

Steinberg Asset Management, LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of Steinberg Asset Management, LLC (“SAM”). If you have any questions about the contents of this brochure, please contact us at 212-980-0080. 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.

SAM is an SEC registered investment adviser. Registration of an investment adviser does not imply a particular level of skill or training.

Additional information about SAM is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

This brochure, dated March 28, 2018, is the disclosure document of SAM, prepared according to the requirements of the U.S. Securities and Exchange Commission. This section discusses only material changes since the last annual update of the Form ADV Part 2A which was made on March 30, 2017. Since the prior annual update, the following material changes occurred:

Advisory Business

In 2017, SAM began i) providing wealth management advisory services on a limited basis in addition to its traditional asset management services and ii) managing certain concentrated portfolios of securities that generally invest in single equity investments.

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Advisory Business

SAM is an SEC registered investment adviser organized as a Delaware limited liability company with its principal office and place of business in New York City. SAM was founded in 1982 and is owned by Michael A. Steinberg, certain family members and the Steinberg 2001 Family Trust. As of February 28, 2018, SAM had total regulatory assets under management of \$ \$525,973,079 in 156 accounts, which includes proprietary accounts of SAM principals as well as client accounts managed on a discretionary and non-discretionary basis, including the Steinberg Select Fund, a registered investment company, and the Private Funds described below.

SAM is a value equity adviser managing separate accounts in small-cap, small-to-mid-cap, mid-cap, and all-cap value equity portfolios for institutions, pensions, endowments, foundations, and high net worth individuals. SAM also manages concentrated portfolios for certain clients that generally invest in a single equity investment.

On October 1, 2013, SAM launched the Steinberg Select Fund, an SEC-registered investment company which is managed in a manner consistent with SAM's long-time All-Cap Value separate account strategy (the "Mutual Fund"). The Mutual Fund is a separate series of the Forum Funds Series Trust. Atlantic Fund Services serves as transfer agent, fund accountant and fund administrator. Union Bank serves as custodian. The Mutual Fund's distributor is Foreside Fund Services, LLC. The advisory services provided by SAM to the Mutual Fund are described in detail in the Mutual Fund's current Prospectus and Statement of Additional Information.

On January 4, 2016, SAM sponsored the launch of Steinberg Partners Fund (the "Partners Fund") which is an unregistered, pooled investment vehicle that invests in a highly concentrated long-only equity portfolios. The Partners Fund structure is that of a Cayman Island master-feeder consisting of the following entities: Steinberg Partners Master Fund LP, Steinberg Partners Fund (Cayman) LP and Steinberg Partners Fund (Delaware) LP. Steinberg Partners GP LLC, an entity under common control as SAM, serves as general partner to all three limited partnerships. SAM serves as the investment manager to the Partners Fund.

A 100% owned affiliate of SAM, Steinberg India Asset Management, Ltd., a Mauritius limited liability company ("SIAM") serves as investment manager to the Steinberg India Emerging Opportunities Fund, Limited, a Mauritius limited liability company (the "India Fund"), which launched on September 26, 2011, as well as a separate account using the same strategy to invest in publicly traded Indian securities with small and mid-size market capitalization (the "India Strategy"). The India Strategy is sub-advised by a Mumbai-based investment team (the "Indian Sub-Advisor").

Hereafter, the private funds: Partners Fund and India Fund are referred to collectively as the "Private Funds". SAM and SIAM manage these vehicles under mandates consistent with their respective investment objectives and offering documents; these mandates differ from the mandate for SAM's separate account clients.

Clients may request that SAM tailor its advisory services for them to include reasonable restrictions and special objectives which SAM will accommodate so long as, in the sole judgment of SAM, it has reasonably determined that the implementation of the request will not unduly interfere with or

disadvantage the requesting client or other existing clients. Typical examples of client requests for their portfolio include:

- Limiting maximum individual position sizes;
- Limiting maximum sector exposure;
- Excluding “sin stocks” such as alcohol, tobacco and gaming companies;
- Excluding foreign ordinary stocks;
- Directing all or a portion of trading to certain broker(s); and/or
- Maintaining a specific cash position.

SAM is headed by Michael A. Steinberg, Managing Partner. Jason A. Kesselman and Justin S. Steinberg are members of the Portfolio Management Team and have each been named Partners in SAM’s Partner Participation Plan (the “Plan”). The Plan gives Partners a guaranteed portion in the profits of the firm on an annual basis. The Plan formally recognizes the contributions of these professionals, incentivizes them over the long term and strengthens the alignment of interests of our investment team with those of our clients. Partners under the Plan do not receive an equity or voting interest in SAM. Additional Partners may be named under the Plan in the future.

While SAM does not sponsor any wrap fee program, it does serve as a manager for other wrap fee programs offered by brokerage and financial service firms. SAM manages accounts which are part of wrap fee programs using the same investment philosophy and process as non-wrap fee program clients. In a wrap fee program, clients pay a single fee to the wrap sponsor which covers some or all of the following services: portfolio management, custody, administration, commissions for trades executed by the sponsor (or an affiliate of the sponsor), and selection of portfolio managers and monitoring of the managers’ performance for continued inclusion in the sponsor’s wrap fee program. The fee paid by the client is not based directly upon transactions in the client’s account, but is based on the asset value of the account. Wrap fee program clients either have a direct contractual relationship with SAM, or receive SAM’s advisory services through a contract entered into with the sponsor. Advisory fees may be paid to SAM by the wrap fee program sponsor or directly by the client. Wrap fee program clients generally instruct the advisor to execute transactions through the wrap fee program sponsor. Clients are advised that the sponsor may assess additional charges if our client directs trades through a broker-dealer other than the sponsor (or its affiliate).

SAM relies on wrap fee program sponsors and their financial advisers to fulfill certain responsibilities with regard to wrap fee program clients. Generally, wrap fee program sponsors may assume tasks such as: (1) ensuring SAM’s advisory services are suitable for the client’s investment objectives; (2) performing any “know your customer” requirements imposed under applicable money laundering requirements; (3) monitoring and evaluating SAM’s performance; (4) delivery of SAM’s Brochure and Privacy Notice; and (5) communicating performance, reports and other information to the client.

The terms of each client's account in a wrap fee program are governed by the client's agreement with the wrap fee program sponsor, the brokerage account agreement and disclosures, and the sponsor’s investment advisory disclosure documents. Wrap fee program clients are urged to refer to these documents for further information and contact their financial adviser with questions about

the wrap fee program. SAM provides personalized investment advice to clients, who may contact SAM with questions about the portfolio management services provided by SAM.

