

**Item 1 – Cover Page**

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This Brochure provides information about the qualifications and business practices of Giovine Capital Group LLC ("GCG"). If you have any questions about the contents of this Brochure, please contact us at (310) 587-2000. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

GCG is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about GCG also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for GCG is 138980.

## **Item 2 – Material Changes**

This Item discusses only specific material changes to the previous annual update to the Brochure of GCG dated March 30, 2015 and provides clients with a summary of such changes. This amendment updates for the new address for GCG, 2001 Wilshire Blvd., Suite 501, Santa Monica, CA 90403, in items 1, 11 and 17.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

A copy of our Brochure may be requested by contacting John Ku at (310) 587-2000.

Additional information about GCG is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

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## **Item 4 – Advisory Business**

GCG is owned by Giovine Revocable Trust and has been providing advisory services since April 1999. Mr. Thomas A. and Ms. Elisabeth M. Giovine are trustees of the Giovine Revocable Trust. Thomas A. Giovine acts as Chief Executive Officer and Chief Investment Officer of GCG.

As of December 31, 2014, GCG managed approximately \$216 million on a discretionary basis.

GCG provides continuous portfolio management services to an unaffiliated institutional client and to three private investment-related Private Funds, as defined by Section 202(a)(29) of the Investment Advisers Act of 1940 (the “Advisers Act”). The Private Funds are exempt from registration as investment companies pursuant to an exemption available under Section 3(c)(7) of the Investment Company Act of 1940.

Prospective investors in the Private Funds managed by GCG should refer to the applicable Private Fund private placement memorandum and other offering documents, for information on the investment style, strategy and risks of each Private Fund.

This Brochure and the material contained herein is not meant to be, nor shall it be construed as, an offer or solicitation of an offer for the purchase or sale of any of the funds described.

As referenced above, GCG also provides continuous portfolio management services to an unaffiliated institutional account. GCG manages this unaffiliated account in a continuous manner, based on the specific mandates and restrictions as provided to us by the client on a periodic basis.

## **Item 5 – Fees and Compensation**

GCG is under common control with Giovine Sub-Management LLC (“GSM”), which has entered into agreements with the Private Funds to provide administrative services to Giovine Investment Partners L.P. (“GIP LP”) and Giovine Investment Partners International Ltd. (“GIPI Ltd.”) for a fee of 1.5% per annum payable quarterly in arrears, of their assets under management.

### Private Funds:

GCG is the investment manager and provides management services for GIP LP, GIPI Ltd., and Giovine Investment Partners International Master Fund, L.P. (“GIPM LP”) in which GIPI Ltd. invests all its assets. GCG undertakes to comply with the requirements of Rule 205-3 of the Securities and Exchange Commission when applicable. GCG is under common control with Giovine Capital GP LLC (“GP”), which is the general partner of GIP LP and GIPM LP. GP receives an incentive allocation equal to 20% of the annual net profits of GIP LP and

approximately 20% of the annual net profits of GIPM LP, both subject to customary “high water mark” provisions

Finally, each Private Fund will pay or reimburse GCG for certain organizational, operational and other expenses, including broker’s commissions charged by third parties, clearance charges, loan servicing fees, taxes, and all other expenses incident to the purchase and sale of investments, charges incurred in connection with the custody of investments, legal and accounting fees and other nonrecurring and extraordinary expenses. Please see the discussion under Item 12, Brokerage Practices.

For fees and expenses applicable to a specific Private Fund, Investors or prospects should consult its related Offering Documents.

#### Institutional Separate Account Management:

GCG also acts as an investment manager to a separately managed account and receives fees of 1.0% per annum, payable quarterly in arrears, of the assets under management in such separate account. GCG also receives a profits incentive fee of 15% for acting as investment manager to such separate account, which is also subject to a customary “high water mark” provision.

Generally GCG’s fees are not negotiable, however, GCG or its affiliates may, in their sole discretion, reduce, waive or calculate differently the management and incentive fees with respect to an investor in the Funds or a separate account.

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

As mentioned in Item 5, the general partner of the Private Funds (an affiliate of GCG) is entitled to receive an incentive allocation from the investors of each Private Fund. The incentive allocation will be made in conformity with Section 205 of the Advisers Act and Rule 205-3 thereunder. See each of the Private Funds’ offering documents for more detail.

Each Private Fund provides for the payment of performance compensation to GP. This incentive fee is disclosed to Investors in the relevant Offering Documents, but is generally equal to 15-20% of profits. Any such performance compensation will comply with Section 205 of the Investment Advisers Act of 1940, as amended (“Advisers Act”) and Advisers Act Rule 205-3, the performance fee rule, to the extent applicable.

