

# Wainwright Investment Counsel, LLC

## Part 2A of Form ADV

### Brochure

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One Boston Place, 41<sup>st</sup> Floor  
Boston, Massachusetts 02108  
Telephone: 617-531-3100  
[www.winvcounsel.com](http://www.winvcounsel.com)

This firm brochure (this “Brochure”) provides information about the qualifications and business practices of Wainwright Investment Counsel, LLC (hereinafter, “Wainwright,” or the “Firm” or “our” or “us”). If you have any questions about the contents of this Brochure, please contact us at 617-531-3100 or [info@winvcounsel.com](mailto:info@winvcounsel.com). The information in this Brochure has not been approved nor verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

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

## Item 2 - Material Changes

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The Firm filed its previous Form ADV Part 2A (“Brochure”) on December 12, 2014. The following information provides clients with a summary of material changes since the last annual update of the Brochure on March 28, 2014. This version of the Brochure has been updated to explain the current range of services that Wainwright provides to clients and to update applicable disclosures. The updates generally do not reflect a change in business practices, conflicts of interest or internal controls. Following is summary of material changes:

- **Advisory Business (Item 4).** Item 4 has been updated to reflect that Wainwright provides the following services to clients: (i) consulting services to pension plans and other clients; (ii) discretionary management services; (iii) hedge fund advisory services; and (iv) additional services. A description of each service is provided in Item 4. The update also clarifies that Wainwright’s services to clients where it has a discretionary advisory relationship are separate and distinct from Wainwright’s (and WFS LLC’s (“WFS”)) solicitation activities. Wainwright does not recommend any fund to which it provides Hedge Fund Advisory Services (see Item 4.C below) or any fund with which it (or WFS) has a solicitation arrangement to any state regulated pension fund client.
- **Compensation to Registered Representatives (Item 5.D).** Item 5 discloses that Wainwright employees who are also registered representatives of WFS (a wholly-owned subsidiary of Wainwright) receive production compensation for the sale of certain investment products, such as private funds.
- **Performance Fees (Item 6).** Item 6 has been updated to account for Wainwright’s receipt of performance fees: (i) in connection with acting as a solicitor for other registered investment advisers; and (ii) indirectly through WFS in connection with WFS’s solicitation and private placement services.
- **Methods of Analysis, Investment Strategies and Risk of Loss (Item 8).** Item 8 has been updated to reflect the methods of analysis and investment strategies applicable to hedge fund advisory services and additional services and to include additional risk factors applicable to Wainwright’s business.
- **Selection of Broker-Dealers (Item 12).** Item 12 has been updated to reflect Wainwright’s current broker-dealer selection practices as well as to reflect that Wainwright’s affiliated broker-dealer, WFS, only effects securities transactions for a small number of legacy clients.
- **Review of Accounts (Item 13).** Item 13 has been updated to reflect Wainwright’s current practices related to review of client accounts.
- **Investment Discretion (Item 16).** Item 16 has been updated to clarify the level of investment discretion applicable to each of the services that Wainwright provides.

Wainwright will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting [info@winvcounsel.com](mailto:info@winvcounsel.com), or by calling Wainwright at 617-531-3100.

Additional information about Wainwright is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with the firm who are registered, or are required to be registered as investment adviser representatives.

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## **Item 4 - Advisory Business**

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Wainwright is an SEC-registered investment adviser with its principal place of business located in Boston, Massachusetts. Wainwright has been conducting business since 1999. The Firm is privately held and majority employee owned and no one member owns or has contributed more than 25% of the capital of the Firm.

Wainwright provides a broad range of investment advisory and consulting services to its clients. Below is a summary of the services that Wainwright offers to clients.

### **A. Consulting Services to Pension Plans and Other Clients**

Wainwright provides consulting services to two principal groups of clients: (i) pension, profit sharing, 401(k) and other plans that are subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), state and municipal governmental pension and welfare plans and charitable and tax-exempt organizations; and (ii) individuals, high net worth individuals, family offices, trusts, corporations and other business entities.

Wainwright’s consulting services generally begin with the development of a customized investment policy statement or investment strategy framework that reflects the client’s stated investment objective and parameters for the management of the account. Wainwright then assists clients in developing an initial asset allocation strategy and providing ongoing investment advice as to the maintenance of the asset allocation strategy and the selection of managers, securities and investment vehicles. The Firm also provides ongoing investment monitoring, research and due diligence and performance reporting. In providing such services, Wainwright acts in a non-discretionary capacity, meaning that the client retains the ultimate authority to decide whether to invest in a particular investment. A non-discretionary account requires prior authorization from the client for each transaction; however, Wainwright plays a key role in coordinating among its clients and the relevant custodians, administrators and managers to communicate the client’s instructions, to arrange or effect the purchase or sale of the relevant investments, including subscriptions in private funds and the allocation of separately managed account assets among managers, and to ensure that the client’s investment decisions are appropriately implemented.

Wainwright’s consulting services are highly customized to the needs of each client, and the scope and duration of the services provided to a particular client is established in a written agreement between the client and the Firm. Wainwright and the client may agree to change the scope of the services at any time.