Beginning in 2017, SAM also offers wealth management advisory services on a discretionary and non-discretionary basis to a limited number of high net-worth individuals. Wealth management advisory services are primarily provided to those who have a relationship with SAM's Senior Advisor, David Gruenstein. Depending on the structure of the wealth management agreement, non-discretionary assets will be included in assets under management. The wealth management services may include, for example, investment advisory and consultation services such as securities and other investment recommendations, advice regarding a particular asset class as compared to others, retirement planning and other related planning.

Fees and Compensation

SAM's advisory fees are agreed to in advance pursuant to a written investment advisory contract with separate account clients. SAM has adopted the following basic advisory fee schedule for new clients: 1% of assets under management each year, payable quarterly. Clients may elect to pay either in advance or arrears. Clients may also elect to either be sent a quarterly invoice for SAM's advisory services or have SAM deduct its fee directly from the client's account.

Clients who pay SAM their quarterly advisory fee in advance who terminate their advisory agreement with SAM will receive a refund of the unused portion of their advisory fee. SAM prorates the advisory fee paid in advance to the termination date and refunds the balance.

In certain circumstances, SAM's basic advisory fee may be negotiable. Certain clients pay advisory fees of less than 1% on some or all of the assets managed by SAM based on the strategy, size, or history of the client relationship with SAM or the relationship which the financial consultant advising the client maintains directly with SAM. Please see below the item entitled *Performance Based Fees and Side-by-Side Management* for a description of the fees and expenses related to the Private Funds.

SAM calculates its quarterly advisory fee for separate account clients based on the value of each client portfolio as of the last business day of the quarter unless a client directs SAM to use a different calculation methodology. Client portfolios generally hold market-traded securities and mutual funds, as well as cash and cash equivalents. SAM prices all market-traded securities and mutual funds with an independent third-party pricing service. The advisory fee for client accounts is charged on the asset value maintained in SAM's accounting system as of the applicable billing date. In certain cases the actual assets under management on a client's custodial statements may differ from the amount shown in SAM's system due to, among other things, pending transactions, interest earned on money market funds, amounts deposited, and amounts withdrawn. Only the Private Funds may, from time to time, hold non-market traded securities which are priced according to SAM's valuation procedures in a manner consistent with their respective offering documents.

Separate account clients pay brokerage costs, including commission charges, as well as any applicable custodial fees in addition to the advisory fee they pay SAM. Please see below the item entitled *Brokerage Practices* for further information on costs associated with trading.

Clients can choose how and whether cash balances are reinvested. Clients generally arrange independently for the cash balance of their portfolios to be invested in money market funds, other registered investment companies or cash management products offered by their custodian bank. Such funds or products may charge management fees or other fees that are in addition to the advisory fee charged by SAM.

Although not part of SAM's regular investment process outside of its wealth management clients, SAM may, from time-to-time depending on market conditions, invest client assets in mutual funds or exchange-traded funds (ETFs). Clients may also specifically request that SAM invest a portion of their portfolio in mutual funds or ETFs. SAM will continue to charge its normal advisory fees on those funds invested in mutual funds or ETFs, thereby resulting in possible reduction in the client's performance because of additional expenses. Clients should be aware that they can invest directly in these mutual funds or ETFs to avoid incurring advisory fees in addition to the mutual fund and ETF expenses.

All investors in the Mutual Fund pay management fees described in the Mutual Fund's current Prospectus. SAM advisory clients whose separate accounts are invested in the Mutual Fund are not charged SAM's regular advisory fee because they pay management fees through the Mutual Fund.

In addition to management fees, investors in the Private Funds also indirectly pay expenses associated with the Private Funds, which reduce the net asset value of the Private Funds and thus the return to investors. These expenses include, but are not limited to, custodial fees, brokerage costs, audit fees, accounting fees, tax filing preparation, compliance and advice fees, filing fees, board of director fees, administration fees, registered office and registration fees, legal fees and mutual fund sales loads, as applicable. For certain Private Funds, SAM reimburses Fund expenses to limit the Fund's operating expenses in accordance with governing documents. Investors should refer to the private placement memoranda or other governing document for each Private Fund for a full description of the expenses charged to that particular Private Fund.

For wealth management services, the client may engage SAM on a fee-only basis calculated upon a percentage of the market value of assets or on a negotiated fixed fee basis. The fee associated with wealth management services calculated based upon a percentage of the market value of assets is currently set at 25 basis points (bps) of advised assets. SAM may waive all or a portion of the management fee at its sole discretion for wealth management clients.

Performance Based Fees and Side-by-Side Management

SAM may charge some separate account clients a performance fee in accordance with Rule 205-3 under the U.S. Investment Advisers Act of 1940, as amended. Typically performance fees will apply to more specialized or customized investment strategies. A performance fee may create a conflict of interest by incentivizing SAM to manage such an account in a more aggressive manner because SAM is compensated based in part on capital appreciation. In addition, SAM will receive compensation based on unrealized appreciation as well as realized gains in assets of a performance based fee account.

Managing an account that pays a performance fee may also give SAM an incentive to favor that account or Private Fund over other accounts managed by SAM that do not pay a performance fee, as SAM may receive greater fees from its performance fee than from those accounts it charges only

an asset-based fee. As a result, SAM could have an incentive to direct better investment ideas to, or to allocate or sequence trades in favor of, the performance fee account.

SAM receives performance fees as part of its compensation arrangements with the Private Funds. SAM receives from the Partners Fund a 0.25% management fee and a 10% performance allocation subject to an 8% hurdle rate and a high-water mark for investors contributing prior to June 30, 2019 and 0.50% management fee and 15% performance allocation subject to an 8% hurdle rate and a high-water mark for investors contributing after June 30, 2019. SIAM, or a related entity, receives a 1.5% management fee and either a 15% performance fee subject to a 6% hurdle rate or a 20% performance fee over an 8% hurdle rate, both subject to a high watermark. SAM, or SIAM, may waive all or part of the management and performance fee at its sole discretion for investors in the Private Funds. SAM or SIAM may also offer different performance fee and/or other terms to Investors by establishing new share classes or series within the Private Funds. Investors in the Private Funds also bear certain costs that are disclosed in the Private Fund's governing documents such as administration, legal, accounting, and tax return preparation fees which are paid directly by the respective funds. Investors should refer to the governing documents for a full description of the expenses paid by the Private Funds. These costs reduce the net asset value of the Fund and, thus, the return to investors. Assets advised as part of the wealth management business will not include any performance-based fee.