The performance compensation may create an incentive for GCG to cause the Private Funds to make investments which may be riskier or more speculative than those which would be made under a different fee arrangement. In addition, the performance compensation may create an incentive for GCG to allocate more profitable trades to such accounts or to accounts earning relatively higher fees. However, GCG has implemented procedures (including aggregation and allocation procedures, as discussed under Item 12 of this Brochure) to ensure that all accounts are treated equitably over time.

## Item 7 – Types of Clients

GCG provides investment advisory services to an institutional client and Private Funds.

GIP LP (and GIPI Ltd. for U.S. investors), generally will admit as investors only persons who are “qualified purchasers” or “knowledgeable employees” as defined in the Investment Company Act of 1940. Additionally, GIPI Ltd. and GIP LP require a minimum initial investment of \$1,000,000, subject to the discretion of the GP of GIP LP and the Board of Directors of GIPI Ltd. to allow a lower minimum, but not less than \$50,000. At present GCG is not accepting any new separately managed accounts.

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

GCG currently advises Private Funds and an institutional client. The methods of analysis, investment strategies discussed in connection with GIP LP and GIPI Ltd. below as well the risks discussed, will also be applicable to the advisory services provided to the institutional client. Investing in securities involves risk of loss that clients and investors should be prepared to bear.

### **GIP LP and GIPI Ltd. (the “Fund” or “Funds” in discussion immediately following)**

The Fund’s investment objective is to achieve appreciation in the value of the interests in the Fund by taking advantage of undervalued investment opportunities in a diverse mix of investments. While capital appreciation is a primary objective, risk management and capital preservation are equally important. The Fund seeks to accomplish its objective by (i) investing in growth-oriented equities, (ii) investing in value-oriented equities, (iii) investing in event-driven securities, (iv) engaging in short sales, (v) investing in fixed income securities, rights, options and currencies (for hedging purposes only), and (vi) employing other strategies which are consistent with such investment objective. There can be no assurance that the investment objective of the Fund will be achieved.

GCG’s operating strategy stresses the integration of research and trading capabilities, daily contact with major brokerage firms and other investment managers along with a willingness to respond to new market developments. The evaluation of investments utilizes all aspects of securities analysis with emphasis on rigorous fundamental valuation and, to a lesser extent, technical and quantitative analysis. The basic goal is to buy and hold long term ownership positions in strong businesses at attractive valuations and to sell short businesses with flawed fundamentals or with inflated valuations. Investment decisions are based substantially on the GCG’s analysis of the industry, company financial statements, company disclosures, insight and information gathered from industry experts, customers, competitors and suppliers. GCG, when evaluating investments, considers both macro (“top-down”) and micro (“bottom-up”) factors. Top-down factors include macroeconomic, political and other events likely to influence, either positively or

negatively, the direction of capital markets or specific industry groups or “sectors.” Bottom-up, or company specific, factors include management experience, track record and expertise, management’s ownership stake, rate of return on capital, cash flow generation, industry position and rational allocation of surplus capital.

The Fund seeks to maximize long-term capital gains as a percentage of the total return; however, there are no assurances that GCG will be able to generate the majority of the Fund’s return in this manner. GCG expects the Fund’s investments to reflect the following strategies:

- Long: Growth-Oriented Equities;
- Long: Value-Oriented Equities;
- Event-Driven Investments;
- Short Sales;
- Other Investments;
- Temporary Investments; and
- Use of Leverage.

### **Long: Growth-Oriented Equities**

Growth-oriented equity investments are predicated on the expectation of sales, earnings or cash flow growth that exceed market expectations. New products, services, technologies, distribution channels or other opportunities, which change some aspect of the business paradigm, may drive strong growth. Often these domestic and foreign companies are small (less than \$1 billion in market capitalization) and mid-sized (between \$1 billion and \$5 billion in market capitalization) with above average valuation metrics. Such companies may be valued based on future expectations of earnings and may have limited liquidity. Additionally, growth-oriented equity investments will not be limited to small and mid-sized companies, but may also include larger companies that hold a strong industry or market position.

### **Long: Value-Oriented Equities**

The Fund may invest in companies whose shares are trading below the stock's intrinsic value as determined by the GCG. A company may be undervalued relative to the market in general or in terms of potential for growth in sales, earnings, cash flow and/or book value. Factors that increase the attractiveness of a value-oriented equity investment may include: the potential for sharply improved earnings; a recent management change; a change of control; a lack of research coverage by the brokerage houses or general under-appreciation in the market. Additionally, a value strategy may include investing in sectors which GCG believes may become attractive in the relative near-term.

### **Event-Driven Investments**

Event-driven investments involve owning securities based on announced or anticipated events. Such events may include mergers and acquisitions, proxy battles, bankruptcy announcements, corporate restructurings, spin-offs, or litigation outcomes. GCG seeks to identify a corporate event or catalyst that highlights the inherent value of the underlying security. In making an event-driven investment decision, GCG will weigh the expected return against the probability of that outcome.

