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This brochure provides information about the qualifications and business practices of Limestone Value Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (713) 800-8001 or sdunn@limestonevp.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Limestone Value Partners, LLC is also available at the SEC's website www.adviserinfo.sec.gov.

Limestone Value Partners, LLC is a registered investment adviser with the Securities and Exchange Commission. Registration as an investment adviser does not imply any level of skill or training.

Material Changes

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) www.adviserinfo.sec.gov in March 2014.

Material Changes:

No material changes occurred since our last posting of this document in March 2014.

We will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge. Currently, our brochure may be requested by contacting us at (713) 800-8001 or sdunn@limestonevp.com

Additional information about Limestone Value Partners, LLC is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Limestone Value Partners, LLC who are registered, or are required to be registered, as investment adviser representatives of Limestone Value Partners, LLC.

Table of Contents

Material Changes	i
Table of Contents	i
1. Advisory Business	1
2. Fees and Compensation	1
3. Performance-Based Fees and Side-By-Side Management	3
4. Types of Clients	4
5. Methods of Analysis, Investment Strategies and Risk of Loss	4
6. Disciplinary Information	16
7. Other Financial Industry Activities and Affiliations	16
8. Code of Ethics	16
9. Brokerage Practices	17
10. Review of Accounts	19

11.	Client Referrals and Other Compensation	19
12.	Custody	19
13.	Investment Discretion.....	20
14.	Voting Client Securities	20
15.	Financial Information	20

Brochure Supplement(s)

1. Advisory Business

Douglas Bradley “Brad” Dunn, a Limestone Value Partners, LLC co-owner, formed Limestone Value Partners, LLC in February 2010. In 2012 Vincent “Scott” Soler became an equity partner with an equal management role. We provide investment supervisory services on a discretionary basis to pooled private investment vehicles and to individual clients through separately managed accounts.

Funds

Currently, we serve as the investment manager to two private investment funds, DAC Value Fund, LP and Live Oak Value Masters, LP, each a Delaware limited partnership. In addition to individual security analysis and portfolio management, our investment supervisory services also include periodically reporting to each fund’s investors the fund’s current investment holdings and performance.

While we provide investment supervisory services to the funds in accordance with the investment objectives and policies set forth in each fund’s offering memorandum, the funds may not otherwise impose restrictions on investing in certain securities or types of securities.

Separately Managed Accounts

Separately managed account clients grant us full discretionary authority to manage their accounts. We do not tailor our advisory services to the individual needs of managed account clients. In addition to individual security analysis and portfolio management, our investment supervisory services also include periodically reporting to each client the account’s current investment holdings and performance. Clients cannot impose restrictions on investing in certain securities or types of securities.

We currently manage on a discretionary basis \$149 million in client assets, including the separately managed accounts and the private investment vehicles (calculated as of January 1, 2015).

2. Fees and Compensation

Funds – Fees

As compensation for services provided to DAC Value Fund, LP, we receive monthly management fees of 0.125% of each limited partner’s capital account balance (1.5% per annum), calculated and payable monthly in advance at the beginning of each month. Management fees are non-refundable. Additionally, DAC Value GP, LP, as the general partner of the fund and our affiliate, is generally entitled to receive an annual performance-based profit allocation at the end of each year of 20% of the fund’s annual net profits attributable to a limited partner, but only to the extent that such profits exceed any losses carried forward from prior years (reduced pro rata by withdrawals of capital), based on a “high water mark” formula.

As compensation for services provided to Live Oak Value Masters, LP, we receive quarterly management fees of 0.25% of each limited partner's capital account balance (1.0% per annum), calculated and payable quarterly in advance at the beginning of each quarter. Management fees are non-refundable. Additionally, Limestone Value GP, LP, as the general partner of the fund and our affiliate, is generally entitled to an annual performance-based profit allocation at the end of each year of 10% of the fund's annual net profits attributable to a limited partner, but only to the extent that such profits exceed any losses carried forward from prior years, based on a "high water mark" formula. Net profit includes unrealized appreciation or depreciation of marketable positions but generally includes only realized amounts in the case of Live Oak Value Masters, LP's non-marketable investments.

Management fees and performance allocations are deducted from each fund's account.

Funds – Expenses

The funds bear all costs and expenses directly related to their investment programs, including expenses related to proxies, underwriting and private placements; brokerage commissions; interest on debit balances or borrowings; custody fees and any withholding or transfer taxes imposed on the funds.

The funds also bear all out-of-pocket costs of the administration of the funds, including accounting, audit, investment-related expenses (including research, and expenses associated with consultants and experts), and legal expenses, costs of any litigation or investigation involving the fund's activities, and costs associated with reporting and providing information to existing and prospective limited partners.