#### **1. Investment Policy Statement Preparation**

Wainwright will meet with the client to determine an appropriate investment strategy that reflects the client’s stated investment objectives for management of the account assets. Wainwright then prepares (or assists the client in preparing) a written investment policy statement (“IPS”) that details the client’s needs and goals or, alternatively, assists the client in developing an investment strategy framework. The IPS or investment strategy framework also sets forth criteria for selection of managers, securities and investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

## 2. Asset Allocation Strategy

Wainwright assists the client in developing an overall asset allocation strategy that is consistent with the client's stated goals and objectives and established based on the client's particular circumstances. If appropriate, this asset allocation strategy is included in the client's IPS. The Firm monitors the asset allocation strategy on an ongoing basis, or as otherwise specified by the client, and may recommend that the assets be reallocated or rebalanced periodically based on various considerations, including market factors and the client's financial circumstances.

## 3. Manager Selection and Evaluation

Wainwright performs manager searches that identify and evaluate various unaffiliated investment managers whose portfolio management styles are, in Wainwright's view, appropriate for a particular client based on that client's investment objective and asset allocation strategy. Clients may access a particular manager through a broad range of investment vehicles and instruments such as hedge funds, private equity funds, venture capital funds, private real estate funds, separately managed accounts and mutual funds. Wainwright's Research and Due Diligence Committee ("RDC") coordinates the manager due diligence and research process. Wainwright will recommend the selection of particular managers or investments initially and will monitor the performance of the managers and investments thereafter.

If Wainwright determines that a selected manager is not providing sufficient or adequate investment management services to the client or an investment is no longer appropriate, Wainwright may suggest that the client consider limiting the allocation of its portfolio to the particular manager or investment or terminate the manager's services. If a manager or investment is terminated, Wainwright may assist the client in selecting a new manager or investment. The client is responsible for making the ultimate decision whether to select, hire or terminate a particular manager or invest in any particular investment. Clients should refer to each selected manager's firm Brochure (Form ADV Part 2A) for a full description of the services offered by a particular manager or, in the case of a mutual fund or alternative investment fund, the relevant prospectus or offering memorandum (collectively, "Offering Documents").

Wainwright's investment recommendations are not limited to hedge funds, private equity funds, venture capital funds, private real estate funds, separately managed accounts and mutual funds. To the extent consistent with the client's IPS or investment strategy framework, Wainwright may recommend that a client invest in the different types of securities and investment vehicles listed below in Item 1.B.

Wainwright does not recommend any fund to which it provides Hedge Fund Advisory Services (see Item 4.C below) or any fund with which it (or WFS) has a solicitation arrangement to any state regulated pension fund client.

## 4. Performance Reporting

Wainwright reports client investment performance regularly, based on the procedures and timing intervals set forth in the Firm's agreement with the client. These reports generally include market value by asset class, instrument or investment, as applicable; the percentage each investment represents in the entire portfolio; monthly or quarterly returns, as applicable; and year-to-date

return for each portfolio and/or investment. Additional information provided in reports may include “Financial Market Highlights” for the quarter; selected index returns for the quarter; an asset allocation summary; geographic composition; portfolio liquidity; hedge fund investment market value summary; statistical analysis of monthly returns; portfolio composition by asset class; portfolio composition by manager; performance by asset class; and performance attribution metrics.

## **B. Discretionary Management Services**

Wainwright provides discretionary investment advice to clients regarding the investment of assets based on the individual needs of the client. A discretionary account is one in which the client has given Wainwright written authority to make investments in and for the client’s account (based on the client’s IPS or stated account or portfolio objectives) without obtaining the client’s prior consent for each transaction. Each discretionary client agrees to grant Wainwright discretionary authority in its investment advisory agreement.

Through discussions with the client or a client representative in which goals and objectives are identified and established, the Firm may develop a client's IPS. After the IPS is established, the Firm creates and manages a portfolio based on the IPS. During Wainwright’s information gathering process, Wainwright determines the client’s particular objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, Wainwright also reviews and discusses a client's prior investment history, as well as other relevant information and circumstances.

Wainwright’s investment advice and selections are not limited to any specific product or service offered by a particular company or financial institution and will generally include advice regarding the following types of securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- United States governmental securities
- Options contracts on securities
- Futures contracts on tangibles
- Futures contracts on intangibles
- Interests in partnerships investing in real estate and other assets
- Interests in partnerships investing in private equity
- Interests in partnerships, hedge funds or fund of funds
- Investment Company Securities (mutual funds, variable annuities, and variable life)

At the client’s request, other alternative investments may be recommended, which could include, but are not limited to, venture capital and leveraged buy-out funds.

Because some types of investments involve certain additional degrees of risk, they will only be recommended or implemented when consistent with the client's stated investment objectives, risk tolerance, liquidity, and other constraints.

Funds on which Wainwright or WFS, receive compensation generally are not included in discretionary client portfolios.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Any restrictions must be agreed to in writing by the client and Wainwright.

