Management.

As of April 15, 2014, the Adviser managed approximately \$27,500,000 of client assets all of which was managed on a discretionary basis, as further outlined in Item 4.B above.

Item 5 - Fees and Compensation

A. Advisory Fees and Compensation

Asset-Based Compensation

The Adviser typically charges each client an investment management fee of up to 2% per annum based on the market value of that client's assets under management.

Investment management fees for each client are charged monthly, as of the first of each month, based on the total market value of the assets in that client Account on the first day of the month (including net

unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest), as applicable.

If a new client account is established during the month or a client makes an additional investment into its existing Account during the month, as applicable, the investment management fee will incorporate the value of the assets in that Account as of the effective date of that new investment, adjusted for the number of days remaining in the month.

If an investor redeems its investment, any unearned fees paid in advance will be refunded in an amount prorated from the date of termination to the end of the relevant period in which the termination date falls.

The investment management fees are generally not negotiable; however, the Adviser, in its sole discretion, may waive or modify the fees for certain clients.

Performance-Based Compensation

The Adviser will also be paid a performance-based fee, if any, which is compensation that is based on a share of capital gains on capital appreciation of the assets of a client. This compensation, if any, may equal up to 20% of net profits, subject to a loss carryforward / high-watermark.

Performance-based compensation, if any, is paid to the Adviser at the end of each fiscal year or upon withdrawal or redemption by a client, if in accordance with applicable law.

The performance-based compensation paid to the Adviser is generally not negotiable; however, the Adviser, in its sole discretion, may waive or modify such compensation for certain clients.

B. Payment of Fees.

The Adviser delivers an invoice to clients in connection with payment of all management and performance based fees, if any. The Adviser does not deduct, nor does it have authority to deduct the investment management fee or the performance-based compensation, if applicable, from its client's brokerage accounts.

C. Other Fees and Expenses.

Because the Adviser has only limited access to the brokerage accounts of its clients, the Adviser has no control over how any brokerage fees, clearing fees, commissions and related costs are charged to the client. These fees are charged to the client in accordance with the existing arrangement between the client and the applicable broker. The client is also responsible for preparation of all taxes and related fees for preparing taxes are arranged by the client and their respective tax preparer, not Adviser.

D. Prepayment of Fees.

clients are required to pay the Adviser's investment management fees monthly in advance, as of the first of the month. Invoices are delivered to the clients in the month prior to the month that such investment management fee is due. As stated above, if the advisory contract with a client is terminated, any pre-paid fees are refunded in an amount prorated from the date of termination to the end of the relevant period in which the termination date falls.

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

As further described in Item 5, the Adviser is paid performance-based compensation up to 20% of net profits, subject to a cumulative loss carryforward / high-watermark.

The Adviser has the discretion to manage client accounts that are charged performance based compensation as well as accounts that are charged only an asset-based fees (non-performance based fees). In addition, certain client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. When the Adviser and its investment personnel manage more than one client account, a potential exists for one client account to be favored over another client account. The Adviser and its investment personnel have a greater incentive to favor client accounts that pay the Adviser performance-based compensation or higher asset-based fees.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also compared at least quarterly to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities *pro rata* based on asset size and require that, to the extent orders are aggregated, such orders are price-averaged. Finally, the Adviser's procedures also require the objective allocation for limited opportunities (such as initial public offerings) to ensure fair and equitable allocation among accounts. These areas are monitored by the Adviser's Chief Compliance Officer.

Item 7 - Types of Clients

The Adviser's clients consist of the Separately Managed Accounts identified in Item 4.B.

With respect to such clients, initial and additional investment minimums, if any, are disclosed in the investment management agreement or the offering memorandum for that client, as applicable.

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

A. Methods of Analysis and Investment Strategies.

As discussed in Item 4, we utilize a top-down, macro-driven approach to long/short equity investing taking long positions in perceived undervalued securities and short positions in perceived overvalued securities. We employ this one strategy for all of our Separately Managed Accounts but may modify the strategy to comply with Account guidelines.