Separately Managed Accounts – Fees

We receive fees for advising separately managed accounts according to each client's investment advisory agreement. The maximum quarterly fee is 0.25% and it is charged in arrears based on the total value of portfolio assets on the last business day of the calendar quarter (1.0% per annum). Additionally, the client is charged an annual administrative fee of \$250 per account at the beginning of each calendar year. Separately managed account fees and asset minimums may be negotiable in certain circumstances. Fees for the same or similar services may vary from client to client. In addition, some clients are charged management fees based on older fee schedules which were available to them when they opened their account. Separately managed account fees are debited from clients' custodial accounts and the clients receive invoices detailing the calculation in their quarterly reports. The custodian does not validate the fee or its calculation. Management fees are non-refundable upon termination of the agreement.

Separately Managed Accounts – Expenses

To the extent mutual funds are selected to fill components of the overall investment strategy, the annual advisory fee set forth above does not include the customary fees and expenses associated with investing in mutual funds or other costs of establishing and maintaining an account with mutual funds.

Other fees charged by the broker or custodian and incurred by the client for the purchase or sale of securities in client accounts may include:

- Brokerage commissions;
- Transaction fees;
- Exchange fees;
- SEC fees;
- Advisory fees and administrative fees charged by Mutual Funds (MF), Exchange Traded Funds (ETFs)
- Deferred sales charges (on MF or annuities);
- Odd-Lot differentials;
- Deferred sales charges (charged by MFs);
- Transfer taxes;
- Wire transfer and electronic fund processing fees; and
- Commissions or mark-ups / mark-downs on security transactions.

Please refer to “*Brokerage Practices*” below for additional information regarding brokerage commissions.

3. Performance-Based Fees and Side-By-Side Management

Our affiliates receive annual performance-based profit allocations from the funds, as described in “*Fees and Compensation*” above. Separately managed account clients do not pay performance-based fees. Because we can earn higher fees from the funds, there is a potential incentive for us to disproportionately direct investments to the funds. However, the funds and the separately managed accounts have different investment strategies and do not generally invest in the same types of securities. Therefore, there is little risk that we could direct investment opportunities to the funds at the expense of the separately managed account clients. In the event that we purchase the same securities for multiple clients, we execute buy and sell orders for all accounts at the same time in one block transaction. One average price is obtained for all accounts, whether they are subject to a performance fee or not. If all orders cannot be fully executed under prevailing market conditions, we may allocate the securities among clients on a basis we consider equitable.

4. Types of Clients

Our clients include private pooled investment vehicles and individuals, including high net worth individuals, trusts, and estates to which we provide advice through separately managed accounts.

Investment in DAC Value Fund, L.P. is offered to eligible investors by means of private placement memorandum and requires a minimum investment of \$1,000,000. However, our affiliate may waive the minimum investment requirement in its sole discretion. Live Oak Value Masters, L.P. is no longer accepting investors.

To open a separately managed account, clients must invest a minimum \$1,000,000. However, we have the discretion to waive the minimum investment requirement in our sole discretion.

5. Methods of Analysis, Investment Strategies and Risk of Loss

DAC Value Fund, LP

Analysis:

We are a fundamental, research-intensive, opportunistic value investor focused primarily on long and short investments in public securities. We rely on our own independent research to execute the investment strategy and to evaluate each investment. We also rely on publicly available data disclosed by issuers (10K, Proxy, 10Q, investor presentations), interviews with issuers and third-party data such as sell side research, Bloomberg, financial periodicals and investment newsletters. Finally, we also rely on certain information derived from our own operational and investment experience in several industries.

Investment Strategy:

We seek to identify and invest in long and short investment opportunities for the fund that we believe exhibit significant valuation discrepancies between trading price and intrinsic value. We define the intrinsic value of an investment as the net present value of all the future cash that is expected to be distributed to the owner of such investment. Our focus on undervalued or overvalued securities is due to our belief that a well-priced purchase or short sale is often the most important factor in the success of a particular investment.

We intend to concentrate the fund's assets in a relatively limited number of securities with favorable risk-to-reward characteristics. Each security in the fund's portfolio is expected to have significantly higher rate of return when compared to its applicable downside risk. We will generally only invest in businesses that we believe we can understand, as well as value. Therefore, there may be many industries and securities that could offer profitable investment opportunities that we may not pursue

because we do not adequately understand the investments or cannot fully determine their intrinsic value.

In general, we will focus on investments in businesses that are expected to earn higher than average returns on shareholder equity, are managed by talented, owner-oriented individuals, have favorable long-term prospects, generate relatively high levels of free cash flow and can be purchased below the our estimate of their intrinsic value. We will use disciplined, fundamental research as part of its integrated top-down, bottom-up investment approach.

