

Item 1: Cover Page**GARGOYLE****Gargoyle Investment Advisor L.L.C.****Form ADV Part 2 Brochure**

This brochure (the “Brochure”) provides information about the qualifications and business practices of Gargoyle Investment Advisor L.L.C. (“Gargoyle,” the “Adviser,” the “Firm,” “we,” “us” or “our”). If you have any questions about the contents of this Brochure, please contact us at (201) 227-2200. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Additional information about Gargoyle is also available on the SEC’s website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Gargoyle is 152525.

Gargoyle is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Recipients of this Brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients.

Gargoyle Investment Advisor L.L.C.

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The delivery of this Brochure at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above. This Brochure will supersede all other documents containing information about Gargoyle.

Item 2: Material Changes

This Brochure contains updated information about Gargoyle's business since the last annual updating amendment dated March 29, 2018. This section of the Brochure will address only those "material changes" that have been incorporated since the last annual delivery of this document on the SEC's public disclosure website (IAPD). Accordingly, since the last annual update of this Brochure, dated March 29, 2018, the following material changes to Gargoyle's business and enhancements to disclosures have occurred:

- **Item 4. Advisory Business.** On January 1, 2019, Mr. Joshua B. Parker resigned amicably from Gargoyle. Mr. Parker served Gargoyle as Co-Chief Executive Officer and upon Mr. Parker's departure, Mr. William J. Irwin serves Gargoyle as Chief Executive Officer. In addition, to Mr. Parker's departure from Gargoyle, Mr. Phillip S. Martin resigned amicably from Gargoyle; however, Mr. Martin continues to remain as a Principal Member of Gargoyle Group Holdings L.L.C. ("Gargoyle Group"), the Managing Member of Gargoyle.

Gargoyle amicably ended its investment sub-advisory relationship with TCW Investment Management Company LLC ("TIMCO"). Accordingly, Gargoyle no longer serves as investment sub-adviser to the following TCW Alternative Funds series: TCW | Gargoyle Dynamic 500 Fund, TCW | Gargoyle Dynamic 500 Collar Fund, TCW | Gargoyle Dynamic 500 Market-Neutral Fund, TCW | Gargoyle Hedged Value Fund, TCW | Gargoyle Systematic Value Fund and TCW Long/Short Fundamental Value Fund (collectively, the "TCW Funds"). Each of the TCW Funds are a series of the TCW Alternative Funds, an open-end management investment company registered under the Investment Company Act of 1940, as amended.

Gargoyle made revisions and enhancements throughout Item 4, Advisory Business, to better reflect Gargoyle's current business and enhance disclosures.

- Gargoyle made substantial revisions and enhancements throughout the following Items of this Brochure to better reflect Gargoyle's current business practices and/or enhance disclosures related to such Item: Item 5, Fees and Compensation; Item 6, Performance-Based Fees and Side-by-Side Management; Item 7, Types of Clients; Item 10, Other Financial Industry Activities and Affiliations; Item 11, Code of Ethics; Item 12, Brokerage Practices; Item 13, Review of Accounts; and Item 17, Voting Client Securities.
- All recipients of this Brochure are encouraged to read it carefully in its entirety as material changes have occurred since the last annual updating amendment dated March 29, 2018.

In the future, this section of the Brochure will identify, address and discuss only the material changes since the last delivery or posting of this Brochure on the SEC's public disclosure website (IAPD) to assist and make you aware of certain information that has changed since the prior year's Brochure.

Gargoyle will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. All recipients of this Brochure are encouraged to read it carefully in its entirety.

Currently, Gargoyle's Brochure may be requested by contacting Gargoyle's Chief Executive Officer and Chief Compliance Officer, Mr. William J. "Bill" Irwin, at (201) 227-2240 or via email at birwin@gargoylegroup.com.

Additional information about Gargoyle is also available via the SEC's web site www.adviserinfo.sec.gov. The searchable IARD/CRD number for Gargoyle is 152525. The SEC's web site also provides information about any persons affiliated with Gargoyle who are registered, or are required to be registered, as investment adviser representatives of Gargoyle.



