

LAPIDES ASSET MANAGEMENT, LLC

500 West Putnam Ave, 4th Floor

Greenwich, CT 06830

Telephone: 203-422-7202

Fax: 203-422-7205

www.lapides-am.com

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This brochure provides information about the qualifications and business practices of Lapidex Asset Management, LLC (“LAM”). If you have any questions about the contents of this brochure, please contact us at 203-422-7202 or jb@lapides-am.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any State Securities Authority.

Additional information about LAM is available at the SEC’s website www.adviserinfo.sec.gov. You will find both Part 1 and 2 of our Form ADV on the SEC Website.

We are a registered investment adviser with the Securities and Exchange Commission. Our registration as an Investment Adviser does not imply any level of skill or training.

Item 2 – Material Changes

The Securities and Exchange Commission (“SEC”) adopted “Amendments to Form ADV” in July 2010. This Firm Brochure is our disclosure document prepared according to the SEC’s requirements and rules.

LAM introduced two new funds in 2014; Ti Bouchon Partners, L.P. and LAM Income Fund, L.P. A description of the two new funds can be found in The Funds section of Item 5. LAM Income Partners, L.P. extends the firm’s strategy to an income-generating fund for the first time.

There have been revisions and changes since our last annual amendment in March 2014, mostly to add clarification. Please review our 2015 update carefully even if you have read our previous brochure.

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Item 4 – Advisory Business

Lapides Asset Management LLC (“LAM”) is an independent investment manager registered with the SEC. The firm manages value-oriented portfolios of smaller capitalization companies. LAM was formed in July 2005, and is wholly owned by its employees. LAM’s Managing Member, Steven M. Wilson, is the principal owner of the firm. Prior to founding LAM, he spent 20 years at Reich & Tang, an institutional money manager based in New York City.

LAM manages discretionary assets in separate accounts as well as private investment funds (“the funds”) for individuals and institutions, such as pension and profit sharing plans, trusts, estates, corporations, charitable organizations, foundations, endowments and limited partnerships. The majority of the portfolios are equity oriented, although LAM does offer a product that invests in fixed income instruments. Separate accounts (“Clients”) are managed according to the client’s needs, investment objectives and specific guidelines, if any. Investors (“Investors”) in the private investment funds are subject to the terms of the respective partnership documents. Each investor should consider whether a particular investment vehicle meets the investor’s investment objectives and risk tolerance prior to investing.

LAM is a single strategy firm employing a fundamental, research-intensive process and its investment philosophy is centered on absolute returns and long-term appreciation. LAM’s equity products include:

Micro Cap - A portfolio of approximately 40 holdings with market capitalizations from \$50 million to a maximum of \$1 billion, at the time of initial purchase. The performance goal is superior, long-term absolute and relative returns with less volatility.

Concentrated - A portfolio consisting of approximately 20 holdings with market capitalizations of between \$50 million and \$10 billion, at the time of initial purchase. The performance goal is superior, long-term absolute and relative returns with less volatility.

Small Cap - A portfolio of approximately 40 core holdings with market capitalizations between \$250 million and \$2.5 billion. The performance goal is superior, long-term absolute and relative returns with less volatility.

Small/Mid (“SMID”) Cap - A portfolio of approximately 40 core holdings with market capitalizations of between \$1 billion and \$10 billion, at the time of initial purchase. The performance goal is superior, long-term absolute and relative returns with less volatility.

In addition to the equity products described above, LAM has an income product that was formed to invest in smaller cap common and preferred stocks, bonds and debentures. The primary objective of the product is to generate current income while focusing on long-term capital appreciation and risk management.

As of December 31, 2014 LAM had approximately \$874 million of assets under management, all on a discretionary basis.

Item 5 – Fees and Compensation

At LAM, our income from operations is principally derived from the investment fees and incentive payments, where applicable, earned from the management of client assets. The fees we receive for managing separate accounts and the funds are described below.