We will generally take several approaches in an attempt to maximize the return of the securities held and to avoid risk for the fund:

1. **Growth.** We will generally focus on companies that have favorable long-term prospects in growing or stable industries.
2. **Contrarian Opportunities.** We will look for stocks that are out of favor or undiscovered and are trading at significant valuation discounts relative to their peers and companies with similar growth characteristics in other industries.

We will perform disciplined fundamental research on the investment ideas that meet the two criteria above and that appear, for additional reasons, to be attractive investment opportunities for the fund. The focus of this research will be to not only verify the growth and appreciation potential of each investment, but also to define the level of risk that the fund would be exposed to with the investment. This research may include: (i) a review of reports and presentations issued by the company and its competitors, (ii) Wall Street research; (iii) creation of earnings models to assist in determining intrinsic value; and (iv) discussions with key suppliers, customers, competitors and the company's management for a more thorough understanding of the industry.

From time to time, we may invest on behalf of the fund in securities that are subject to merger and acquisition transactions, a strategy known as "merger arbitrage." Generally, when these transactions are announced, the securities of the target company will trade at a discount or "spread" to the value of the consideration offered. If we determine that it is probable that the transaction will be consummated at the proposed higher price and the securities can be purchased at a significant discount to the expected value, then we may invest in the target company.

In addition, we may, from time to time, trade on the basis of relative value – buying and selling securities issued by two comparable companies or comparable securities issued by a single company. The securities involved may be trading at similar levels when the underlying financial performance of the issuers suggests that one security should have a higher value than the other. By purchasing the relatively undervalued security while selling the relatively overvalued security, a profit can be realized on a growing spread between the two securities. Alternatively, two securities may be trading at

significantly different values where the underlying fundamentals may suggest that the two securities are of similar value. By purchasing a relatively undervalued security while selling a relatively overvalued security, a profit can be realized as the spread between two securities narrows.

We may also engage in various types of options and derivative security transactions for the fund, including hedging in equity and index options (both puts and calls) to reduce the risk of both short and long positions. We may invest in options when we believe that such instruments present a more favorable risk/reward profile than directly trading in the underlying security. We may establish similar positions by entering into “swaps” or other contracts with financial institutions where the fund and the swap counterparty agree that each party is obligated to the other for the amount of the relative increase or decrease in the market value of one or more securities. These contracts may be used by us for direct investment purposes, or to hedge risk associated with the fund’s underlying portfolio holdings.

We will generally concentrate the fund’s investments in a limited number of securities and the fund’s portfolio may not always be fully diversified. We believe that diversification beyond twenty uncorrelated positions does not materially reduce risk and the dilution of effort caused by monitoring a large number of positions outweighs the benefits of excess diversification. We attempt to control risk through knowledge and analysis of each investment in the fund’s portfolio. Since risk arises out of uncertainty, we attempt to minimize uncertainty through a detailed information gathering process. The amount of portfolio concentration will be correlated to our conviction in the investments then held by the fund and we may substantially increase the number of fund holdings in our discretion.

In an effort to maximize returns, we may, from time to time, also employ margin leverage as a part of our investment strategy. We generally do not believe in the use of excessive margin leverage because of the potential risk of forced sales at inferior prices in the event of short-term price declines. However, in certain circumstances, we may use derivatives, including long-term equity options, in order to obtain security specific nonrecourse leverage in an effort to reduce the capital commitment to a specific investment, while potentially enhancing its returns. We may use derivatives such as put options to achieve a synthetic short position in a company without exposing the fund to the typical risks of short selling, including the possibility of unlimited loss and the risk associated with maintaining borrowed securities. We believe that, in rare cases, margin leverage will allow the fund to take advantage of value added investment research. Leverage may also be employed to the extent that we believe the benefits substantially exceed the costs.

We may invest or trade in any type of investment instrument of domestic or foreign issuers for the fund, including preferred stocks, convertible securities, bonds, notes, warrants, rights and money market instruments. The fund’s assets may, at certain times, be fully invested in securities, and at other times be held primarily in cash or cash equivalents. Currently, we invest primarily in common stocks and, to a lesser extent, fixed income securities, options on common stocks and commodity futures.

Risks:

Investing in securities involves a risk of loss that clients should be prepared to bear. The risks associated with the investment strategies described above include, but are not limited to the following:

Short Sales. We may enter into transactions on behalf of the fund, known as “short sales,” in which the fund sells a security it does not own in anticipation of a decline in the market value of the security. Short sales by the fund that are not made “against the box” theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. The fund may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, the fund might have difficulty purchasing securities to meet its short sale delivery obligations and we might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.