Account supervision is guided by the client's IPS or stated objectives (*e.g.*, maximum capital appreciation, growth, income, or growth and income, etc.). Unless agreed to with the client, the client's portfolio is generally not managed for tax risk tolerance considerations. Wainwright reviews client portfolios on at least a quarterly basis, and as necessary makes recommendations to change investments or rebalance portfolios.

### **C. Hedge Fund Advisory Services**

Wainwright provides discretionary advice and/or certain other services to certain privately offered funds, as described in further detail below.

#### **1. Dreadnought Funds**

The Wainwright Dreadnought Fund Ltd. is a Cayman Islands exempted company and the Wainwright Dreadnought Fund L.P., a Delaware limited partnership (collectively, the "Dreadnought Funds"). The Dreadnought Funds were formed on June 6, 2013 and commenced operations on January 2, 2014. Dreadnought Management LLC ("Dreadnought Management") is the management company for the Dreadnought Funds. Dreadnought GP LLC ("Dreadnought GP") is the general partner for the Dreadnought Funds. Dreadnought Management and Dreadnought GP are each a "related person" of Wainwright due to Wainwright and its principals' direct and indirect ownership of greater than 50% in each entity and due to the management control of each entity by the CEO of Wainwright. As a founder and principal member, manager and controlling person of Wainwright, Dreadnought Management and Dreadnought GP, Eric Bertonazzi controls the management and operations of Wainwright, Dreadnought Management, Dreadnought GP and the Dreadnought Funds.

The Dreadnought Funds invest all of their investable assets (other than short-term assets awaiting contribution or distribution) through a "master-feeder" fund, the Wainwright Dreadnought Master Fund L.P., a Cayman Islands partnership. Wainwright is the investment manager for the Dreadnought Funds and receives a fee for investment advisory and other operational services provided to the Dreadnought Funds. These other operational services include, but are not limited to, management of the Dreadnought Funds' operations, including supervising the administrator, analyzing and reporting on the Dreadnought Funds' performance to investors, and performing various administrative and back office services for the Dreadnought Funds.

Wainwright does not recommend or solicit state regulated pension fund clients to invest in the Dreadnought Funds.



2. Wainwright Renaissance Fund 1, L.P.

Wainwright Capital Partners, LLC (“WCAP”) is the general partner of the Wainwright Renaissance Fund 1, L.P., a Delaware limited partnership (the “Wainwright Renaissance Fund”). WCAP is registered with the National Futures Association and U.S. Commodity Futures Trading Commission as a Commodity Pool Operator. WCAP is a “related person” of Wainwright due to Wainwright’s 100% ownership of WCAP. As a founder and principal, manager and controlling person of Wainwright and WCAP, Eric Bertonazzi controls the management and operations of Wainwright and WCAP. As Chief Financial Officer and Chief Administrative Officer of Wainwright and principal of WCAP, Paul Martins controls the management and operations of Wainwright and WCAP. As President of Wainwright and principal of WCAP, Gustavo Aristizabal controls the management and operations of Wainwright and WCAP.

The Wainwright Renaissance Fund invests substantially all of its assets into a single investment, the Renaissance Institutional Equities Fund LLC (“RIEF”). Wainwright is not affiliated with RIEF. Neither Wainwright nor any of its affiliates have any involvement in the day to day management of the portfolio positions or trading in RIEF. Wainwright serves as the administrative manager of the Wainwright Renaissance Fund. Wainwright is paid a fee for administrative management services it provides to the Wainwright Renaissance Fund. These services include management of the Wainwright Renaissance Fund’s operations, including supervising the administrator, analyzing and reporting the on Wainwright Renaissance Fund’s performance to limited partners, and performing various administrative and back office services for the Wainwright Renaissance Fund.

Wainwright does not recommend or solicit state regulated pension fund clients to invest in the Wainwright Renaissance Fund.

3. Wainwright Global Capital, LP

Wainwright Global Capital, LP, a Cayman Islands partnership, is a wholly-owned subsidiary of Wainwright that is intended to provide services to clients located outside of the United States. However, the entity is not currently engaged in any investment activities.

**D. Additional Services Provided**

Wainwright also provides ad-hoc management consulting services in the form of educational workshops and/or materials based on industry knowledge and/or best practices. Such services are typically limited in nature and based on the communicated needs of the client.

**E. Amount Of Discretionary and Non-Discretionary Assets Under Management**

As of December 31, 2014, Wainwright Investment Counsel, LLC advised \$4,045,036,077 of client assets on a non-discretionary basis and managed \$91,738,058 of client assets on a discretionary basis.

## **Item 5 - Fees and Compensation**

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The specific manner in which fees are charged by Wainwright is established in each client's written agreement with Wainwright. All fees are subject to negotiation.

### **A. Fees**

#### **1. Fees for Consulting Services**

Fees for Consulting Services are generally tiered and while quoted on an annual basis, are generally calculated and assessed on a quarterly basis. Alternatively, Wainwright may charge and receive one-time fees for certain services.

Generally, an annual fee of 1.50% of account assets is charged on the first \$1.0 million of account assets. For account assets above \$1.0 million up to and including \$5.0 million, the annual fee is 0.50%. For account assets above \$5.0 million, the annual fee is 0.40% or a reduced amount negotiated on a client by client basis.