Our three-pronged investment process incorporates:

- *Top-Down/Macro Analysis:* The Adviser seeks to identify broad macro-economic themes and trends and attempts to assess their potential impact on various financial markets, sectors, individual stocks and other investable assets, including commodities, fixed income securities and currencies. The Adviser seeks to analyze macro-economic conditions at both the local level as well as the global level to understand the forces impacting such markets. Macro-economic inputs that the Adviser generally follows include, without limitation, consumer trends, employment trends, housing data, currency movements, interest rates, commodity prices, global supply and demand as well as political and central bank policies. Once a theme or trend has been identified, the Adviser studies similar historical analogs in an attempt to understand the potential impact of such theme or trend on various issuers, instruments, geographic regions, industries, sectors and markets. The Adviser then identifies the issuers, instruments, geographic regions, industries, sectors and markets that it believes are most likely to be impacted, whether positively or negatively, by such theme or trend and assesses the probability of similar reactions in the then-current market environment.
- *Fundamental Research:* The Adviser seeks to identify and invest in securities that are trading (or are offered) below what the Adviser believes to be their potential fair value based upon current and potential future fundamental themes and trends, as well issuer/industry specific factors such as accelerating fundamentals, industry tailwinds, sustainable competitive advantage, strong, committed management, growing demand/product cycle or introduction, favorable risk/reward, steady or increasing return on invested capital, and self-funding growth. Typically, these positions will be acquired with a two-week to two-year horizon towards value realization, but some positions may be held for shorter or longer time frames depending on various factors including, without limitation, volatility, price movements and valuation.

The Adviser seeks to identify and sell short securities that it believes to be trading above their current or future fair value based upon current and potential future macro-economic or micro-economic factors. The Adviser will pursue short sales in overvalued securities, including securities or sectors that the Adviser believes have potential liquidity issues, issuers that may ultimately be forced to file for bankruptcy, issuers facing potential accounting issues as well as issuer/industry specific trends such as deteriorating fundamentals, industry headwinds, declining or lack of pricing power, weak or indecisive management, competitive pressure, declining earnings and free cash flow, declining or unsustainable return on invested capital, approaching or existing funding gap. Typically, such securities will be shorted with the expectation that a catalyst will drive value

realization within a near-term time frame, but such positions may be shorted for other reasons, including, without limitation, hedging against market, industry or issuer specific risks.

- *Technical Analysis:* The Advisers seeks to use technical analysis to complement its macro-economic and fundamental research. The Adviser employs trend following and technical analysis to aid entry and exit points as well as position sizing and risk management. The Adviser also seeks to use technical analysis to screen single-stock and sector charts to identify potential investments.

These methods, strategies and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire contribution/investment. Investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed and there can be no assurance our techniques and strategies will be successful, or that they will not incur losses, which could be meaningful or total losses.

Accordingly, any investment should be made only after consulting with independent, qualified sources of investment, legal, tax, accounting and other advice.

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

Short Selling Risk. The Adviser's investment program includes a significant amount of short selling. Short selling transactions expose the Adviser to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Adviser in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Adviser might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Leverage. Although the use of borrowed money to purchase securities will permit us to make investments in amount in excess of our capital, it will also increase our exposure to losses. While there is no limit on our use of leverage, we will seek to use prudent levels of leverage on a risk-adjusted basis. The use of leverage also exposes us to increased operational market risks. Among other risks, small hedging errors may be amplified by leverage, price and valuation disputes with counterparties, which must be resolved.

Margin Borrowings. We could be subject to a "margin call" pursuant to which we must either deposit additional funds or liquidate assets for subsequent deposit with the applicable broker, or we could suffer mandatory liquidation to compensate for the decline in value. In the event of a drop in the value of our assets, we might not be able to liquidate assets quickly enough to pay off the margin debt. In such a case, the broker may liquidate some of our additional assets to satisfy such margin debt.

