

Part 2A of Form ADV: Firm Brochure

Item 1: Cover Page

GRT Capital Partners, L.L.C.  
One Liberty Square, Floor 11  
Boston, MA 02109

Contact: Timothy A. Krochuk  
617 – 226 – 1700

Website: <http://www.grtcapital.com>

This brochure provides information about the qualifications and business practices of GRT Capital Partners, L.L.C. If you have any questions about the content of this brochure, please contact us at 617-226-1700. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about GRT Capital Partners, L.L.C. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The date of this brochure is March 30, 2016

GRT Capital Partners, L.L.C. may refer to itself as a “registered investment adviser” or describe itself as being “registered.” Registration does not imply a certain level of skill or training.

## Item 2: Material Changes

Not applicable

## Item 3: Table of Contents

Item 1: Cover Page.....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents .....	2
Item 4: Advisory Business .....	2
Item 5: Fees and Compensation.....	3
Item 6: Performance-Based Fees and Side-By-Side Management .....	4
Item 7: Types of Clients.....	5
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	5
Item 9: Disciplinary Information .....	12
Item 10: Other Financial Industry Activities and Affiliations .....	12
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	12
Item 12: Brokerage Practices .....	15
Item 13: Review of Accounts.....	18
Item 14: Client Referrals and Other Compensation.....	18
Item 15: Custody.....	19
Item 16: Investment Discretion.....	19
Item 17: Voting Client Securities.....	19
Item 18: Financial Information .....	20
Item 19: Requirements for State-Registered Advisers.....	20

## Item 4: Advisory Business

GRT Capital Partners, L.L.C. (“Registrant”) is an investment adviser which provides continuous advisory services for private investment funds, pension plans, investment companies, and other institutions. The company has been in business since 2001. The company was formed, and is owned, by Gregory B. Fraser and Rudolph K. Kluiber principally, and by Timothy A. Krochuk; the three founders have served as Managing Members with sole control since inception.

The company provides continuous advisory services by giving continuous advice as to the investment of funds on the basis of the particular needs of its institutional clients. These services are only provided to the private investment funds, pension plans, investment companies, and other institutions that are clients of the Registrant, as distinguished from the investors, limited partners, participants or clients of such institutions. In managing assets, the Registrant considers the specific investment objective and strategies, as well as guidelines and restrictions, established for each institutional client account and tailors its advisory services accordingly. To effectively

manage assets, the Registrant normally retains full investment discretion to buy and sell securities and otherwise make investment decisions for its accounts. Clients may impose restrictions on investing in certain securities or types of securities.

As of December 31, 2015, Registrant managed client assets of \$594,745,000 on a discretionary basis. As of December 31, 2015, Registrant did not manage any client assets on a non-discretionary basis.

#### Item 5: Fees and Compensation

##### I. Advisory Fee for Private Investment Funds

The Registrant manages the assets of private investment funds organized by the Registrant or its affiliates. Most of the private investment funds pay a fixed fee component, and a performance based, incentive fee component, for advisory and administrative services. The fixed fee component is equal to 1.5% per annum of net assets and is payable in advance on a quarterly basis (*i.e.*, 0.375% quarterly). The performance based, incentive fee component is equal to 20% of the fund's net profit for any fiscal year, subject to a "loss carry forward" and other conditions. Some of the funds do not pay a performance based, incentive fee. Net profit is defined in a fund's governing documents and generally includes, among other things, realized and unrealized appreciation and depreciation in a fund's securities positions. Under the "loss carry forward" provision, the incentive fee is not paid with respect to a fiscal year until any previous net loss is offset by subsequent profits, as calculated on the basis of the capital account of each participating investor in the private investment fund. The incentive fee component is paid at year end and may be waived or reduced for fund investors that are members, principals, employees or affiliates of the Registrant or its affiliates, or relatives of such persons, and others, including large or strategic investors.

A private investment fund may terminate its investment advisory service arrangements with the Registrant effective as of the close of business on the last day of any quarter by giving at least (60) days written notice. Upon termination, any fixed fee that has been paid will be prorated to reflect the portion of the quarter that the investment advisory services were provided during the quarter. Similarly, upon termination, the incentive fee will be computed and will be payable as though the termination date was the last day of the fiscal year of the fund.

##### II. Withdrawal Fee for Private Investment Funds

Most all of the private investment funds apply a special fee on early withdrawals. In the event an investor in a private investment fund withdraws all or a portion of the investor's capital account within one year of becoming an investor, the investor must pay the fund a withdrawal fee of 2% of the amount withdrawn.

##### III. Advisory Fee for Separate Accounts

In addition to the separate accounts for private investment funds, the Registrant will manage other separate accounts for a fixed fee of 1.5% per annum of net assets, which is payable in advance on a quarterly basis (*i.e.*, 0.375% quarterly). The fee is subject to adjustment depending on the specific investment strategy for the account. For example, a separate account whose strategy includes the taking of short positions could have an additional performance-based,

incentive fee or other additional fee component as mutually agreed with the client. A typical performance based, incentive fee component is equal to 20% of the account's net profit for any fiscal year, subject to a "loss carry forward" and other conditions.

Investment advisory arrangements for separate accounts may be terminated at any time by the client or the Registrant, subject to advance notice for a stated number of days (*e.g.*, 60 days) as set forth in the investment management agreement between the parties.

#### IV. Advisory Fee for Investment Companies

The Registrant may manage the portfolio of an investment company, or a series of an investment company, registered under the Investment Company Act of 1940, for a fee which reflects the Registrant's basic fixed fee for a private investment fund whose primary strategy is followed by the investment company or series. The fee will be adjusted to take into consideration the potential size of the investment company, the specific strategy adopted by the investment company or series, the nature of the investment company's investors (such as large omnibus retirement accounts or broker platforms), and the fees charged and expense ratios of similar investment companies, among other things.