Funds on which Wainwright or WFS, Wainwright's wholly-owned broker-dealer subsidiary, receive compensation may be included in a consulting advisory account. In such instances, these Funds are recommended on a fully disclosed basis and if such funds are included in a consulting advisory account, the value of such funds shall generally be excluded from Wainwright's consulting advisory fee calculation (*i.e.* the client shall not be charged an advisory fee on such fund assets).. As disclosed herein, state regulated pension fund clients of Wainwright, do not invest in any funds to which Wainwright provides Hedge Fund Advisory Services (see Item 4.C below) or any fund with which Wainwright or WFS has a solicitation arrangement.

#### **2. Fees for Discretionary Management Services**

Fees for discretionary management services are quoted as a fixed percentage based on the market value of the account and quoted on an annual basis, but calculated and assessed on a quarterly basis. Fees generally range from of 0.5% to 1.5% of account assets.

#### **3. Fees for Hedge Fund Advisory Services**

Management and performance fees relating to hedge funds are set forth in each applicable fund's Offering Documents. Wainwright or its affiliates as applicable reserves the right to waive, reduce, rebate, or calculate differently the management fee, administrative services fee and/or performance fee with respect to any investor in a fund.

#### **4. Fees for Additional Services**

Fees for additional services are generally charged on a fixed fee basis. Wainwright does not have a fee schedule for additional services, as such fees are negotiated on a client by client basis based on the scope of services that Wainwright has agreed to provide.

## **B. Billing**

### **1. Consulting Services and Discretionary Management Services**

Wainwright generally bills its fees on a quarterly basis, in arrears; however, there are some clients that have agreed to advance billing. Clients may elect to be billed directly for fees or authorize Wainwright to directly debit fees from client accounts. Accounts initiated or terminated during a calendar quarter may be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

### **2. Hedge Fund Advisory Services**

Wainwright or its affiliates as applicable generally bills management fees and administrative services fees on a quarterly basis and bills a performance fee (if applicable) on an annual basis, each, as set forth in each applicable fund's Offering Documents.

### **3. Additional Services**

Billing arrangements for additional services are established on a client by client basis as set forth in the agreement with the client. Clients are billed directly for additional services. Subject to the terms of any client agreement, upon the termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

## **C. Additional Expenses**

Generally, all fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that are incurred by the client, and the clients are responsible for the payment of these costs and expenses. In addition, WFS effects securities transactions for a small number of legacy Wainwright clients at or near WFS's cost as part of Wainwright's overall advisory services to its clients. Clients will also incur certain other charges imposed by custodians, brokers, third-party investment managers, and other third-parties, such as interest charges, ticket charges, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, overnight delivery fees and other fees and taxes on brokerage accounts and securities transactions. Clients are responsible for the payment of these costs and expenses. Mutual funds, exchange-traded funds, investment advisers and private funds also charge internal management fees, which are disclosed in a fund's prospectus or offering documents. Such charges, fees and commissions are exclusive of, and in addition to, the Firm's advisory fees.

## **D. Compensation to Registered Representatives**

Wainwright has a wholly-owned subsidiary, WFS, that is an SEC registered broker-dealer and a member of FINRA and SIPC. Most of Wainwright's employees are also registered representatives of WFS. Wainwright does not recommend that new clients establish a brokerage relationship with WFS and it maintains only a small number of legacy brokerage accounts on behalf of Wainwright clients.

Wainwright employees who are registered representatives of WFS receive production compensation for the sale of certain investment products, such as private funds, that may or may not be held by advisory clients. The receipt of this compensation creates a conflict of interest and

gives Wainwright employees who are registered representatives of WFS an incentive to recommend investment products based on compensation received, rather than on a client's needs. Wainwright addresses this conflict through oversight by the enterprise risk management committee and by conducting daily account reviews and reconciliations to monitor any brokerage transactions conducted through WFS. In addition, if any such private funds are included in a consulting advisory account, the value of such funds shall generally be excluded from Wainwright's consulting advisory fee calculation (*i.e.* the client shall not be charged an advisory fee on such private fund assets). Finally WFS customers who are also advisory clients of Wainwright will typically be credited for any 12b-1 fees that WFS receives. Clients have the option to purchase investment products through other unaffiliated brokers, and most clients use unaffiliated brokers.

Please see Item 12 – Brokerage Practices for more information.

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

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Performance fees are fees based on a share of capital gains on or capital appreciation of the assets of a client. Wainwright charges performance fees to discretionary accounts when agreed to with a client in its investment advisory agreement. In addition, Wainwright receives performance based fees from other registered investment advisers in return for acting as a solicitor. Wainwright also receives performance fees indirectly through WFS in connection with WFS's solicitation and private placement services, including its role as placement agent for the private funds described above in Item 4 as well as for other unaffiliated private funds. A portion of the performance fees and other compensation earned by WFS from its solicitation and private placement services are paid to registered representatives of WFS (who are also employees of Wainwright) as production compensation.