IMPORTANT NOTE ABOUT THIS DISCLOSURE BROCHURE***This Disclosure Brochure is not:***

- ***an offer or agreement to provide advisory services to any person***
- ***an offer to sell interests (or a solicitation of an offer to purchase interests) in any Issuer***
- ***a complete discussion of the features, risks or conflicts associated with any Issuer***

As required by the Advisers Act, Gargoyle provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in a pooled investment vehicle managed by Gargoyle, together with other relevant governing documents, such as the pooled investment vehicle's private placement memoranda, offering circular or prospectus and statement of additional information, prior to, or in connection with, such persons' investment in the pooled investment vehicle.

Although this publicly available Brochure describes investment advisory services and products of Gargoyle, persons who receive this Brochure (whether or not from Gargoyle) should be aware that it is designed solely to provide information about Gargoyle as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant governing documents. More complete information about each pooled investment vehicle is included in relevant governing documents, certain of which may be provided to current and eligible prospective investors only by Gargoyle or the pooled investment vehicle's underlying sponsor. To the extent that there is any conflict between discussions herein and similar or related discussions in any governing documents, the relevant governing documents shall govern and control.

This Brochure includes information about Gargoyle and its relationships (including the relationships it expects to have) with clients and affiliates. While much of this Brochure applies to all such clients and affiliates, certain information included herein may only apply to specific clients (or may apply to future clients) or affiliates only. This brochure does not constitute an offer to sell or solicitation of an offer to buy any securities.

The descriptions set forth in this Brochure of specific advisory services that Gargoyle offers to its clients, and investment strategies pursued and investments made by Gargoyle on behalf of its clients, should not be understood to limit in any way Gargoyle's investment activities. Gargoyle may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that Gargoyle considers appropriate, subject to each client's investment policies, objectives and guidelines. The investment strategies Gargoyle 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.



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Item 4: Advisory Business

Firm Background

Gargoyle is a New York limited liability company formed on March 23, 1999 for the purpose of providing discretionary portfolio management and investment advisory services to pooled investment vehicles and separately managed accounts. Gargoyle and its affiliated entities are headquartered in Englewood, New Jersey. Gargoyle filed its initial registration as an investment adviser with the SEC on January 13, 2010 and was granted effective registration by the SEC on February 11, 2010, under the Investment Advisers Act of 1940, as amended (the “Advisers Act”).¹ Gargoyle is wholly owned by Gargoyle Group Holdings L.L.C. (“Gargoyle Group”), a Delaware limited liability company, the managing principals of which are Messrs. William J. “Bill” Irwin, Alan S. MacKenzie, Jr., Phillip S. Martin, Alan L. Salzbank, and Thomas F. Concannon (each, a “Principal” and together, the “Principals”).

Gargoyle’s affiliate, Gargoyle Asset Management LLC, a New Jersey limited liability company, serves as the general partner to one or more of the pooled investment vehicles and has delegated exclusive investment advisory and other authority with respect to such pooled investment vehicles to Gargoyle (the “General Partner”). See *Item 10 – Other Financial Industry Activities and Affiliations* of this Brochure for more information regarding Gargoyle’s affiliated entities.

Advisory Services

Gargoyle offers discretionary (and non-discretionary) portfolio management and investment advisory (and sub-advisory) services to pooled investment vehicles and institutional separately managed accounts. However, Gargoyle currently provides discretionary portfolio management and investment advisory services to four (4) affiliated (*i.e.*, sponsored) privately-offered pooled investment vehicles whose investors include high net worth individuals, large institutions, endowments and foundations, and family offices. Such privately-offered pooled investment vehicles include: Gargoyle Enhanced Alpha Fund L.P. (“GEA Fund”), Gargoyle Hedged Value (Master) Fund L.L.C. (“Master Fund”), Gargoyle Hedged Value (CI) Fund Ltd. (“CI Fund”) and Gargoyle Hedged Value (QP) Fund L.P. (“QP Fund” and, together with GEA Fund, Master Fund, CI Fund, the “Funds”). Additionally, Gargoyle currently provides discretionary portfolio management and investment advisory services to institutional separately managed accounts (“Separate Accounts”). The Funds and Separate Accounts are collectively referred to herein as, the “Clients”.