Hedging. There can be no assurances that a particular hedge is appropriate, that certain risk is measured properly or that such hedges are correlated across the targeted instruments. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser's investment portfolios than if the Adviser did not engage in any such hedging transactions.

Interest Rate Risks. Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.

Lack of Diversification. Client accounts will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, client portfolios are subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments.

Frequent Trading. At times, frequent trading may be required to comply with our investment strategy. Under such circumstances, commission fees and other transaction costs may increase disproportionately to periods where there is less frequent trading.

C. Risks Associated With Types of Securities that are Primarily Recommended (Including Significant, or Unusual Risks).

Equity Securities. The value of equity securities fluctuate 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. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geopolitical 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 generally.

Derivatives. Swaps, and options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or the Adviser. Further, transactions in derivative instruments are not undertaken on recognized exchanges, and will expose the client's account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

Non-U.S. Securities. Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

Emerging Markets. The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

Security Futures and Options. In connection with the use of futures contracts and options, there may be an imperfect correlation between the change in market value of a security and the prices of the futures contracts and options in the client's account. In addition, the Adviser's investments in security futures and options may encounter a lack of a liquid secondary market for a futures contract and the resulting inability to close a futures position prior to its maturity date.

Illiquid Instruments. Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the Adviser's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Adviser to obtain market quotations based on actual trades for the purpose of valuing a fund's portfolio.

Exchange Traded Funds (ETFs). We may invest in shares of ETFs, including for hedging purposes. As an investor in ETFs, we will bear its ratable share of various fees, allocations and expenses of the ETF, all of which are embedded in the net asset value of the ETF. ETFs represent shares of ownership in either funds or unit investment trusts that hold portfolios of common stocks, bonds or other instruments, which are designed to generally correspond to the price and yield performance of an underlying index. A primary risk factor relating to ETFs is that the general level of stock or bond prices may decline, thus affecting the value of an equity or fixed income ETF, respectively. An ETF may also be adversely affected by the performance of the specific sector or group of industries on which it is based. Moreover, although ETFs are designed to provide investment results that generally correspond to the price and yield performance of their underlying indices, ETFs may not be able to exactly replicate the performance of the indices because of their expenses and other factors.

Item 9 - Disciplinary Information

This Item is not applicable.

Item 10 - Other Financial Industry Activities and Affiliations

We do not have an affiliated broker dealer. Nevertheless, we have certain relationships with, and receive certain benefits from, non-affiliated broker dealers or introducing broker dealers that may pose a conflict of interest when selecting and using broker-dealers. Examples of such relationships and benefits include, but are not limited to: (i) referral or recommendation of investors; (ii) personal investments by a registered representative of a broker dealer in funds or accounts that we manage; (iii) access to an electronic communication network for order entry and account information; (iv) receipt of proprietary research; and (v) participation in broker-dealer sponsored research and capital introduction conferences.

We serve as adviser to an unregistered offshore private investment vehicle, Hyaline Capital Holdings Ltd. ("HCHL"). HCHL will own 100% of Hyaline Re Ltd. ("HRL"), an offshore insurer.

Justin Meadlin, our Chief Operations Officer and Chief Compliance Officer is also the Chairman of the Board of HCHL and sits on the board of its subsidiary HRL. Although Justin Meadlin is not Chief Investment Officer of our company, he will have significant involvement in investment decisions and a potential conflict of interests exists, given his involvement in HCHL, one of our Separately Management Accounts, to favor that account. We have addressed this potential conflict by (i) vesting investment decisions and portfolio management decisions in the Chief Investment Officer, Tony D'Andraia, (ii) reviewing investment decisions on at least a quarterly basis to ensure that all accounts with substantially similar investment objectives are treated equitably and to determine whether there are any unexplained significant discrepancies. In addition, as stated in Item 6, the Adviser's procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities *pro rata* based on asset size and require that, to the extent orders are aggregated, such orders are price-averaged. Finally, the Adviser's procedures also require the objective allocation for limited opportunities (such as initial public offerings) to ensure fair and equitable allocation among accounts. These areas are monitored by the Adviser's Chief Compliance Officer with referrals to outside counsel for additional review.