Wainwright manages both accounts that are charged a performance-based fee and accounts that are charged other types of fees, such as a fixed fee or an asset based fee. Performance fees create an incentive for Wainwright to recommend investments that are riskier or more speculative than would be the case if such arrangement were not in effect. Wainwright and its employees may be perceived to have an incentive to devote more resources toward managing accounts for which it charges a performance fee over other types of client accounts that do not charge a performance fee, such as accounts that are managed on a non-discretionary basis. Wainwright addresses this potential conflict through oversight by the enterprise risk management committee.

Wainwright does not recommend any fund to which it provides Hedge Fund Advisory Services (see Item 4.C) or any fund with which it (or WFS) has a solicitation arrangement to any state regulated pension fund client.

### **Item 7 - Types of Clients**

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Wainwright provides services to individuals, high net worth individuals, pension and profit-sharing plans, employee benefit plans, charitable institutions, endowments, trusts, estates, foundations, hedge funds and fund of funds, corporations, and partnerships. The Firm's clients are domiciled inside and outside of the United States. Account minimums vary by product and

service and are subject to negotiation.

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

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### **A. Methods of Analysis and Investment Strategies**

#### **1. Consulting Services**

Wainwright generally employs the following methods of analysis and approaches investment strategy with the following steps:

*Determine Current Exposure:* A review of the client's current portfolio and analysis of the existing portfolio's investment characteristics by asset class, strategy and style. This analysis generally includes weightings by asset class, expected returns and risk metrics.

*Formulate Investment Policy Statement or Investment Strategy Framework:* An IPS or investment strategy framework typically defines an investor's investment objectives, tolerance for risk, investment time horizon, liquidity needs, tax considerations, legal and regulatory considerations, and any unique circumstances that may apply. These considerations are critical in determining a client's target asset allocation.

*Asset Allocation Analysis:* At this phase, Wainwright refers to our capital market assumptions for each asset class and integrates them with specific investment policy inputs. Wainwright also generates model portfolios, displaying different asset class mixes, for client consideration.

*Manager Due Diligence:* Wainwright performs manager due diligence utilizing both quantitative and qualitative metrics. Typical areas of analysis include: performance, style specificity, asset growth, volatility of returns, downside risk, firm history, portfolio characteristics, and manager expertise, among others.

*Portfolio Construction:* Wainwright uses the asset allocation framework to craft a client's portfolio. Some of the specific issues Wainwright assesses include: active versus passive strategies, risk target in a specific asset class, pre-existing exposures, investment manager style, risk adjusted returns, tax considerations, separate versus commingled account management, tracking error, and correlation among managers.

*Portfolio Monitoring:* Typically, Wainwright provides its clients with quarterly performance reports. These reports illustrate time weighted performance for each investment manager and on a consolidated total portfolio basis, over quarter, year-to-date, and trailing periods.

#### **2. Discretionary Management Services**

Depending on a particular client engagement, Wainwright may use any of the following methods of analysis in discretionary accounts:

*Fundamental Analysis:* Wainwright attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the issuer itself) to determine if the issuer is

underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the security.

*Technical Analysis:* Wainwright analyzes past market movements and applies that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of an issuer. This presents a risk in that a poorly managed or financially unsound issuer may underperform regardless of market movement.

Wainwright uses the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

*Long-term purchases:* Wainwright purchases securities with the intention of holding them in the client's account for a year or longer. Typically Wainwright employs this strategy when:

- Wainwright believes the securities to be currently undervalued, and/or
- Wainwright wants exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, Wainwright may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before Wainwright makes the decision to sell.

*Short-term purchases:* When utilizing this strategy, Wainwright purchases securities with the intention of selling them within a relatively short time (typically a year or less). Wainwright does this in an attempt to take advantage of conditions that Wainwright believes will soon result in a price swing in the securities purchased.

### 3. Hedge Fund Advisory Services

Wainwright utilizes similar but not identical methods of analysis and investment strategies to hedge funds as it does for discretionary accounts, subject to the investment objectives and investment restrictions set forth in each fund's Offering Documents.

### 4. Additional Services

Wainwright also provides ad-hoc management consulting services in the form of educational workshops and/or materials based on industry knowledge and/or best practices. The scope of such services is negotiated between the client and Wainwright and varies from client to client.

## **B. Material Risk Factors**

*Investing in securities involves risk of loss that clients should be prepared to bear. The investment performance and the success of any investment strategy or particular investment can never be*

*predicted or guaranteed, and the value of a client's investments will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken in managing client assets will be subject to various market, liquidity, currency, economic, political and other risks, and investments may lose value.*

The information contained in this Brochure cannot disclose every potential risk associated with an investment strategy, or all of the risks applicable to a particular manager, security or investment. Rather, it is a general description of the nature and risks of the consulting and advisory services provided by Wainwright and the related investments. This summary is qualified in its entirety by reference to the Offering Documents that apply to the funds that Wainwright recommends and/or in which a client invests. Clients should carefully read the Offering Documents before making an investment in a fund.

## 1. General Risks

*Market Risk:* The direction of the stock market is difficult to predict and is dependent upon changes in interest rates, inflation, and a host of additional economic and political factors. There is always a risk that the stock market as a whole will decline, bringing down the values of individual securities regardless of their fundamental characteristics. The same is true for the markets for other asset classes.