### **Short Sales**

GCG may take short positions in companies it believes to be overvalued. Factors which may lead to GCG's assessment of value will include, but are not limited to, an unsustainable business model, including the arrival of a new, stronger competitor, inflated pricing, excessive balance sheet leverage, unrealistic representations by management, aggressive accounting practices, a dramatic change in the supply/demand equation for the company's product, a severe change in government regulation or a weak management team. Ideally, short positions will be expected to decline substantially in value and to possess one or several near-term catalysts likely to precipitate the decline.

The size of the Fund's short position will vary from time to time and may increase when the Fund's outlook for a particular market or sector is pessimistic. However, the percentage of short exposure may also be determined by bottom-up stock selection, not necessarily a "market call." The Fund will attempt to enhance its performance by the use of short sales; however, short sales may also be used as a means to hedge the Fund.

### **Other Investments**

The Fund may also utilize other types of investments, which may include fixed income securities, rights, options and currencies as a hedge related to either general market conditions or a specific investment or investment strategy. GCG does not, however, expect these investments in total to represent the majority of the Fund's assets or exposure. The Fund may engage in futures and commodity options transactions for hedging



purposes. The Fund may invest not more than 2% of its assets in illiquid or non-publicly traded securities at the time of investment.

### **Temporary Investments**

Any excess funds will be invested in money market instruments or such other liquid investments deemed appropriate by GCG. The cash equivalents in which the Fund may invest include, but are not limited to: obligations of the United States Government and its agencies; commercial paper rated A-1 or higher by Standard and Poor's or P-1 by Moody's Investors Service; certificates of deposit; and overnight repurchase agreements. The Fund may hold a substantial portion of its assets in cash-equivalent instruments during periods when, in GCG's view, attractive investment opportunities are limited.

### **Use of Leverage**

The Fund will use leverage when it borrows money from banks or brokerage firms to purchase securities or sell securities short. The ratio of the Fund's total assets to net assets will not at the time any investment is made exceed 2 to 1. See "Certain Risk Factors - Leverage; Interest Rates; Margin."

Pursuant to the Management Agreement among GCG and the Fund, GCG has agreed to manage the Fund's assets in accordance with the investment objectives and policies of the Fund.

### **Certain Risk Factors**

There can be no assurance that investment strategies utilized by GCG will achieve the investment objectives of GCG's clients or investors in the Private Funds. Investing in securities involves risk of loss that clients and investors should be prepared to bear.

Prospective Investors and clients should consider the following factors in determining whether an investment in the Private Funds is a suitable investment. Unless otherwise stated, the following factors apply to GIP LP and GIPI Ltd. (the "Funds"). The risks discussed will also be applicable in many cases to the advisory services provided to other clients.

Limited Operating History. The Funds have a limited operating history upon which investors can evaluate their likely performance. There can be no assurance that the Funds will achieve their investment objectives. The past investment performance of GCG and their principal is not necessarily indicative of the future results of an investment in the Funds. The Funds' investment program should be evaluated on the basis that there can be no assurance that the GCG's assessments of the short-term or long-term prospects of investments will prove accurate.

Business Dependent Upon Key Individual. All decisions with respect to the management of the Funds and accounts of clients are made by GCG, and as applicable under the supervision of the General Partner. Investors have no right or power to take part in the management of a Fund. As a result, the success of the Fund or a client's account depends largely upon the abilities of Thomas A. Giovine, and no assurance can be given that a suitable replacement could be found for him in the event of his death, disability or withdrawal from GCG or the General Partner. Pursuant to the terms of the Funds, the Investors will have the right to withdraw from the Funds in the event of Thomas A. Giovine's death, disability for 90 consecutive days or withdrawal as managing member of the GCG or the General Partner, subject to such terms as the General Partner may impose to ensure that such withdrawals are conducted in an orderly fashion and in a manner that is fair and equitable to all Investors.

Absence of Regulatory Oversight. While the Funds may be considered similar in some respects to an investment company, they are not registered as such under the 1940 Act, in reliance upon an exemption available to privately offered investment companies and, accordingly, the provisions of such Act (which, among other things, require investment companies to have a majority of disinterested directors, require securities held in custody at all times to be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company) are not applicable. Because securities of the Funds held by brokers are generally not held in the Funds' name, a failure of any such broker is likely to have a greater adverse impact on the Funds than if such securities were registered in the Funds' name. A substantial portion of the Funds' assets may be held by brokers at any given time.

Limited Liquidity. An investment in the Funds provides limited liquidity since the Interests are not freely transferable and generally an Investor may withdraw any amount of its capital account only on the last business day of a calendar quarter, upon 60 days' prior written notice. The Funds may invest up to 2% of their assets in illiquid or non-publicly traded securities calculated at the time of investment. The Funds may not be able to readily dispose of such illiquid or non-publicly traded securities and, in some cases, may be contractually prohibited from disposing of such securities for a specified period of time.

