

**ITEM 1**  
**COVER PAGE**

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**PART 2A OF FORM ADV: FIRM BROCHURE**

MORGENS, WATERFALL, VINTIADIS & COMPANY, INC.

MARCH 2017

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*This brochure provides information about the qualifications and business practices of Morgens, Waterfall, Vintiadis & Company, Inc. ("MWV"). If you have any questions about the contents of this brochure (the "Brochure"), please contact us at 212-218-4100 or [MMANFREDI@MWVINVEST.COM](mailto:MMANFREDI@MWVINVEST.COM). The information in the Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.*

*MWV is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.*

*Additional information about MWV also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## **ITEM 2**

### **MATERIAL CHANGES**

MWV has not made any material changes to the Brochure since its last annual update, however, clients and prospective clients should review the Brochure carefully.

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## **ITEM 4**

### **ADVISORY BUSINESS**

A. General Description of Advisory Firm.

MWV was founded by Edwin H. Morgens and John C. Waterfall. The hedge fund was established in 1968; the offshore company was established in 1969. Edwin H. Morgens is the sole shareholder of MWV.

MW Management L.L.C., a Delaware limited liability company affiliated with MWV (the "LLC"), serves as the general partner of a U.S. investment partnership (the "Partnership") specializing in equity investments. Edwin H. Morgens is the managing member of MW Management L.L.C.

MWV is the investment adviser to a non-U.S. investment fund (the "Offshore Fund"), and together with the Partnership, the "Funds") specializing in equity investments. The Brochure does not constitute an offer to sell or a solicitation of an offer to buy any securities. It generally includes information about MWV and its relationships with clients and affiliates. Certain information included herein applies to specific clients or affiliates only.

B. Description of Advisory Services.

MWV provides investment advisory services that focus on thematic investing, long-short, special situations and event driven securities.

C. Availability of Customized Services for Individual Clients.

MWV furnishes discretionary investment advisory services to three managed accounts (the "Managed Accounts"). MWV executes the trades for these accounts. MWV also furnishes non-discretionary investment recommendations to a non-U.S. entity without executing the related trades.

As used herein, the term "client" generally refers to each Fund and each beneficial owner of a Managed Account.

D. Wrap Fee Programs.

MWV does not participate in a wrap fee program.

E. Assets Under Management.

MWV has \$106,961,813 regulatory assets under management as of December 31, 2016 on a discretionary basis.

## **ITEM 5**

### **FEES AND COMPENSATION**

#### **A. Advisory Fees and Compensation.**

MWV serves as the management company to the Partnership and receives a quarterly management fee of 0.25% (1.0% annualized) of the net asset value of the Partnership for providing administrative services at the close of each quarter.

MWV receives a quarterly management fee equal to 0.5% (2.0% annualized) of the net asset value of the shares of the Offshore Fund at the close of each quarter.

MWV also serves as the investment manager for three managed accounts and receives a quarterly management fee of 0.25% (1.0% annualized) of the net asset value of each managed account at the close of each quarter.

The LLC participates in the investments made by the Partnership to which it serves as general partner *pro rata* in accordance with capital accounts and receives an incentive allocation of 20% of the net capital appreciation allocated to each limited partner at the end of the fiscal year. Any loss in a capital account is carried forward so that no incentive allocation is made with respect to such account unless the losses in the carry forward period have been recouped, subject to certain adjustments.

MWV receives an incentive fee of 20% of the net realized and unrealized appreciation in the net asset value of the shares of the Offshore Fund at the end of the fiscal year. Any loss in the net asset value of the shares is carried forward so that no incentive fee is charged to such shares unless the losses carried forward have been recouped, subject to certain adjustments.

Where required, all performance based compensation is calculated in accordance with Rule 205-3 under the Advisers Act.

#### **B. Payment of Fees.**

MWV bills clients for fees incurred on a quarterly basis.

