

FrontFour Capital Group LLC

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This brochure, called Part 2A of Form ADV, provides information about the qualifications and business practices of FrontFour Capital Group LLC.

If you have any questions about the contents of this brochure, please contact us at (203) 274-9050.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about FrontFour Capital Group LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

Our most recent update to Form ADV Part 2A was made on March 5, 2014. The following is a summary of the more significant updates in this brochure:

- **Item 4** – update to reflect regulatory assets under management as of December 31, 2014
- **Item 10** – update to remove cross trade language
- **Item 11** – update to remove cross trade language
- **Item 11** – update to reflect revised board fee compensation policy

We will deliver to you a summary of any material changes to this brochure and subsequent brochures within 90 days of the close of our fiscal year. We will also continue to provide ongoing disclosure about material changes as such changes may arise.

Our brochure may be requested, free of charge, by contacting us at (203) 274-9050 or invest@frontfourcapital.com.

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Item 4 – Advisory Business

A. General Description of Advisory Firm

FrontFour Capital Group LLC (“Adviser,” “we,” “us” or “our”) is a Delaware limited liability company that was formed in December 2006. We are principally owned by David Lorber, Stephen Loukas and Zachary George (the “Portfolio Managers”).

We serve as the investment adviser to FrontFour Capital Partners LP, a Delaware limited partnership (the “Domestic Fund”), FrontFour Capital Partners Ltd., a Cayman Islands exempted company (the “Offshore Fund” and together with the Domestic Fund, the “Feeder Funds”) and FrontFour Master Fund Ltd., a Cayman Islands exempted company (the “Master Fund” and collectively with the Feeder Funds, the “Funds”), over which we have full discretionary authority. FrontFour GP LLC (the “General Partner”), an affiliate of the Adviser, is the general partner of the Domestic Fund. We also provide discretionary investment advice to separately managed accounts and may provide such advice to additional separately managed accounts in the future (the “Managed Accounts”). Through the Managed Accounts, the Adviser acts as a sub-adviser to an investment company registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”) and two pooled investment vehicles. Together, the Funds and the Managed Accounts are referred to as the “Accounts” throughout this brochure.

B. Description of Advisory Services

We invest primarily on a long basis and opportunistically on a short basis in U.S. and Canadian equity and fixed income securities, with a focus on event-driven value-oriented investments. We employ extensive “bottom-up” fundamental research and analysis in an effort to identify and purchase long positions in securities we believe to be undervalued by the marketplace. In addition, in order to isolate events, minimize risk or increase portfolio performance, we may seek to identify and sell short securities we believe to be overvalued or have the potential to mitigate risk. We may also invest in securities of distressed or bankrupt companies. Our investment strategy is opportunistic and flexible in nature.

It is anticipated that on an opportunistic basis, we may engage in shareholder activism. Such strategies are generally intended to encourage (or compel) the management of portfolio companies to unlock value and to affect corporate action. In such event, we, on behalf of our clients, may acquire significant positions in portfolio companies with a view toward influencing and/or exercising a level of control with respect to the management and/or business strategies of such companies (e.g. encouraging management to liquidate or sell their companies, encouraging third party premium-to-market bids for such companies, encourage restructurings, waging proxy contests to win representation on (or control of) the boards and/or management of such companies, or participating in buyout groups to gain control of such companies).

C. Availability of Customized Services for Individual Clients

We generally do not permit investors in the Funds to impose limitations on the investment activities described in the offering documents for those funds. Under certain circumstances, we may, however, contract with the owner of a Managed Account to adhere to limited risk and/or operating guidelines imposed by the client. We negotiate such arrangements on a case by case basis. (See Item 16 “Investment Discretion”).

D. Wrap Fee Programs

We do not participate in any wrap fee programs.

E. Assets Under Management

As of **December 31, 2014** we managed approximately **\$729,984,000** of regulatory assets on a discretionary basis. We do not manage any assets on a non-discretionary basis.

F. Relying Advisers

The General Partner and FrontFour Opportunity Fund are “Relying Advisers” as that term is described in the SEC Staff No-Action Letter dated January 18, 2012, to the American Bar Association, Business Law Section. They are also principally owned by David Lorber, Stephen Loukas and Zachary George. The description of our business and activities throughout this brochure includes the business and activities of these entities.

Item 5 - Fees and Compensation**A. Advisory Services and Fees**

Our fees and compensation are described in the advisory contracts we enter into with our clients. Currently, the Domestic Fund and the Offshore Fund invest substantially all of their assets in the Master Fund through a master-feeder structure. All fees and allocations are at the Feeder Fund level.

We receive a management fee at the rate of 0.1666% per month (equivalent to a rate of 2.0% per annum) of the assets of each of the Feeder Funds (excluding assets allocable to the Adviser or the General Partner), in consideration of the investment advisory, management and administrative services provided to the Funds and our assumption of various overhead and operating expenses. The management fee is calculated based upon the value of each investor’s capital account at the opening of business on the first business day of each calendar month (after giving effect to capital contributions and withdrawals) and is payable in advance. We or General Partner (as applicable) may waive or reduce the management fee chargeable to an investor.

At the end of each fiscal year (or partial year if capital is withdrawn from the Domestic Fund or the Offshore Fund), we (or the General Partner) receive an incentive fee from the Offshore Fund or an incentive allocation from the Domestic Fund equal to 20% of the net profits (realized and unrealized) initially allocated to each investor, but only on a “high water mark” basis (*i.e.*, any prior losses allocated to an investor’s capital account or shares, as applicable, must be recouped by subsequent allocations of net profits before we (or the General Partner) may receive incentive fees or an incentive allocation as to the capital account or shares, as applicable. We (or the General Partner), as applicable, in our/its sole discretion may waive or reduce the incentive allocation with respect to any investor.

We structure any Fee arrangement in accordance with Section 205(a)(1) of the Advisers Act and the rules and regulations thereunder, including the exemption set forth in Rule 205-3 permitting performance fee or allocation arrangements with “*qualified clients*.”

Any funds, or Managed Accounts, we advise currently, or in the future, may have different compensation structures than those described above.

B. Payment of Fees

We directly deduct our management fees from the Feeder Funds on a monthly basis, in advance. Generally, the General Partner receives performance-based fees or allocations from the Feeder Funds on an annual basis in arrears and upon redemptions by investors in the Feeder Funds.

The determination of whether fees are directly deducted from a Managed Account are determined on a case-by-case basis.