General Investment and Trading Risks. All securities investments present a risk of loss of capital. GCG believes that the Funds' investment program and research techniques moderate this risk through the careful selection of securities and other financial instruments. The Funds' investment program may utilize such investment techniques as option transactions, limited diversification, margin transactions, short sales and forward contracts, which practices can, in certain circumstances, substantially increase the adverse impact to which the Funds may be subject. No guarantee or representation is made that the Funds' programs will be successful.

Equity Risks. The Funds invest in equity and equity derivative securities. The value of these securities generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Funds may suffer losses if they invest in

equity securities of issuers whose performance diverges from GCG's expectations or if equity markets generally move in a single direction and the Funds have not hedged against such a general move. To the extent the Funds invest in equity derivatives and private placements activities, the Funds will be exposed to risks that issuers will not fulfill their contractual obligations to the Funds, such as delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

General Economic and Market Conditions. The success of the Funds' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Funds' investments), and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity of the Funds' investments. Volatility or illiquidity could impair the Funds' profitability or result in losses. The Funds may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets; the larger the positions, the greater the potential for loss.

Performance Based Compensation. The Incentive Allocation made to the General Partner may create an incentive for GCG to cause the Funds to make investments that are riskier or more speculative than would be the case if such compensation were not paid. In addition, since such compensation is calculated on a basis that includes unrealized appreciation of the Fund's assets, such compensation may be greater than if it were based solely on realized gains.

Risks Arising From Withdrawals. Distributions will be paid in full (on the basis of unaudited data) within 30 days of the date of withdrawal, without interest. However, if, following the year-end audit of the Fund, the General Partner determines that the amount distributed to a withdrawing Investor was materially incorrect, the General Partner may, in its sole discretion, distribute to such Investor any additional amount due it or seek payment from such Investor of (and the Investor will be liable to pay for) the amount of any excess distribution. The General Partner is under no obligation to make such distribution or seek such payment, in which case, the withdrawing Investor or the Fund, as the case may be, will bear the loss.

Short Sales. The Funds may engage in short-sales that GCG determines is consistent with a Fund's strategy. A short sale involves the sale of a security that the Fund does not own in the expectation of purchasing the same security (or a security exchangeable therefore) at a later date at a lower price. To make delivery to the buyer, the Fund must borrow the security, and the Fund is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the Fund. When the Fund makes a short sale in the United States, it must leave the proceeds thereof with the broker and it must also deposit with the broker an amount of cash or U.S. Government or other securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. If short sales are affected on a foreign exchange, such transactions will be governed by local law. A short sale involves the risk of

a theoretically unlimited increase in the market price of the security. The extent to which a Fund engages in short sales depends upon its investment strategy and perception of market direction. The funds have no policy limiting the amount of their capital they may deposit to collateralize their obligation to replace borrowed securities sold short.

Many jurisdictions have imposed restrictions and reporting requirements on short selling in recent years. In September 2008, the Securities and Exchange Commission ("SEC") temporarily suspended short selling on stocks of over 950 publicly traded companies. In July 2009, the SEC adopted a rule that requires broker-dealers to promptly purchase or borrow securities to deliver on a short sale. In February 2010, the SEC adopted a rule restricting the price at which securities may be sold short when the price of the security decreases by a certain percentage. In August 2011, several European countries imposed temporary short-selling bans. The restrictions and reporting requirements that are currently in place and any regulation that may be enacted with respect to short selling may prevent the Funds from successfully implementing its investment strategy and provide transparency to the Fund's competitors as to its positions, thereby having a detrimental impact on the Fund's returns.

Leverage; Interest Rates; Margin. The Funds may borrow funds from brokerage firms and banks in order to be able to increase the amount of capital available for marketable securities investments. In addition, the Funds may in effect borrow funds through entering into repurchase agreements, and may "leverage" their investment return with options, swaps, forwards and other derivative instruments. Consequently, the level of interest rates, generally, and the rates at which a Fund can borrow, in particular, will affect the operating results of the Fund. The amount of borrowings which such Funds may have outstanding at any time may be large in relation to their capital.

In general, a Fund's use of short-term margin borrowings results in certain additional risks to the Fund. For example, should the securities pledged to brokers to secure the Fund's margin accounts decline in value, the Fund could be subject to a "margin call", pursuant to which the Fund must either deposit additional funds with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

Foreign Investments. The Funds may invest in securities of non-U.S. companies and foreign countries and in non-U.S. currencies. Investing in the securities of such companies and countries involves certain considerations not usually associated with investing in securities of U.S. companies, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain or other income; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may

restrict the Fund's investment opportunities. In addition, accounting and financial reporting standards that prevail in foreign countries generally are not equivalent to United States standards and, consequently, less information is available to investors in companies located in foreign countries than is available to investors in companies located in the United States. There is also less regulation, generally, of the securities markets in foreign countries than there is in the United States.

Call Options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (*e.g.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option.