#### V. Other Fee Information

Fees are subject to modification and negotiation based on a consideration of relevant factors. A fee may be modified or negotiated in light of the relationship of the account to other accounts served by the Registrant, the possible sub-advisory role of the Registrant, the nature and scope of the responsibilities of the Registrant in a given relationship, the initial size of the account, the expected cash flow into the account for new investment, or expected withdrawals of cash from the account, and other reasons.

Clients may choose whether to have management fees deducted from their assets under management or billed to them. Fees are payable as mutually agreed between Client and registrant and may be monthly, quarterly and/or annually. Clients may also incur separate custodian fees, separate brokerage fees, and other transaction costs in connection with trades made for their account (see Item 12, Brokerage Practices). Clients may indirectly incur the fees and expenses of a mutual fund or electronically traded fund to the extent that the assets under management are invested in such funds. Where management fees are paid in advance, as in the case generally for a private investment fund which is a client, the amount of the prepaid management fee will be prorated in the event of the early termination of the account to reflect the portion of the prepaid period that the investment advisory services were provided.

An employee of the Registrant may be compensated for the sale of the Registrant's investment products. This practice presents a conflict of interest and gives the employee an incentive to recommend investment products based on compensation received rather than on a client's needs. To address this potential conflict, such compensated marketing is limited to sophisticated institutions with sufficient financial experience and knowledge to independently evaluate investment products. The conflicts are disclosed by providing a copy of this Firm Brochure to prospective clients. Prospective clients have the option of purchasing investment products without the involvement of such compensated employees.

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

As mentioned in Item 5, Fees and Compensation, most of the current, private investment funds which were organized by the Registrant, pay a fixed fee component, and a performance based, incentive fee component, for advisory and administrative services. In a number of instances, a supervised person may manage not only accounts that are charged a fixed fee and a performance based fee, but also accounts that are charged only a fixed fee. The Registrant and the supervised person can face potential conflicts of interest by managing these accounts at the same time, because the Registrant and the supervised person may have an incentive to favor accounts which pay a performance based fee. The company addresses this potential conflict of interest by allocating trades to accounts in a formulaic, quantitative manner. Trades are generally allocated pro-rata automatically by the trading system based on relative assets of the accounts, or allocated in a manner to facilitate balancing of weightings in an account. Allocations may, however, be adjusted in light of the amount of cash inflows or outflows that an account has, or to avoid *de minimis* allocations of less than 100 shares, or odd lots, or for similar, administrative efficiencies.

#### Item 7: Types of Clients

Registrant provides continuous advisory services for private investment funds, pension plans, investment companies, other investment advisers, and other institutions. These services are only provided to such institutional clients, as distinguished from investors, limited partners, members, participants or clients of such institutions themselves.

The target minimum amount of initial assets for a new separate account is \$10,000,000. The minimum account size for any new account may, however, be modified by mutual agreement with a client as determined on a case by case basis in light of particular circumstances. The investment objective, strategy or guidelines of the account, particularly the introductory nature of a new strategy or investment approach for a private investment fund, the expectation of additional contributions to an account, the present or expected business relationship with the specific client or other potential clients, and similar considerations, can affect the minimum initial account size agreed upon.

The Registrant may manage assets for sophisticated, high net worth individuals in the future.

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

##### I. Methods of Analysis

The Registrant may use any methods of securities analysis and any investment strategies which Registrant believes may be helpful in achieving the investment objectives of its clients, consistent with any guidelines and restrictions that the client may otherwise request.

The Registrant uses a variety of investment approaches and techniques in managing accounts, with an emphasis on the use of fundamental research. Fundamental research involves research that is conducted on the business and characteristics of specific companies to determine whether the companies have investment potential. Fundamental research can include interviews with company management, analysis of a company's historical financial statements, and creation of financial models of the company's projected financial performance, among other things. Company presentations and contacts can be a source of fundamental research. Company presentations are usually made by officers or senior members of an issuer and can provide an

insight into management as well as an opportunity to ask questions. The presentations can be conducted via teleconferencing, at meetings in person at company sites, at the Registrant's office, or at venues sponsored by brokers. Similarly, information is available through various trade shows or conferences which focus on specific industries or investment styles. The Registrant may also review industry literature, and discuss key products with users of the products and other sources directly or through expert networks.

In addition, the Registrant makes substantial use of various quantitative techniques and its own proprietary models to manage accounts, and to monitor selected securities and performance against internal parameters. The quantitative methods involve the use of computer driven models which test or apply particular investment theories or decision rules as an aid to the portfolio managers in the decision making process. The investment concepts underlying the quantitative methods can be based on a combination of traditional fundamental research and computer analysis. For instance, the computer models can help locate investment opportunities which are based on parameters that have been identified through fundamental research.

The Registrant may use hypothetical models and back testing to develop products and services. In this approach, models are developed based on a review of historical data for a sample period and then applied retroactively, or back tested, against a longer period of historical data to create simulated results. The models are refined based on the simulated results and can form the basis of new investment hypotheses for use in managing accounts.

The Registrant generally seeks to manage portfolios with similar investment objectives, strategies, guidelines and restrictions, in a manner which, over a reasonable period of time, results in comparable sector, industry, and issuer weightings across such portfolios. However at times, it may be appropriate for the Registrant to make recommendations and take actions that are different for otherwise similar accounts. Different actions may be taken for similar accounts because of other circumstances that affect the account, such as the account's size, cash additions and withdrawals for the account, the account's tax status, the tax ramifications of particular trades, the timing of an account's entry into the market, and the viewpoints of different portfolio managers assigned to the accounts.

Other investment strategies used by the Registrant can include cash management techniques that are helpful in certain market scenarios. Cash management techniques can be especially important when markets are erratic or when the Registrant believes it is desirable to hedge part of a portfolio. In another technique that is used on occasion, the Registrant may trade around a position to take advantage of volatility in the markets.