SEPARATE ACCOUNTS

Fees for accounts other than the funds are charged quarterly, typically in arrears, and are based upon a percentage of the net asset value of the account. For purposes of computing the fee (when based on assets under management), the value of securities and cash, adjusted for payables and receivables, in the client's account is equal to the market value of the securities at the market close on the last day of the billing period or, in the absence of a market value, the fair value as determined in good faith by LAM.

LAM is entitled to asset-based fees and performance based fees for separate accounts managed in accordance with micro-cap or concentrated products. Fees begin at 1% of assets under management, apportioned quarterly throughout the year, and accounts are subject to an incentive allocation of 10% of net profits paid at year-end, subject to a "highwater mark".

The annual fee for separate accounts managed in accordance with the Small Cap product begin at 1% annually of assets under management and a performance fee equal to 15% of the excess performance over the Russell 200 Value Index, subject to a "high water mark".

The annual fee schedule for separate accounts managed in accordance with SMID cap product begins at 1%.

THE FUNDS

Investment management fees for the funds are paid monthly, in advance, and are due at the start of each month. The fees are based on the assets in the respective funds at the beginning of each billing period. In addition to management fees, certain of the funds may be required to pay LAM an incentive allocation equal to 10% of net profits allocated to them in any fiscal year, subject to a "highwater mark". Incentive allocation arrangements are in compliance with the Investment Advisors Act of 1940 and regulations promulgated thereunder. Fees charged to fund Investors are neither negotiable nor refundable.

Dovetail Equity Partners - LAM is the general partner and investment advisor to Dovetail Equity Partners, L.P. ("Dovetail"), an investment fund whose partners are primarily individuals. Dovetail primarily invests in small/midcapitalization stocks. Dovetail's investment fees are 1 1/2

% annually. The fees are taken out of the fund at a rate of 1/8 of 1% per month, based on assets under management and determined as described above. Additional information on Dovetail can be found in the Offering Memorandum.

Einbeita Partners - LAM is the general partner and investment advisor to Einbeita Partners, L.P. ("Einbeita") and Einbeita Tax-Exempt Partners, L.P. ("Einbeita Tax-Exempt"), collectively called the Einbeita Partnerships. The Einbeita Partnerships primarily invest in a concentrated portfolio of small/mid capitalization stock. The investment management fees are 1 % annually. The fees are taken out of the respective funds at a rate of 1/12 of 1% per month, based on assets under management and determined as described above. Additional information on the Einbeita Partnerships can be found in the Offering Memorandum for the respective funds.

In addition to management fees, Einbeita and Einbeita Tax-Exempt are required to pay LAM an incentive allocation equal to 10% of the net profits allocated to its limited partners in any calendar year, subject to a "loss carryforward" provision, sometimes referred to as a "highwater mark".

LAM is also the investment manager and administrator to **Einbeita Offshore Fund, Ltd** (the "Offshore Fund"). The Offshore Fund was incorporated as an exempted company limited by shares under the laws of the Cayman Islands in December 2006, and commenced operations in May 2007. The Offshore Fund invests substantially all of its assets in Einbeita Partners, L.P. The management fee and incentive allocation, as stated above, will pass through from Einbeita Partners, L.P. Fund investors are non-U.S. residents and certain tax-exempt U.S. entities.

microLAM Partners - LAM is the general partner and investment advisor to microLAM Partners, L.P. ("microLAM"). microLAM primarily invests in micro capitalization stocks. The investment management fee is 1% annually. The fees are taken out of the respective funds at a rate of 1/12 of 1% per month, based on assets under management and determined as described above. Additional information on microLAM can be found in the Offering Memorandum.

In addition to management fees, microLAM is required to pay LAM an incentive allocation equal to 10% of the net profits allocated to its limited partners in any year, subject to a "loss carryforward" provision, sometimes referred to as a "highwater mark."

Ti Bouchon Partners - LAM is the general partner and investment advisor to Ti Bouchon Partners, L.P. ("Ti Bouchon"). Ti Bouchon primarily invests in smaller capitalization stocks. The investment management fee is 1% annually. The fees are taken out of the respective funds at a rate of 1/12 of 1% per month, based on assets under management and determined as described above. Additional information on Ti Bouchon can be found in the Offering Memorandum.