C. Additional Expenses and Fees

The Funds are generally responsible for all operating expenses and other costs of the Funds not required to be borne by the Adviser. In addition, the Domestic Fund and the Offshore Fund are responsible for their pro rata shares of the costs and expenses of the Master Fund. Such costs and expenses include, but are not limited to: (i) accounting and auditing fees, including tax return preparation and costs, relating to the Funds' accountants, fees of bookkeepers and related services; (ii) legal fees and expenses; (iii) insurance and bonding costs; (iv) fees (including legal fees) or assessments in connection with any regulatory registrations, qualifications or approvals of the Funds or the Adviser deemed appropriate by the Adviser in connection with the activities of the Funds, including fees and expenses incurred in connection with preparing and filing reports relating to the Fund's trading activities (including under investment advisory laws, such as Form PF); (v) all trading expenses and transaction costs, including brokerage commissions and expenses relating to short sales, clearing and settlement charges, interest on loans and debit balances, margin interest, broker service fees, other clearing and custodial expenses, and expenses associated with proxy contests; (vi) such research and portfolio management expenses as the Adviser shall deem appropriate, which may include, but are not limited to, costs of software programs related to investment modeling and screening, risk management systems and software, costs of research reports, data feeds and databases, news wires and quotation services, periodical subscription fees, and fees of outside consultants and experts; (vii) the cost of preparation and distribution of reports and statements to investors; (viii) the management fee; (ix) the fees and expenses of the administrator, the directors and other third parties retained by the Funds. Certain research and brokerage expenses of the Funds and/or the Adviser may be borne or reimbursed by broker-dealers executing transactions for the Funds. (*See Item 12 "Brokerage Practices" below.*)

The expenses that are charged to the Managed Accounts are determined on a case by case basis.

We may also allocate a portion of certain clients' capital to money market funds or exchange-traded funds that are managed by other investment managers. In addition to the fees and expenses discussed above, clients will indirectly incur similar fees and expenses if we invest client's capital in such money market funds or exchange traded funds, as these funds in turn pay similar fees to their investment managers and other service providers.

D. Prepayment of Fees

Management fees that are paid in advance are generally not refundable, and management fees that are paid in arrears are paid through the date of termination.

E. Additional Compensation and Conflicts of Interest

We do not accept compensation for the sale of securities or other investment products.

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

We or our affiliates receive annual performance-based fees or allocations from the Funds, which are based on a percentage of the capital appreciation of client assets. However, other client accounts are not currently subject to performance-based fees or allocations (but may be in the future).

These factors may result in a conflict of interest when we allocate opportunities among these accounts because we will have an incentive to favor accounts that have higher performance-based fees and allocations. To avoid such a conflict of interest we generally follow documented procedures in allocating opportunities among such accounts, which does not take into account the performance-based fees and allocations to which such accounts are subject (*see Item 11, Section D, below*).

As the management fees and performance-based fees and allocations are based directly on the net asset value of the client accounts, we have a conflict of interest in valuing the assets held in the accounts. We will follow our documented valuation policies and consult with the third-party administrator to the accounts in order to mitigate this risk.

The Funds may from time to time enter into agreements with one or more investors, without the consent of, or notification to, other investors, whereby in exchange for large investments or other consideration deemed material by the Adviser or its affiliates, such investors may be afforded favorable rights not granted to other investors. These rights may include, without limitation, one or more of the following: investment capacity rights (rights to make future investments in the Funds; enhanced liquidity rights (enhanced rights under certain circumstances to withdraw invested capital from the Funds); rights regarding transparency of Fund positions and enhanced reporting of other Fund information; and rights to be charged reduced rates of the Incentive Allocation and/or the Management Fee.

Item 7 - Types of Clients

We currently provide investment advice to the Funds and Managed Accounts. Investors in the Funds are generally high net worth individuals and institutional investors that qualify as “accredited investors” (as defined in Rule 501 under the Securities Act of 1933, as amended). The minimum investment in the Funds is generally \$1,000,000, provided that we (or the General Partner) may reduce such minimum investment in our or its discretion. Managed Account owners are typically institutional investors, and minimum investments are negotiated on a case-by-case basis, depending on the size of the account and the specific mandate.

Through the Managed Accounts, we provide investment advice to a client that is registered as an investment company under the Investment Company Act. This client is a qualified purchaser under the Investment Company Act. We also provide investment advice to two pooled investment vehicles.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**A. Methods of Analysis and Investment Strategies**General

The Accounts' investment objective is to obtain superior risk adjusted returns, while preserving capital and having low correlation with the equity markets. The Accounts will invest primarily on a long basis and opportunistically on a short basis in U.S. equity and fixed income securities, with a focus on event-driven value-oriented investments. The Adviser will employ extensive "bottom-up" fundamental research and analysis in an effort to identify and purchase long positions in securities it believes to be undervalued by the marketplace. In addition, in order to isolate events, minimize risk or increase portfolio performance, the Adviser may seek to identify and sell short securities it believes to be overvalued or have the potential to mitigate risk. The Adviser may also invest in securities of distressed or bankrupt companies and, at times, engage in shareholder activism. The investment strategy will be opportunistic and flexible in nature. Consequently, in addition to investments in equity and fixed income securities, the Accounts will be authorized to invest in any other securities, instruments and investments deemed appropriate by the Adviser including, without limitation, bank loans, trade claims, preferred stock, convertible debt and equity securities, warrants, options, rights, swaps, futures, forward contracts, indices and other derivatives, currencies, cash and cash equivalents. Investments may include securities of foreign issuers, thinly traded securities, and non publicly-traded (*i.e.*, "restricted") securities. The Adviser expects to utilize leverage, on behalf of the Accounts, on a moderate basis primarily for investment purposes, but may also utilize leverage for liquidity purposes. There is no assurance that the Accounts will achieve their investment objective or be profitable.

The primary components of the Adviser's investment methodology include: identification and sourcing of investment opportunities; extensive fundamental research, analysis and due diligence; ongoing monitoring of portfolio positions; and the application of risk management techniques.

Investment Sourcing/Identification. The Adviser will utilize the combined experience and business and industry relationships of the Portfolio Managers to identify investment opportunities for the Accounts. Investment opportunities will include, without limitation:

- Companies which are believed to have inexpensive valuations in light of, among other factors, earnings, cash flow and book value. For instance, companies with significant cash flows and cash generation that trade at low multiples, and companies trading at substantial discounts to net asset value.
- Out of favor companies and industries which are not "structurally broken", but are neglected, providing an opportunity for entry at inexpensive valuations.
- Lesser known or misperceived companies, where the Portfolio Managers believe they can gain an investment edge via fundamental research and analysis.
- Companies which are anticipated to experience events or catalysts that the Portfolio Managers believe will change the companies' respective outlooks and, consequently, the market price of the companies' securities. Such events may include, without limitation: asset sales, spin-offs, litigations, mergers and acquisitions, proxy contests, development and value creation, distributions and repurchases, turnarounds/restructurings, new management, refinance/ repurchase, ratings events, bankruptcies, liquidations and reorganizations.

- Distressed or bankrupt companies with credit instruments that offer the potential for “equity-like” returns.
- Other opportunities identified by the Portfolio Managers which are “contrarian” in nature, in that it is believed that “Wall Street” has not yet realized the inherent value in such investments.
- “Short” investment opportunities will most likely have opposite characteristics of long positions including deteriorating earnings, cash flow, operations, high financial leverage, or unsustainable or structurally flawed business models.