The buyer of a call option assumes the risk of losing his entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security.

Put Options. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (*e.g.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option.

The buyer of a put option assumes the risk of losing his entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

Currencies. The Funds may invest a portion of their assets in non-U.S. currencies, or in instruments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. dollar. The Funds, however, values their securities and other assets in U.S. dollars. GCG may or may not seek to hedge all or any portion of a Fund's foreign currency exposure. To the extent unhedged, the value of the Fund's assets will fluctuate with U.S. dollar exchange rates as well as the price changes of the Fund's investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which the Fund makes its investments will reduce the effect of increases and magnify the effect of

decreases in the prices of the Fund's securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the Fund's non-U.S. dollar securities. The Fund also may utilize options and forward contracts to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective, and such techniques entail additional risks. Prospective investors whose assets and liabilities are predominantly in currencies other than the U.S. dollar should take into account the potential risk of loss arising from fluctuations in value between the investor's base currency, the U.S. dollar and the variety of other currencies in which a Fund may invest.

Futures. Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage is typical of a commodity futures trading account. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to the trader. Moreover, commodity futures positions are marked to the market each day and variation margin payments must be paid to or by a trader. Commodity futures trading may also be illiquid, and certain commodity exchanges do not permit trading in particular commodities at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits -- which conditions have in the past sometimes lasted for several days with respect to certain contracts -- a Fund could be prevented from promptly liquidating unfavorable positions and thus be subjected to substantial losses. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions that an investor may indirectly hold or control in particular commodities.

Forward Contracts. The Funds may enter into forward contracts which are not traded on exchanges and are generally not regulated. There are no limitations on daily price moves of forward contracts. Banks and other dealers with which a Fund may maintain accounts may require the Fund to deposit margin with respect to such trading, although margin requirements are often minimal or non-existent. The Fund's counterparties are not required to continue to make markets in such contracts. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. The imposition of credit controls by governmental authorities might limit such forward trading to less than that which GCG would otherwise recommend, to the possible detriment of the Funds.

Swap Agreements. The Funds may enter into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease a Fund's exposure to long-term or short-term



interest rates (in the United States or abroad), foreign currency values, mortgage securities, corporate borrowing rates, or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. The Funds are not limited to any particular form of swap agreements, provided GCG determines a form in question to be consistent with the Fund's investment objective and policies.

Swap agreements tend to shift a Fund's investment exposure from one type of investment to another. For example, if a Fund agrees to exchange payments in dollars for payments in foreign currency, the swap agreement would tend to decrease the Fund's exposure to U.S. interest rates and increase its exposure to foreign currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of a Fund. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from a Fund. If a swap agreement calls for payments by the Fund, the Fund must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the Fund.

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Reform Act") was signed into law. Although the Reform Act contemplates that certain swaps will be exchange-traded and cleared by a clearinghouse in the future, swap contracts are currently not generally traded on an exchange or cleared by an exchange or clearinghouse, unlike futures and options on futures contracts and commodities. As with any forward foreign currency or spot contract, until such time as these transactions are cleared or guaranteed by an exchange, the Funds will be subject to the risk of counterparty default on its swaps. Because swaps do not generally involve the delivery of underlying assets or principal, any loss would be limited to the net amount of payments required by contract. In some swap transactions the counterparty may require the Funds to deposit collateral to support the Funds' obligations under the swap agreement. If the counterparty to such a swap defaults, the Funds would lose the net amount of payments that the Funds are contractually entitled to receive and could lose, in addition, any collateral deposits made with the counterparty.

If the swap counterparty is an unaffiliated entity, it may hold such collateral in U.S. or non-U.S. depositories. Non-U.S. depositories are not subject to U.S. regulation. The Funds' assets held in these depositories are subject to the risk that events could occur which would hinder or prevent the availability of these funds for distribution to customers, including the Funds. Such events may include actions by the government of the jurisdiction in which the depository is located, including expropriation, taxation, moratoria and political or diplomatic events.

Execution Risks and Investment Manager Error. GCG seeks best execution of trades on behalf of the Funds and has trained operational staff that execute, settle and clear such trades. However, some errors or miscommunications with brokers or counterparties

may occur and result in losses to the Funds. Such losses may be attributable to a Fund's brokers or counterparties, GCG or a combination of the broker or counterparty and GCG. GCG generally will use its reasonable efforts to recover losses from brokers or counterparties for losses attributable to them. GCG is not liable to the Funds for losses caused by a broker (so long as the broker was selected with reasonable care) or counterparty, by GCG's own negligence or by a combination of the broker or counterparty and GCG. To the fullest extent permitted by law (including the U.S. federal securities laws), GCG is not liable to the Funds except for acts that constitute fraud, bad faith, gross negligence or willful misconduct. If GCG becomes liable for any losses arising from trade errors, it intends to net any gains to a Fund arising from trade errors against such losses to the extent permitted by law.