In addition to management fees, Ti Bouchon is required to pay LAM an incentive allocation equal to 10% of the net profits allocated to its limited partners in any year, subject to a "loss carryforward" provision, sometimes referred to as a "highwater mark."

Tucek Partners - LAM is the general partner and investment advisor to Tucek Partners, L.P. ("Tucek"), Tucek Partners II, L.P. ("Tucek II") and Tucek Tax-Exempt Partners, L.P. ("Tucek Tax- Exempt"), collectively called the Tucek Partnerships. Partners in these investment funds are primarily individuals. The Tucek Partnerships invest primarily in small capitalization stocks. The investment fees are 1 1/2 % annually. The fees are taken out of the respective funds at a rate of 1/8 of 1% per month, based on assets under management and determined as described above. The Tucek Partnerships have been managed exclusively by Steven M. Wilson since Tucek began in 1990. Additional information on the Tucek Partnerships can be found in the Offering Memorandum for the respective funds.

LAM Income Partners - LAM is the general partner and investment advisor to LAM Income Partners, L.P. ("LINC"). LINC primarily invests in smaller cap common and preferred stocks, bonds and debentures. The investment fee is 1 1/2 % annually. The fees are taken out of the respective funds at a rate of 1/8 of 1% per month, based on assets under management and determined as described above. Additional information on LINC can be found in the Offering Memorandum.

Fee Payment Options

LAM typically bills separate accounts quarterly, in arrears. Unless otherwise stated, fees are based on assets under management, which is defined as the market value of securities and cash, adjusted for payables and receivables, in the client's account on the last day of the billing period. In the event of an account's termination, fees are assessed on a pro-rata basis, unless the investment agreement provides otherwise. LAM may amend its fee schedule from time to time.

LAM prepares fee invoices for separate accounts that are sent to the client. Fees may be paid by check, wire or ACH, depending on the preference of the client. LAM does not directly debit separate client accounts for advisory fees unless authorized by the client.

In the case of the funds, and as stated in the Offering Memorandum of the respective Partnerships, as of the first business day of each month, each fund will pay LAM, as the General Partner, a monthly management fee, in advance, at the rate set forth in the respective offering documents. This is the "Management Fee", and LAM instructs the custodian to debit the respective fund account and remit payment.

In addition, and as relates to the funds, microLAM, the Einbeita Partnerships and Ti Bouchon are also entitled to be paid an incentive allocation at year-end, if applicable.

Additional Fees and Expenses:

Advisory fees payable to us do not include all the fees you will pay when we purchase or sell securities for your Account(s). Partners in the investment limited partnerships bear their pro rata share of the underlying fund's operating and other expenses, including but not limited to, legal and registration expenses, and audit and tax preparation expenses.

In addition, the following list of fees or expenses are what all clients pay directly to third parties, whether a security is being purchased, sold or held in your Account(s) under our management. We do not receive, directly or indirectly, any of these fees charged to you. They are paid to your broker, custodian or the mutual fund or other investment you hold. The fees include, but may not be limited to:

- Brokerage commissions;
- Transaction fees;
- Exchange fees;
- SEC fees;
- Advisory fees and administrative fees charged by Mutual Funds (MF), Exchange Traded Funds (ETFs)
- Advisory fees charged by sub-advisers (if any are used for your account);
- Custodial Fees;
- Deferred sales charges (on MF or annuities);
- Odd-Lot differentials;
- Deferred sales charges (charged by MFs);
- Transfer taxes;
- Wire transfer and electronic fund processing fees;
- Commissions or mark-ups/mark-downs on security transactions;

Please see Item 12 for additional information regarding factors LAM considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

LAM provides investment management services to multiple portfolios for multiple clients, and is entitled to be paid or allocated performance-based compensation by certain separately managed accounts and funds as discussed in Item 5.