*Investment Manager Selection Risk:* The investment performance of a client's investment program will also vary with the success and failure of investment managers that are selected to manage the assets of the client's portfolio. An investment manager's past performance is not indicative of future results. Current and prospective clients should not assume that the future performance of any specific investment manager, investment strategy or investment will be profitable.

*Company Specific Risks:* These risks relate to a firm's business plans, stock valuation profitability, accounting practices, growth strategy, and other factors particular to a company rather than to the overall market.

*Product Specific Risks:* These relate to the unique risks that relate to different investment products. For example, the value of sovereign bonds may vary depending on a country's debt to GDP ratio, where it is in an economic cycle, the perception of its ability to cut spending or raise tax revenue, and other factors particular to that country rather than to the overall market.

*Selection Risk:* The risk that an investor chooses a security that underperforms the market for unanticipated reasons.

*Timing Risk:* The risk that an investment performs poorly after its purchase or better after its sale.

*Data Risk:* Wainwright's securities analysis methods rely on the assumption that the companies whose securities Wainwright recommends, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While Wainwright is alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## 2. Investment Risks

*Equity Securities:* Equity instruments are subject to equity market risk, which is subject to the possibility that common stock prices will fluctuate over short or even extended periods. Equity securities generally have greater price volatility than fixed income securities. The market price of equity securities may increase or decrease, sometimes rapidly or unpredictably. Equity securities may decline in value to factors affecting markets generally, particular industries, sectors or geographic regions represented in those markets, or individual issues.

*Debt Securities:* Debt securities are affected by changes in interest rates. When interest rates rise, the values of debt securities are likely to decrease. Conversely, when interest rates fall, the values of debt securities are like to increase. The values of debt securities may also be affected by changes in the credit rating or financial condition of the issuing entities.

*Options:* Options are complicated and risky investments because they require an investor not only to predict whether the price of a security is going up or down, but also predict the amount and timing of that movement. This requires a sophisticated understanding of the underlying security itself, as well as the particular options strategy being used to speculate or hedge the security. Ongoing research on the price and market movements for the underlying security is necessary in order to accurately determine the potential gains or losses from the use of options.

*Preferred Equity:* Holders of preferred equity sit between the bondholders and common stockholders within the capital structure. Preferred equity is subordinate to various levels of debt, so if a company declares bankruptcy, the holders of preferred equity do not receive payment until all of the company's secured creditors and bondholders have received payment. Also, like debt securities, the values of preferred equities are closely tied to interest rates. Typically, the longer the maturity, the more the preferred equity is affected by changes in interest rates.

*Foreign Markets:* Investments in foreign companies and overseas markets may involve special risks, including risks relating to changes in currency exchange rates, political, economic and social events, different market operations and less information.

*Alternative Investments:* Alternative investments involve certain different and additional risks that clients must consider. Lock-up periods and other terms may obligate investors to commit their capital investment for a minimum period of time, typically no less than one or two years and sometimes for up to 10 or more years. Illiquidity and lack of ready trading markets is considered to be the most common risk and may eliminate the ability of an investor to end an investment early regardless of its success and to determine a marketable value for an alternative investment. There may be limited availability of suitable benchmarks for comparison of performance; historical return data also may be limited. In some cases, there may be a lack of transparency and regulation providing an additional layer of risk. Some alternative investments may involve use of leverage and other speculative techniques. As a result, some alternative investments may carry substantial, additional risk, which may result in the loss of some or all of the investment. For tax-exempt investors, use of leverage and certain other strategies may involve certain tax consequences, such as the possibility of "unrelated business taxable income" (or "UBTI") as defined under the Internal Revenue Code.



## **Item 9 - Disciplinary Information**

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Registered investment advisers are required to provide information about any legal or disciplinary events that would be material to your evaluation of Wainwright or the integrity of its management. Wainwright has no reportable disciplinary events.

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

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Wainwright has a wholly-owned subsidiary, WFS, that is an SEC registered broker-dealer and a member of FINRA and SIPC. Most of Wainwright's employees are also registered representatives of WFS. Please see Items 5 and 12 for more information. Additionally, Wainwright has several other affiliations and interests in various limited partnerships and limited liability companies, as described above in Item 4.

Wainwright and WFS receive additional compensation in connection with certain managers or funds that are recommended to advisory clients. For more information, please refer to Items 4.C and 14.

Wainwright does not recommend any fund to which it provides Hedge Fund Advisory Services (see Item 4.C) or any fund with which it (or WFS) has a solicitation arrangement to any state regulated pension fund client.

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

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### **A. Code of Ethics and Personal Trading**

Wainwright has adopted a Code of Ethics for all supervised persons that describes, among other things, Wainwright's standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Wainwright must acknowledge the terms of the Code of Ethics annually and at any time the Code of Ethics is materially amended.

Subject to the Code of Ethics and applicable law, officers, directors and employees of Wainwright and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Wainwright's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Wainwright will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that these classes of securities would not materially interfere with the best interest of Wainwright's clients. In addition, the Code of Ethics requires

pre-clearance of certain transactions, and may restrict certain trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is monitored to detect and prevent conflicts of interest between Wainwright and its clients.