#### **C. Additional Fees and Expenses.**

To the extent permitted under each client's constituent documents, each client will incur brokerage and other transaction costs in connection with a trade (expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees and interest expenses); investment-related travel expenses; legal expenses; professional fees (including, without limitation, expenses of consultants and experts) relating to investments; accounting expenses (including the cost of accounting software packages); auditing and tax preparation expenses; costs of printing and mailing reports and notices; taxes; corporate licensing; regulatory expenses (including filing fees); organizational expenses; expenses incurred in connection with the offering and sale of an interest in the respective client and other similar expenses related to operation of the respective client; and extraordinary expenses.

D. Prepayment of Fees.

Fees for services are billed at the end of the quarter. Charges will be prorated if services are not rendered for a complete quarter. There is no prepayment of fees.

E. Additional Compensation and Conflicts of Interest.

MWV does not accept any other compensation.

**ITEM 6**  
**PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

MWV accepts performance based compensation from the Funds. There is no performance based compensation from the Managed Accounts. Although the strategy of the Managed Accounts differs from the strategy of the Funds, MWV may have a conflict of interest including an incentive to allocate or sequence trades in favor of clients for which it receives a performance based fee.

MWV is committed to allocating appropriate investment opportunities (based on the investment program described in the applicable offering memorandum of the Funds and the applicable investment management agreement for the Managed Accounts) on a fair and equitable basis and has established policies and procedures to address the conflict of interest described above.

**ITEM 7**  
**TYPES OF CLIENTS**

MWV and its affiliates provide investment advice to Funds and Managed Accounts, as described above. Beneficial owners of Managed Accounts may include individuals, trusts, estates, charitable organizations, corporations, partnerships, limited liability companies and sophisticated investors.



## ITEM 8

### METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

#### A. Methods of Analysis and Investment Strategies.

*The descriptions set forth in this Brochure of specific advisory services that MWV offers to clients, and investment strategies pursued and investments made by MWV on behalf of its clients, should not be understood to limit in any way MWV's investment activities. MWV may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that MWV considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies MWV pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.*

MWV uses certain proprietary based computer valuation and discounted cash flow models with a focus on return on invested capital.

MWV also meets with company investor relations personnel and other company representatives.

MWV may purchase and sell interests in private securities, including limited partnerships, and secured and unsecured claims (including bank claims, trade claims, supplier's claims, insurance claims, tax claims and other privately issued obligations). MWV may purchase and sell securities of companies involved in special situation transactions, such as rights offerings, tender offers, spin-offs, liquidations inside and outside of bankruptcy, recapitalizations, restructurings, mergers and leveraged buy-outs.

MWV may provide advice on bank debt, trade claims, distressed credit and public and private securities of companies that have defaulted on obligations, filed for reorganization or which appear vulnerable to bankruptcy or reorganization.

#### B. Material, Significant, or Unusual Risks Relating to Investment Strategies.

*The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by MWV. These risk factors include only those risks MWV believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by MWV.*

*Short Selling.* Short selling involves selling securities which are not owned and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The success of the Funds' short selling investment strategy depends upon MWV's ability to identify and sell short securities that are over-valued. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit,

thus increasing the cost to the Funds of buying those securities to cover the short position. There can be no assurance that the Funds will be able to maintain the ability to borrow securities sold short. In such cases, the Funds can be "bought in" (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and a Fund may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though a Fund secures a "good borrow" of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing the Fund to purchase the security at the then-prevailing market price, which may be higher than the price at which such security was originally sold short by the Fund.

*Limited Diversification.* Although MWV has implemented self-imposed guidelines on diversification, there are no limits on MWV's investment discretion. At any given time, it is therefore possible that MWV may select investments that are concentrated in a particular market or industry, or in a limited number or type of securities. This limited diversification may result in the concentration of risk, which in turn, could expose a Fund or Managed Account to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such securities.