We also serve as the investment adviser to certain accounts that pay us an asset-based fee and not a performance-based fee. As a result we have a perceived conflict of interest because we can potentially receive greater fees from accounts having a performance fee structure than from those accounts we charge asset-based fees only. Among other things, we could have an incentive to:

- allocate or sequence trades in favor of the accounts that pay performance-based fees; or
- use trades by an account that does not pay performance-based fees to benefit accounts that do pay performance-based fees or the performance-based fee paying account sells a security only after an account that does not pay performance-based fees has made a large purchase of the security.

LAM owes a fiduciary responsibility to its clients not to favor the account of one client over that of another, regardless of the types and amounts of fees paid by those accounts. In light of the potential conflicts of interest described above, we have allocation policies and procedures in place to treat all accounts fairly. Generally allocations are made among accounts with a similar strategy on a pro rata basis based on the size of the account. When buying for all accounts, investments are allocated on a pro rata basis until minimum account sizes are met. Explanations for variations from this approach are documented and subject to the periodic review by our Chief Compliance Officer to ensure all accounts are being treated fairly.

Item 7 – Types of Clients

Investment services are offered to institutional investors, family offices and high net worth individuals through commingled investment vehicles and separate accounts.

LAM does have requirements for opening accounts, including a minimum account size. For separate accounts, the minimum account size is generally \$20 million. However, the firm may set higher or lower standards for minimum account sizes, or establish a minimum account size based on, among other things, the type of account, or the expectation of future additions to the account. Assets in related accounts (e.g. accounts beneficially owned by an affiliated person or institution) may also be aggregated for purposes of calculating account sizes and management fees.

Minimum investment requirements for the funds are set forth in the respective offering memorandums. LAM reserves the right to waive the minimum investment amount at its sole discretion. Fund partners must also satisfy certain minimum eligibility requirements established by the SEC prior to investing.

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

Methods of Analysis and Investment Strategies.

LAM is a single strategy firm employing a fundamental, research-intensive process. We offer five distinct products targeting investments for portfolios of micro cap companies, concentrated portfolios of smaller cap companies, a smaller cap portfolio, a focused portfolio of small/mid cap companies and an income portfolio focused on securities of smaller cap companies.

The firm's investment objective is to achieve superior capital appreciation over the long term while mitigating risk. LAM seeks to achieve this objective by investing in securities of companies that our research indicates are significantly undervalued and offer the potential for material long-term appreciation.

By developing a portfolio of ignored, neglected, or misunderstood investments, LAM's goal is to build wealth without assuming a high level of risk. The guiding principle is to avoid detrimental losses in order to obtain superior performance, even in difficult markets. Our investment selection is rigorous resulting in a limited number of holdings we believe represent attractive values.

The core of our investment strategy is the principle of evolving value: capturing significant upside potential without assuming equivalent levels of risk. This strategy is based on identifying and investing in change, in both company fundamentals and investors' perceptions. The reappraisal process can arise from developments such as the restructuring of a company's operations and cost structures, a change in management or its strategies, or the development of an important new product or business. Of equal attraction are valuation anomalies where perceptions of a company have lagged the actual fundamental progress of the company, resulting in an outdated appraisal of its worth. At LAM we believe the key to consistent positive returns is to never pay for these positive developments when purchasing a security. Opportunistic buying before the price anticipates the impact of such actions or events should serve to limit the risk considerably. The sell function is the reverse of this process. Once the price of the security reflects the positive impact of such developments, we believe it is time to eliminate the holding from the portfolio.

LAM's approach demands contrary thinking, original research, and in-depth analysis. Central to this effort is gaining a complete understanding of a company and the ability to develop a full mosaic of the underlying business and its management. The opportunity to identify these compelling opportunities is extensive in the smaller end of the capitalization spectrum. Here we expect to find attractive growing enterprises rich with potential. But within this category we focus on established firms that have been around for years and have sound financial underpinnings. As a result, we generally avoid initial public offerings and untested companies.