Risk Relating to Prime Broker, Broker, Futures Commission Merchants, Custodian and Counterparty Insolvencies. The Funds will be subject to a number of risks relating to the insolvency, administration, liquidation or other formal protection from creditors of a prime broker, broker, futures commission merchant and custodian providing prime brokerage, brokerage or custodian services to the Funds and other counterparties that may have possession of the Funds' assets. These risks will vary based on the relevant jurisdiction and legal regime governing the prime broker, broker, futures commission merchant, custodian or relevant counterparty (each, a "custodian entity") and the specific contractual terms negotiated with each such custodian entity and may include, without limitation: the loss of all cash held with the relevant custodian entity which is not being treated as client money subject to the applicable customer protection laws or otherwise segregated or protected by the rules of the applicable regulatory authority; the loss of all cash which the relevant custodian entity has failed to treat as client money in accordance with applicable procedures; the loss of all securities in respect of which the relevant custodian entity has exercised its contractual rights to borrow, lend, take legal and beneficial ownership of or otherwise use for its own purposes whether exercised in compliance with or in breach of any agreed limits on such rights of use or applicable regulatory restrictions; the loss of some or all of any securities held on trust or client money held by or with the relevant custodian entity in connection with a reduction to pay for administrative costs of the insolvency of the custodian entity and/or the process of identifying and transferring the relevant trust assets and/or client money or for other reasons according to the particular circumstances of the custodian entity's insolvency; losses of some or all assets due to the incorrect operation of the brokerage, custody or other accounts by the relevant custodian entity; and losses caused by prolonged delays in receiving transfers of balances and regaining control over the relevant assets. In addition, where securities are held with a sub-custodian of a custodian entity or are held in the name of a sub-custodian, such securities may not be as well protected as they would be if they were held directly by the custodian entity.

Portfolio Valuation. In certain circumstances there may be judgment and discretion employed by GCG or the Administrator in valuing a Fund's assets. The valuation given to the securities and other instruments held by a Fund might not be obtained if the Fund were required to liquidate those positions. To the extent that the value assigned to any such investment differs from the actual value, the net asset value of a Fund may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that an Investor who withdraws all or part of its interest in a Fund while the Fund holds such investments will be paid



an amount less than it would otherwise be paid if the actual value of such investments is higher than the value designated by such Fund. This underpayment would increase the value of the non-withdrawing Investor's interest in a Fund. Similarly, there is a risk that an Investor might, in effect, be overpaid if the actual value of such investments is lower than the value designated by a Fund. This overpayment would reduce the value of the non-withdrawing Investor's interest in such Fund. In addition, there is risk that an investment in such Fund by a new investor (or an additional investment by an existing investor) could dilute the value of such investments for the other investors if the designated value of such investments is higher than the value designated by the Fund. Further, there is risk that a new investor (or an existing investor that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value designated by the Fund. In general, the Funds do not intend to adjust their net asset value retroactively.

Business and Regulatory Risks of Hedge Funds. The Funds, GCG and/or their respective affiliates are subject to a number of unusual risks, including changing laws and regulations, developing interpretations of such laws and regulations and increased scrutiny by regulators. Some of this evolution may be directed at the hedge fund industry in general or certain segments of the industry, and may result in scrutiny or claims against the Funds or GCG. Thus, the Funds and GCG face the continuing risk of pending and potential litigation and regulatory action. These risks are often difficult or impossible to predict, avoid or mitigate in advance. The effect on the Funds, GCG or any affiliate of any such legal risk, litigation or regulatory action could be substantial and adverse.

Effects of Dodd-Frank Reform Act. The Reform Act grants the CFTC, the Securities and Exchange Commission (the "SEC") and other regulators broad rulemaking authority to implement various reforms of the financial services industry, including comprehensive regulation of the over-the-counter ("OTC") derivatives market. The implementation of the Reform Act could adversely affect the Fund by restricting its trading activities and/or increasing the costs or taxes to which investors are subject. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations, including but not limited to the CFTC, and exchanges are authorized to take extraordinary actions in the event of market emergencies including, for example, the retroactive implementation of speculative position limits or higher margin requirements, the establishment of daily price limits and the suspension of trading. The regulation of swaps, futures and/or other derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on the Funds could be substantial and could inhibit the ability of the Fund to pursue its investment approach.

Possibility of Fraud, Misappropriation or other Misconduct of Employees and Service Providers. Misconduct by employees of GCG or other service providers to the Funds and/or their respective affiliates could cause significant losses to the Fund. Employee misconduct may include binding the Funds to transactions that exceed authorized limits or present unacceptable risks, unauthorized trading activities, concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses) and fraud. Losses could also result from actions by service providers, including, without limitation,

failing to recognize trades and misappropriating assets. No assurances can be given that GCG will be able to identify or prevent any such misconduct.