*Investing in Small- and Medium-Sized Companies.* Investing in securities and other instruments of small- and medium-sized companies involves substantial risks. While MWV believes such securities can provide significant potential for appreciation, the securities of small- or medium-capitalization companies, involve higher risks in some respects than do investments in securities of larger companies. These risks include: the fact that prices of small-capitalization and medium-capitalization securities may be more volatile than prices of large-capitalization securities; that small- and medium-capitalization companies typically have analyst coverage by fewer research firms than do large-capitalization companies and, therefore, such companies' securities are more likely to trade at prices that reflect incomplete or inaccurate information; the fact that, during some periods, securities of small- and medium-capitalization companies, by asset class, have underperformed the securities of large companies; and the risk of bankruptcy or insolvency of many small companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in some small-capitalization stocks, an investment in those stocks may be illiquid.

*Risks Associated with Bankruptcy Cases.* Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to appear and be heard, there can be no

assurance that a bankruptcy court would not approve actions which may be contrary to the interests of the Funds. Furthermore, there are instances where creditors lose their priority or are recharacterized as equity if, for example, they have exercised excessive control management or engaged in misconduct that harms other creditors. In those cases where a Fund, by virtue of such action, is found to exercise "domination and control" of a debtor, the Fund may lose its priority if the debtor can demonstrate that its business was adversely impacted or other creditors and equity holders were harmed by the Fund.

Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the company and the Funds; it is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the company may not be able to reorganize and may be required to liquidate assets. The debt of companies in financial reorganization will, in most cases, not pay current interest, may not accrue interest during reorganization and may be adversely affected by an erosion of the issuer's fundamental values. Such investments can result in a total loss of principal.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Funds' influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite high.

Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such when they take over management and functional operating control of a debtor. In those cases where the Funds, by virtue of such action, are found to exercise "domination and control" of a debtor, the Funds may lose their priority if the debtor can demonstrate that its business was adversely impacted or other creditors and equity holders were harmed by the Funds.

The Funds may invest in companies based in Organisation for Economic Co-operation and Development and other non-U.S. countries. Investment in the debt of financially distressed companies domiciled outside the United States involves additional risks. Bankruptcy law and process may differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain.

MWV, on behalf of the Funds, may elect to serve on creditors' committees, equity holders' committees or other groups to ensure preservation or enhancement of the Funds' positions as creditors or equity holders. A member of any such committee or

group may owe certain obligations generally to all parties similarly situated that the committee represents. If MWV concludes that its obligations owed to the other parties as a committee or group member conflict with its duties owed to the Funds, it will resign from that committee or group, and the Funds may not realize the benefits, if any, of participation on the committee or group. In addition, and also as discussed above, if the Funds are represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of or increasing its investments in such company while it continues to be represented on such committee or group.

The Funds may purchase creditors' claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser.

Reorganizations can be contentious and adversarial, and it is by no means unusual for participants to use the threat of, as well as actual, litigation as a negotiating technique. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Funds.

#### C. Risks Associated with Particular Types of Securities.

*Illiquid Portfolio Securities.* The Funds may invest a portion of their assets in securities of private companies and privately issued securities of public companies. The Funds may not be able to readily dispose of such non-publicly traded securities and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time.

*Investments in Undervalued Securities.* One of the primary objectives of the Funds is to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Funds' investments may not adequately compensate for the business and financial risks assumed.

The Funds may make certain speculative investments in securities which MWV believes to be undervalued; however, there are no assurances that the securities purchased will in fact be undervalued. In addition, the Funds may be required to hold such securities for a substantial period of time before realizing their anticipated value. During this period, a portion of the Funds' capital would be committed to the securities purchased, thus possibly preventing the Funds from investing in other opportunities.

*"Distressed" Securities.* The Funds may invest in "below investment grade" securities and obligations of issuers in weak financial condition, experiencing poor

operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to the Funds' investments in any instrument, and a significant portion of the obligations and securities in which the Funds invest may be less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that MWV will correctly evaluate the value of the assets collateralizing the Funds' loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the Funds invest, the Funds may lose their entire investment, may be required to accept cash or securities with a value less than the Funds' original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Funds' investments may not compensate the investors in the Funds' adequately for the risks assumed.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Funds of the security in respect to which such distribution was made.