SAM and SIAM have implemented policies and procedures to mitigate these conflicts when managing accounts that pay different types of fees and ensure that investment ideas are distributed fairly, including pre-allocation of trades for separate accounts, the Mutual Fund, and the Private Funds. As part of its procedures, SAM conducts checks on the allocation of investment ideas and the prices received in securities transactions by separate accounts, the Mutual Fund, and the Private Funds. We generally select the names of the securities to be included in concentrated portfolios from the list of securities already included in existing client accounts. Orders to transact in securities for concentrated portfolios are executed after execution of orders to transact in the same securities for other separate accounts, the Mutual Fund, and the Private Funds. The timing, nature, size and type of orders varies for different accounts, including any concentrated portfolios, depending on the different investment or other considerations for different accounts. In addition, at times the concentrated portfolios may transact in the opposite direction of other separate accounts due to the concentration of securities and the specific needs of clients.

Types of Clients

SAM provides investment advisory services to a diverse client base including: (1) high net-worth individuals and their associated trusts, IRAs and 401(k) plans; (2) estates; (3) foundations, endowments and other charitable organizations; (4) pensions and profit sharing plans; (5) other corporations or business entities, both foreign and domestic; and (6) a registered investment company, the Steinberg Select Fund. SAM may also sub-advise certain separate accounts which are managed primarily by other investment advisers who have contracted with SAM for sub-advisory services.

SAM generally requires that an account have a minimum market value of \$1,000,000 to be accepted as an investment advisory client. SAM may waive account minimums in certain situations including, but not limited to, difficult market conditions or a historical relationship with a client or its adviser.

In addition, SAM and SIAM provide investment advice to the Private Funds. The minimum investment is \$1,000,000 in the Partners Fund and the India Fund. These minimums may be waived in certain situations. Interests in the Private Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements in private transactions within the United States. This brochure and the material contained herein is not meant to be, nor shall it be construed as, an offer or solicitation of an offer for the purchase or sale of any of the Private Funds described herein.

Methods of Analysis, Investment Strategies and Risk of Loss

Investment Philosophy

SAM's focus is on creating a portfolio of long-term investments with an asymmetric risk/reward profile. Portfolios are built from the bottom up through in-house fundamental research. We believe SAM's value-oriented approach and emphasis on asymmetric risk/reward opportunities result in a distinct and concentrated portfolio.

SAM's traditional separate account portfolios typically consist of 25 to 35 "Steinberg Stocks." SAM's concentrated separate account portfolios generally invest in a single Steinberg Stock. A Steinberg Stock is defined as a security that SAM has identified as having an asymmetric risk/reward profile where SAM believes the risk of permanent loss of capital is small while the opportunity to grow capital over a three to five-year investment horizon is significant. In addition, SAM typically identifies for each investment a "free or strategic call" which presents what SAM believes to be an incremental opportunity for an additional return in excess of the estimated annualized return target established by our analysts. A more detailed description of free calls follows.

Key components of SAM's philosophy:

- Identify "Steinberg Stocks" through deep, bottom-up, fundamental research: SAM relies on in-depth, proprietary, fundamental research to identify what SAM has determined to be truly extraordinary risk/reward opportunities. Members of SAM's Investment Team analyze each discrete business segment to determine both the possibility of loss of invested capital and the size and likelihood of achieving SAM's targeted returns.
- Capital preservation: Capital preservation is the primary component of SAM's fundamental research and security analysis. Each investment decision incorporates a deep understanding of the strength of a company's core business and earnings, its balance sheet and its sustainable free cash flow as well as the value of its underlying assets, with the goal of limiting the risk of permanent impairment of invested capital.
- Invest with a three to five-year strategic time horizon: For each company researched and modeled, a target value is established in the context of a three to five year investment horizon. SAM believes a longer term investment horizon allows its analysts to take a strategic view of a business. In addition, as a result of the broader investment community's substantially reduced investment horizon, SAM believes its long-term, patient approach can lead to opportunities that others miss because they are more intently focused on a near-term outlook while potentially ignoring a more substantial opportunity that may develop over a several-year period.

- Identify free or strategic calls: SAM's in-depth fundamental research seeks to identify one or more "free or strategic calls" in each of its investments. Free calls are events or developments not currently reflected in the security price that represent the opportunity to meaningfully increment the earnings power, asset value, and/or cash flows of the business thereby providing an opportunity for outsized returns and further tilting the risk/reward profile in our clients' favor. *SAM is not implying that an investor receives securities or options in securities for no cost by use of the term "free call"*. Examples of free calls include new products or contracts, regulatory changes that may result in market share gains or higher profitability, or the use of balance sheet assets to generate shareholder value. The key characteristic of a free call is that the potential upside is not yet reflected in the security price, so that if the free call is realized it represents an upside to earnings estimates and valuations, but if it does not transpire, it does not detract from the current value of the security. Typically, free calls develop over the longer term and require more in-depth research to identify, which allows SAM the opportunity to capitalize on the broader investment community's short-term focus and capture the full impact of the value created.
- Invest in the understandable: Key to SAM's philosophy and process is investing only in those businesses that can be understood well enough to clearly evaluate the risk/reward profile with a high degree of confidence. SAM will not invest in businesses where the risks cannot be appropriately sized and quantified. These risks can take many forms including: certain liabilities, for example, insurance companies with legacy liabilities; certain assets, such as those held by derivative-laden financial institutions; product development risk as is often seen in technology or biotechnology companies.
- Build a concentrated portfolio: Where SAM can clearly identify and evaluate compelling, asymmetric risk/reward opportunities, SAM invests with conviction, typically building focused portfolios of 25 to 35 equity holdings. Absent specific restrictions, individual position sizes generally range from 2% to 5% at purchase with a general 10% maximum (as guidelines dictate), at market, with the exception of concentrated account portfolios which generally invest in one Steinberg Stock.
- Capitalize on short-term volatility: SAM views risk as permanent impairment of invested capital, as opposed to the academic definition of risk as volatility. SAM uses its deep understanding of the value of its investments to take advantage of short-term market volatility, both upside and downside, by building or reducing positions when the market price of the security becomes disconnected from its fundamental value for reasons independent of the fundamental drivers of the company's value.
- Target high-quality management teams: Because SAM takes a longer term strategic view, it seeks high-quality management teams with demonstrated records of operating excellence and capital allocation.

Absolute vs. Relative Returns

While SAM is benchmark aware, the firm is not driven by a benchmark in its investment process. Investment decisions are based on seeking to provide the best absolute returns to clients over a three to five-year investment horizon.

SAM's approach is characterized by concentrated, opportunistic portfolios built from the bottom up. SAM's fundamental analysis and focus on the strength of a company's core business, balance sheet, sustainable free cash flow and the value of its underlying assets are designed to preserve and grow capital across a market cycle and generate positive, absolute returns over a three to five year investment horizon.

SAM's investment process results in a portfolio that is distinct from the benchmark as demonstrated by its high "Active Share." Active Share measures the difference between a portfolio's holdings and those of its benchmark.