The Registrant has broad and flexible investment authority in most client accounts and may cause the portfolios to invest in a wide spectrum of investments. The Registrant will generally invest in publicly traded common equities and other securities. Depending on the investment parameters of a given account, the Registrant may take long or short positions in securities and buy and sell covered and uncovered options on securities. Short sales and the sale of uncovered options can involve substantial risk.

A portfolio's investments may at any time include long or short positions in U.S. and non-U.S. publicly issued and non-public common stocks, American Depositary Receipts ("ADRs"), American Depositary Shares ("ADSs"), Global Depositary Receipts ("GDRs"), preferred stocks,

stock warrants and rights, bonds of all types including distressed and defaulted bonds, notes or other debentures, debt participations or bank debt, convertible securities, distressed securities, foreign currencies, forward contracts, commodities, commodity contracts, commodity futures, financial futures, partnership interests (such as private investment funds), publicly traded or master limited partnerships, swaps, options (including options on stock market indices), derivative contracts and structured notes, and other securities or financial instruments including those of investment companies, such as closed end funds or exchange traded funds (“ETFs”), exchange traded notes (“ETNs”) and real estate investment trusts (“REITs”). In addition to the borrowing which is inherent in a short sale or derivative contract, certain portfolios may buy securities on margin and may arrange with banks, brokers, and other financial institutions to borrow money against a pledge of securities in order to employ leverage. Certain financial instruments used by some clients, such as options or swaps, contain inherent leverage.

The Registrant does not currently envision significant investments in tangible commodities, options on tangible commodities, futures on tangible commodities, or financial futures. The Registrant may however engage in transactions in securitized products which tend to move like commodities. In connection with its investments in foreign securities, the Registrant does engage in transactions in foreign currencies; foreign currencies are not viewed by the registrant as tangible commodities.

Most of the accounts run active long-short portfolios and can employ financial leverage, through margin borrowing or in other ways. Most of the accounts may take short positions as well as long positions in securities. Some accounts are long only.

## II. Risk of Loss

All of the investment strategies of Registrant involve speculative investments and are not intended as a complete investment program. The strategies are suitable only for clients who can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investment and who meet other conditions. There is no assurance that any of the strategies will perform satisfactorily. Investing in securities involves risk of significant loss that clients should be prepared to bear. The Registrant’s investment strategies involve the following material risks, among others.

A. Equity Risk -- Since the strategies involve the purchase of equity securities, the strategies are subject to the risk that stock prices will fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of equity securities may fluctuate drastically from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments or by world events. The prices of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility, which is the principal risk of investing in securities.

B. Short Sales Risk -- Short sales are transactions in which an account sells a security it does not own. The account must borrow the security to make delivery to the buyer. The account is then obligated to replace the security borrowed by purchasing the security at the market price at the time of replacement. The price at such time may be higher or lower than the price at which the security was sold by the account. If the underlying security goes down in price between the time the account sells the security and buys it back, the account will realize a gain on the transaction.

Conversely, if the underlying security goes up in price during the period, the account will realize a loss on the transaction. Because the market price of the security sold short could increase without limit, the account could be subject to a theoretically unlimited loss. The risk of such price increases is the principal risk of engaging in short sales.

C. Options Risk -- An account may engage in the purchase or sale of options, which involve the payment or receipt of a premium by the account and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the seller is exposed to the extent of the actual price movement in the underlying security, rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

D. Small- and Mid-Capitalization Company Risk -- The small- and mid-capitalization companies in which accounts may invest may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, these small- and mid-sized companies may pose additional risks, including liquidity risk, because these companies tend to have limited product lines, markets and financial resources, and may depend upon a relatively small management group. Therefore, small- and mid-cap stocks may be more volatile than stocks of larger companies. These securities may be traded over-the-counter or listed on an exchange.

E. Investment Style Risk -- The strategies may involve the pursuit of a "value style" of investing. Value investing focuses on companies with stocks that appear undervalued in light of a variety of factors. If the Registrant's assessment of a company's value or prospects is wrong, an account could suffer losses or produce poor performance relative to other funds. In addition, "value stocks" can continue to be undervalued by the market for long periods of time. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which an account may invest, there is a potential risk of loss by an account of its entire investment in such companies. Over time, a value investing style may go in and out of favor, causing an account to sometimes underperform other funds that use differing investing styles.

F. Non-Diversification -- Some strategies involve investments primarily in one industry or sector, or other grouping, such as health care companies or energy companies. Accordingly, an account which follows such a strategy will not be diversified among a wide range of industries, geographic areas and / or types of securities. Further, the account's portfolio may not be diversified among a wide range of issuers. Companies in a single industry or closely related industries often are faced with the same obstacles, issues and regulatory burdens, and their securities may react similarly and move in unison. Thus, stock prices of portfolio companies can change collectively without regard to the merits of individual companies. The investment portfolio of such accounts may be subject to more rapid change in value than would be the case if the account maintained a wide diversification among industries, areas, types of securities and issuers.



G. Frequent Trading -- The investment strategies used by the Registrant can involve the frequent trading of securities, and as a result, portfolio turnover, brokerage commission expenses, and other transaction costs and taxes, may significantly exceed those of other investment accounts of comparable size.

### III. Investment Strategies

The Registrant currently follows a number of significant investment strategies, as described below. In addressing the needs of specific clients, these strategies may be used in whole, in part, or in combination, along with any new strategies from the Registrant or as requested by the client. Prospective clients receive additional disclosure which describes the above and other risks pertaining to a particular strategy.

A. Topaz Strategy – An account which follows the Topaz strategy seeks to achieve superior total returns while minimizing the probability of permanent impairment of capital by primarily investing in publicly traded equity securities deemed to be undervalued.