Derivatives. Derivative instruments, or “derivatives,” include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom the fund contracts for the purpose of making derivative investments (the “**Counterparty**”). In the event of the Counterparty’s default, the fund will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive.

Foreign Securities. Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to:

- currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the fund are maintained) and the various foreign currencies in which the fund’s portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another;

- differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation;
- political, social or economic instability;
- imposition of foreign income, withholding or other taxes; and
- the extension of credit, especially in the case of sovereign debt.

Leverage. Subject to applicable margin and other limitations, we may borrow on behalf of the fund in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the fund's portfolio would be amplified. Interest on borrowings will be a portfolio expense of the fund and will affect the operating results of the fund. Also, the fund could potentially create leverage via the use of instruments such as options and other derivative instruments.

Options. Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (*i.e.*, the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (*i.e.*, sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

Live Oak Value Masters (In liquidation and no longer accepting investors)

Analysis:

We consider multiple factors when allocating fund capital to underlying hedge funds, including but not limited to the following:

- Comprehensive review of the underlying investment managers' processes;
- Review and discussions with fund management of several key investments (historical and current) made by the fund and the risks associated with them;
- Personal and professional background of investment team;

- Historical track record on a levered and unlevered basis; and
- Historical compliance violations, complaints, and/or lawsuits against the fund or its principals;
- Study back office capabilities and key vendors (prime brokers, custodians, legal representatives, auditors, tax preparers, etc.).

Investment Strategy:

The objective of the fund is to preserve and grow capital through opportunistic investments primarily in private hedge funds and to a much lesser extent in publicly traded securities, private equity, private debt and real property.

We plan to invest the majority of the fund's capital in eight to fifteen hedge funds. These funds employ strategies that, in our opinion, should generate exceptional risk-adjusted returns given our current economic outlook. Each fund will be run by managers with what we believe are exceptional track records who have a significant investment in their own fund. The funds will employ value-oriented, understandable, time-tested strategies that have historically produced positive returns under most market conditions. These value-oriented strategies include, but are not limited to, global macro, long/short equity, long/short credit, long/short commodities and a variety of arbitrage strategies.

The primary investment focus of the fund will be to invest in a small group of exceptional, value-oriented long/short hedge funds. We define value-oriented hedge funds as funds that seek to identify and invest in long and short investment opportunities that exhibit significant valuation discrepancies between trading price and intrinsic value. We believe the intrinsic value of an investment is equal to the net present value of all the future cash that is expected to be distributed to the owner of such investment. We also believe that size is the anchor of performance in equity-based investing and therefore will generally seek to invest in smaller hedge funds. Additionally, we prefer to invest with fund managers that provide a high level of transparency and display a passion for rigorous fundamental research.

From time to time, we may invest a smaller portion of the fund's capital in private equity, private debt or real property. These private, non-hedge fund investments generally will not exceed 5% of the fund's assets based on original costs. We will only invest in these opportunities if, in our opinion, they offer exceptional risk/reward characteristics.

Risks:

Investing in securities involves a risk of loss that clients should be prepared to bear. The risks associated with the investment strategy described above include, but are not limited to the following:

Energy Market Risk. The fund (and certain underlying hedge funds in which it invests) may have investments in the energy markets, through investments in derivative instruments, physical commodities or other investments. Energy markets may be subject to short-term volatility due to a variety of factors, including weather, international political and economic developments, breakdowns in the facilities for the production, storage or transport of energy and energy-related products, acts of terrorism, changes in government regulation and sudden changes in fuel prices.

High Yield, Low or Unrated Securities. The fund (and certain underlying hedge funds in which it invests) may invest in “high yield” bonds and preferred stock or debt securities which are unrated or rated in the lower categories by the various credit rating agencies. Securities in the lower rated categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration or general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those of higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

Interest Rate Fluctuations. The prices of portfolio investments tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs to the fund of borrowed securities and leveraged investments.

Short-Sales. The fund (and certain underlying hedge funds in which it invests) may affect short sales. Short selling is the practice of selling securities which are not owned by the seller, generally when the seller anticipates a decline in the price of the securities or for hedging purposes. To complete a short sale, the seller must borrow the securities from a third party in order to make delivery to the buyer. The seller generally will be required to pay a brokerage commission or interest which will increase the cost to the seller of selling such securities short. The proceeds of the short sale plus additional cash or securities must be deposited as collateral with the lender of the securities to the extent necessary to meet margin requirements; the amount of the required deposit will be adjusted periodically to reflect any change in the market price of the securities which the seller is required to return to the lender. The seller generally will be entitled to receive payments from the lender with respect to the short sale proceeds on deposit with the lender, at negotiated rates typically based on the lender’s short-term borrowing costs. The seller will be obligated to return securities equivalent to those borrowed at any time on demand of the lender of the securities borrowed by purchasing them at the market price at the time of replacement. Until the securities are replaced, the seller will be required to pay to the lender amounts equal to any dividends or interest which accrue on the securities during the period of the loan of the securities.