Investment Process

SAM's investment process is overseen by the Portfolio Management Team under the leadership of Michael A. Steinberg. The Portfolio Management Team also includes Jason A. Kesselman and Justin S. Steinberg. It is tasked with three key objectives: (1) setting the investment strategy; (2) reviewing new opportunities and overseeing the research process; and (3) constructing the portfolio.

SAM's research process, along with the ongoing monitoring of investments, is structured around daily and weekly meetings among the members of the Investment Team, as well as continuous, real-time communication between Analysts, the Portfolio Management Team, and the firm's Trader.

Investment Team Meetings: SAM generally holds a weekly meeting with the entire Investment Team which begins with a discussion of global events and macroeconomic conditions, and then typically moves to a focused discussion on a current or potential investment(s) led by the Analyst and Portfolio Management Team member that cover the security.

In addition, SAM holds periodic one-on-one meetings between analysts and members of the Portfolio Management Team and runs daily morning meetings to review the latest news and events along with their potential impact on portfolio holdings and prospective investments.

Consistent with SAM's investment philosophy and process and depending on the size of the portfolio, SAM typically invests new client portfolios fully within several days of inception. However, SAM may take up to three to twelve months or longer to fully invest a new client portfolio depending on market conditions and the availability of favorable potential returns. In addition, portfolios may hold significant cash positions at various points in the investment cycle. Holdings across client portfolios may differ because SAM separately manages portfolios.

The investment process and philosophy described above are utilized for the Partners Fund, which holds a highly concentrated portfolio of five to twenty positions of primarily U.S. listed companies and is otherwise unconstrained.

India Strategy Investment Process

The India Strategy utilizes the services of the Mumbai, India based research team (the "Indian Sub-Advisor") to sub-advise, the India Fund and the India Account managed by SIAM. The Indian Sub-Advisor provides non-binding advice on current and prospective portfolio companies and assists in conducting due diligence, research and the evaluation of current and prospective investments. The

Indian Sub-Advisor generally follows SAM's investment philosophy, which implements a fundamental research-based approach with an emphasis on management quality, free cash flow and secular growth to seek to make long-term investments with exceptional risk/reward profiles. In addition to the informal, frequent communication between the Indian Sub-Advisor and SAM, there is a formal Investment Committee and Board process that is followed for making investment decisions. The India Strategy investment strategy, policies and processes are described more fully in the India Fund's offering materials.

Research Process

Idea Generation and Preliminary Analysis: New ideas can come from any member of the Investment Team. New ideas often surface as a result of identifying an investment theme, secular trend, or event that will lead to unusually strong long-term earnings growth and/or a step-function increase in earnings or free cash flow for a business. Investment Team members leverage their existing knowledge of industries and individual companies to explore adjacent industries or find peers in an industry that might be of interest. SAM also develops investment ideas (none of which constitute material non-public information) through discussions with company competitors, suppliers, vendors and customers. SAM often looks for businesses that fall into one of the following four categories:

- **Earnings Compounders:** Businesses that are likely to compound earnings at an accelerated rate typically due to a favorable industry structure (i.e., oligopolies or monopolies) and/or pricing power
- **Strategic Assets:** Businesses that are characterized by irreplaceable assets that allow for pricing power and, in turn, meaningful earnings growth and premium multiples
- **Superior Capital Allocators:** Businesses that have the ability and the willingness to use their balance sheet to return cash to shareholders through large share repurchases or meaningful dividends. Alternatively, these businesses can use the balance sheet to acquire strategic assets that will enhance their market position and provide outstanding cash on cash returns
- **Inflection Points:** Businesses that will experience a step-function increase in earnings and/or cash flows as a result of an inflection point in the business or industry (e.g. a regulatory change or severe supply/demand imbalance)

Once an idea is identified, a primary analyst is appointed (not necessarily the analyst who identified the opportunity). That analyst engages in preliminary research to determine if the identified security has the characteristics of a Steinberg Stock.

Full Research Analysis: Once the investment opportunity has been approved for additional research, deep fundamental analysis begins. Throughout the investment process, all analysts, including members of the Portfolio Management Team, maintain an open dialogue regarding current and potential investments being evaluated. All members of the Investment Team conduct primary company research.

SAM's research process is designed to uncover investments with asymmetric risk/reward profiles (i.e., Steinberg Stocks). Fundamental analysis is SAM's primary research tool in selecting securities. Analysts have periodic meetings with company management and representatives in addition to interviewing customers, competitors and vendors whenever useful and practicable. The information garnered through this process is used to build a proprietary financial model for each company in which SAM invests. The modeling is detailed and extensive and seeks to analyze each business unit or segment in a way that sell-side research and the company itself typically does not. This modeling includes strategic uses for cash, and often more than one valuation methodology is used.

SAM's process is focused on understanding the key revenue drivers, margin profile and financial posture of a company's business(es), beyond typical company reporting and sell-side analysis, and identifying the primary sources of earnings and positive free cash flows. This method of analysis allows SAM's analysts to better understand businesses and engage in a far more robust and involved conversation with management teams. Financial models are instrumental in the development of long-term target values as well as near-term risk measures, and are updated as appropriate in the analyst's ongoing reviews and discussions with company management.

Portfolio Construction: Following extensive due diligence, the full thesis and body of research is reviewed by members of the Portfolio Management Team to determine whether the company meets the criteria of a Steinberg Stock. As a result of SAM's deep, fundamental research process, which includes ongoing communication with company management, and the asymmetric nature of the risk/reward profiles required for inclusion in the portfolio, investment decisions are typically reached on a consensus basis. However, in absence of consensus, Michael A. Steinberg or Justin Steinberg is the final decision maker. Once the investment decision is made, a tactical discussion occurs among the Portfolio Management Team regarding entry and upside price targets, and determining the appropriate position size based on the security's risk/reward profile.

Risk Management

SAM's undamental risk/reward analysis is the driver of investment decisions. The Investment Team continually reviews the risk/reward profile of each stock and the overall portfolio.

The fundamental risk/reward analysis entails rigorous due diligence of each investment with the goal of accurately capturing the probability and magnitude of the investment's returns as well as the probability and magnitude of the loss of capital under different scenarios.

Risk is also managed through position size, limiting positions to a general 10% maximum position size (as client guidelines dictate), at market. Finally, SAM limits sector exposure in a portfolio to a general maximum of 25% (subject to client guidelines). Given SAM's absolute return approach, the Investment Team believes that absolute limits are a more effective way to manage risk than weighting relative to an index.

Sell Discipline

In both informal conversations and formal meetings, the Investment Team continuously analyzes whether the risk/reward profile of a security in the portfolio has shifted such that a position should be reduced or eliminated.

The Portfolio Management Team will sell, or reduce a position in a security, if the investment thesis fails to develop along the anticipated lines, the risk profile of the business changes (e.g., due to an unexpected regulatory change, negative development in the competitive structure of the industry, or in the worst case, poor execution by management) or when it believes the return has been realized and the valuation of the company's shares largely or fully reflect the opportunities that were once believed to be unrecognized in the share price.