For the Topaz strategy, the Registrant uses an investment technique which involves so-called “conceptual buckets” of securities. A conceptual bucket is a grouping of investments which have particular characteristics in common, for example, a group of “turnaround stocks” or a group of “discounted sum-of-the-parts” companies. The portfolio of an account may include investments in a number of different conceptual buckets, each representing an element of a larger, overall investment strategy. Conceptual buckets provide a framework that the Registrant uses to divide a larger investment strategy into smaller, discrete parts which can be managed tactically.

Another investment technique that is used where appropriate is the employment of a “farm team” of selected companies for investment consideration. In this approach, an investment in a company often begins as a relatively small position, and increases in size as the Registrant’s confidence grows and the original investment thesis for the security is tested. Based on the performance of the “farm team” position, investment in the security may be increased or decreased thereafter.

An account may also take short positions in the securities of companies deemed to have worsening business fundamentals or deteriorating competitive positions, or is affected by other negative circumstances. To help increase returns, an account may employ financial leverage, through margin borrowing or in other ways, when it deems such action to be appropriate. The portfolio managers may run an active long-short portfolio and engage in substantial options trading. While the strategy focuses primarily on U.S. equities, investments may also be made in non-U.S. securities.

B. Value Strategy -- An account which follows the Value strategy seeks to achieve superior total returns while minimizing the probability of permanent impairment of capital by primarily investing in publicly traded equity securities deemed to be undervalued. While the strategy focuses primarily on U.S. equities, investments may also be made in non-U.S. securities. Value stocks include those which may be out of favor with investors or overlooked by analysts for a number of reasons. The Registrant looks for companies that appear likely to come back in favor, because of, for example, good prospective earnings, strong management teams, new products

and services, or some unique circumstance. The Value strategy does not normally involve transactions in options or short sales.

### C. Sector Strategies

1. Health Care -- An account which follows the Health Care strategy seeks to achieve superior total returns while minimizing the probability of permanent impairment of capital by primarily investing in publicly traded health care equity securities deemed to be undervalued and/or offering superior growth potential. The account will also take short positions in the securities of companies deemed to have worsening business fundamentals or deteriorating competitive positions, or is affected by other negative circumstances. To help increase returns, the account may employ financial leverage, through margin borrowing or in other ways, when it deems such action to be appropriate. While the strategy focuses primarily on U.S. equities, investments may also be made in non-U.S. securities.

2. Energy – An account which follows the Energy strategy seeks long term growth of capital. The account invests primarily in the equity securities of global energy and natural resources companies and companies in associated businesses, as well as utilities (such as gas, water, cable, electrical and telecommunications utilities). The equity securities include common and preferred stock, convertible securities, warrants, depositary receipts and securities or other instruments whose price is linked to the price of common stock. The account may invest in companies of any size, ranging from large to small capitalizations, although the Registrant tends to focus on small capitalization companies. The account may invest, without limit, in companies located anywhere in the world and will generally invest in North America as well as companies tied economically to countries outside North America. The account intends to maintain an active long-short portfolio and expects to employ what the Investment Manager deems to be prudent leverage.

3. Energy Long-Only – An account which follows the Energy Long-Only strategy seeks long term growth of capital. The account invests in the equity securities of global energy and natural resources companies and associated businesses as set forth in the strategy immediately above, except in one important respect. The Energy Long-Only strategy does not engage in short sales or options transactions.

4. Energy & Income -- An account which follows the Energy & Income strategy seeks total return through capital appreciation and current income. The account invests primarily in the equity securities of global energy and natural resources companies and companies in associated businesses, as well as utilities (such as gas, water, cable, electrical and telecommunications utilities). The equity securities include common and preferred stock, convertible securities, warrants, depositary receipts and securities or other instruments whose price is linked to the price of common stock. The Account may invest in companies of any size. The account will concentrate its investments in energy or natural resources companies. The account may invest, without limit, in companies located anywhere in the world. The account expects to invest in developed markets, as well as emerging markets. The account seeks to generate income by employing an options strategy of writing covered call options and, to a lesser extent, put options, on common stocks in its portfolio. The portion of the portfolio subject to such options could vary substantially in amount at times. The Partnership may also use strategic transactions for hedging purposes or to enhance gain and may engage in short sales of securities.

#### D. Other Strategies

1. Closed-End Opportunities -- An account which follows the Closed-End Opportunities strategy seeks total return from a mix of income and capital appreciation. An account invests primarily in securities issued by closed-end investment companies or mutual funds, mostly those organized under the laws of the United States. However, an account may also invest in foreign closed-end funds. In addition, an account may invest in ETFs and take short positions. The strategy is to engage in opportunistic trading of closed-end funds to attempt to capture value as changes occur in the discounted price of the closed-end funds. The discount can fluctuate relative to the historical discount for a given fund or just in absolute terms. The fund may also engage in trading in options and ETFs directly or indirectly related to closed-ends funds or the portfolios of closed-end funds.

2. Concentric – An account which follows the Concentric strategy seeks annualized returns over a market cycle exceeding the returns of the S&P 500, with a standard deviation lower than the historical volatility of the S&P 500. The account engages in active trading in publicly traded equity securities, while maintaining a significant hedged position to reduce market risk and generate profit. The account uses a combination of proprietary quantitative screens and fundamental analysis to identify individual holdings that are expected to collectively result in a diversified portfolio of securities that has the potential to deliver absolute returns in normal market conditions. It is anticipated that the account's returns will have a low correlation to U.S. equity markets. The account may invest in domestic and foreign securities of companies of all sizes, from large capitalization to small capitalization. The account may also take short positions and engage in options transactions.

3. Deep Woods – An account which follows the Deep Woods strategy seeks capital appreciation by investing primarily in micro-capitalization size companies. The Registrant expects to include companies with a capitalization, currently, of up to approximately \$500 million at time of purchase. The account may focus especially on issuers with less than \$100 million in capitalization at the time of investment. The account will invest primarily in domestic companies, that is, those organized under the laws of the United States. However, the account may also invest in foreign companies. In addition, the account may take short positions in the securities of companies of any size.