Custody of the Funds' assets will typically rest with the Funds' broker-dealers or custodians. Therefore, there is a risk that the party with custody of the Funds' assets could abscond with, or misappropriate, those assets.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Funds or retaining GCG to provide investment advisory services. Prospective investors should read the entire Confidential Memorandum and the Fund Agreement and prospective clients and investors should consult with their own advisers before deciding whether to invest in the Fund or retain GCG as an investment adviser. In addition, as the investment program of GCG or a particular Fund develops and changes over time, an investment in the Fund or account managed by GCG may be subject to additional and different risk factors.

## **Item 9 – Disciplinary Information.**

There have been no legal or disciplinary events to report.

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

GCG is under common control with GP, which is the general partner of GIP LP, and GIPM LP. GP receives an incentive allocation equal to 20% of the annual net profits of GIP LP, approximately 20% of the annual net profits of GIPM LP all subject to customary "high water mark" provisions.

## **Item 11 – Code of Ethics.**

GCG has adopted a Code of Ethics (the "Code") which sets forth standards of business conduct for the GCG and its Supervised Persons, which include all employees, Access Persons, other persons providing investment advice on behalf of GCG and others designated by GCG's chief compliance officer ("CCO"). The Code is based on the principle that GCG and its Supervised Persons have a fiduciary duty to act in the best interest of the GCG's Clients. The duties of Supervised Persons under the Code are summarized below:

- Supervised Persons are required to submit to the CCO an annual report listing their securities holdings and submit duplicate copies of trade confirmations and brokerage statements (unless a specific exemption applies). The reports of the CCO are submitted to the Managing Member.
- The Code sets forth record keeping requirements and the responsibilities of the CCO with respect to review of personal holdings and trading reports, preclearance of

transactions and monitoring compliance with the Code. The Code also outlines policies for sanctioning Supervised Persons who violate the Code.

- Supervised Persons are subject to trading restrictions for trades in their own accounts for periods of time before and after trading of the same or related securities for Client accounts or if such securities are considered for trading in Client accounts.
- Supervised Persons are also subject to restrictions on participating in initial public offerings and the right of GCG to require them to disgorge any profits from a transaction deemed, after the event, to conflict with Client interests.
- Supervised Persons must comply with the federal securities laws, certify they have read and understand the Code and the GCG's Compliance Manual and report any violations of the Code to the CCO.
- The Code sets forth limitations on Supervised Persons receiving gifts from third parties and prohibits Supervised Persons from soliciting gifts from third parties with which GCG conducts or could conduct business.
- Supervised Persons are prohibited from trading either in their personal accounts or Client accounts on the basis of material non-public information.

**Clients and prospective clients may request a copy of the Code by writing to Giovine Capital Group LLC, 2001 Wilshire Blvd., Suite 501, Santa Monica, CA 90403, attention Mr. John Ku .**

## **Item 12 – Brokerage Practices.**

GCG will utilize various brokers and dealers to execute, settle and clear securities transactions. In selecting brokers and dealers to effect portfolio transactions for the Funds, GCG may consider such factors as the ability of the brokers and dealers to effect the transactions, their facilities, reliability and financial responsibility, and any research and brokerage services provided by such brokers and dealers. Accordingly, if GCG determines in good faith that the commissions charged by a broker or the prices charged by a dealer are reasonable in relation to the value of the research and brokerage services provided by such broker or dealer, the Funds may pay commissions to such broker or prices to such dealer which are greater than those another might charge.

GCG may select a broker-dealer that furnishes GCG directly or through correspondent relationships with research (including third party research) or other services which provide, in GCG's view, appropriate assistance to GCG in the investment decision-making process. Such research or other research and brokerage products or services may include research reports on companies, industries and securities; economic and financial data; economic surveys and analyses; and recommendations as to specific securities. The use of

commissions or “soft dollars” to pay for research or investment management related services, whether provided directly or indirectly, may be utilized, to the extent permissible under applicable law, for the benefit of GCG’s other accounts, as well as the Funds. GCG believes that such research services may provide the Funds with benefits by supplementing the research and services otherwise available to the Funds. Information and products so received are in addition to and not in lieu of services required to be performed by GCG, and GCG’s fee is not reduced as a consequence of the receipt of such supplemental information and products. In addition, GCG may execute trades with brokers and dealers with whom the Funds have other business relationships, including prime brokerage, credit relationships and capital introduction relationships or with broker dealers that have invested, either directly or through affiliates, in the Funds or their affiliates. However, GCG does not intend for these other relationships to influence the choice of brokers and dealers who execute trades for the Fund.

GCG may cause the Funds to buy positions from or to sell positions to other funds or accounts managed by GCG in rebalancing transactions resulting from subscriptions or withdrawals or in other circumstances where such transactions are considered advisable for both parties. All such transactions will be effected at prevailing market prices.