Wealth Management

As part of the wealth management business, SAM provides advice to its clients regarding their respective allocation of assets among various asset classes and within each asset class targeted to their personal investment objectives. These investments may, depending on the client, include securities, such as mutual fund shares, exchange-traded funds, fixed income securities, market-traded securities or other securities, real estate or other assets. In addition, SAM may provide advice with respect to the selection of investment advisers.

Risks

While SAM seeks to limit risk as described above, investing in any security involves the risk of loss that clients should be prepared to bear. A client could lose money over short or even long periods and should expect the value of the portfolio and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. SAM seeks to manage this risk appropriately. SAM in no way guarantees performance or results and past performance is not indicative of future results. Investors with SAM should be aware of the following risks:

- ***Stock Market and Selection Risk.*** The stock market may go down in value, and may go down sharply and unpredictably. The stocks selected by SAM may underperform the stock market or other funds with similar investment objectives and investment strategies. Stock market risk is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
- ***Stocks of Small and Mid-Size Companies Risk.*** The stocks of companies with small and mid-sized market capitalizations typically involve more risk than the stocks of larger companies. These smaller companies may have more limited financial resources, narrower product lines, and may have less seasoned managers. In addition, stocks in these companies may trade less frequently and in lower share volumes, making them subject to wider price fluctuations. Less liquidity in small and midsize companies may hinder SAM's ability to sell these securities at the most opportune time compared to larger, more liquid companies.
- ***Concentration Risk.*** SAM manages concentrated portfolios, meaning that client portfolios may hold fewer securities than a diversified portfolio and may take larger positions in individual securities. SAM also manages highly concentrated portfolios that generally invest

in a single Steinberg Stock. As a result, client portfolios may be more affected by the performance of a particular security than a fund investing in a broader range of securities. Accounts that invest in a single stock are subject to a high degree of risk as the decline in price of the stock would adversely affect the entire account.

- **Value Investing.** Value stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks. Value stocks tend to be inexpensive relative to their earnings or assets compared to other types of stocks. However, value stocks can continue to be inexpensive for long periods of time and may not ever realize their full value.
- **General Foreign Risk.** Investments in foreign stocks and stocks issued by U.S. companies with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include: (1) fluctuations in foreign currencies; (2) withholding or other taxes; (3) trading, settlement, custodial and other operational risks; (4) geopolitical risk; and (5) the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments more volatile and potentially less liquid than U.S. investments.

Additionally, investors in the Private Funds should read the Risk Factors described in the respective offering materials which detail the risks specific to investing in the Private Funds, in particular:

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

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

- **Illiquid Investments.** The Private Funds may invest in securities and other assets, which are subject to legal or other restrictions on transfer or for which no liquid market exists, certain of which may be allocated to special accounts. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable and the Private Funds may not be able to sell them when it desires to do so or to realize what it perceives to be

their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over the counter markets. The Private Funds may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. An investment in the fund is suitable only for certain sophisticated investors who do not require immediate liquidity for their investments.

- ***Derivative Instruments.*** The Private Funds may use various derivative instruments, including options, futures, forward contracts, swaps and other derivatives which may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses.
- ***India Specific Risk.*** The India Strategy invests primarily in Indian securities. Investing in Indian securities may represent a greater degree of risk than investing in U.S. securities due to factors such as possible currency exchange rate fluctuations, possible exchange controls, less publicly-available information, more volatile markets, less stringent securities regulations, less favorable tax provisions (including possible withholding taxes), war, or expropriation, some of which are discussed in more detail below. In addition, Indian securities may be impacted differently by various market risks, including quality risks, liquidity risks and volatility. One can read the Risk Factors described in the India Fund offering materials which detail the risks specific to investing in the India Strategy.
- ***Wealth Management Specific Risk.*** Clients with non-discretionary wealth management accounts may not be able to react to negative market developments as quickly as discretionary clients due to the requirement to obtain consent and the frequency in which SAM intends to review the wealth management client accounts as described in “Review of Accounts” below. In addition, assets in which wealth management clients may invest are intended to relate to the personal investment objectives of the client, and, therefore, wealth management clients will generally not be allocated or recommended the same type of securities in which other clients of SAM will invest. If SAM is paid an asset-based fee, SAM will have a financial interest in maximizing assets subject to a management fee, which could result in conflicts of interest. The risk of SAM’s investment recommendations may be correlated and not provide the intended diversification.

In addition, as referred to in “Performance-Based Fees and Side-By-Side Management” above, the timing, nature, size and type of orders will vary for different accounts, including any concentrated portfolios, depending on the different investment or other considerations for different accounts. Trading for one group of accounts in a particular security may affect the market price of that security and thus the price of subsequent transactions for other accounts in the same security.

Disciplinary Information

Other than the single event described below, SAM and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

SAM held voting and investment discretion over shares of a Bermuda-registered company that trades both on the Oslo Børs in Norway as well as on the NASDAQ. At the time SAM began purchasing a substantial number of such shares on behalf of its clients, it retained Norwegian counsel to advise it of any filing obligations in Norway, and SAM was advised by counsel that SAM was not subject to any filing obligations in Norway. Subsequently, in 2008, applicable Norwegian law was changed so that SAM would be subject to certain filing obligations. SAM discovered this change in Norwegian law in the fall of 2009 when it updated its diligence on Norwegian filing requirements and promptly made the required filings with the Oslo Børs. Substantial information about SAM's interest in this company was at all relevant times publicly available through SAM's Schedule 13G and Form 13F filings. As a result of this late filing, the Financial Supervisory Authority of Norway, while acknowledging that it seemed that SAM had no intention of misleading the market, imposed a violation charge of 150,000 NOK (approximately \$26,000) on SAM. This did not affect in any way our investment approach in general or as it relates to securities issued in Norway or any other non-U.S. jurisdiction.

Other Financial Industry Activities and Affiliations

SAM, its principals and employees have not identified any current relationships or arrangements with other financial services companies that pose material conflicts of interest to SAM's fiduciary obligation to its clients.

Certain of SAM's staff are licensed registered representatives of Foreside Fund Services, LLC, an unaffiliated broker-dealer which serves as distributor of the Mutual Fund. Registration of representatives and adherence to FINRA rules allows SAM to market and sell the Mutual Fund to suitable investors directly.

SAM is the sponsor of the Private Funds, which are unregistered pooled investment vehicles. From time to time, SAM may recommend to certain clients that they invest in the Private Funds either in addition to or in lieu of investing in a SAM managed long-only value equity separate account. SIAM, which serves as investment manager to the India Fund, is a wholly-owned affiliate of SAM.