4. Exchange Traded Funds–Global Tactical Asset Allocation – An account which follows the Exchange Traded Funds–Global Tactical Asset Allocation Strategy seeks capital appreciation. Under the strategy an account invests in exchange traded funds in diverse asset classes, uses quantitative methodologies, and attempts to diversify widely.

5. BioEdge Ventures – An account which follows the BioEdge Ventures strategy seeks capital appreciation through investments in Financial Instruments issued by operating companies primarily engaged in the healthcare sector, including pharmaceutical, biotechnology, medical device and healthcare information technology industries, among others. Such an account may also invest in Financial Instruments issued by operating companies in other sectors. The general objectives of the BioEdge Ventures strategy are to buy, sell, hold and otherwise invest in Financial Instruments and to exercise all rights, powers, privileges and other incidents of ownership or possession with respect to Financial Instruments. As used in this paragraph, Financial Instruments means all types of financial assets, U.S. or non-U.S., whether publicly or

non-publicly traded, including but not limited to stocks, notes, bills, bonds, subscriptions, preferred stocks, convertible securities, options (including, without limitation, covered and uncovered puts and calls and over-the-counter options), rights, warrants, swaps, currencies, futures, other commodity interests, certificates of deposit, trust receipts, American Depositary Receipts (ADRs), International Depositary Receipts, interests in investment companies, and interests in exchange-traded funds (ETFs).

#### Item 9: Disciplinary Information

Not applicable

#### Item 10: Other Financial Industry Activities and Affiliations

The Registrant currently provides investment advisory and administrative services directly or indirectly to a number of private investment funds and public mutual funds. One affiliate, GRT Capital GP, L.L.C., serves as the general partner, or managing member of the general partner, of a number of the private investment funds. Gregory B. Fraser, Rudolph K. Kluiber and Timothy A. Krochuk are the Managing Members of the Registrant and of GRT Capital GP, L.L.C. The three individuals have direct and indirect control over the Registrant and GRT Capital GP, L.L.C. and have direct or indirect investments in most of the private investment funds. Portfolio managers of the Registrant also have investments in the private investment funds, including private investment funds that they manage, and other personnel of the Registrant may similarly have investments in the private investment funds.

The Registrant is the owner of Option Air, L.L.C. Option Air, L.L.C. leases the use of an airplane to Registrant.

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

##### I. Code of Ethics

The Registrant has adopted a code of ethics that addresses the various potential conflicts of interest that can arise between the managed accounts and the access persons of the Registrant. Access persons are those supervised persons who have access to nonpublic information regarding client transactions or who are involved in making securities recommendations or have access to such recommendations that are nonpublic.

Under the firm's code, the purchase of securities in an initial public offering by an access person is restricted except in certain narrow situations. An access person may not acquire a security in a limited offering unless advance approval is obtained. Also, trades by access persons in reportable securities are subject to volume limitations if the same security is traded on the same day for a managed account. The code further requires all access persons to provide reports to the Registrant on a regular basis concerning their personal transactions. After the end of a quarter, reports must be submitted which include details about the personal transactions, including the title of the security, the number of shares or principal amount of the reportable security involved, the price, the transaction date, the name of the broker, and whether the transaction was a buy or sell, among other things. Annual reports of securities holdings must also be submitted.

Transactions in certain securities do not have to be reported. For example, transactions in U.S. Government securities, high quality short term instruments, or shares of open-end funds, among other securities, do not have to be reported.

In addition to the procedures relating to personal securities transactions, the code contains other provisions which establish in broad terms that no supervised persons may engage in any other activities that could create a conflict of interest or the appearance of one with any managed account.

The Registrant will provide a copy of its code of ethics to any client or prospective client upon request.

## II. Conflicts of Interest

Various conflicts of interest may arise because of the close relationship of the Registrant, GRT Capital GP, L.L.C., Gregory B. Fraser, Rudolph K. Kluiber, and Timothy A. Krochuk.

As noted above in Item 10, Other Financial Industry Activities and Affiliations, Messrs. Fraser, Kluiber and Krochuk are the Managing Members of GRT Capital GP, L.L.C. and are Managing Members of the Registrant, and have an interest in incentive fees received from various private investment funds served by the Registrant. As a result, GRT Capital GP, L.L.C. and the Registrant (and their principals) may have conflicts of interest in allocating their time and activity between various accounts, in allocating investments among accounts, and in effecting transactions between accounts, including ones in which GRT Capital GP, L.L.C. and the Registrant (and their principals) may have a financial interest. Where accounts have similar investment strategies, the Registrant could favor one account over another because one account may compensate the Registrant more than the other account. The Registrant has adopted a code of ethics and trade allocation procedures, among other policies and procedures, which are designed to help address such conflicts. See Item 11 (I), Code of Ethics and Item 6, Performance-Based Fees and Side-By-Side Management, above.

The Registrant reserves the right to cause the GRT funds and other managed accounts to enter into transactions among or between themselves, commonly known as cross transactions. Cross transactions may be mutually advantageous to the buying and selling accounts where for, example, one account needs cash and the other account has excess cash, or where cash flows or particular portfolio holdings have caused the accounts to deviate from desired weightings, and rebalancing is needed to meet certain weighting parameters. Cross transactions can reduce brokerage commissions for both accounts, and can also help the accounts avoid an adverse market impact that trades in the market might otherwise create.

Cross transactions between the funds and/or accounts are only considered when they are appropriate and in the best interests of the accounts under the circumstances, subject to full disclosure to the affected accounts and compliance with the various regulatory provisions that apply. In particular, purchase and sale transactions (including swaps) may be effected between or among the funds and other accounts subject to the following guidelines: (i) such transactions shall be effected for cash consideration at the current market price of the particular securities, and (ii) no extraordinary brokerage commissions or fees (i.e., except for customary transfer fees or commissions) or other remuneration shall be paid in connection with any such transaction.