As a general rule, we do not invest in companies we believe we cannot fully evaluate and understand. As a result, we generally avoid financial institutions, utilities and real estate investment trusts. If Steven M. Wilson, Chief Investment Officer and Analyst Manager, is unable to generate sufficient conviction concerning the underlying businesses of a company, LAM will not commit funds.

The security selection process is an ongoing one. While a limited number of names will be in the portfolio at any one time, we actively research dozens of individual companies, and, in total, personally visit over 150 companies worldwide every year. There is a constantly evolving roster of prospective investments that we monitor on a continuous basis. We believe that the key is to leverage this accumulated knowledge into the relatively few investments that we expect can meet the criteria of above-average return with manageable risk. The number of names in a portfolio and the residual cash will be purely a function of available opportunities. It is not our intention to forecast the market or specific macro-economic events or indices.

A key element of LAM's investment strategy is being early in both buying and selling. We want to be ahead of the crowd in recognizing the potential for long-term change. Companies that have not performed of late, or even for years, can be attractive if our research suggests the underlying business can deliver returns above expectations in the future. We believe when expectations are

low, the downside risk associated with our investment strategy is limited and, if a company can improve its performance and perception, the risk-reward equation is skewed in our favor. LAM's long-term focus requires conviction, objectivity, and patience.

Our sell discipline is based on the analysis used in the initial purchase decision. While an exit price for an investment is generally set at purchase, it is not static and will be adjusted for significant changes in a company's fundamental outlook. We believe we can achieve superior long-term investment results by consistently purchasing at undervalued prices and then selling them as they exceed fair valuation levels.

Risk Factors

LAM focuses its investment in the micro, small and mid cap sectors of the market. While we believe these investments often provide significant potential for appreciation, they involve higher risks in some respects than do investments in securities of larger companies. For example, prices of such stocks are often more volatile than prices of larger capitalization stocks. In addition, due to thin trading in some smaller cap and micro cap issues, an investment in these securities may be more illiquid than that of larger capitalization issuers.

The accounts, which include separately managed accounts and the funds, are both subject to various risk factors. For investors in the funds, a more detailed explanation of the Risk Factors can be found in the offering memorandum for the respective funds. A summary of the risk factors for all accounts follows below.

- **Risks Associated with Securities Investments Generally.** Investing in securities involves a variety of risks, including the loss of capital (invested amount) and any profits that have not been realized (the securities were not sold to "lock in" the profit). The securities markets generally are affected by, among other things, the state of the economy, inflation rates and unemployment, trade, fiscal and monetary policies and national and international political and economic events. As recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. We do our very best in the management of your assets; however, LAM cannot guarantee any level of performance or that you will not experience a loss of your account assets.
- **Risks Associated with Particular Investment Strategies.** LAM will utilize its own investment strategies in connection with the investment of its assets. The investment strategy and trading techniques used by the LAM accounts may not be successful, and there can be no assurance that the LAM accounts will generate profits or avoid losses. Since LAM accounts are not diversified among a wide range of securities, countries or industry sectors, client portfolios may be subject to more rapid change in value than would be the case if it maintained a wider diversification among different types of equity securities and other investment instruments
- **Reliance on Principal of LAM.** In the event Mr. Wilson dies, or otherwise becomes unable to serve as the Chief Investment Officer and Analyst Manager for the firm, it is

reasonable to expect LAM's separate accounts, as well as investors in the funds, would exercise their rights to withdraw their assets from LAM. There can be no assurances as to how efficiently portfolio liquidations could be handled or withdrawal requests honored, and the possibility exists that separate account holders and investors in the funds could experience losses as result of the liquidations.