Interests in the Private Funds, which are collective investment vehicles, are exempt non-public offerings under the Securities Act of 1933, and the Private Funds are exempt from regulation under the Investment Company Act of 1940. Accordingly, interests in the Private Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements for private transactions within the United States. More information about the Partners Fund, and the India Fund is available in their respective offering documents. This brochure and the material contained herein is not meant to be, nor shall it be construed as, an offer or solicitation of an offer for the purchase or sale of any of the funds described.

SAM relies on exemptions available to it under the Commodities Futures Trading Commission rules to avoid registering as a commodity pool operator and commodity trading adviser. Similarly, the

Private Funds, and any relevant general partner entity, rely on exemptions to avoid registering as a commodity pool operator.

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

SAM has adopted a Code of Ethics (“Code”) in order to mitigate potential conflicts of interest. All SAM employees are covered by the Code. Below is a summation of the intent of SAM’s Code which is designed to ensure that its principals and employees:

- Act with integrity and in an ethical manner with the public, clients, prospective clients, employers and other participants in the global capital markets;
- Place the interests of clients, and the interests of SAM above their own personal interests;
- Adhere to the fundamental standard that employees should not take inappropriate advantage of their position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with the Code;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions and engaging in other professional activities; and
- Comply with applicable provisions of the federal securities laws.

SAM’s Code includes formal policies and procedures governing personal trading, prevention of insider trading, political contributions, receipt and giving of gifts, and outside activities.

Subject to Code requirements, SAM’s principals and employees may actively engage in trading on behalf of their own personal accounts, including in securities also held by client accounts. SAM also recommends securities in which it or its related persons have substantial ownership. This practice may create a situation where SAM’s employees are in a position to materially benefit from the sale or purchase of those securities and thus pose a potential conflict of interest. Prohibited practices include “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation), “front running” (i.e., personal trades executed prior to those of the SAM’s clients to take advantage of potential price changes or limited liquidity resulting from subsequent SAM trades in the same security), as well as other potentially abusive practices. SAM’s personal trading policies and procedures are reasonably designed to prevent and detect such abuses.

At no time may SAM’s principals or employees short individual securities or related securities held in client portfolios, including the Private Funds, or take derivative positions that have the same economic effect as ‘betting against’ client held securities. Additionally, employees must hold for at least 30 days any security held in client portfolios and employees may not trade in a security if it is included on SAM’s current interest list as a potential investment for client portfolios or is otherwise restricted from trading by the Chief Compliance Officer. SAM’s personal trading policy and procedures also require that employees: (1) pre-clear certain personal securities transactions; (2) report and certify personal securities transactions on at least a quarterly basis; (3) certify personal securities holdings (initially upon commencement of employment and annually thereafter) over

which such employees have a direct or indirect beneficial interest and certify such holdings; and (4) report any violations of the Code to the Chief Compliance Officer.

Certain SAM principals and employees trade securities for their own account, but SAM itself does not trade securities for its own account.

A complete copy of SAM's Code may be obtained upon request by any current or prospective client by contacting SAM's Chief Compliance Officer, Steven Feld, at 212-980-0080.

SAM also sponsors the Private Funds. While SAM manages these under different mandates than SAM's separate account clients, they may hold, including in higher proportions, the same securities as the portfolios of separate account clients. Michael A. Steinberg and members of his family maintain, directly and indirectly, significant investments in the Private Funds. Additionally, other SAM employees may from time to time invest in the Private Funds.

SAM has implemented policies and procedures to mitigate conflicts arising out of these investments to ensure that investment ideas are distributed fairly, including pre-allocation of trades for separate accounts and the Private Funds. As part of its procedures, SAM conducts regular checks on the allocation of investment ideas as well as the timing of and the prices received for securities transactions by separate accounts, the Mutual Fund and the Partners Fund.

Brokerage Practices

SAM typically has full discretion to select brokers and negotiate commissions for client trades for its discretionary clients. In certain instances, such as for clients from wrap fee programs or certain of its wealth management clients for which it arranges execution, SAM will accept direction from clients or agree to limitations with respect to SAM's discretion as to which brokers are to be used and what commissions are to be paid. Any such direction or limitation must be in writing.

Clients which, in whole or in part, direct SAM to use a particular broker to execute transactions for their accounts should be aware that, in so doing, they may adversely affect SAM's ability to, among other things, obtain volume discounts on bunched orders or to obtain best price and execution. Consequently, the cost of directed transactions may be greater. Further, clients who direct SAM to use particular brokers may not participate contemporaneously, or at all, in certain opportunities available to other clients. Transactions for directed accounts are generally placed only after transactions for non-directed accounts have been completely filled. As a result, directed accounts may receive the same securities at materially different prices and may not receive the manager's full intended investment experience. Additionally, SAM may "trade away" and regularly "steps out" trades from the custodians/broker-dealers seeking best execution as described below. "Trading away" may result in additional cost to the client as described below as well. Finally, clients should be aware that the aggregate impact of requiring directed brokerage may result in overall performance that differs from accounts which do not direct brokerage.

With respect to transactions over which SAM has full discretion to select brokers, it is SAM's policy, consistent with investment considerations, to seek the most favorable price and execution for brokerage orders in light of current market conditions. Commissions on brokerage transactions are generally subject to negotiation.

SAM seeks, but is not obligated, to bunch orders for the purchase or sale of the same security for client accounts where SAM deems this to be appropriate, in the best interests of the client accounts, and consistent with applicable regulatory requirements. When a bunched order is filled in its entirety, each participating client account will participate at the average share price for the bunched order on the same business day, and transaction costs shall be shared pro rata based on each client's participation in the bunched order. When a bunched order is only partially filled, the securities purchased will be allocated on a pro rata basis to each account participating in the bunched order based upon the initial amount requested for the account, except as described below, and each participating account will participate at the average share price for the bunched order on the same business day. A strict pro rata allocation may cause certain accounts that are custodied with broker/dealers such as Pershing Advisor Solutions LLC and Charles Schwab & Co. that charge per transaction to pay additional ticket costs if the order is filled through multiple partial transactions. As referred to in "Performance-Based Fees and Side-By-Side Management", Steinberg manages certain concentrated portfolios. Orders to transact in securities for such concentrated portfolios may be bunched with each other but not with orders to transact in the same securities for other separate accounts, the Mutual Fund, and the Private Funds.

In addition, SIAM utilizes the India Strategy to manage the India Fund and one separately managed account (the "India Separate Account"). SIAM seeks to maintain the same fair and equitable allocation over time between the India Fund and India Separate Account. Allocations are generally made pro-rata, however, allocations may not be pro rata in certain instances, which include, but are not limited to: overweight/underweight allocations during the initial investment period or after receipt/withdrawal of additional funds, overall portfolio rebalancing goals in relation to current portfolio positioning, and limited liquidity.