Research, Analysis and Due Diligence. Once an investment opportunity has been identified, the Portfolio Managers will perform extensive fundamental research and analysis which will generally include reviews of company balance sheets, cash flows and earnings, with a view toward determining the “true” asset value, cash flow power and earnings power of the company. The Portfolio Managers will also seek to determine the “intrinsic” value of the company through a variety of valuation methodologies employed by the Adviser.

The Portfolio Managers will generally implement a two-pronged due diligence process with respect to an investment opportunity prior to an investment being made by the Accounts: management-based due diligence; and business/industry due diligence. Management-based due diligence involves contact and communication with a company’s management and/or key personnel (including one or more of the following: Chief Executive Officer, Chief Financial Officer, division Presidents, and board members). The Portfolio Managers believe that management-based due diligence is an important component of the Adviser’s investment methodology, and that a significant amount of insight and knowledge can be obtained through such process. Business/industry due diligence involves contact and communication with a company’s competitors, suppliers and customers, which can provide additional insights into macro and micro developments within a sector or industry.

The Portfolio Managers believe that their business relationships and due diligence processes will provide a recurring source of information regarding the Accounts’ investment opportunities and investments, which may assist the Portfolio Managers in anticipating favorable and unfavorable investment-related events, thus contributing materially to the implementation of the Accounts’ investment strategy.

Based upon the Portfolio Managers’ research and analysis of, and due diligence with respect to, a company, a determination will be made by the Adviser as to whether, and to what extent, the Accounts should invest in the company.

Monitoring. The Portfolio Managers will, on an ongoing basis, perform additional research, analysis and/or due diligence with respect to portfolio holdings of the Accounts. Based upon such reviews, as well as such other factors as the Portfolio Managers deem appropriate, the Portfolio Managers may determine to adjust the level of the Accounts’ investment in a company or to liquidate the Accounts’ investment in a company.

Risk Management. The Adviser intends to monitor, and develop methods to control or “hedge”, investment and portfolio risk. Among other things, the Adviser intends to conduct portfolio and position analysis on an ongoing basis. In general, an adverse movement of 10% or more in the

price of a security from cost or market will prompt an analysis of the position, followed by a determination as to whether the position should be liquidated in whole or in part.

Notwithstanding the Adviser's risk management practices, the Accounts' investment strategy inherently involves certain significant risks. Moreover, there can be no assurance that the Adviser's risk management practices will necessarily be applied in all cases, or if applied, will successfully limit risk to acceptable levels.

Activist Investing. It is anticipated that on an opportunistic basis, the Adviser may engage in shareholder activism. Such strategies are generally intended to encourage (or compel) the management of portfolio companies to unlock value and to affect corporate action. In such event, the Adviser, on behalf of its clients, may acquire significant positions in portfolio companies with a view toward influencing and/or exercising a level of control with respect to the management and/or business strategies of such companies (e.g., encouraging management to restructure, liquidate, or sell their companies, encouraging third party premium-to-market bids for such companies, waging proxy contests to win representation on (or control of) the boards and/or management of such companies, or participating in buyout groups to gain control of such companies).

Flexible and Opportunistic Nature of Investment Strategy. The Accounts' investment strategy is intended to be flexible and opportunistic; the Portfolio Managers will be authorized to adjust the their investment strategy and the Adviser's investment methodology from time to time in order to capitalize on changes in the securities markets and/or to take advantage of new investment opportunities. Any such changes and/or adjustments may be expected to have an impact on the manner in which the Accounts' assets are invested, as well as on the performance of the Accounts.

Investments

Clients' capital is invested primarily in equity securities and debt instruments of companies that are domiciled in North America. However, we may invest in a broad variety of other securities, instruments and investments, whether traded on exchanges, over-the-counter or negotiated or electronic markets. As a result, the client's investments, in our discretion, may also include: convertible and hybrid stocks and debt securities, including high-yield securities; preferred stocks, warrants, rights, bonds, debentures and options (including "market-basket options"), structured and other synthetic securities and related derivative instruments, such as swaps, forwards, options futures, caps and floors; other derivatives, including those relating to equity securities, equity indices, interest rate products, fixed-income products and indices; structured securities; corporate and government securities, money market instruments, foreign currencies and interests in currencies, such as options, spot, swap, futures and forward contracts, certificates of deposit, banker's acceptances, trust receipts and trade and commercial obligations, loans, bridge loans, bank loans, advances, loan participations and creditor claims, trade claims, whether secured or unsecured, performing or nonperforming, and irrespective of ranking' and any other instruments or other evidences of indebtedness, currencies, cash and cash equivalents. Clients' capital may also be invested in securities of foreign issuers, including both those traded overseas, and those traded in the United States and Canada. We may also invest on behalf of our clients in thinly traded securities and non-publicly-traded or restricted securities.

Investing in securities involves risk of loss that clients and investors should be prepared to bear.

B. Risk of Loss

All securities investments risk the loss of capital. There can be no assurance that the Accounts will be profitable or that they will not incur losses. Prospective investors should, among other matters, consider the risks summarized below before investing in the Funds or the Managed Accounts. An investment in the Funds or the Managed Accounts is speculative, involves a high degree of risk, and is suitable only for persons who are willing and able to assume the risk of losing their entire investment.

Experience of the Principals. The success of the Accounts will depend substantially upon the individuals who will serve as the principals of the Adviser, particularly the Portfolio Managers of the Accounts.

Dependence on Principals. As noted above, the success of the Accounts will depend substantially upon the efforts of the Portfolio Managers. In the event that one or more of the Portfolio Managers cease to be responsible for Accounts' investments and/or operations for any reason, although other personnel of the Adviser may be available to continue operations, the operations of the Accounts could be adversely affected. Each of the Portfolio Managers may have significant business responsibilities in addition to those of the Accounts.

Dependence Upon Individual Judgment and Skill. Although the Portfolio Managers rely primarily upon fundamental research and analysis and other methodologies in their investment decision making, the Portfolio Managers must ultimately rely upon their own judgment in identifying and selecting investment opportunities for the Accounts. As a result, the Portfolio Managers' selection of investments for the Accounts may be expected to involve, to a considerable degree, subjective factors and judgment on the part of the Portfolio Managers and other Adviser personnel. The Adviser's investment strategy for the Accounts presumes that the Portfolio Managers' own judgment will eventually prove correct, or more timely, as to a particular company or industry, as compared to that reflected in applicable market prices. While such a strategy may be expected, if successful, to produce an attractive return on capital, conversely, if unsuccessful, the risk of investment loss might be expected to be greater than that associated with a manager who followed a more orthodox approach to investment. Accordingly, success of the Accounts will be dependent to a large extent on the investment skills and judgment of the Portfolio Managers and other Adviser personnel. There can be no assurance that the Portfolio Managers will successfully identify investments that fulfill the investment objective of the Accounts or that such investments will not cause the Accounts to experience losses.