Wainwright anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it may cause accounts over which Wainwright has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Wainwright, its affiliates and/or clients, directly or indirectly, have a position or interest, such as the Dreadnought Funds or the Wainwright Renaissance Fund. Wainwright addresses this conflict through disclosure in this Brochure and the relevant Offering Documents, if applicable, by reviewing each new client investment to ensure that it is consistent with the client's investment strategy and by enterprise risk management committee oversight of client investment in affiliated products.

Wainwright's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting [info@winvcounsel.com](mailto:info@winvcounsel.com).

## **B. Principal and Agency Cross Trades in Discretionary Management Services Accounts**

It is Wainwright's policy that it will not affect any principal or agency cross securities transactions for client accounts. Wainwright will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any discretionary client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the discretionary client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 - Brokerage Practices**

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### **A. Selection of Broker-Dealers**

Wainwright has the authority to select broker-dealers for Discretionary Management Services clients. In selecting a broker-dealer, the determinative factor is not necessarily the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Wainwright will seek competitive rates, to the benefit of all clients, it will not necessarily obtain the lowest possible commission rates for specific client account transactions.

Wainwright has a wholly-owned subsidiary, WFS, that is an SEC registered broker-dealer and a member of FINRA and SIPC. Wainwright does not recommend that new clients establish a brokerage relationship with WFS and it maintains only a small number of legacy brokerage accounts on behalf of Wainwright clients. All WFS accounts are custodied at Pershing LLC, and all WFS customer brokerage transactions are executed by Pershing LLC. WFS effects securities transactions for a small number of legacy Wainwright clients at or near WFS's cost as part of Wainwright's overall advisory services to its clients. WFS does not provide brokerage services to state regulated pension fund clients of Wainwright. Please refer to Item 5 for more details.

Wainwright also recommends that clients use the brokerage and custody services of Pershing Advisor Solutions, LLC ("PAS"); however, clients are not required to use PAS. PAS makes available to Wainwright products and services that benefit Wainwright but may not directly benefit its clients' accounts. Many of these products and services are used to service all or some substantial number of Wainwright's clients, including accounts not maintained at PAS. PAS's products and services that assist Wainwright in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Wainwright fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

PAS also offers other services intended to help Wainwright manage and further develop its business enterprise. These services include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. PAS makes available, arranges and/or pays third-party vendors for the types of services rendered to Wainwright. PAS may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Wainwright. PAS also provides other benefits such as educational events or occasional business entertainment of Wainwright personnel. In evaluating whether to recommend that clients custody their assets at PAS, Wainwright takes into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not rely solely on the nature, cost or quality of custody and brokerage services provided by PAS, which may create a potential conflict of interest.

Without this arrangement with PAS, Wainwright might be compelled to purchase the same or similar services at its own expense. As a result of receiving such services for no additional cost, Wainwright has an incentive to continue to use or expand the use of PAS's services. Wainwright examined this potential conflict of interest when it chose to enter into the relationship with PAS and has determined that the relationship is in the best interests of Wainwright's clients and satisfies its client obligations, including its duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Wainwright determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

Whether Wainwright clients use WFS or PAS, their accounts will be held at Pershing, LLC as the clearing broker and custodian for each of WFS and PAS. PAS and Pershing, LLC are not affiliated with Wainwright. When Wainwright clients open accounts at either WFS or PAS, they

execute a brokerage agreement (in addition to their investment advisory agreement with Wainwright) that covers the terms of their arrangement with either WFS or PAS.

Clients are not required to use WFS or PAS and may instead engage other third party brokers and custodians.

## **B. Aggregation of Trades in Discretionary Management Services Accounts**

Wainwright may combine or aggregate purchase or sale orders for the same security or other instrument for multiple client accounts (including accounts in which Wainwright and its affiliates and related persons has an interest) (sometimes referred to as “bunching”), so that the orders can be executed at the same time and block trade treatment of any such orders can be elected when available. Wainwright aggregates orders for its Discretionary Management Services account when Wainwright considers doing so appropriate and in the interests of its clients generally, however, it is not required to do so.

When orders are aggregated, the orders will be placed with one or more broker-dealers or other counterparties for execution. When a bunched order or block trade is completely filled, Wainwright generally will allocate the securities or other instruments purchased or the proceeds of any 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 small allocations or to satisfy account cash flows and guidelines. If the order at a particular broker-dealer or other counterparty is filled at several different prices, through multiple trades, generally all participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. There may be instances in which not all accounts are charged the same commission or commission equivalent rates in a bunched or aggregated order.

## **Item 13 - Review of Accounts**

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For Discretionary Management Services accounts, portfolios are reviewed no less frequently than monthly by the client service consultants. The client service consultants with the assistance of the analysts and/or the operations group may conduct more frequent reviews as the result of either a triggering event (*i.e.*, market adjustment) or at the request of the client.