Exceptions to strict pro rata allocation of partially filled orders may include, without limitation, the avoidance of a client's holding odd lots or similar de minimis numbers of shares, avoidance of discrepancies in percentages of ownership in securities across accounts, delays in broker responsiveness or communications, or the payment of additional ticket costs charged by broker/dealer custodians such as Pershing Advisor Solutions LLC. In such cases, SAM will increase or decrease the amount of securities that would otherwise be allocated to each account by reallocating the securities in a manner which SAM deems fair and equitable to clients over time. SAM's wealth management clients will likely trade in different assets at different times from its other clients and, therefore, will generally not form part of a bunched order.

In seeking best execution for trades on behalf of its clients, SAM may instruct an executing broker to allocate, or step out all or a portion of a transaction to another broker. Step out trades are transactions which are executed at one broker and then "stepped out" or given up by that broker to another broker who receives credit for that trade. Step out trades may benefit the client by finding a natural buyer or seller of a particular security such that SAM is able to trade a larger block of shares more efficiently. SAM may use step out trades to accommodate a client's directed brokerage mandate, such as client in a wrap fee program where all trades are typically directed to the plan sponsor's broker and the client is not charged for each trade in the account. In the case of directed brokerage accounts, trades are often executed through a particular broker-dealer and then "stepped out" to the directed brokerage firm. Clients whose trades are stepped out do not incur additional

charges. In circumstances where SAM has followed a client's instructions to direct brokerage, there can be no assurance that SAM will be able to step out the trades, or, if it is able to step out trades, that it will be able to obtain more favorable execution than if it had not stepped out the trades.

SAM trades from time to time in over-the-counter ("OTC") equity securities. Most equity securities traded by SAM on the OTC are traded on an agency basis or with a commission. On occasion, SAM will place OTC equity transactions on an agency basis where there may be a "market maker" available; as such, clients will be charged commissions in addition to the broker's spread which is included in the offer or bid price of the security.

In choosing brokers to effect transactions, SAM may consider any research, statistical or other information or services, including their coverage of various industries, the information systems offered by such brokerage firms and the timing and accuracy of their delivery of statistical information provided by such other brokers which enhance SAM's investment research and portfolio management capability generally.

Accordingly, SAM shall not be required or deemed to have the duty to obtain the lowest brokerage commission rates available or to combine or arrange orders to obtain the lowest brokerage commission rates available on transactions for its clients. If the amount of commission charged by a broker is reasonable in relation to the value of the brokerage functions and services provided by such broker to SAM, SAM may direct brokerage transactions to such broker notwithstanding the fact that such broker charges higher commissions than those another broker might charge.

In evaluating brokers for executing trades, SAM considers market conditions, the nature of the order, and various other factors, including but not limited to those listed below:

- execution price
- commission
- general trading expertise
- electronic trading capabilities, access to algorithms and FIX connectivity
- responsiveness
- providing market and company color and updates
- minimizing market impact
- accessing liquidity, including dark pools
- anonymity
- speed, accuracy and frequency of trade updates
- value of research and brokerage services provided
- reputation, integrity and perceived counterparty risk
- settlement risk
- maintaining the relationship and trading abilities with the broker

Soft Dollars

SAM also effects transactions through several brokers which pay for research and brokerage services provided by third parties in accordance with Section 28(e) of the Securities Exchange Act

of 1934, commonly known as soft dollars. SAM receives a benefit when it utilizes client brokerage commissions to obtain research or other products and services because SAM does not have to produce or pay for the research or other product or service. These services may consist of written or oral research reports from either brokers directly or independent research providers regarding particular companies, industries or general economic conditions or of other services which aid SAM in fulfilling its investment decision-making responsibilities. These services include but are not limited to: (1) security pricing services; (2) electronic information management systems, including SAM's trade order management system; (3) data sets and tools used to manipulate such data which are employed to identify and analyze securities, including risk modeling and portfolio analysis; (4) products used to communicate trade information to brokers and other parties in order to properly settle trades; and (5) specialized financial and industry publications and news services. Research services furnished or paid for by brokers and through whom SAM effects transactions may be used by SAM in servicing all of SAM's accounts and not all such services may be used by SAM in connection with the accounts which paid commissions to the brokers providing the services. Commissions paid to brokers providing such research may be higher than those charged by brokers not providing such services. SAM has multiple commission capture arrangements, or soft dollar programs, in place. These may vary from time to time. SAM believes the commission rates and soft dollar credit percentages are reasonable in relation to the value of the brokerage functions and services provided to SAM. On occasion, a product or service furnished to SAM by a broker-dealer is useful in making investment decisions regarding client accounts and also provides administrative or other non-Section 28(e) eligible assistance to SAM, sometimes known as 'mixed-use' items. Under such circumstances, SAM makes a reasonable allocation as follows: the portion of such service or specific component which provides assistance to SAM in its investment decision-making responsibilities is obtained from the broker-dealer with commissions paid on client portfolio transactions, while the portion of such service or specific component which provides non-research assistance is paid for by SAM with its own resources.

SAM may have an incentive to select a broker based on our interest in receiving research or other products or services, rather than on client's interest in receiving the lowest commission. SAM will effect transactions through brokers providing third party research services only if the commissions charged by such brokers are reasonable in relation to the value of the brokerage functions and research services provided and only if the execution prices received on such trades are comparable to prices received from execution only brokers on similar trades. Also, research or soft dollar credits received from trading by one client has been and will in the future be used for the benefit of other clients

For those accounts custodied at Pershing Advisor Solutions LLC, Charles Schwab & Co. and Fidelity, Inc. and certain other custodians/broker-dealers, SAM may "trade-away" from the custodians/broker-dealers to generate soft dollar credits at another broker-dealer or to seek best execution in the best judgment of SAM considering all the facts and circumstances of the trade. Such trades result in trade-away fees of \$15 (\$19 for foreign trades) at Pershing Advisor Solutions LLC, between \$10 and \$25 at Charles Schwab & Co. and between \$10 and \$20 at Fidelity Inc. and are in addition to any commissions or mark-up/mark-downs charged by the brokers actually executing the transactions. Commissions and fees may be changed by custodians/broker-dealers from time to time.

SAM may utilize certain brokers that have pension or financial consulting divisions that influence the process by which entities select investment advisers (including SAM). When SAM places trades through a broker and also maintains a relationship with the pension or financial consulting division of the broker, the relationship could be construed as a potential conflict of interest that would incentivize SAM to place more trades through the broker in exchange for increased exposure through the pension consulting division. However, SAM mitigates this potential conflict by allocating brokerage to the counterparties subject to its fiduciary duty to seek best execution on client trades.