*Bankruptcy Claims.* The Funds may invest in bankruptcy claims which are amounts owed to creditors of companies in financial difficulty. Bankruptcy claims are illiquid and generally do not pay interest and there can be no guarantee that the debtor will ever be able to satisfy the obligation on the bankruptcy claim. The markets in bankruptcy claims are not generally regulated by U.S. Federal securities laws or the SEC. Because bankruptcy claims are frequently unsecured, holders of such claims may have a lower priority in terms of payment than certain other creditors in a bankruptcy proceeding. In addition, under certain circumstances, payments and distributions may be reclaimed if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

*New Issues.* A portion of the return of the Funds could result from investing in "new issues," as such term is defined under the rules of the Financial Industry Regulatory Authority, Inc. (the "FINRA Rules"), which restrict certain persons from receiving

securities which are "new issues." Investors to whom the Funds will not allocate new issues, as a result of and to the extent limited by FINRA Rules, will not receive that portion of the returns of the Funds which result from investing in new issues.

**ITEM 9**  
**DISCIPLINARY INFORMATION**

MWV is not involved in any legal or disciplinary events that are material to a client's or a prospective client's evaluation of MWV's advisory business or the integrity of MWV's management.

**ITEM 10**  
**OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

A. Broker-Dealer Registration Status.

MWV and its management persons are not registered, and do not have an application pending to register with the SEC, as a broker-dealer or a registered representative of a broker-dealer.

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

MWV and its management persons are not registered, and do not have an application pending to register, as futures commission merchants, commodity pool operators, commodity trading advisors or an associated persons of the foregoing entities.

C. Material Relationships or Arrangements with Industry Participants.

MWV and its management persons do not have any material relationships or arrangements with industry participants outside of those entered into on its clients behalf.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

MWV does not recommend or select other investment advisers for its clients.



**ITEM 11**  
**CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT**  
**TRANSACTIONS AND PERSONAL TRADING**

A. Code of Ethics.

MWV strives to adhere to the highest industry standards based on principles of professionalism, integrity and honesty. In seeking to meet these standards, MWV has adopted a Code of Ethics (the "Code"). The Code incorporates the following general principles that all employees are expected to uphold: employees must at all times place the interests of clients first; all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest must be mitigated and any abuse of an employee's position of trust and responsibility must be avoided; employees must not take any inappropriate advantage of their positions; information concerning the identity of securities and financial circumstances of the clients, including fund investors, must be kept confidential; and independence in the investment decision-making process must be maintained at all times. The Code also places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to MWV on a periodic basis, and requires that employees pre-clear most personal securities transactions. Investors may request a copy of the Code by contacting MWV at the address or telephone number listed on the first page of this document

MWV personnel are required to certify to their compliance with the Code on a periodic basis.

B. Securities That You or a Related Person Has a Material Financial Interest.

From time to time, subject to the Funds' investment guidelines and restrictions, MWV may purchase securities for its own account from the Funds. Any such transaction will be approved by the Funds selling the securities. In addition, from time to time, subject to the Funds' investment guidelines and restrictions, MWV may direct one Fund to sell securities to another Fund through an internal cross transaction in which neither MWV nor a related person will receive compensation. Any such transaction will be effected based on the then current independent market price and consistent with valuation procedures established by MWV. To the extent that any such cross transaction may be viewed as a principal transaction due to the ownership interest in a Fund by MWV or its affiliates and personnel, MWV will comply with the requirements of Section 206(3) of the Advisers Act, including that MWV will notify the Funds or their independent representatives in writing of the transaction and obtain consent from the Funds or an independent representative.

Investing in Securities That You or a Related Person Recommends to Clients.