The Funds’ prime broker, Morgan Stanley & Co. LLC, provides a variety of services to the Clients of GCG, which may include clearance and settlement of securities transactions, custody of the Clients’ securities and cash, extending margin credit to the Client, arranging for stock loans to implement short sales, lending of the Clients’ portfolio securities to third parties, and capital introduction services whereby GCG may be afforded the opportunity to make a presentation regarding its services to certain qualified investors by the prime broker. While the prime broker generally provides capital introduction services to GCG at no additional cost to GCG, GCG and not the Client may be the principal or sole beneficiary of those services, thus presenting a potential conflict of interest between the Client and GCG, which is responsible for selecting the prime broker and negotiating such person’s brokerage, margin and other fees.

GCG is authorized to bunch or aggregate orders for the Funds with orders of other clients and to allocate the aggregate amount of the investment among accounts in the manner in which GCG determines appropriate. When portfolio decisions are made on an aggregated basis, GCG may, in its sole discretion, place a large order to purchase or sell a particular security for the Funds and the accounts of several other clients (or affiliates). Because of the prevailing trading activity, it is frequently not possible to receive the same price or execution on the entire volume of securities purchased or sold. When this occurs, the various prices may be averaged and the Funds will be charged or credited with the average price, and the effect of the aggregation may operate on some occasions to the Fund’s disadvantage. GCG however, is not required to bunch or aggregate orders.

## **Item 13 – Review of Accounts.**

GCG's managing member, Thomas A. Giovine, is responsible for monitoring the performance of the Client's investments and recommending purchases and sales of securities to be undertaken by the Clients and reviews the accounts on a regular basis. Investors generally receive written account statements either from their respective custodian or the Fund's Administrator on a monthly basis.

See Item 15 for additional information with respect to custody of assets.

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

Any solicitation arrangements entered into by GCG will generally follow the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, including the requirement that the solicitor provide a disclosure document stating the specifics of the arrangement to the potential Client. GCG pays third party solicitors a fee for referring persons to become limited partners of GIP LP or shareholders of GIP Ltd.

## **Item 15 – Custody.**

As a result of its affiliation with the General Partner to the Private Funds, GCG is deemed to have custody of the Private Funds' assets. Pursuant to Rule 206(4)-2 of the Investment Advisers Act, GCG maintains compliance with Rule 206(4)-2 by ensuring that:

- each Private Fund is audited on an annual basis by an independent accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board in accordance with its rules.
- GCG distributes audited financial statements prepared in accordance with generally accepted accounting principles to all limited partners (or members or other beneficial owners) within 120 days of the end of the fiscal year of the applicable Private Fund. Beneficial owners should carefully review those financial statements.

Upon liquidation of a Fund GCG will distribute its audited financial statements prepared in accordance with GAAP to all beneficial owners in the Fund promptly after the completion of such audit.

## **Item 16 – Investment Discretion.**

GCG has the authority to determine the specific securities and amount of such securities to be bought or sold on behalf of clients. The particular securities, and the amounts of such securities to be purchased or sold, are determined by GCG consistent with clients' investment objectives, policies, and restrictions.

GCG has the authority to determine the particular brokers and dealers to be used to effect portfolio transactions for clients. In selecting brokers to effect transactions, GCG considers such factors as price, the ability of the brokers to effect the transactions, the brokers' facilities, reliability and financial responsibility and any research products or services that may be provided by such brokers. Transactions in foreign securities markets may involve the payment of fixed brokerage commissions, which can be higher than those in the United States.

GCG's investment management agreements will provide for a power of attorney describing the discretionary authority, and limits, if any, on such authority that GCG will have over the account.

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

GCG is ultimately responsible for ensuring that all proxies received with respect to a Client's accounts are voted in a timely manner and in a manner consistent with each Client's best interest and consistent with GCG's adopted Policies and Procedures on a case-by-case basis. GCG seeks to ensure that all votes are consistent with the best interests of its Clients and are free from unwarranted and inappropriate influences.

GCG has contracted with Institutional Shareholder Services ("ISS") to vote proxies received by GCG. Generally, ISS proxy voting guidelines provide for votes on a case by case basis and pursuant to certain guidelines, and GCG expects in most instances to rely on ISS' analyses and recommendations, unless GCG reaches a different conclusion about how a particular proposal should be voted. GCG's proxy voting procedures ("Proxy Procedures") also require that GCG identify to ISS any conflicts of interest involving proxy voting between GCG and its Clients and address such conflicts either by deferring to ISS' voting recommendations or following specific guidelines on how to vote.

**Clients may obtain a copy of GCG's Proxy Procedures and information about how GCG voted a Client's proxies by contacting the GCG's Chief Compliance Officer at Giovine Capital Group LLC, 2001 Wilshire Blvd., Suite 501, Santa Monica, CA 90403, Attention: Mr. John Ku**

## **Item 18 – Financial Information.**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about GCG's financial condition. GCG 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.