Distressed Securities. The fund (and certain underlying hedge funds in which it invests) may purchase, directly or indirectly, securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization or liquidation proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these securities and investments ordinarily remain unpaid unless and until the company reorganizes and/or emerges from bankruptcy proceedings. As a result, such securities may have to be held for an extended period of time. A wide variety of considerations exist, including, for example, the possibility of litigation between the participants in a reorganization or liquidation proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others. The uncertainties inherent in evaluating such investments may be increased by legal and practical considerations which limit the access of the investment manager to reliable and timely information concerning material developments affecting a company, or which cause lengthy delays in the completion of the liquidation or reorganization proceedings. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. There is no assurance that we (or the investment manager of the underlying hedge fund in which we invest) will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the fund (and certain underlying hedge funds in which it invests) invests, the fund (or such underlying hedge funds) may lose its entire investment or may be required to accept cash or securities with a value less than the fund's (or such underlying hedge funds') original investment.

Exchange Traded Funds and Other Similar Instruments. Shares of exchange traded funds ("**ETFs**") and other similar instruments may be purchased or sold short by the fund. An ETF is an investment company that is registered under the Investment Company Act of 1940, as amended (the "**Company Act**") that holds a portfolio of common stocks designed to track the performance of a particular index. ETFs sell and redeem their shares at net asset value in large blocks (typically 50,000 of its shares) called "creation units." Shares representing fractional interests in these creation units are listed for trading on national securities exchanges and can be purchased and sold in the secondary market in lots of any size at any time during the trading day.

The fund may purchase instruments that are similar to ETFs that represent beneficial ownership interests in specific "baskets" of stocks of companies within a particular industry sector or group. These securities may also be listed on national securities exchanges and purchased and sold in the secondary market, but unlike ETFs are not registered as investment companies under the Company Act.

Investments in ETFs and other instruments involve certain inherent risks generally associated with investments in a broadly-based portfolio of stocks including risks that the general level of stock prices may decline, thereby adversely affecting the value of each unit of the ETF or other instrument. In addition, an ETF may not fully replicate the performance of its benchmark index because of the

temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or number of stocks held. Because ETFs and pools that issue similar instruments bear various fees and expenses, the fund's investment in these instruments will involve certain indirect costs, as well as transaction costs, such as brokerage commissions.

Investments in Mutual Funds. The fund (and certain underlying hedge funds in which it invests) may make investments in mutual funds. It is possible for the value of a mutual fund to fall (or to rise more slowly than the stock market as a whole) even when stock prices in general are rising. Further, most mutual funds shares can be traded only at the end of each day, preventing us from timing the trading of such shares based on daily market performance. The number of mutual funds that allow for frequent and unrestricted trading is limited, and the selection of mutual funds into which the fund can invest is therefore limited to that extent. Mutual funds that will not permit short-term trading may out-perform those mutual funds in which we may trade. We may invest a portion of the fund's assets in mutual funds that are industry, sector or capitalization specific. The fund's portfolio may be subject to the volatility associated with such a specialized focus.

Costs Associated with Mutual Fund and ETF Investments. Investment managers of mutual funds and ETFs selected by us will generally be entitled to a fee based on net assets under management. Any such fees charged by an investment manager of a mutual fund or ETF in which the fund invests are in addition to our management fee and will reduce the fund's assets accordingly.

Leverage. The fund (and certain underlying hedge funds in which it invests) may trade on margin, engage in other forms of borrowing to finance their operations and use other forms of financial leverage. The level of interest rates and the rates at which the fund (and certain underlying hedge funds in which it invests) can borrow will affect the operating results of the fund. Fluctuations in the market value of the portfolio of a heavily leveraged fund can have a disproportionately large effect in relation to the capital of that fund.

Derivatives. Derivative instruments, or "derivatives," include futures, options, swaps, structured investments and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying investments, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of particular investments at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Partnership to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid

market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom the Partnership or selected Investment Vehicles contract for the purpose of making derivative investments (the “**Counterparty**”). In the event of the Counterparty’s default, the fund (or the underlying hedge funds in which it invests) will only rank as an unsecured creditor and risk the loss of all or a portion of the amounts it is contractually entitled to receive.