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

A. Code of Ethics.

The Adviser has adopted a Code of Ethics that obligates the Adviser and its related persons to put the interests of the Adviser's clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. All of the Adviser's personnel are also required to comply with applicable Federal securities laws. Thus, except for accounts over which the employee has no discretionary power, influence or control, personnel of the Adviser are prohibited from any transaction in his or her personal trading account. To ensure compliance with this restriction, as well as the restriction against "front-running" and "scalping," the Code of Ethics requires employees to (1) report personal transactions on a quarterly basis, (2) file an annual personal account disclosure and report securities holdings, and (3) certify their compliance with the Code of Ethics on an annual basis. Clients or prospective clients may obtain a copy of the Code of Ethics by contacting Justin Meadlin (the Adviser's Chief Compliance Officer) at justin@hyalinecapital.com or (646) 840-5494.

Restrictions Due to Insider Information

The Adviser, in the course of its investment advisory and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, the Adviser will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Adviser possesses such information), or not using such information for the client's benefit, as a result of following the Adviser's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

Participation or Interest in Client Transactions

The Adviser, its respective personnel may invest in the Accounts and in securities or other assets in which the Accounts or other clients invest, subject to applicable law and the firm's Code of Ethics.

The Adviser, its related persons and employees may also have financial interests in one or more of the Accounts (each, such Account, an "**Affiliated Account**"), either as direct investments, carried interests, indirectly through intermediaries or through the rights of deferred compensation under a deferred incentive fee agreement that a related person may have with such affiliated entities (all such interests, hereinafter referred to as "proprietary interests"). It is possible that under certain circumstances, such proprietary interests may exceed 25% of the total affiliated investment vehicle such that the investment vehicle is deemed to be a proprietary account.

It is possible that for purposes of rebalancing Accounts, following a quarterly review or otherwise, we may, through unaffiliated broker-dealers and at market prices, dispose of a particular security from one Account to another account, crossing that trade ("**Rebalancing**"). Additionally, there may be circumstances in which it will be advantageous to enter into transactions for certain investments to be held by only certain Accounts, while the economic benefits and risk of those investments are shared with other Accounts ("**Shared Transactions**"). Such Shared Transactions, for instance, may entail the creation of special purpose vehicles, derivative contracts and other mechanisms for sharing in the risk and reward of each participating Account. Given the proprietary interests or other affiliation that may exist with respect to an Affiliated Account, whenever a Rebalancing or Shared Transactions will involve such Affiliated Account, in order to address the conflict of interest that results, the transaction is reviewed by an independent party, which may include independent directors of Adviser, to approve such transaction.

With respect to marketing potential clients with respect to a potential investment into an Affiliated Account where the decision is to either invest in that Affiliated Account or to engage Adviser only as a new Separately Managed Account, the Adviser will fully disclose any and all material interest and

affiliation that it and/or its personnel have in that Affiliated Account, as further described in the Adviser Code of Ethics.

Item 12 - Brokerage Practices

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

The client generally selects the broker-dealer through which trades and/or investments are made. The Adviser merely gains limited access to that broker-dealer platform to effectuate such trades and/or investments.

If the Adviser does have discretion in selecting or recommending broker-dealer for client transactions, the Adviser considers such factors as price, the ability of the brokers to effect the transactions, the brokers' facilities, reliability and financial responsibility and the provision or payment (or the rebate to the Partnership for payment) of the costs of property or services (e.g., short term custodial services, research services, news and quotation services, publications and other research and brokerage products or services). Accordingly, if the Adviser determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, the client may pay commissions to such broker in an amount greater than the amount another broker might charge.