Risks Relating to Investment Strategy

Limited Prior Application of Investment Strategy. Although the Portfolio Managers have investment management experience with a substantially similar investment strategy, there can be no assurance that the Adviser's investment strategy and investment methodology to be implemented exclusively by the Portfolio Managers will prove successful when applied in the context of the Accounts or over time under various market conditions and events.

General Investment Risk. The Accounts' investments will consist of securities, instruments and investments identified by the Portfolio Managers' methodology. Since such strategy involves identifying securities which are generally undervalued (or, in the case of short positions, overvalued) by the marketplace, success of such strategy necessarily depends upon the market eventually recognizing such value in the price of the security, which may not necessarily occur. The Accounts' portfolio positions may undergo significant short-term declines and experience

considerable price volatility. Since the Adviser's methodology does not require any minimum market capitalization, the Accounts may take positions in smaller capitalization companies or other issuers which may involve an increased level of general investment risk. Equity positions may include speculative securities. Accordingly, investors in the Accounts must be prepared to assume the risks inherent in such speculative investments. An investment in the Accounts should not be regarded as a complete investment program and should be considered solely by investors prepared to experience possible short-term volatility and fluctuations in value in the interest of seeking attractive long-term capital appreciation.

Concentration. The Accounts' portfolios may be expected to be concentrated from time to time or at all times in a limited number of companies and industries. Although concentration may increase the possibility of achieving significant investment return, concentration of investments in a limited number of companies and/or industries is generally regarded as increasing both relative investment risk and potential portfolio volatility. As a result of any such concentration, the Accounts may be exposed to potentially significant losses by reason of adverse developments affecting one or more of such limited number of companies and/or industries. Any such losses could materially reduce the Accounts' performance or asset base, to the extent not offset by other gains.

Risks Relating to Investment Techniques

Short Selling. Short selling will be a part of the Adviser's investment strategy and will be utilized both in situations where the Adviser believes the securities in question are likely to underperform, over time, or as a hedge or offset to related long positions. Short selling inherently involves certain additional risks. Selling securities short creates the risk of losing an amount greater than the initial investment in a relatively short period of time and the theoretically unlimited risk of an increase in the market price of the securities sold short. There is also the risk that the securities borrowed by the Accounts in connection with a short sale would need to be returned to the securities lender on short notice. If the request for return of securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and the Accounts might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier. In addition, short selling can involve significant borrowing and other costs which can reduce the profit or create losses in particular positions.

Leverage; Interest Rates; Margin. The Adviser expects to utilize leverage, on behalf of the Accounts, on a moderate basis, as the Adviser considers appropriate, primarily for investment purposes to increase investment positions or to make additional investments. Leverage may be employed by means of conventional margin arrangements, or through options, swaps, forwards and other derivative instruments. While leverage (including the use of derivatives) presents opportunities for increasing the Accounts' total return, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment, either directly or indirectly, could be magnified to the extent that leverage is employed. The effect of the use of leverage by the Accounts in a market that moves adversely to the investments of the entity employing the leverage, could result in a loss to the Accounts that would be greater than if leverage were not employed by the Accounts. In addition, to the extent that the Accounts borrow funds, the interest cost at which the Accounts can borrow will affect the operating results of the Accounts. The use of short-term margin borrowings by the Accounts may result in certain additional risks to the Accounts. For example, should the securities that are pledged to brokers to secure the Accounts' margin accounts decline in value, or should brokers from which the Accounts have borrowed increase their maintenance margin requirements (*i.e.*, reduce the

percentage of a position that can be financed), then the Accounts could be subject to a “margin call,” pursuant to which the Accounts must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. The broker will typically have the right to liquidate the Accounts’ portfolio in certain circumstances. In the event of a precipitous drop in the value of the assets of the Accounts, the Accounts might not be able to liquidate assets quickly enough to pay off the margin debt and might suffer mandatory liquidation of positions in a declining market at relatively low prices. Similar risks may arise in connection with longer-term borrowings and certain derivative transactions.

Price Volatility. Stocks are inherently volatile. Such volatility may result in the value of the Accounts’ assets fluctuating from time-to-time more greatly than that of other investment vehicles which may be more diversified. There can be no assurance that the Adviser’s investment strategy, including its hedging techniques, or other investment strategies or techniques, will be effective in protecting the Accounts from such price volatility.

Options. The Accounts may utilize options in furtherance of its investment strategy for both speculative and hedging purposes. Options positions may include long positions, where the Accounts are the holder of put or call options, as well as short positions, where the Accounts are the seller (writer) of an option. Although option techniques can increase investment return, they can also involve a relatively higher level of risk. The writing (selling) of uncovered options involves a theoretically unlimited risk of a price increase or decline, as the case may be, in the underlying security. The expiration of unexercised long option positions effectively results in loss of the entire cost or premium paid for the option. Option premium costs, as well as the cost of covering options written by the Accounts, can reduce or eliminate position profits or create losses as well. The Accounts’ ability to close out its position as a purchaser of an exchange-listed option is dependent upon the existence of a liquid secondary market on option exchanges. On occasion the Accounts may also utilize options which may have limited liquidity. The seller (“writer”) of a call option which is covered assumes the risk of a decline in the market price of the underlying security or other instrument below the purchase price of the underlying instrument, less the amount of premium received by the seller, and forgoes the opportunity for gain on the underlying instrument above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment (the premium paid) in the call option. If the buyer of a call option sells short the underlying security or other instrument, a loss on the call option itself may be offset, in whole or in part, by any gain on the short sale of the underlying position. The seller (“writer”) of a put option which is covered assumes the risk of an increase in the market price of the underlying security or other instrument above the sales price (in establishing the short position) of the underlying instrument, plus the premium received by the seller, and forgoes the opportunity for gain on the underlying instrument below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment (the premium paid) in the put option. If the buyer of a put option holds a long position in the underlying security or other instrument, a loss on the put option itself may be offset, in whole or in part, by any gain on the underlying position.

Derivatives. The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order to either realize gains or to limit losses. Additionally, many derivatives are valued on the basis of dealers’ pricing of these instruments. However, the price at which dealers value a particular derivative and the price which the same dealers would actually be willing to pay for such derivative should the Adviser be required to sell such position may be materially different. Such differences may have a materially adverse effect on the Accounts if they are required to sell derivative instruments in order to raise funds for margin purposes or to pay withdrawals. The pricing relationships between derivatives

and the underlying instruments on which they are based may not conform to anticipated or historical patterns, resulting in unanticipated losses. The stability and liquidity of forwards, swaps, repurchase agreements, and other over-the counter derivative transactions depend in large part on the creditworthiness of the parties to the transaction. If there is a default by the counterparty to a transaction, the Accounts may have contractual remedies pursuant to the agreements related to the transaction; however, exercising such contractual rights may involve delays or costs, or may not be successful, which could adversely affect the Accounts. It is possible that in the event of a counterparty credit default, the Accounts may not be able to recover all or a portion of its investment in such derivative instrument and may be exposed to additional liability (*i.e.*, the obligations associated with what has become an unhedged position).