The Code places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to MWV on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions. MWV, its affiliates and its employees may invest on behalf of

themselves in securities and other instruments that would be appropriate for, held by, or may fall within the investment guidelines of clients.

MWV, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more clients. Potential conflicts also may arise due to the fact that MWV and its personnel may have investments in some Funds but not in others or may have different levels of investments in the various Funds.

MWV has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as client trades.

C. Conflicts of Interest Created by Contemporaneous Trading.

MWV manages investments on behalf of a number of clients. Certain clients have investment programs that are similar to or overlap and may, therefore, participate with each other in investments. It is the policy of MWV to allocate investment opportunities among all clients fairly, to the extent practical and in accordance with each client's applicable investment strategies, over a period of time. MWV will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any client solely because MWV purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the client.

## **ITEM 12**

### **BROKERAGE PRACTICES**

#### **A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.**

Portfolio transactions will be allocated to brokers and dealers on the basis of best execution and in consideration of a broker's or dealer's commission rates, reliability, financial responsibility, strength of its systems, ability to efficiently execute transactions, including block trades, its facilities and its provision or payment of the costs of research or research-related services. Accordingly, the commissions and other transaction costs (which may include dealer markups or markdowns) charged by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers that may not offer such products or services.

##### **1. Research and Other Soft Dollar Benefits.**

The use of commissions or "soft dollars" generated through agency and certain riskless principal transactions to pay for research brokerage and research-related products or services will fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended. Under Section 28(e), research and brokerage services furnished by brokers or dealers may be used in servicing all of MWV's accounts, and such services need not be used by MWV exclusively for the benefit of the specific account(s) for which MWV used such brokers or dealers to effect transactions. Research and brokerage products or services obtained with soft dollars generated by one or more Funds may be used by MWV to service one or more other Funds. Where a product or service obtained with soft dollars provides both research and non-research assistance to MWV (*e.g.*, a "mixed use" item), MWV will make a reasonable allocation of the cost which may be paid for with soft dollars. In making a reasonable allocation of costs between research and non-research assistance, a conflict of interest may exist by reason of MWV's allocation of the costs of such services between those that primarily benefit MWV and those that primarily benefit the Funds.

Research and brokerage products or services provided to MWV may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities and other eligible products and services providing lawful and appropriate assistance to MWV in the performance of its investment decision-making responsibilities. MWV will make a good faith determination that client commissions paid to broker-dealers are reasonable in relation to the value of the products and services provided by the broker-dealer.

##### **2. Brokerage for Client Referrals.**

Neither MWV nor any related person receives client referrals from any broker-dealer or third party. However, subject to best execution, MWV may consider, among other things, capital introduction and marketing assistance

with respect to investors in the Funds in selecting or recommending broker-dealers for the Funds.

### **3. Directed Brokerage.**

MWV may permit certain managed account clients to direct MWV to execute trades through particular broker-dealers. Such arrangements may cause the client to pay higher brokerage commissions as MWV may not be able to aggregate orders to reduce transaction costs, or the client may receive a less favorable price.

#### **B. Order Aggregation.**

When portfolio decisions are made on an aggregated basis, MWV may, if it believes the action to be appropriate, bunch or aggregate orders for several accounts. Because of prevailing trading activity, it may not be possible to receive the same price or execution on the entire volume of securities purchased or sold. When this occurs, the various prices will be averaged and participating clients will be charged or credited with the average price.

A client may buy or sell securities of an issuer that are also bought or sold by MWV on behalf of another client. Allocations of securities among the clients of MWV having a similar investment program are generally made *pro rata* on the basis of available capital. Where the cash position of one account has increased in proportion to others, it is possible that securities may be allocated first to such clients until they are again owned proportionately across accounts.

**ITEM 13**  
**REVIEW OF ACCOUNTS**

A. Frequency and Nature of Review of Client Accounts or Financial Plans.

Each client's account is reviewed by Mr. Morgens, Chairman of MWV, or Ms. Manfredi, Chief Financial Officer of MWV, at least monthly. An officer or designated employee of MWV reviews the daily transactions entered into for clients and determines that correct entries have been made for all client records.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review.