If a participating account is a private investment fund which at the time is owned 25% or more by the Registrant or affiliates of the Registrant, the cross transaction may be deemed to involve the Registrant as a principal. The Registrant will comply with further regulatory provisions that apply where a cross transaction with a participating account is deemed to involve the Registrant as principal.

Where affiliates of the Registrant control the general partner of a private investment fund and the Registrant acts as investment manager for the private investment fund, there is a conflict of interest when the Registrant recommends that another client invest in such private investment fund. To address the conflict, the Registrant would waive that part of its compensation from the investing client account that duplicates the fee from the private investment fund.

As set forth in the Registrant's code of ethics, when the firm's access persons engage in personal transactions in the same securities in which the managed accounts transact on the same day, there is a potential conflict of interest. To address the potential conflict, the firm's code of ethics limits the volume that an access person can trade in a security that is traded on the same day in client accounts.

To the extent that any employee of the Registrant is involved in other businesses or occupations outside of the business of the Registrant, potential conflicts of interest can arise with respect to the management of assets for clients. For example, if an employee is a director or equivalent of a publicly traded company, the employee may be exposed to non-public, material information about the outside company or other companies which could negatively affect the employee's trading flexibility in managing client assets. Conflicts of interest could arise because the employee could cause accounts managed by the employee to invest in a manner that favors his outside business interests. Accounts managed by the employee might acquire interests in businesses that directly or indirectly compete with the employee's other business as well as businesses that are significant existing or potential customers or suppliers to the outside business. The accounts managed by the employee might seek to acquire assets that the other business also seeks to acquire. The Registrant will take steps that it reasonably believes will mitigate any material conflicts that might arise as a result of an employee's involvement with outside businesses or occupations.

Daniel Rice, Portfolio Manager, has a potential conflict of interest in managing accounts for the Registrant that utilize the Energy strategies in whole or part. Mr. Rice and members of his immediate family directly or indirectly control Rice Energy, Inc., which is in the business of developing sources of energy, including drilling for natural gas and oil. Mr. Rice is a director, and members of his family are also directors and/or officers of Rice Energy, Inc. and Rice Midstream Partners LP. Rice Energy, Inc. made an initial public offering of its stock in early 2014; Mr. Rice and his family have a substantial beneficial interest in Rice Energy, Inc. Conflicts of interest could arise because Mr. Rice could cause accounts managed by the Registrant to invest in a manner that favors his family's interest. Also, accounts managed by Mr. Rice may, from time to time, acquire interests in businesses that directly or indirectly compete with Rice Energy, Inc., as well as businesses that are significant existing or potential customers of Rice Energy, Inc. The accounts managed by Mr. Rice may seek to acquire assets that Rice Energy, Inc. also seeks to acquire. Mr. Rice and the Registrant take steps that they reasonably believe mitigate any conflicts that may arise as a result of Mr. Rice's involvement with Rice Energy, Inc.

Any conflicts of interest that arise will be discussed and resolved on a case by case basis by senior personnel of the Registrant.

## Item 12: Brokerage Practices

### I. Research and Other Soft Dollar Benefits

The Registrant is authorized to determine the broker or dealer to be used for each securities transaction for the accounts under its management. The Registrant's policy is to seek the best overall execution of purchase or sale orders and the most favorable net prices in securities transactions, while giving due consideration to all the relevant circumstances that affect the trade, as more fully described below. In selecting brokers or dealers to effect portfolio transactions, the Registrant considers and gives weight as it deems appropriate to the integrity and financial responsibility of the broker or dealer, the execution capabilities of the broker or dealer, the market where the transaction is to be completed, and whether the transaction is a principal or agency trade. In addition, consideration is given to the specialized expertise that a broker or dealer has with a type of security (*e.g.*, options, high yield bonds, or non-U.S. securities), the manner in which the broker or dealer may handle a less liquid security, and the market information available to the broker or dealer. The Registrant also considers the competitiveness of the commission rates in agency trades, or the net prices in principal trades, as well as the difficulty of the execution or security positioning in light of prevailing market conditions. The quality of the broker's or dealer's back office clearance and settlement systems, and the compatibility of their systems with the systems of the Registrant, are similarly important.

Some brokers or dealers provide additional brokerage and research services which supplement their execution services. In selecting a broker or dealer for a trade, the Registrant may give weight to such supplemental services that have been provided in the past or may be provided in the future. Such other research services may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Such other brokerage services may include, but are not limited to, services and software related to the execution, clearing and settlement of securities transactions and functions incidental thereto (*i.e.*, connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self regulatory organization such as comparison services, electronic confirms or trade affirmations.

Some brokerage and research services may benefit the Registrant's clients as a whole, while others may benefit only specific accounts or a limited number of accounts. In general, most services will benefit multiple accounts. Commissions generated by a given account may or may not be related to services directly benefiting it. The Registrant does not seek to allocate benefits to client accounts proportionately to the brokerage credits the accounts generate.

The Registrant has no binding contracts with any broker or dealer as to the amount of business which the broker or dealer will receive for brokerage or research services supplied to the Registrant. The Registrant is aware, however, that for certain brokers or dealers to be able to supply these services, they would like to receive a specified amount of brokerage over time. Subject to its policies to seek best execution, the Registrant believes it is in the best interests of its managed accounts to consider the broker's or dealer's position in providing such services as a factor in the selection of a firm to effect transactions. To the extent that commissions and/or fees are paid which are higher than commissions and/or fees in the industry for the same transaction in like circumstances, and to the extent such commissions and/or fees are for, or construed to be for, brokerage and research services which are over and above the trade execution services provided, the Registrant believes that such commissions and/or fees are not unreasonable and are permissible under Section 28(e) of the Securities Exchange Act of 1934, when viewed in terms of the Registrant's overall responsibilities with respect to the accounts managed. In the case of the purchase of fixed income securities in underwriting transactions, the Registrant may similarly place orders with brokers or dealers which have provided the Registrant with brokerage and research services. The commissions and fees include markups, markdowns, commission equivalents and any other fees or transaction costs paid to a broker or dealer in connection with the execution of an agency or principal trade, as allowed under the authority or regulatory guidance in this area.