Fixed-Income Securities. The Accounts are expected to invest in fixed-income securities. The value of fixed-income securities in which the Accounts may invest will change in response to fluctuations in interest rates and applicable credit spreads including general corporate credit spreads and industry and company-specific credit spreads. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies. All other things being equal, when interest rates decline, the value of fixed-income securities generally can be expected to rise. Conversely, when interest rates rise, the value of fixed income securities generally can be expected to decline.

Investments in Distressed Companies. Investment in securities of distressed companies involves highly significant risks. In general, the Accounts will only make such investments when the Adviser believes it is reasonably likely that the issuer of the securities will successfully complete an exchange offer or other restructuring or consummate a plan of reorganization, as the case may be. However, there can be no assurance that such restructurings or reorganization plans will be successfully completed or consummated. In addition, a significant period of time may pass between the time at which the Accounts makes their investment in distressed securities and the time that any such restructuring or reorganization is completed. During this period, it is unlikely that the Accounts will receive any interest payments on distressed debt securities; the Accounts will be subject to significant uncertainty as to such successful completion; and the Accounts may be required to bear certain expenses to protect its interest in the course of negotiations surrounding any potential exchange offer or plan of reorganization. In addition, even if a restructuring or reorganization is completed, there can be no assurance that the securities or other assets received by the Accounts as a result of the restructuring or reorganization will not have a lower value or income potential than anticipated when the investment was made. Moreover, any securities received by the Accounts upon completion of a restructuring or reorganization may be restricted as to resale.

Successful investing in distressed companies involves substantial time, effort and expertise, as compared to other types of investments. Information necessary to properly evaluate a distress situation may be difficult to obtain or be unavailable and the risks attendant to a restructuring or reorganization may not necessarily be identifiable or susceptible of considered analysis at the time of investment. Optimal returns on distress situations may often require active participation in the restructuring or reorganization, including involvement on creditors' or bondholders' committees. While the Portfolio Managers may on occasion seek representation or an active role in such matters, their commitments to the Accounts may preclude extensive involvement and they may be unsuccessful in obtaining significant influence as to particular distressed investments. It may be expected that often the Accounts' investment position may be insufficiently large to compel inclusion of the Adviser in such negotiations. Accordingly, the Accounts' interests will not necessarily be directly represented or protected in restructuring or reorganization transactions.

Investments in Initial Public Offerings. The Accounts may, from time to time, purchase securities of companies in initial public offerings or shortly thereafter. Special risks associated with these securities may include a limited number of shares available for trading, illiquidity, lack of investor knowledge of the issuer, and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for the Accounts to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospect of achieving them.

Investments in Restricted Securities. The Accounts may invest up to 15% of their assets (measured at the time the investment is made) in restricted securities, which are securities subject to significant legal or contractual restrictions on their public resale. Investing in restricted securities involves a number of significant risks. Without the ability to resell restricted securities in the public markets, the Accounts may be compelled to hold such investments indefinitely or to dispose of them in private transactions on unattractive terms. Such restrictions therefore can impair both the avoidance of losses as well as the timely realization of gains. Although in some instances the Accounts may have registration rights or other contractual means of achieving liquidity as to its investment in restricted securities, such rights may in fact be limited or ineffective in achieving the secondary market desired. Restricted securities invested in by the Accounts may include highly speculative, developmental stage issuers, as well as securities of more seasoned companies, which can involve significant issuer or industry related risks. Further, companies whose securities are not publicly traded generally will not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

Investments With Limited or No Liquidity. The Accounts may take significant positions in particular securities which are relatively large as compared to their trading volume or overall market capitalization. Such positions may at times prove more difficult to sell in a timely or efficient manner and could thus impair to some extent the Accounts' ability to fully realize portfolio gains or limit losses. The Adviser does not, in general, intend to limit investments to issues of any particular minimum capitalization and may, in fact, focus upon smaller capitalization stocks when such securities appear to afford greater appreciation or depreciation potential. Such stocks often have less liquidity than large capitalization issues.

Foreign Investments. The Accounts do not intend to invest more than 20% of its assets in foreign investments (securities of issuers organized outside of North America), which may include foreign or domestic equity securities denominated in foreign currencies and/or traded outside of North America. Such investments require consideration of certain risks typically not associated with investing in North American securities or property. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations (which may also impact Canadian investments), imposition of exchange control regulation by the United States or foreign governments, United States and foreign withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations.

There can be no assurances that the Accounts will achieve their investment objectives whether through investments in securities of North American issuers, or through investments in "foreign issuers". There may be less publicly available information about certain foreign companies than

would be the case for comparable companies in the United States or Canada and certain foreign companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of United States or Canadian companies. Note that securities markets outside the United States, while growing in volume, have for the most part substantially less volume than U.S. markets, and many securities traded on these markets are less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, settlement of trades in some non-U.S. markets is slower, less systematic and more subject to failure than in U.S. markets. There also may be less extensive regulation of the securities markets in countries other than the United States.

Limitations on Hedging Strategies. It is anticipated that the Adviser will employ hedging techniques in connection with the Accounts' investment strategy. However, it will not be a requirement that all of the Accounts' positions be hedged. Moreover, such strategies are intended to hedge against certain risks, often general market risk such as a price decline in the overall equity markets, but will not always hedge against other risks, such as issuer risk, industry risk or catastrophic risk, any of which could be significant. The costs of hedging necessarily reduce the profitability of the position sought to be hedged. There is no assurance that the Adviser's intended hedging strategies can necessarily be implemented or if established will necessarily succeed in eliminating the intended risk. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments. For a variety of reasons, however, the Adviser may not seek or be able to establish a sufficiently accurate correlation between hedging instruments and the portfolio holding or holdings sought to be hedged. Such imperfect correlation may prevent the Accounts from achieving the intended hedge or expose the Accounts to risk of loss. There may be risks which are not identified, and therefore unhedged, or there may be risks where an efficient hedging strategy is unavailable. It will not be an objective for the Accounts to be hedged significantly at all times. It should be assumed, therefore, that the Accounts' portfolio may still be exposed to significant risks, including issuer, industry and sector risks, notwithstanding the Adviser's intended hedging strategies.

Overall Investment Risk. All securities investments risk the loss of capital. The nature of the investments to be made and traded by the Accounts and the investment strategies and techniques to be employed by the Accounts may increase this risk. There can be no assurance that the Accounts will not incur losses. Many unforeseeable events, including, but not limited to, actions by various government agencies, and domestic and international economic and political developments, may cause sharp market fluctuations which could adversely affect the Accounts' portfolio or performance. There can be no assurance that the investments or investment techniques employed by the Accounts will achieve the Accounts' investment objective or that the Accounts will be profitable.