Put and Call Options on Specific Securities. The fund (and certain underlying hedge funds in which it invests) may purchase exchange-listed and over-the-counter (“**OTC**”) put and call options on specific securities. In addition, the fund (and certain underlying hedge funds in which it invests) may write and sell covered or uncovered call and put option contracts. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying security at a stated exercise price at any time prior to the expiration of the option. Similarly, a put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying security at a stated exercise price at any time prior to the expiration of the option. Options written by the fund (and certain underlying hedge funds in which it invests) may be wholly or partially covered (meaning that the fund or such underlying fund, as applicable, holds an offsetting position) or uncovered. Options on specific securities may be used to seek enhanced profits with respect to a particular security. Alternatively, they may be used for various defensive or hedging purposes. For example, they may be used to protect against a future adverse change in the market price of a particular portfolio security without requiring a sale of the security.

Use of put and call options may result in losses to an underlying hedge fund in which we invest, force the sale or purchase of portfolio securities at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation that the fund can realize on its investments or cause the underlying fund to hold a security it might otherwise sell. For example, a decline in the market price of a particular security could result in a complete loss of the amount expended by the underlying hedge fund to purchase a call option (equal to the premium paid for the option and any associated transaction charges). An adverse price movement may result in unanticipated losses with respect to covered options sold. The use of uncovered option writing techniques may entail greater risks of potential loss than other forms of options transactions. For example, a rise in the market price of the underlying security will result in the realization of a loss on the calls written, which would not be offset by the increase in the value of the underlying securities to the extent the call option position was uncovered.

Spread Positions. A part of certain underlying funds investment operations may involve spread positions between two or more commodity interest positions, or a combination of the foregoing. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. Such positions, however, do entail a substantial risk that the price differential could change unfavorably causing a loss to the spread position.

Certain underlying funds' trading operations also may involve arbitraging between two investments. This means, for example, that such underlying funds may purchase (or sell) investments (i.e., on a current basis) and take offsetting positions in options in the same or related investments. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These offsetting positions entail substantial risk that the price differential could change unfavorably causing a loss to the position.

Foreign Investment. The fund (and certain underlying hedge funds in which it invests) may invest in securities of issuers organized or based outside the United States. These investments may be subject to a variety of risks and other special considerations not affecting securities of domestic issuers. Many foreign securities markets are not as developed or efficient as those in the United States. Securities of some foreign issuers are less liquid and more volatile than securities of comparable U.S. issuers. Similarly, volume and liquidity in many foreign securities markets are less than in the United States and at times, volatility of price can be greater than in the United States. The issuers may be subject to less stringent financial reporting and informational disclosure standards, practices and requirements than those applicable to U.S. issuers.

Since foreign securities transactions often are denominated in currencies of foreign countries, the fund (or the underlying hedge funds in which we invest) may incur currency exchange costs when effecting these transactions, and the value of these securities as measured in U.S. dollars may be affected favorably or unfavorably by subsequent changes in currency rates and exchange control regulations. Currency exchange rates may fluctuate significantly over short periods of time. The underlying hedge funds will be permitted, but will not be required, to engage in currency hedging transactions (using forward, futures or options contracts) to protect against adverse changes in currency rates, and it is possible that such hedging transactions could be unsuccessful.

Futures Contracts. A portion of the fund's capital may be invested with or allocated to underlying hedge funds that are involved with investing in futures contracts or other commodities interests. Futures prices are highly volatile. Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the investor. Like other leveraged investments, any purchase or sale of a futures contract may result in losses in excess of the amount invested.

Index Contracts. The underlying hedge funds may, but are not required to, utilize various other instruments to seek a hedge against the risk of changes in the level of prices of broad market averages or indices, as well as narrower indices or baskets of securities. These hedging strategies may be executed through the use of exchange-traded equity index options or futures contracts or options thereon, standardized or individually negotiated over-the-counter contracts or other forms of derivative contracts (collectively, "***index contracts***").

Index contracts have risks associated with them including possible default by the other party to the transaction, illiquidity and, to the extent the underlying fund manager's view as to certain market movements is incorrect, the risk that the use of such index contracts could result in losses greater than if they had not been used. Moreover, the lack of complete correlation between price movements of index contracts and price movements in the portfolio position of an underlying hedge fund creates the possibility that losses in the value of such underlying fund's position may be greater than the gain on the hedging instrument (or that a gain in such underlying fund's portfolio position may be less than the loss on the hedging instrument). In addition, futures and options markets may not be liquid in all circumstances and certain over-the-counter index contracts may have no markets. As a result, in certain markets, an underlying fund might not be able to close out a transaction without incurring substantial losses, if at all. Although the successful use of index contracts for hedging should tend to reduce the risk of loss due to a decline in the value of the hedged position, at the same time such transactions would tend to limit any potential gain which might result from an increase in value of such position.