Trade Errors

SAM has established Trading Error procedures which provide that the resolution of all errors will be made in accordance with its fiduciary duties. It is SAM's policy to resolve any error identified in a client account in a manner which ensures that the account is made whole and no loss is born by a client. SAM prohibits the use of soft dollars to resolve trade errors. If a trade error is discovered prior to settlement, and the trade cannot practicably be broken, the trade will be settled in an SAM trade error account maintained at the broker/dealer. Securities acquired in an error account are not held for investment, but rather an offsetting transaction will be executed in the error account to either sell or cover the securities transacted in error, at SAM's discretion, as soon as practicable. SAM may elect to close such a position while client orders to buy or sell are pending. A trade error in one client's account may be corrected through reallocation of the amounts of securities that had been allocated to various client accounts so long as it is effected prior to settlement. Additionally, a transfer involving a post-settlement adjustment involving a purchase or sale between accounts of securities to another client's account may occur. Any reallocation or other transfer must be approved by the CCO and represent a legitimate investment decision by the Portfolio Manager in overall best interest of each account involved, and then only if the reallocation or other transfer is done without loss to the transferee account.

Review of Accounts

SAM's Portfolio Management Team monitors SAM trades on a daily basis and reviews portfolio holdings as described above in *Methods of Analysis: Investment Process and Research Process*. In addition, a separate Client Portfolio Manager reviews individual client accounts on an ongoing basis in consultation with the Portfolio Management Team. Client accounts are also reviewed periodically by SAM's senior management and by Compliance for adherence to guidelines and client objectives. Wealth management client accounts are generally reviewed on at least a quarterly basis by the Senior Advisor unless there is a significant catalyst event that triggers earlier changes in recommendations.

Advisory clients generally receive a written monthly or quarterly report of their account from SAM, which typically includes a summary of holdings and market values and performance history as well as other information which clients may request be included in their reports. Certain investors with SAM may receive reports only from the intermediary through which they access SAM's advisory services, such as investors in a wrap fee program or investors for whom SAM serves as sub-advisor to the investor's primary advisor. Clients may also receive written and/or online access to monthly or quarterly account statements directly from their custodian bank. Custodian banks serve as the

official source of books and records for all client accounts. Clients are urged to compare the reports provided by SAM with the statements provided by their custodian.

Mutual Fund investors may receive statements directly from the Mutual Fund's transfer agent, Atlantic Fund Services, or through a third party such as a broker-dealer or investment adviser which provide this information directly to their clients who are invested in the Mutual Fund. Investors in the Mutual Fund also receive periodic reports concerning the Mutual Fund required by the Investment Company Act of 1940 from the transfer agent or third party as mentioned above. Online access is available to these reports through the SEC's website: www.sec.gov.

Client Referrals and Other Compensation

SAM's affiliate, SIAM, which manages the India Fund, has entered into distribution agreements with Cresta Westhall, to solicit U.S. investors, and Westhall Partners, to solicit non-U.S. investors, for the India Fund. SIAM will compensate Cresta Westhall or Westhall Partners twenty percent of the management and performance fees generated by each referred investor for the first five years and ten percent for the next five years the referred investor remains invested in the India Fund. SIAM, not the investor or the India Fund, compensates Cresta Westhall and Westhall Partners directly.

Custody

All client separate account assets are custodied by unaffiliated broker/dealers or banks. SAM may be deemed to have custody of the client funds which clients have explicitly authorized SAM to directly debit its advisory fees. SAM believes based upon due inquiry that all clients either receive written statements directly from their custodian no less frequently than quarterly or receive online access to their account, including monthly or quarterly statements, after following their custodians procedures for giving consent to electronic delivery/access. SAM encourages clients to compare information contained in reports provided by SAM with their custodian statements. The Mutual Fund is custodied at Union Bank and investors may receive statements from the Mutual Fund's transfer agent, Atlantic Fund Services, or through a third party such as a broker-dealer or investment adviser who provides this information directly to their clients who are invested in the Mutual Fund.

Investors in the Private Funds will not receive statements from the custodian. Instead, each fund is subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the fund's fiscal year end. Investors in the Partners Fund and the India Fund also receive statements from the independent administrator on no less than a quarterly basis.

Investment Discretion

Other than certain wealth management clients, SAM generally has full discretionary authority with respect to its investment advisory accounts and the Private Funds. Clients may request that SAM tailor its advisory services for them to include restrictions and special objectives which SAM will accommodate so long as SAM believes implementation of the request will not unduly interfere with or disadvantage the requesting client or other existing clients. SAM and SIAM manage the Private Funds in accordance with their respective offering documents.

Voting Client Securities

Other than wealth management clients, SAM's clients typically delegate to SAM the authority and responsibility to vote proxies for the voting securities held in their accounts. Wealth management clients are typically instructed to inform their account custodians to send proxy voting information directly to the client. Where SAM has been granted the authority and accepted the responsibility for voting proxies, it will determine whether and how to do so, in the case of individual proxies, in accordance with its fiduciary obligations and its Proxy Voting Policy and Procedures (the "Policy") and the proxy voting guidelines adopted under the Policy. SAM reserves the right to amend its Policy at any time. SAM also has proxy voting authority with respect to the Partners Fund. SIAM has proxy voting authority with respect to the India Fund. SIAM provides proxy voting recommendations to the India Fund administrator and the India Fund custodian casts relevant votes.

When SAM or SIAM (or a delegate) votes proxies it will do so in the best interest of its clients (defined, for this purpose, as in the best interest of enhancing or protecting the economic value of client accounts and in accordance with its guidelines), considered as a group, as SAM and SIAM determine in their sole and absolute discretion and in accordance with their guidelines. SAM and SIAM have retained third-party vendors to assist with administrative aspects of the proxy voting process as well as to provide research and vote recommendations based on guidelines it has established. SAM and SIAM consider numerous factors in voting decisions, including the recommendations of the third-party providers. However, SAM or SIAM may, at its discretion, vote shares in a manner contrary to the third party's recommendation if SAM or SIAM feel that is in the best interest of clients. In the unlikely event that SAM or SIAM is required to vote a proxy that could result in a conflict between clients' best interests and SAM's or SIAM's best interests, SAM or SIAM will vote according to the third-party's recommendation.

SAM generally will not accept proxy-voting authority from a client if the client seeks to impose client-specific voting guidelines that may be inconsistent with SAM's guidelines or with the client's best economic interest in SAM's view.

SAM does not opine on or complete materials related to client participation in class actions except for the Private Funds. Where possible SAM will attempt to forward class action materials to clients directly should such materials be sent to SAM.

Clients can obtain a complete copy of SAM and SIAM's Policy as well as reports on how particular proxies were voted by contacting its office at 212-980-0080.

Financial Information

SAM has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.