C. Recommendation of a Particular Type of Security

We do not recommend any particular type of security.

Item 9 - Disciplinary Information

To the best of our knowledge, there are no legal or disciplinary events that are material to our clients' evaluation of our advisory business or the integrity of our management.

Item 10 - Other Financial Industry Activities and Affiliations**A. Broker-Dealer Registration**

Neither we nor our management personnel (i) are registered as broker-dealers or (ii) have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Advisor Registration

Neither we nor our management personnel (i) are registered as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing; or (ii) have any application pending to register with respect to any of the foregoing.

C. Material Relationships and Conflicts of Interests with Industry Participants

Our relationships and arrangements with our various clients and other industry participants are material to our advisory business and may raise actual or potential conflicts of interest. Please see Item 6, “*Performance-Based Fees and Allocations and Side-By-Side Management – Conflicts of Interest*,” above. Prospective investors should carefully consider the risks involved in an investment with us, including, but not limited to, those discussed below. Prospective investors should consult their own legal, tax and financial advisers as to all of these risks and as to an investment with us generally.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker

Not applicable.

2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)

We and our related persons manage the Funds and may manage other pooled investment vehicles in the future, all of which may be deemed to be our related persons. Additionally, as stated above, through Managed Accounts, we act as a subadvisor to an investment company registered under the Investment Company Act, and two pooled investment vehicles. However, we do not believe that such registered investment companies are our related person.

The management of multiple pooled investment vehicles may result in conflicts of interests when we and our related persons allocate their time and investment opportunities among the Funds, the Managed Accounts and other client accounts. In addition, the compensation earned by us and our related persons from each of the Accounts differs from one another and other client accounts. We and our related persons will generally follow documented procedures in allocating trades among such Accounts and other clients (*see Item 11, Section D below*).

The Portfolio Managers may have a significant portion of their personal assets invested in one or more of the Funds. As a result, we may have a conflict of interest in allocating investment opportunities among the Funds and other clients. We will generally follow documented procedures in allocating trades among Accounts. (*See Item 11, Section D* below.)

3. other investment adviser or financial planner

FrontFour GP LLC serves as the general partner to FrontFour Capital Partners LP. There are no material conflicts of interest resulting from the relationship between us and these other investment advisers other than any conflicts described in *Item 10, section C.2* above.

4. futures commission merchant, commodity pool operator, or commodity trading advisor

Not applicable.

5. banking or thrift institution

Not applicable.

6. accountant or accounting firm

Not applicable.

7. lawyer or law firm

Not applicable.

8. insurance company or agency

Not applicable.

9. pension consultant

Not applicable.

10. real estate broker or dealer

Not applicable.

11. sponsor or syndicator of limited partnerships.

Not applicable.

D. Material Conflicts of Interest Relating to Other Investment Advisers

We do not recommend or select other investment advisers for our clients.

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

- A. We have adopted a Code of Ethics (the “Code of Ethics”) which provides that we are committed to conducting our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, we recognize that we have a fiduciary duty to the investors in the private investment funds and other accounts we manage, and that all of our employees must conduct their business on our behalf in a manner that enables us to fulfill this fiduciary duty. In this regard, we have developed policies and procedures in our Code of Ethics that are premised on maintaining the highest ethical standards. In addition, among other things, our Code of Ethics governs all personal investment transactions by our employees, reporting of such personal investment transactions, compliance with applicable federal securities laws, and the manner in which violations of our Code of Ethics are to be reported and sanctioned. Upon request, we will allow any client or prospective client to view a copy of our Code of Ethics in our offices.
- B. We offer the opportunity to prospective clients to invest in the Funds. Our principals and other management persons have significant personal investments in the Funds. In addition, we and our affiliates receive performance-based fees and allocations from the Funds.

On behalf of our clients, we may acquire significant positions in portfolio companies with a view toward influencing and/or exercising a level of control with respect to the management and/or business strategies of such companies, encouraging management to liquidate or sell their companies, mergers, and/or acquisitions, encouraging third party premium-to-market bids for such companies, encourage restructurings, waging proxy contests to win representation on or control of the boards of such companies and/or take an active role in the management of such companies. Consistent with applicable laws and the investment strategies described in Item 8.A, we may recommend or have our clients sell or add additional shares of such portfolio companies depending on various factors. In sitting on a board or taking an active role in management of a portfolio company, one of our related persons may and likely will be entitled to receive compensation from such portfolio company based upon the board or management position held, whether it is cash reimbursements, salary, bonus, or board entitlements. Currently, our principals sit on the board of public portfolio companies and receive compensation from such companies for the positions held. These positions with portfolio companies, typically attained through our activist strategies with client capital, are intended to maximize value to shareholders of such portfolio companies, including our clients. As such, the related person’s roles with and duties for our clients and the portfolio companies are not viewed or intended to be in conflict. To the extent a related person’s role on a board or in management of a portfolio company appears to present an actual or potential conflict, we may take steps to remove or mitigate such conflict (perceived or otherwise) if we deem reasonably necessary.

As described above, the Portfolio Managers and other employees of the Adviser may earn compensation (including stock, options and warrants) in connection with board or other management positions held in portfolio companies. To the extent that the Accounts reimburse the Adviser for their pro rata portion of the related expenses, any such compensation received by the Portfolio Managers or other employees, after taking into account any tax consequences, will reduce or offset any fees or allocations payable by clients to the Adviser or its affiliates. Other Accounts will not receive such a credit and any remaining compensation will be deposited in FrontFour Foundation, a corporation organized exclusively for charitable purposes. Additionally, client accounts may, as a result of the

Portfolio Managers (or other employees) serving in these roles, at times become restricted in trading the securities of the companies on whose boards or management teams the Portfolio Managers (or other employee) serve. Positions in the securities of these companies could subject clients to filing and/or disclosure requirements under the securities laws, and subject clients to the short-swing profit rules under Section 16(b) of the Securities Exchange Act of 1934, as amended.

- C. Under the Code of Ethics, the Adviser's personnel are generally not permitted to purchase or sell for their own accounts, or for an account in which they have a beneficial ownership interest, any security which that person knows will be recommended for purchase or sale by a client on the same day. Additionally, the Adviser's personnel are generally not permitted to sell any securities if the Adviser is long or short the same position until the Adviser has fully liquidated the position. Exceptions to this general policy include: purchases or sales effected in any account over which the personnel has no direct or indirect influence or control, purchases which are part of an automatic dividend reinvestment plan; or approved by the Chief Compliance Officer subject to sale or freeze. The Chief Compliance Officer is restricted from buying or selling any security the Funds are holding or have sold within the same month.