In exercising any discretionary authority to select or arrange for the selection of brokers for execution of transactions for the client, and, subject to its duty to obtain best execution, the Adviser may consider the value of research and brokerage products and services provided by such brokers and/or its affiliates. Research may include, among other things, proprietary research from brokers, which may be written or oral. Research products may include, among other things, computer databases and quotation services, in each case, to access research or which provide research directly. Research services may include, among other things, research concerning market, economic and financial data; a particular aspect of economics or on the economy in general; statistical information; pricing data and availability of securities; financial publications; electronic market quotations; performance measurement services; analyses concerning specific securities, companies, industries or sectors; market, economic and financial studies and forecasts; appraisal services; invitations to attend conferences or meetings with management or industry consultants; and outsourced risk analytics, software and advisory services.

1. Research and Other Soft Dollar Benefits.

Soft dollar arrangements generally arise when brokerage commissions executed through certain broker-dealers are used to generate "soft dollars" to pay for brokerage and research services used by the Adviser on behalf of the Accounts. In addition, sometimes, this research and development is obtained from a broker in return for directing client securities transactions to the broker. Soft dollar arrangements pose a conflict of interest for an adviser in that such arrangements allow the adviser to pay certain expenses with client commissions that would otherwise be borne by the adviser.

In addition "soft-dollar" arrangements create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser's interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to

the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of its clients.

Our intention is for any use of such soft dollar arrangements to fall with the permissible safe harbor for soft dollars created by Section 28(e) of the Securities Exchange Act of 1934, as amended. Under Section 28(e), research obtained with soft dollars may be used by the Adviser if provided in the proper format and if the cost is allocated across all applicable clients. To the extent that the Adviser uses soft dollars, it will first determine if such product or service fall under the safe harbor as outlined in its Code of Ethics. If the Adviser determines that the product or service has multiple components only some of which fall under the safe harbor (such soft dollar products and/or services thereby constituting "mixed-use"), the Adviser makes a good faith effort to (i) allocate the cost of the product or service according to its use, (ii) pay for the ineligible portion of the service with hard dollars and (iii) keep adequate records of the allocations. The Adviser intends to use soft dollar arrangements only within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934.

2. Brokerage for Client Referrals.

From time to time the Adviser may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a private fund managed by the Adviser or recommend these private funds as an investment to clients. If Adviser has such discretion, the Adviser may place client portfolio transactions with firms who have made such recommendations or provided capital introduction opportunities, if the Adviser determines that it is otherwise consistent with seeking best execution. If applicable, in no event will the Adviser select a broker-dealer as a means of remuneration for recommending the Adviser or any other product managed by the Adviser (or an affiliate) or affording the Adviser with the opportunity to participate in capital introduction programs.

3. Directed Brokerage.

The Adviser does not currently permit clients to direct the Adviser to execute such client's trades with a specified broker-dealer. However, the Adviser rarely has a choice in selecting or recommended broker-dealers for clients and instead will use the broker-dealer selected by the client. In such situations the Adviser is restricted in its ability negotiate commission rates on behalf of the client and to seek the most favorable execution rates. This inability to negotiate commission rates and to seek the most favorable execution rates may adversely affect the Adviser's ability to obtain best execution with respect to such client.

B. Order Aggregation.

The Adviser may purchase or sell the same security for clients contemporaneously/at or near the same time and using the same executing broker. If applicable, it is the Adviser's practice, where possible, to aggregate client orders for the purchase or sale of the same security submitted contemporaneously/at or near the same time for execution using the same executing broker. Such aggregation may enable the Adviser to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. In cases where trading or investment restrictions are placed on a client's account or where such aggregation is not available, the Adviser may/will be precluded from aggregating that client's transaction with others. In such a case, a client may pay a higher commission rate and/or receive less favorable prices than clients who are able to participate in an aggregated order. The Adviser

policy requires that trades and commission costs be reviewed to determine that the distribution of such costs, to the extent possible, are allocated fairly throughout all Separately Managed Accounts.

When an aggregated order is completely filled, the Adviser allocates the securities purchased or proceeds of sale *pro rata* among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to clients. Depending on the investment strategy pursued and the type of security, this may result in a *pro rata* allocation to all participating clients.