- **High Concentration in LAM's Concentrated Portfolios.** Since the concentrated portfolios are expected to be highly concentrated to include approximately 20 holdings, the investment portfolio of the accounts may be subject to more rapid change in value than would be the case if the accounts were required to maintain a larger number of holdings.
- **High Concentration in LAM's Micro Cap, Small Cap and SMID portfolios.** Since the micro cap, small cap and smid portfolios are expected to be concentrated, including approximately 40 holdings each, the investment portfolio of the funds may be subject to more rapid change in value than would be the case if the accounts were required to maintain a larger number of holdings
- **High Growth Industry Related Risks.** LAM accounts may invest in the securities of high growth companies. These securities may be very volatile. In addition, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses, have limited ability to protect their rights to certain patents, copyrights, trademarks and other trade secrets, or be otherwise adversely affected by the extremely competitive markets in which they operate.
- **Portfolio Valuation.** Because of overall size, concentration in particular markets and maturities of positions held in the portfolios, the value at which its investments can be liquidated may differ, sometimes significantly, from the interim valuations determined by LAM. In addition, the timing of liquidations may also affect the values obtained on liquidation. Securities to be held in the portfolio may routinely trade with bid-ask spreads that may be significant. LAM may rely, without independent investigation, upon pricing information and valuations furnished by third parties, including pricing services.

Item 9 – Disciplinary Information

This item is not applicable.

Item 10 – Other Financial Industry Activities and Affiliations

LAM is the sole General Partner and investment advisor to Dovetail Equity Partners, L.P., Einbeita Partners, L.P., Einbeita Tax-Exempt Partners, L.P., microLAM Partners, L.P., Tucek Partners, L.P., Tucek II Partners, L.P., Tucek Tax-Exempt Partners, L.P., Ti Bouchon Partners, L.P. and LAM Income Partners, L.P. (collectively the "funds") and may serve in such capacity for additional funds in the future. LAM is also the investment advisor and administrator of Einbeita Offshore Fund, Ltd.

Item 11 – Code of Ethics

Pursuant to SEC Rule 204A-1, LAM has adopted a written Code of Ethics that governs a number of potential conflicts of interest we have when providing our advisory services to you. This Code of Ethics is designed to ensure we meet our fiduciary obligation to you, our Client (or Prospective Client), as well as to help us maintain a Culture of Compliance within our firm.

An additional benefit of our Code of Ethics is to detect and prevent violations of securities laws, including our obligations we owe to you.

Our Code of Ethics is distributed to each employee at the time of hire, and annually thereafter, or more frequently if material changes have been made. We also supplement the Code with regularly scheduled compliance meetings and on-going monitoring of employee activity.

LAM's Code of Ethics and Professional Conduct includes, but is not limited to, the following:

- standards of business conduct required of its supervised persons, which reflect LAM's fiduciary obligations and those of its supervised persons;
- provisions requiring LAM's supervised persons to comply with applicable federal securities laws;
- provisions prohibiting supervised persons from purchasing individual equity securities in their personal accounts;
- provisions prohibiting insider trading and requiring all employees under LAM's direct supervision to seek pre-clearance of security transactions and to report all personal securities transactions and holdings periodically;
- provisions requiring LAM's supervised persons to report any violations of the Code of Ethics and Professional Conduct promptly to its Chief Compliance Officer, or designee; and

- provisions requiring LAM to provide each of its supervised persons with a copy of the Code of Ethics and any amendments.

A copy of our Code of Ethics is available upon request to any client or prospective client of LAM. To request a copy, please contact Antoinette Francis at 203-422-7202 or af@lapides-am.com.

Interest in Client Transactions

As noted in Items 5, 6 & 10, LAM is the sole General Partner and investment advisor to the funds, and Steven M. Wilson is the Managing Member of LAM. When appropriate in light of an investor's investment objectives, financial sophistication and assets available for investment, LAM may recommend that an investor consider purchasing an interest in one of the funds managed by LAM. Prior to investing in any of the funds, the investor will receive offering documents describing the objectives, fee structure and investor suitability requirements of the applicable fund. With respect to assets invested in any of the funds, an investor will be charged no more than the fees set forth in the offering documents of the applicable fund. LAM discloses all potential conflicts of interest to clients by direct oral communication before, or at the time of, initiating the investment management relationship.

Item 12 – Brokerage Practices

LAM has full discretion in determining the purchase and sale of securities for all assets under management. The purchase and sale of securities is carried out with the intent to be fair and equitable, and consistent with LAM's fiduciary duties to its clients.