Forward Contracts. The fund (or the underlying hedge funds in which it invests) may enter into forward contracts for the trading of certain investments, such as currencies and precious metals, with U.S. and foreign banks and currency and precious metals dealers and Counterparties. A forward contract is a contractual obligation to buy or sell a specified quantity of a commodity at or before a specified date in the future at a specified price and, therefore, is similar to a futures contract. Banks and dealers act as principals in such markets. None of the SEC, the CFTC or banking authorities regulates trading in forward contracts on currencies, and foreign banks are not regulated by any U.S. governmental agency. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they are prepared to buy and that at which they are prepared to sell.

Turnover. The fund's activities will include the allocation of the fund's assets to other hedge funds which may invest on the basis of short-term market considerations. The portfolio turnover rate of those underlying hedge funds may be significant, potentially involving substantial brokerage commissions and fees.

Separately Managed Accounts

Analysis & Investment Strategy:

Separately managed accounts are primarily invested in fixed income securities. These portfolios are designed to preserve capital and provide attractive risk-adjusted returns relative to other fixed income investments. The portfolios generally consist of 10-20 individual bonds with an intermediate duration of 3 to 7 years. Bonds are actively traded to achieve total returns. They are purchased at a discount to intrinsic value and replaced with another discounted fixed income security if they reach intrinsic value. To a lesser extent, the portfolio may include preferred stocks, bank debt or bond mutual funds. Each

security is expected to maintain ample cash flow and asset coverage under depressed economic conditions. Analysis focuses on cash flow and asset coverage, as well as management quality.

Risk of Loss:

Fixed Income Securities. Fixed-income securities provide periodic returns and the eventual return of the principal at the end of the term. The value of fixed-income securities changes in response to interest rate fluctuations and market perception of the issuer's ability to pay off its obligations. Fixed-income securities are also subject to the risk that their issuer may be unable to make interest or principal payments on its obligations.

6. Disciplinary Information

We have had no disciplinary or legal events since our establishment in 2010.

7. Other Financial Industry Activities and Affiliations

We provide investment advice to private pooled investment vehicles as well as separately managed accounts. Each fund's general partner is our affiliate. The performance allocation paid to the general partners (our affiliates) may create an incentive for us to make investments that are riskier or more speculative than would be the case in the absence of such performance allocation.

We address this potential conflict of interest by fully disclosing the relationship among the general partner, us and the fund in each fund's offering documents. Although Mr. Dunn's and Mr. Soler's control of the investment adviser and the general partner may give them heightened control and discretion over the funds, they manage any potential conflicts of interest by strictly adhering to the investment strategy and business philosophy discussed in each fund's private placement memorandum. In addition, the general partners entered into the investment management arrangements with us on behalf of the funds. While these may be interested party agreements, the material terms of the investment management arrangements are fully disclosed to all investors in the funds prior to their investment.

8. Code of Ethics

We have adopted a written Code of Ethics designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Adviser Act. If requested, we will provide at no cost a copy of our Code of Ethics.

Our Code of Ethics contains policies and procedures that seek to ensure that all activities by the our employees are conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility.

The code contains rules regarding the following:

- Client confidentiality;
- Personal trading;
- Prohibition of insider trading and acceptance of gifts outside policy limits; and
- Proper reporting of any observed or perceived violations of the Code.

Specifically, the Code of Ethics prohibits personal trading in certain securities or instruments and requires pre-clearance before purchasing an IPO or a new private placement.

Our affiliates act as general partners to the funds. We may solicit managed account clients who meet the eligibility criteria of our funds to invest a portion of their account in one or more of the funds. In these instances, that portion of their managed account would be removed from the managed account and invested in a fund to avoid double billing. Soliciting clients to invest in our funds creates a conflict of interest because we receive higher fees from the funds. Therefore, we only encourage clients to invest in the funds after explaining the different investment strategies, risks and fees associated with a fund and determining that an investment in a fund is a suitable investment for the client.

The principal and employees may invest in the same securities that we buy or sell for our clients' accounts; however, the principal and employees may not purchase a security when the same security is being sold by a client or sell a security when the same security is being purchased by a client. Additionally, employees are required to obtain pre-clearance from the Chief Compliance officer or principal prior to placing any personal trades.

The Code of Ethics also requires periodic reporting of the principal's and the employees' personal securities transactions and holdings, and requires prompt internal reporting of Code violations.

The Code is distributed to each employee at the time of hire and annually thereafter.