The research received by Registrant can include both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party. When the Registrant uses client brokerage commissions (or markups or markdowns) to obtain brokerage or research services, the Registrant receives a benefit because the Registrant does not have to pay for the brokerage and research services. The Registrant may have an incentive to select a broker-dealer based on the Registrant's interest in receiving the brokerage or research services, rather than on the client's interest in receiving most favorable execution. During the last fiscal year, the Registrant acquired brokerage and research services relating to the investment potential of particular securities across a spectrum of industries and relating to the securities markets generally. Transactions for client accounts are directed to a particular broker-dealer in possible recognition of brokerage and research services received based on a consideration of many factors as described above and can be very subjective.

## II. Brokerage for Client Referrals

Not applicable

## III. Directed Brokerage

In the event that a client of the Registrant requests that orders for the client's account be directed to specific brokers or dealers, the Registrant will attempt to abide by the request to the extent practicable. A client who requests the use of a particular broker or dealer may, however, lose the possible benefits (more favorable price or lower commission or other transaction costs), that other clients derive from the bundling of orders for multiple accounts. Also, the execution of orders for clients that have designated particular brokers may occur after other orders have been consummated.

## IV. Aggregation of Orders



When the Registrant plans to buy or sell the same security for multiple accounts at approximately the same time, the Registrant may group orders of various accounts in an effort to realize a better overall price or commission. While a large transaction may affect the price of shares acquired or sold, the Registrant believes that the bunching of orders generally provides an advantage in execution. Where an aggregate order is placed with a given broker who fills the order through a series of smaller transactions at various prices throughout a given day, each transaction is allocated among the same participating accounts generally in proportion to the relative assets of the participating account or to facilitate balancing among accounts. Where orders for a given security may be executed throughout the day for varying participating accounts, the orders may not be aggregated because of timing between orders, price limits set for different accounts, or other differentiating circumstances. The Registrant may decide not to group orders, however, where aggregation might result in higher custodial and other transactional costs for a participating account.

An aggregated order is processed in a manner that is deemed fair and equitable to all accounts. In allocating investments among various accounts, including investments in securities issued in initial public offerings, the Registrant will take into account such factors as the investment objectives of the accounts, the specialized nature of the account, the amount of investment funds available in each account, the size of the order, the relative sizes of the accounts, and the risks of the investment.

For accounts with similar investment objectives and strategies and the same portfolio manager, the Registrant will, under normal circumstances, allocate a security among accounts as a percent of each account's assets. Proportionate allocations may not be made where accounts or portfolio managers are different however. For example, a small, specialized account, such as a new fund which primarily invests in a given sector, may receive a relatively larger allocation of a sector stock than other accounts. At other times too, the Registrant may not be able to allocate trades in a security proportionally across accounts. For example, options might be exercised in the marketplace and the exercises can, in accordance with established procedures in the industry, be assigned in a random manner to persons who hold written positions, which can impact the Registrant's accounts in a disproportionate way. Sometimes, allocations are made on the basis of administrative efficiency, to avoid odd lots or to provide for a minimum lot of 100 shares, among other things. Allocations may also be made to balance the relative amount of a security held in an account to help meet weighting parameters.

## V. Other

The Registrant retains broad flexibility in the manner in which broker trading errors are handled, depending on materiality and the particular facts and circumstances involved. In the event of a broker trading error, a broker may address the error by adjusting its commissions. The Registrant may also defer and aggregate adjustments for a year-end posting to accounts when it is administratively more efficient to do so. The Registrant may, among other things, utilize a proprietary account to segregate the effects of a particular transaction. In connection with any broker trading errors relating to portfolio transactions for a registered mutual fund client, GRT will make the client account whole for any losses from such errors, and will not offset any gains from such errors against the losses from errors, without the consent of the mutual fund client.

### Item 13: Review of Accounts

Client accounts are managed and reviewed by one or more portfolio managers. The portfolio managers utilize a number of reports on the portfolio holdings of client accounts which are generated regularly or are otherwise available on the Registrant's information systems. The account review process is continuous and these reports are reviewed on an ongoing basis, often daily, by one or more of the managers. Differing reports provide security by security performance tracking, show net positions in individual securities that are long and short, and give similar data on other micro and macro aspects of the portfolios and their performance. The review and analysis of the various reports are an integral part of the Registrant's investment decision making process.

In addition to the continuous review of various reports, an investment report is produced monthly for a managed private investment fund and for investors in the fund. This report includes information on a number of diverse account characteristics. The report indicates how the portfolio is allocated among long and short positions in different industry sectors, how the account has performed against broad indicators, and how the account has performed since the account's inception. The monthly report is available in hard copy, and on a confidential, password protected basis, as well, through special access to the Registrant's website.

Reports are also available for the other institutional separate accounts. These reports are produced on a customized basis monthly or quarterly as may be requested and contain whatever data is relevant to a particular separate account.

In an effort to protect the confidentiality of portfolio positions, the Registrant generally will not disclose all positions in a portfolio. However, the Registrant, in its sole discretion, may permit such disclosure to certain investors in the private investment funds that Registrant manages, and to prospective investors and consultants, on a selective basis, if the Registrant determines that such disclosure is appropriate. Further, a private investment fund may not disclose its investment positions in its annual financial statements, if it determines that such confidential treatment is desirable.