In addition, the Adviser's personnel are not permitted to cause or attempt to cause any client to acquire, dispose of, or hold any security of which such personnel has direct or indirect beneficial ownership unless it is first disclosed in writing to the Chief Compliance Officer or Chief Investment Officer with all facts reasonably necessary to identify the nature of the ownership of such personnel in that security.

The Adviser's personnel are also not permitted to directly or indirectly acquire beneficial ownership of a security in a private placement offering or an initial public offering without obtaining the prior written approval of the Chief Compliance Officer.

- D. We generally allocate investment opportunities so that each security held by the client accounts we manage is held on a *pari passu* basis. In certain circumstances, we may allocate securities among client accounts on a different basis. In such cases, the factors that we may consider when determining which securities to allocate to each client account include, but are not limited to, the relative size of such accounts, amount and available capital, size of similar positions in the same security, and impact of brokerage and investment objectives and strategy considerations including, without limitation, concentration and risk parameters, tax considerations, and other factors deemed appropriate by the Adviser. New issues (as defined by FINRA rule 5130) are allocated to client accounts in accordance with the criteria set forth above.

We may buy or sell securities for one client at the same time that we or our related persons buy or sell the same security for one or more other clients (including the client accounts which are our related persons). This will typically happen when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. This may create a conflict of interest if one account may benefit from making the trade before or after the other account. We will generally aggregate trades, subject to best execution, to avoid any such conflict of interest (see *Item 12, Section B "Aggregation of Orders"*).

Item 12 - Brokerage Practices**A. Selection of Broker-Dealers and Reasonableness of Compensation**

In placing portfolio transactions for our clients, we seek to obtain the best execution for clients' accounts, taking into account the following factors: the amount of commission, quality of execution, the reputation, experience and financial stability of the broker-dealer involved and the quality of service, familiarity with the securities markets and investment techniques employed by the Adviser, research and analytic services, clearing and settlement capabilities, the availability of margin or other leverage, block positioning or other special execution capabilities or other services provided to the client accounts. In allocating brokerage to a prime broker or other brokers, the commissions paid to such brokers may not necessarily represent the lowest commission rates available, but will reflect the Adviser's evaluation of the research and other brokerage related services supplied by such brokers and which benefit client accounts, either separately or together. In each case, the Adviser will make a determination that the amount of any increased commission costs on account of such research or other services is reasonable relative to the value of services so provided.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. We will not commit to provide any level of brokerage business to any broker, and actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above.

The Adviser has established a Brokerage Committee (the "Brokerage Committee") to evaluate, among other things, the execution that the Company is receiving from broker-dealers. The Brokerage Committee shall meet at least once each quarter. The Brokerage Committee will maintain a list of approved broker-dealers for which the Adviser may execute trades and provide an updated approved broker-dealer list to applicable employees after each meeting. Among the factors the Brokerage Committee may consider in evaluating best execution include: execution capability, execution quality, commission rate, confidentiality, trading expertise, facilities, reputation and integrity, reliability in keeping records, responsiveness, and with respect to a particular trade, the timing and size of the order, available liquidity and market conditions

1. Research and Other Soft Dollar Benefits

We enter into soft dollar arrangements with brokers. Soft dollar arrangements arise when an investment adviser obtains products and services, other than securities execution, from a broker in return for directing client securities transactions to the broker. Soft dollar arrangements pose a conflict of interest for us in that such arrangements allow us to pay with client commissions expenses that would otherwise be borne by us. When we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products or services. We believe that this conflict is mitigated because our clients will generally pay for research as a "hard dollar" expense pursuant to their respective investment management agreements. We may have an incentive to select a broker based on our interest in receiving the research or other products or services offered by such broker, rather than on our clients' interests in receiving most favorable execution.

When engaging in soft dollar transactions, we comply with the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934, as amended. Under this provision, in

exercising our discretionary authority to select or arrange for the selection of brokers for execution of transactions for our clients, and, subject to our duty to obtain best execution, we may consider the value of research and brokerage products and services (collectively, "Research") provided by such brokers. Research may include, among other things, proprietary research from brokers, which may be written or oral. Research products may include, among other things, databases and quotation services. Research services may include, among other things, research concerning market, economic and financial data, a particular aspect of economics or on the economy in general, statistical information, pricing data and availability of securities, financial publications, electronic market quotations, performance measurement services, analyses concerning specific securities, companies, industries or sectors, market, economic and financial studies and forecasts, appraisal services, and invitations to attend conferences or meetings with management or industry consultants. Accordingly, if we determine in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, a client may pay commissions to such broker in an amount greater than the amount another broker might charge.

The research obtained through a client's brokerage allocations, whether or not directly useful to it, may be useful to the Adviser in connection with services rendered by the Adviser and its affiliates to other clients managed by the Adviser, its affiliates or the Portfolio Managers. Since any particular research obtained by the Adviser may be useful to clients generally, the Adviser, in considering the reasonableness of brokerage commissions paid, will not attempt to allocate the relative costs or benefits of research among clients except in limited circumstances where appropriate.

Where a product or service obtained with client commission dollars provides both research and non-research assistance to us, we will make a reasonable allocation of the cost which may be paid for with client commission dollars.

Our prime broker provides us with front and back office services, including trading, securities lending, clearing, reporting, and settlement for equities, fixed income, foreign currency and options, as well as capital introduction and custodial services. The prime broker will also be allocated a portion of client transactions consistent with principles of best execution.

We execute securities transactions on behalf of client accounts with broker-dealers that provide us with access to proprietary research reports (such as standard investment research and credit reports). To our knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. These bundled services are made available to us on an unsolicited basis and without regard to the rates of commissions charged or paid by client accounts or the volume of business that we direct to such broker-dealers.

During our last fiscal year, we acquired with client brokerage commissions (or markups or markdowns) (i) research, such as proprietary research from brokers, which may have been written and/or oral; (ii) research products, such as databases and quotation services; and (iii) research services, such as research concerning market, economic and financial data; a particular aspect of economics or on the economy in general; statistical information; pricing data and availability of securities; financial publications; electronic market quotations; performance measurement services; analyses concerning specific securities, companies, industries or sectors; market, economic and financial studies and forecasts; appraisal services; and invitations to attend conferences or meetings with management or industry consultants.

Orders which we believe require more execution skill are allocated to broker-dealers primarily on the basis of their execution capability. Only orders which we believe can be executed equally well by broker-dealers providing research services will be allocated on this basis. Clients may pay commissions and other execution charges which are higher than the lowest rates obtainable from other broker-dealers that do not offer the same kind or quality of services.

During our last fiscal year, we have taken into account the quality, comprehensiveness and frequency of available research services and products considered to be of value provided by brokers when directing client transactions to a particular broker. We directed transactions to such brokers only consistent with best execution. Brokers sometimes suggest a level of business they would like to receive in return for the research services and products they provide, however we have not committed to provide any level of brokerage business to any broker. Our Chief Compliance Officer also evaluated, on a quarterly basis, the execution performance of the broker-dealers we use to execute client transactions and resolved any conflicts of interest that we may have had in selecting brokers to execute client transactions.