9. Brokerage Practices

We direct our clients' transactions to broker-dealers based on overall best execution. In selecting broker-dealers to execute transactions and evaluating the reasonableness of brokerage commissions, we consider the following: the ability to affect prompt reliable execution and favorable price; the

operational efficiency with which transactions are affected, given the size and difficulty of execution; the financial strength, integrity and stability of the broker-dealer and frequency and quality of research that is available through the broker-dealer. We are not required to weigh any of these factors equally.

The term “soft dollars” refers to the receipt by an investment adviser of products and services provided by brokers, without any cash payment by the investment adviser, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment adviser. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment). Since commission rates in the United States are negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable. Section 28(e) of the United States Securities Exchange Act of 1934, as amended, provides a “safe harbor” to investment advisers who use soft dollars to obtain investment research and brokerage services that provides lawful and appropriate assistance to the investment adviser in the performance of investment decision-making responsibilities. While we generally do not engage in soft dollar transactions, in the event we use soft dollars we will limit such use to fall within the “safe harbor.”

Research services furnished by or through brokers may include but are not limited to: written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel and invitations to attend conferences or meetings with management or industry consultants.

The use of brokerage commissions to obtain investment research services creates a conflict of interest between us and the clients because the clients pay for such products and services that are not exclusively for the benefit of the client and that may be primarily or exclusively for our benefit. We do not necessarily allocate soft dollar benefits to the client accounts proportionately to the soft dollar credits that each account generates. To the extent that we are able to acquire these products and services without expending our own resources (including management fees paid by the client), our use of “soft-dollars” would tend to increase our profitability. In addition, the availability of these non-monetary benefits may influence us to select one broker rather than another to perform services for the clients. Information so received is in addition to and not in lieu of services required to be performed by us, and our fee is not reduced as a consequence of the receipt of such supplemental research information.

Transactions of the same security for multiple accounts are aggregated whenever possible. When trades are aggregated, the average execution price will be applied to each participating client account. If all such orders cannot be fully executed under prevailing market conditions, we may allocate the securities among clients on a basis we consider equitable.

We do not consider client referrals in selecting broker-dealers.

10. Review of Accounts

We perform daily, weekly, monthly and other periodic reviews of the funds' portfolios. Mr. Dunn and Mr. Soler, the principals and portfolio managers, are responsible for overseeing all of the reviews. Investors in the funds receive monthly performance reports, quarterly letters that include commentary by Mr. Dunn and Mr. Soler, and annual audited financial statements.

Separately managed accounts are monitored by Mr. Dunn and Mr. Soler on a weekly basis. Separately managed account clients receive quarterly performance and holdings reports from us and monthly statements from the custodian.

11. Client Referrals and Other Compensation

Some of our clients were referred by Charles Schwab & Co., Inc. through the Schwab Advisor NetworkTM. Charles Schwab & Co., Inc. is a broker-dealer. We pay Charles Schwab & Co., Inc. a fee on all referred clients' accounts that are held in custody at Charles Schwab & Co., Inc. The fee is a percentage of the value of the assets in the client's account and is paid to Charles Schwab & Co., Inc. for so long as the referred client's account remains in custody at Charles Schwab & Co., Inc. We do not receive any new client referrals from Charles Schwab & Co., Inc.

12. Custody

While it is our practice not to accept or maintain physical possession of any client assets, we are deemed to have custody of client assets under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, because we have the authority to deduct our fees from our clients' accounts. We also have custody of cash and securities in one managed trust account. We comply with provisions of the Investment Advisers Act of 1940 paragraph (a)(1) of Rule 206(4)-2. We were subject to a surprise audit by an independent public accountant and an ADV-E was properly filed. We have custody of cash and securities of the private pooled investment vehicles to which we provide advisory services. An independent public accountant audits annually the pooled investment vehicles and the audited financial statements are distributed to the investors in the pools.

Clients receive monthly statements from their custodian. Clients should carefully review the statements from their custodian and compare them with account statements they receive from us.

Investment Discretion

Our investment advisory contract contains language whereby the clients grant us broad discretionary power to manage their accounts. While the funds may not place limitations on this authority, we adhere to the investment strategy set forth in each fund's private placement memorandum. Separately managed account clients cannot place any limitations on our investment discretion.

13. Voting Client Securities

We submit proxy votes on behalf of our clients. Clients cannot direct our vote. If a material conflict of interest is identified between us and a client with respect to voting the clients' shares, we will engage an independent third party organization to cast the vote. We keep a record of all voted proxies. The client (and its underlying investors) may obtain a copy of our proxy voting policies and procedures and a record of how we voted the client's proxies upon request.

14. Financial Information

We are not aware of any financial condition that is likely to impair our ability to meet contractual commitments to our clients.