LAM is typically responsible for selecting the broker or brokers through whom transactions in a client's account will be effected. Steven M. Wilson, with input from the research assistants, recommends commission allocations to the Trading Assistant on a semi-annual basis. Brokers are selected for the overall quality of their service and the ability to offer best execution.

Research and Soft Dollar Policy

As an SEC registered adviser, LAM has a fundamental obligation under the Investment Advisers Act of 1940 and state law, to act in the best interests of its clients. As a fiduciary, LAM must seek to execute securities transactions for clients in such a manner that the client's total cost or net proceeds in each transaction are most favorable under the circumstances. The determinative factor is not necessarily the lowest commission cost, but whether the transaction represents the best qualitative execution for the managed account. In this connection, LAM may consider the full range and quality of a broker's services in placing brokerage including, among other things:

- the security's trading characteristics;
- the relative difficulty of execution;
- the broker's access to markets or expertise;

- price, confidentiality, speed of execution;
- the value of research provided;
- commission rate;
- financial responsibility; and
- responsiveness to LAM.

With respect to the value of research in managing client accounts, Congress enacted Section 28(e) of the Exchange Act. This section permits a money manager to pay more than the lowest commission rate in order to obtain research and brokerage services provided the adviser makes a good faith determination that the commission was reasonable in light of the value of the products or services received. This section establishes a safe harbor that allows money managers to use client funds to purchase "brokerage and research services" for their managed accounts under certain circumstances without breaching their fiduciary duties to clients.

Research and other services furnished by broker-dealers may be used by LAM for the benefit of all LAM accounts, and do not necessarily benefit solely the account from which the commissions were generated. Broker-dealers will not charge LAM a separate fee for research and other services, and the continued provision of such services in some cases may be conditioned upon LAM directing a particular level of transactions to the broker-dealer. In all cases, LAM will make a good faith determination that the commission paid is reasonable in relation to the value of the brokerage and research services provided. Such investment research and information services may include:

- reports on economic and political developments;
- portfolio strategy;
- industry and company information and opinions;
- stock and bond market conditions, including market prices;
- news and trading information;
- economic projections; and
- analyst and specialist meetings as well as meetings with company management executives and representatives.

LAM does no soft dollar business other than what is permitted under the Section 28(e) safe harbor rules.

Brokerage for Client Referrals

LAM does not use brokerage commissions to obtain client referrals.

Directed Brokerage

In some cases, a client may direct LAM to effect transactions in such client's account through a specific broker or brokers. LAM does not attempt to negotiate commissions with brokers through

whom LAM has been directed to effect transactions. Thus, in some instances, a client who directs LAM to effect transactions through a specific broker or brokers may pay commissions that are materially higher than the commissions paid by other clients for similar transactions or than such client would have paid if such client had not directed LAM to use a specific broker or brokers. In addition, where LAM is directed by a client to use a specific broker or brokers, LAM may not obtain best execution for such client's transactions because LAM cannot aggregate such client's trades with those of LAM's other clients.

Order Aggregation

If LAM determines to buy or sell the same security on behalf of more than one client account, the result may be an aggregate order with the broker on behalf of all such accounts in order to ensure fairness for all accounts. Orders will only be aggregated if placed for the same security at the same time, with the same price limit and with the same broker. Therefore, purchases or sales in the same security placed on the same day may not be aggregated, resulting in different prices for different clients. In some circumstances it may be appropriate for LAM to buy or sell a security on behalf of more than one client account over a period of time. This may be due to the illiquid nature of the security or special account guidelines, such as market capitalization restrictions. In such instances, LAM will allocate client orders on an equitable basis. However, there can be no assurance of equality of treatment among all client accounts or that any investment will be proportionally allocated among clients. In the event an order is not executed in its entirety, to the best of its ability, LAM attempts to allocate shares on a pro-rata basis among the participating accounts. Please refer to Item 6 for an explanation of LAM's allocation policy.