2. Brokerage for Client Referrals

Subject to applicable law, we may direct some client brokerage business to brokers who refer prospective investors to the private investment funds we manage, consistent with best execution. Because such referrals, if any, are likely to benefit us but will provide an insignificant (if any) benefit to our clients, we have a conflict of interest with our clients when allocating client brokerage business to a broker who has referred investors to us. To prevent client brokerage commissions from being used to pay investor referral fees, we will not allocate client brokerage business to a referring broker unless we determine in good faith that the commissions payable to such broker are not materially higher than those available from non-referring brokers offering services of substantially equal value to the client account.

3. Directed Brokerage

We do not recommend, request, require or permit our clients to direct us to execute transactions through a specified broker-dealer.

B. Aggregation of Orders

When the Adviser and its affiliates deem the purchase or sale of securities to be in the best interest of client accounts, the Adviser and its affiliates may aggregate the securities to be purchased or sold by all such client accounts in order to obtain superior execution or lower brokerage expenses. In particular, execution prices for identical securities purchased or sold on behalf of multiple entities and/or accounts in any one business day may be averaged. In such events, allocation of the securities purchased or sold, as well as expenses incurred in the transaction, will be made among any participating client accounts by applying such considerations as the Adviser and its affiliates deem appropriate, including relative account size of such entities and clients, amount of available capital, size of existing positions in the same or similar securities, impact of leverage, investment objective and strategy considerations, including, without limitation, concentration parameters, tax considerations and other factors. As a result of such considerations, allocations among the client accounts will not necessarily be pro rata.

Item 13 - Review of Accounts**A. Periodic Review of Client Accounts**

The Adviser monitors and develops methods to control or “hedge” investment and portfolio risk. Among other things, the Adviser conducts portfolio and position analysis on an ongoing basis. In general, an adverse movement of 10% or more in the price of a security from cost or market will prompt an analysis of the position, followed by a determination as to whether the position should be held, bought and sold in whole or in part. Portfolio reviews occur on a weekly basis. The Portfolio Managers are responsible for such reviews.

B. Additional Review of Client Accounts

We continuously review client accounts.

C. Contents and Frequency of Account Reports to Clients

Following the end of each fiscal year of the Funds, we (or our affiliates) deliver to each investor audited financial statements of the applicable Fund for such year, as well as a statement of such investor’s capital account for such year, and certain tax information for the preparation of income tax returns. We (or our affiliates) also send to each investor a report as to such Fund’s performance following the end of each month. The unaffiliated administrator sends monthly statements to investors in each Fund.

We may provide certain investors in the Funds with access to more frequent and/or more detailed information regarding the private investment funds’ securities positions, performance, finances, and management and/or other information about the private investment funds or us (including, notification of the commencement of certain disciplinary actions, legal proceedings, investigations or similar matters against a fund, us and/or our personnel, or of redemptions from a fund by us and/or our personnel), possibly enabling such investors to better assess the prospects and performance of the funds.

The Managed Accounts receive daily reports from the prime broker and/or custodian. In addition, since a managed account investor directly owns the positions in its Managed Account, such investor may have full, real-time transparency as to all transactions and holdings in such account, and may be better able to assess the future prospects of a portfolio that is substantially similar to the portfolio of the Funds managed by us. The investors in such separately managed accounts may have the right to withdraw all or a portion of their capital from such managed accounts on shorter notice and/or with more frequency than the terms applicable to an investment in the Funds.

Item 14 - Client Referrals and Other Compensation

We have entered into arrangements with one or more third parties that we will compensate for referring clients to us. Typically, we will pay these third parties a portion of the management fees and/or performance based compensation that we receive from the clients introduced to us by these third parties. Any such arrangements will be on a fully-disclosed basis and in accordance with all applicable laws.

We enter into soft dollar arrangements with brokers pursuant to which we obtain certain research and brokerage products and services in return for directing client securities transactions to the broker (*see Item 12, Section A "Selection of Brokers"*).

Item 15 - Custody

As noted above in Item 13, Section C, owners of the Managed Accounts will receive account statements daily from the custodians of such accounts. Clients should carefully review these statements that are received from the custodians of such accounts.

Item 16 - Investment Discretion

We have discretionary authority to manage securities accounts on behalf of our clients. The investors in the Funds generally may not place any limits on our authority beyond the limitations set forth in the offering and governing documents of the Funds. On a case by case basis, we may agree with the owners of the Managed Accounts to certain risk and/or operating guidelines that we will adhere to when exercising our discretionary authority over such accounts.

Item 17 - Voting Client Securities

We generally have voting discretion over securities held in clients' accounts. Clients are generally not able to direct their votes in a particular situation. We will exercise our discretion in the best interests of our clients. In fulfilling our obligations to our clients, we will act in a prudent and diligent manner intended to enhance the economic value of the securities. We have adopted a proxy voting policy which is summarized below.

Proxies will be voted in the best interests of our clients. Thus, the primary consideration in voting a proxy is the ultimate economic value of the security based on our independent analysis of the security's investment considerations. On minor uncontested matters, we will generally vote with management.

The Portfolio Managers will coordinate, review, and vote proxies for each security managed by them.

The following raise potential conflicts of interest: (a) proxy issues involving corporations whose business is being solicited by the Adviser or with which the Adviser has done business within the past year; (b) proxy issues involving corporations whose funds (pension, corporate, etc.) we manage; (c) proxy issues involving corporations with which we have a significant financial relationship; and (d) proxy issues involving companies where officers or employees of the Adviser are members of the board of directors or officers of such companies.

In proxy issues involving a potential conflict of interest, the Portfolio Manager responsible for voting will evaluate carefully the economic impact of any vote and provide written details to the Chief Compliance Officer to explain the rationale for the vote in detail.

Any Portfolio Manager voting a proxy who has any relative in management of the corporation or an acquiring corporation will disqualify himself. Further, prior to voting, any Portfolio Manager responsible for voting is required to determine if there is any conflict of interest in his voting. If there is, the Portfolio Manager will disqualify himself and advise the Chief Compliance Officer, who will review the voting of the proxy with the other Portfolio Managers.

A client may obtain information about how we voted securities in the private investment fund in which it is invested or held by its Managed Account by contacting us at the address set forth on the cover page of this brochure.

Item 18 - Financial Information**A. Balance Sheet**

We are not required to attach a balance sheet because we do not require or solicit the payment of fees six months or more in advance.

B. Contractual Commitments to Our Clients

We have no financial condition that is reasonably likely to impair our ability to meet contractual and fiduciary commitments to our clients.

C. Bankruptcy Petitions

We have never been the subject of a bankruptcy petition.

Item 19 - Requirements for State-Registered Advisers

Not applicable.