Any unusual activity or special circumstances may trigger a review.

C. Content and Frequency of Account Reports to Clients.

Limited partners and/or shareholders of the Funds receive written quarterly (or more frequently upon request) statements indicating the current market value of their interests or shares, as applicable. A quarterly letter and unaudited performance information for the quarter are included. Limited partners and/or shareholders of the Funds receive annual audited financial statements within 120 days of the end of the applicable Fund's fiscal year end. Limited partners of the Partnership will also receive annual tax reports (K-1s).

**ITEM 14**  
**CLIENT REFERRALS AND OTHER COMPENSATION**

A. Economic Benefits for Providing Services to Clients.

MWV does not receive economic benefits from non-clients for providing investment advice or other advisory services.

B. Compensation to Non-Supervised Persons for Client Referrals.

MWV does not currently compensate any person who is not our supervised person for client referrals.

## **ITEM 15 CUSTODY**

MWV is deemed to have custody of the client funds and securities in the Funds because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a Fund's account or otherwise withdrawing funds from a Fund's account. Account statements related to the Funds are sent to MWV by the qualified custodian.

MWV is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply or (is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

MWV does not have custody of the funds and securities it manages for the Managed Accounts.

**ITEM 16**  
**INVESTMENT DISCRETION**

MWV has full discretion and authority as provided in the constituent documents of its clients, to make all investment decisions with respect to the types of securities to be bought or sold or the amounts of securities to be bought or sold for a particular client. In addition, there are no limitations as to which broker-dealer is used or as to the commission rates paid.



**ITEM 17**  
**VOTING CLIENT SECURITIES**

A. Policies and Procedures Relating to Voting Client Securities.

MWV's authority to vote proxies for its clients is established by the constituent documents of its clients. Rule 206(4)-6 under the Adviser's Act requires registered investment advisers to implement proxy voting policies. In compliance with these rules, MWV has established written proxy voting policies and procedures and the Chief Compliance Officer (or her designees) oversees the proxy voting process. The proxy voting procedures are designed to ensure that proxies are voted in the best interest of MWV's clients taking into account all relevant factors as determined by MWV in its discretion, including the impact on the value of the securities or instruments owned by the relevant client, the anticipated costs and benefits, the continued or increased availability of portfolio information and industry and business practices. MWV's management has reviewed and approved Proxy Voting Guidelines and has determined that these guidelines accurately reflect MWV's objective standards in voting proxies.

For routine matters, MWV will vote in accordance with the recommendation of the company's management, directors, general partners, managing members or trustees (collectively, the "Management"), as applicable, unless, in MWV's opinion, such recommendation is not in the best interests of the Fund.

Upon request, MWV will provide a client with information regarding how the client's proxies were voted and will provide a copy of its proxy voting policies and procedures. To obtain this information, please write to:

Michele N. Manfredi, Chief Compliance Officer  
Morgens, Waterfall, Vintiadis & Company, Inc.  
600 Fifth Avenue, 27th Floor  
New York, NY 10020

At times, conflicts may arise between the interests of the Funds, on the one hand, and the interests of MWV or its affiliates, on the other hand. If MWV determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, MWV will address such matters on a case by case basis and will memorialize the decision with respect to such vote in writing.

B. No Authority to Vote Client Securities and Client Receipt of Proxies.

See A above.

MWV does not have the authority to vote securities held by the managed accounts.

**ITEM 18**  
**FINANCIAL INFORMATION**

A. Balance Sheet.

MWV is not required to include a balance sheet for its most recent fiscal year because MWV does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

B. Financial Conditions Likely to Impair Ability to Meet Contractual Commitments to Clients.

There are no financial conditions likely to impair MWV to meet its contractual commitments to clients.

C. Bankruptcy Filings.

MWV has not been the subject of a bankruptcy petition at any time during the past ten years.