In addition, Wainwright provides quarterly reviews for all client accounts. Criteria in an account review includes, but is not limited to, market fluctuations, significant events, client needs and client objectives. All clients receive, at a minimum, a quarterly written report containing asset values and performance information, as applicable. Depending on the agreement with the client, a client may also receive daily, weekly or monthly reports. Clients may also receive asset valuation reports and/or performance information directly from an underlying manager on either a monthly or quarterly basis. Capital gain and loss information is provided to the client upon request.

An extensive objective review for Consulting Service accounts and Discretionary Management Services accounts is typically conducted on a semi-annual basis (or more or less frequently as deemed necessary by Wainwright) to ensure alignment between the client’s investment

philosophy, risk tolerance, objectives and their existing portfolio. The periodic reviews typically take into consideration liquidity, time horizon, recent changes in the client's investment philosophy, risk tolerance, and/or any other factor deemed pertinent for that particular client, such as tax or other considerations.

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

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### **A. Client Referrals**

The Firm pays referral fees to independent persons or firms ("Solicitors") for introducing clients to the Firm. Whenever Wainwright pays a referral fee, in accordance with SEC Rule 206(4)-3, Wainwright requires the Solicitor to provide the prospective client with a copy of this Brochure and a separate disclosure statement that includes the following information:

- The Solicitor's name and relationship with the Firm;
- The fact that the Solicitor is being paid a referral fee;
- The amount of the fee; and
- Whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

A referred client is not charged a greater fee than they would have paid had they come directly to Wainwright.

### **B. Wainwright Referrals**

The Firm has entered into a solicitor agreement with an independent registered investment adviser and may enter into additional solicitor agreements in the future with other registered investment advisers. Pursuant to such agreements, Wainwright receives referral fees in its capacity as a Solicitor for introducing clients or fund managers to other registered investment advisers. Whenever Wainwright receives a referral fee, in accordance with SEC Rule 206(4)-3, the prospective client executes a separate disclosure statement that includes the following information:

- Wainwright's name as Solicitor and relationship with the registered investment adviser;
- The fact that Wainwright is being paid a referral fee;
- The amount of the fee (as a %); and
- Whether the fee paid to Wainwright will be increased above the registered investment adviser's normal fees in order to compensate Wainwright (as Solicitor).

### **C. Private Fund Solicitation Arrangements**

WFS, a broker-dealer affiliate of Wainwright, has been appointed as the non-exclusive placement agent for the Dreadnought Funds and Wainwright Renaissance Fund. WFS receives a placement fee under the Dreadnought Funds' and Wainwright Renaissance Fund's placement agreements for any investor that invests in such fund as a result of WFS's sales efforts. Please refer to Item 4 for more details regarding the Dreadnought Funds and the Wainwright Renaissance Fund.

In addition, WFS may act in the capacity of a solicitor or placement agent for unaffiliated private funds and may receive and/or pay compensation to third parties as a result, the nature and amount of which must be dictated by a respective solicitor and/or placement agent agreement.

Wainwright does not recommend or solicit state regulated pension fund clients to invest in funds that WFS has a private fund solicitation arrangement with.

### **Item 15 - Custody**

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Client assets are maintained at a qualified custodian. A client may authorize Wainwright to direct the qualified custodian to deduct Wainwright's advisory fees from the client's account(s). On at least a quarterly basis, the qualified custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the qualified custodian does not calculate the amount of the advisory fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact Wainwright directly if they believe that there may be an error in their statement.

Other than for the direct deduction of advisory fees, Wainwright does not have actual or constructive custody of client accounts. In the case of two of Wainwright's affiliated entities that are "related persons," WCAP and Dreadnought GP, these two entities are deemed to have custody of their respective funds (the Wainwright Renaissance Fund and the Dreadnought Funds) by virtue of their capacity as the general partner of such funds. Wainwright relies on the annual audit exception provided under Rule 206(4)-2 under the Advisers Act with respect to the Wainwright Renaissance Fund and the Dreadnought Funds.

### **Item 16 - Investment Discretion**

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Discretionary Management Services clients and Hedge Fund Advisory Services clients delegate investment discretion to Wainwright in an investment advisory agreement. Discretionary authority allows Wainwright to select the identity, amount, time, and price at which securities are to be purchased and sold for the client's portfolio. For Discretionary Management Services clients and Hedge Fund Advisory Services clients, all investment guidelines and restrictions must be agreed to in writing between Wainwright and the client.

Wainwright does not have investment discretion over assets of Consulting Services clients. For clients who engage Wainwright for additional services as set forth in Item 4.C, Wainwright does not have investment discretion over client assets.

Wainwright has established an investment committee that oversees the provision of investment advice to client accounts pursuant to the procedures established in its Charter for the Investment Policy and Risk Management Committee.

#### **Item 17 - Voting Client Securities**

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As a general matter of firm policy and practice, Wainwright does not have authority to vote proxies on behalf of its advisory clients, unless the particular client agreement states otherwise. Clients receive proxies directly from their custodian and, therefore, retain the responsibility for receiving and voting proxies for securities maintained in client portfolios.

#### **Item 18 - Financial Information**

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Registered investment advisers are required in this Item to provide certain financial information or disclosures about their financial condition. Wainwright 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 proceeding.