### Item 14: Client Referrals and Other Compensation

The Registrant has employees who are involved in marketing the Registrant's services to prospective and existing clients. These employees also have other responsibilities and functions with the Registrant in the investment, administrative, marketing or operational areas of the business and may engage in the solicitation of clients to varying extents. The Registrant also reserves the right to utilize the services of outside service providers to solicit or refer clients. The Registrant's employees and outside service providers may from time to time, provide input and services relating to the business of Registrant with respect, but not limited, to broad planning for the development of the business of Registrant, product development, communications, domestic and international investor needs, segments and demographics, marketing, investor relations, further outside service needs, and related matters. Outside service providers are generally paid a flat fee. Some outside service providers, such as broker dealers or finders, may be paid a fee to solicit or introduce prospective clients or investors. The compensation paid to employees or outside service providers, to the extent any part of it may be deemed to be for the solicitation or referral of clients, is intended to be in compliance with Rule 206(4)-3 under the

Investment Advisers Act of 1940. The compensation can be a percentage of the amount of management fees, and incentive retentions in the case of some private investment funds, paid on assets that the person was primarily responsible for placing under the management of the Registrant.

#### Item 15: Custody

The Registrant may be deemed to have custody of certificates for certain privately offered securities held in the portfolio of GRT BioEdge Ventures, LLC, although the Registrant is not required to maintain them in an account with a qualified custodian. The Registrant has adopted procedures to safeguard all certificates in its custody for GRT BioEdge ventures, LLC. The Registrant maintains such certificates in accordance with relevant regulatory provisions to the extent applicable.

#### Item 16: Investment Discretion

The Registrant manages client accounts pursuant to discretionary or non-discretionary authority granted to the Registrant under an investment management agreement. Clients may place limits on such authority. (Generally see the discussion under Item 4, Advisory Business, relating to the investment discretion that Registrant exercises in managing securities accounts on behalf of clients.)

#### Item 17: Voting Client Securities

Registrant is generally authorized by its clients to vote proxies relating to the companies whose securities are held in the portfolios of the accounts managed by Registrant. Registrant manages assets solely in the best interest of the clients and votes proxies in a manner which is consistent with those interests, and which will add to, or maintain, the value to the clients' investments. Clients, however, can assume direct responsibility for voting the securities in their own portfolios if desired.

Occasions may arise where the voting of specific proxies may present an actual or perceived conflict of interest between Registrant, as the investment manager, and its institutional clients. Hypothetically, potential conflict situations could arise where Registrant provides administrative or advisory services to a client, such as a private investment fund, and an investor in the private investment fund is a company, or a person associated with a company, that is soliciting a proxy. Similarly, Registrant may use the goods or services of a company, such as a securities broker, that may be soliciting proxies on securities it has issued and which are held in client accounts. In addition, a Managing Member or other investment personnel could have a personal or material business relationship with the participants in a proxy contest, or with the directors of, or candidates for, a company board.

While there may be potential appearances of conflicts of interest that could conceivably arise, Registrant seeks to avoid even the appearance of impropriety and believes that it is unlikely that any actual, material conflicts will in fact arise. Registrant's investment personnel must advise the compliance staff and the compliance staff must advise the Managing Members, if they are aware of any actual or potential conflicts of interest that may exist with regard to how proxies are to be voted in respect of any portfolio companies. No weight will be given to any relationships with companies or relationships with persons soliciting proxies, and Registrant will vote proxies

solely on the basis of the best interests of the relevant client account. Any individual at Registrant with a potential conflict may not participate in any aspect of Registrant's decision making in determining how the subject proxy is voted.

As described below, Registrant currently uses an independent proxy voting service to provide research, voting recommendations and other services. The service provider performs similar services for many other financial institutions in addition to Registrant. In doing its analysis and formulating its recommendations, the service provider acts without regard or likely knowledge of any specific conflicts that may exist between an issuer and Registrant. Such use of an independent service and reliance on its separate research provides further insulation from, and protection against, any conflicts that an issuer and Registrant may have.

Registrant does not have any fixed policies on how to vote on given proxy proposals. Registrant believes that each proposal must be considered in light of the company's particular context. Each proxy proposal is subject to evaluation individually, based on a consideration of the facts and circumstances that bear on the proposal at the time. Registrant may also refrain from voting a proxy if that would be in the best interests of the client account. For example, Registrant may determine that any benefit the client might gain from voting a proxy would be outweighed by the direct or indirect administrative burdens and costs of casting the vote.

Registrant may delegate authority to an independent proxy voting agent to perform various proxy voting functions. At the present time, Registrant utilizes the services of such a firm to conduct research, make voting recommendations and cast ballots with respect to the portfolio securities in Registrant's managed accounts. The service provider has developed a sophisticated methodology for making recommendations on particular voting issues based on its analysis of numerous companies and industries over the years. The service provider continuously refines its approach and modifies its recommendations as appropriate in light of changes in the business environment. In most instances, votes will be cast in accordance with the service provider's recommendations. As importantly noted however, Registrant may instruct the service provider to vote contrary to, or otherwise differently from, the service provider's recommendation. In addition to the research and recommendations, the service provider performs related record keeping and administrative functions. The current service provider is Institutional Shareholder Services and GRT may utilize the proxy voting policies developed by Institutional Shareholder Services.

Registrant's proxy voting policies may be amended from time to time without prior notice to clients. Registrant feels that it must retain wide flexibility to adapt its proxy voting policies as appropriate to best fit the interests of its client accounts and the changing investment environment. A client with an investment management agreement with Registrant may obtain a copy of the Registrant's Proxy Voting Policies and/or information on how the Registrant voted such client's portfolio securities by contacting Registrant.

#### Item 18: Financial Information

Not applicable

#### Item 19: Requirements for State-Registered Advisers

Not applicable