Item 13 – Review of Accounts

The firm's Chief Investment Officer reviews every portfolio no less frequently than weekly. In addition, the firm's Trading Assistant and/or portfolio administrator reconcile the Funds and separate accounts with the custodian on a daily basis

In addition to monthly statements from their custodian, clients with separate accounts are sent a quarterly letter reviewing actions taken with respect to, as well as performance of, their account for the period. Partners in the investment limited partnerships receive the same quarterly communication and a statement of their partnership interest prepared by LAM, as well as year-end audited financial statements detailing the positions held in the partnership(s). Monthly performance reports and any other account data, such as transaction reports and portfolio appraisals, can be made available upon request.

LAM likes to meet with Clients at least annually.

Item 14 – Client Referrals and Other Compensation

Although LAM does not use a third party to solicit business on its behalf, it may at some future date decide to do so. Any such arrangement will comply with Rule 206(4)-3 under the Advisors Act.

Item 15 – Custody

This item is not applicable.

Item 16 – Investment Discretion

LAM has full discretion in determining the purchase and sale of securities for all assets under management. The purchase and sale of securities is carried out with the intent to be fair, equitable, and consistent with our fiduciary duties to clients.

The investment advisory agreements for separate accounts and subscription documents for the investment limited partnerships detail the discretionary nature of the accounts.

Cross Transactions

In special situations, LAM may cause securities to be sold from one client account to another client account if LAM has determined each client would benefit from the transaction. For instance, if there are two client portfolios having similar compositions and one account wishes to reduce its overall market exposure, LAM, through the use of an unaffiliated broker, may choose to "cross" securities from one account to the other. This would be done if it is determined to be more cost effective for the client accounts to cross securities in this fashion (i.e. the brokerage commissions charged would be lower than the commissions that would be charged by the brokers for purchasing or selling identical securities in the open market). Consequently, both the purchasing and selling clients in the transaction would benefit. Under no circumstance would LAM receive any special, i.e. transaction related, compensation for any cross transaction.

Although LAM will only effect cross transactions between clients in situations for which it believes there is no disadvantage to its clients (as described above), such transactions may nonetheless create an inherent conflict of interest because LAM has a duty to obtain the most favorable pricing for both the selling client and the purchasing client. Therefore, when engaging in a cross transaction, LAM will follow procedures designed to ensure that all parties to the

transaction receive at least as favorable price as would be received if the transaction were executed in the open market. LAM will also attempt to obtain specific client consent prior to effecting a cross transaction whenever it is administratively feasible to obtain such consent. In any event, the details of the particular cross transaction will be reported in writing to each effected client promptly after the trade.

Trade Errors

If it appears that a trade error has occurred, LAM reviews 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, LAM's error correction procedure is to ensure clients are treated fairly and, following error correction, are in the same position they would have been if the error had not occurred.

Item 17 – Voting Client Securities (i.e., Proxy Voting)

LAM votes all proxies for clients except when the client has directed LAM not to do so in writing. The firm has adopted policies and procedures with respect to voting of proxies and corporate actions related to securities held by LAM. Our primary objective when voting proxies and corporate actions is to make voting decisions in the best interests of each of our clients in a method we believe is most likely to increase the value of the securities in the portfolios managed by LAM. The policies and procedures are formulated to ensure that LAM considers a client's interests, and not LAM's interests, when voting proxies and corporate actions, and that any material conflicts that may arise between LAM and those of the client are properly addressed.

In reviewing proposals, LAM analyzes the specifics of each company before voting a proxy. LAM considers the opinion of management and the effect on management, as well as the effect on shareholder value and the issuer's business practices. Voting is generally based on the actions and record of the Board of Directors and Management on protecting and improving shareholder value.

LAM is responsible for ensuring that all reporting and record keeping requirements related to proxy and corporate actions voting are upheld. A client wishing to obtain a copy of LAM's proxy voting policy and records of votes cast may do so by contacting Antoinette Francis at 203-422-7202 or 500 West Putnam Ave 4th Floor, Greenwich, CT 06830 or af@lapides-am.com.

Item 18 – Financial Information

This item is not applicable