Item 13 - Review of Accounts

A. Frequency and Nature of Review.

The performance of similarly managed accounts is compared by the Chief Compliance Officer at least quarterly to determine whether there are any unexplained significant discrepancies and to determine if the accounts are treated equitably.

In addition, each client account is reviewed by the Chief Investment Officer on a monthly basis to determine whether securities positions should be maintained in view of current market conditions. Matters reviewed include specific securities held, adherence to investment guidelines and the performance of each client account.

B. Factors Prompting a Non-Periodic Review of Accounts.

Significant market events affecting the prices 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 may trigger reviews of client accounts on an other than periodic basis.

C. Content and Frequency of Regular Account Reports.

Each client will receive reports from the Adviser pursuant to the terms of such client's investment advisory agreement. Such reports may be delivered electronically to the client in accordance with the client's agreement with the Adviser or may be mailed to such client.

Item 14 - Client Referrals and Other Compensation

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

As discussed further in Item 12, the Adviser receives certain research or other products or services from broker-dealers through "soft dollar" arrangements. These "soft dollar" arrangements create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser's interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of

considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of its clients.

Item 15 - Custody

The Adviser will not have custody, constructive or otherwise of client funds or assets. Such custody will be maintained at the broker or dealer selected by the client. All statements regarding the account will be delivered to client from the broker or dealer, in accordance with the arrangement in place between the client and the broker or dealer.

Item 16 - Investment Discretion

The Adviser provides investment advisory services on a discretionary basis to clients in a manner consistent with each account's investment objectives and restrictions further described in Item 4. Limitations on such discretion include the inability to withdraw any money from the client account or direct the broker or dealer to distribute money on the client's behalf.

Prior to assuming such limited discretion, the Adviser enters into an investment management agreement or other agreement that may sets forth additional limitations on the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary client in the applicable investment management agreement, the Adviser has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) and (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held. The Adviser submits an allocation statement to the Adviser's trading desk describing the allocation of securities to (or from) client accounts for each trade/order submitted. The Adviser may consider the following factors, among others, in allocating securities among clients: (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) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is the Adviser's policy to allocate investment opportunities to eligible client accounts on a *pro rata* basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead the Adviser to allocate securities to client accounts in varying amounts. Even client accounts that are typically managed on a *pari passu* basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment type divided by the total assets of all accounts eligible to invest in the particular investment.

Allocations will be made among client accounts eligible to participate in initial public offerings (IPOs) and secondary offerings on a *pro rata* basis, except when the Adviser determines in its discretion that a *pro rata* allocation is not appropriate, which may include a client's investment guidelines explicitly prohibiting participation in IPOs or secondary offerings and a client's status as a "restricted person" or "covered investor" under applicable regulations.

If it appears that a trade error has occurred, the Adviser will 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, the Adviser's error correction procedure is to ensure that clients are treated fairly. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. In the event that a client account incurs losses due to a trade error as a result of the Adviser's gross negligence, fraud or willful misconduct (or the gross negligence, fraud or willful misconduct of any employee), the trade error will be corrected by the Adviser as soon as practicable, in a manner such that the client incurs no loss. Trade errors that result other than by breach of the standard of care above are borne by the client account.

Item 17 - Voting Client Securities

A. Policies and Procedures Relating to Authority to Vote Client Securities.

To the extent the Adviser has been delegated proxy voting authority on behalf of its clients, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of its clients. The Adviser will vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals, the Adviser will determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others: (i) whether the proposal was recommended by management and the Adviser's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

The Adviser's clients are not permitted to direct their votes in a particular solicitation.

If a material conflict of interest between the Adviser and a client exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the client or take some other appropriate action. The Adviser does not make any qualitative judgment regarding its client's investments.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a client's proxies by contacting Justin Meadlin (the Adviser's Chief Compliance Officer) by email at justin@hyalinecapital.com or by telephone at (646) 840-5494.

Item 18 - Financial Information

This Item is not applicable because the Adviser does not solicit prepayment of more than \$1,200 in fees per client.

Item 19 - Requirements for State-Registered Advisers

This Item is not applicable.