In addition to serving as investment adviser, Gargoyle also serves as the managing member of the Master Fund and the sole owner of voting shares of the CI Fund. Substantially all of the assets of the CI Fund and QP Fund (collectively, the “Feeder Funds”) are invested in the Master Fund. Each of Funds are exempt from registration as an investment company under Section 3(c)(7) of the U.S. Investment Company Act of 1940, as amended (the “1940 Act”), and interests in the Funds will be privately offered and sold in the U.S. under the exemption provided by Section 4(a)(2) of the U.S. Securities Act of 1933, as amended (the “Securities Act”) and Rule 506 of Regulation D promulgated thereunder, and other exemptions of similar import in the laws of the states and jurisdictions where the offering will be made. Interests in the Funds will be offered outside the U.S. in reliance upon the exemption from registration provided by Regulation S promulgated under the Securities Act. In the future, Gargoyle may provide discretionary (or non- discretionary) portfolio management and investment advisory services (directly or indirectly through a sub-advisory arrangement with the client’s primary investment adviser) to other types of pooled investment

¹ Registration of an investment adviser does not imply any level of skill or training.

vehicles or structures. The type of Funds to which Gargoyle provides investment management services is more fully disclosed in Gargoyle's Form ADV Part 1 and summarized in *Item 7 – Types of Clients* of this Brochure.

Gargoyle offers several investment strategies to Clients and in doing so may invest in a wide range of securities and other financial instruments, including: equity securities of domestic and foreign issuers (both publicly and privately traded); corporate debt securities of domestic and foreign issuers (both publicly and privately traded); derivative securities, including, but not limited to, futures, options, swaps, and forward contracts; warrants; commercial paper; foreign currency contracts; registered investment company securities, including exchange-traded funds (“*ETFs*”); and U.S. government securities. As financial markets and products evolve, Gargoyle may invest in other instruments or securities, whether currently existing or developed in the future, when consistent with the Client's investment guidelines, objectives, and policies. Generally, Gargoyle invests for long-term growth of capital and income. Within that framework, a Client's objectives and unique circumstances may dictate that short-term positions be taken. See *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* of this Brochure for more information on Gargoyle's investment strategies philosophy, context and process, including portfolio construction.

Gargoyle's investment advisory (or sub-advisory) services consist of managing a Client's portfolio of investments, pursuant to an investment management agreement or other similar governing agreement (the “*Management Agreement*”), by providing origination, acquisition, asset management, and other administrative services to each respective Client in accordance with each Client's respective Management Agreement, private placement memorandum, offering memorandum, offering circular, limited partnership agreement, or other similar disclosure and governing documents (collectively, the “*governing documents*”). Gargoyle's investment advisory services consist of, but are not limited to, managing each Client's portfolio of investments, including sourcing, selecting, and determining investments in each Client's portfolio, monitoring investments by each Client and executing transactions on behalf of each Client, including investing and re-investing the assets of each Client's portfolio in accordance with the investment objectives, policies and guidelines set forth in each respective Client's governing documents. Accordingly, Gargoyle's investment advisory services to the Funds is not tailored to the individualized needs or objectives of any particular Fund investor. An investment in a Fund by an investor does not, in and of itself, create an advisory relationship between the investor and Gargoyle. Fund investors are not permitted to impose restrictions or limitations on the management of any Fund. A Fund's General Partner may enter into side letter agreements or arrangements with one or more investors in a Fund that alter, modify or change the terms of the interests held by such investors.

When Gargoyle serves as investment adviser (sub-adviser), it enters into a written Management Agreement with each of its advisory Clients, as described herein above. Such Management Agreements include provisions related to each Client's management fees, investment strategy, investment guidelines, termination rights, proxy voting and sub-adviser, if applicable. Gargoyle's standard Management Agreement contract generally permits either party to terminate the contract at the end of any calendar quarter following thirty (30) days' written notice or at any time following sixty (60) days written notice for pooled investment vehicles. Upon termination, Clients are billed only for the pro-rata portion of the management period. Clients do not pay a termination fee.

When Gargoyle serve as a sub-adviser, Gargoyle enters into a sub-advisory agreement with an unaffiliated investment adviser. These sub-advisory agreements typically include information related to Gargoyle's sub-advisory fee, investment strategy, investment guidelines, termination rights and proxy voting. The unaffiliated investment adviser enters into an investment management agreement with the end client.

Tailored Advice and Client-Imposed Restrictions

As stated herein above, Gargoyle's investment advisory (or sub-advisory) services consist of managing a Client's portfolio of investments, pursuant to the agreed upon terms of a Management Agreement. Each Management

Agreement is separately negotiated and designed to suit the needs of each particular Client and their respective investment objectives, policies, and guidelines as set forth in each respective Client's governing documents. Accordingly, Gargoyle tailors its investment advisory services to the individual needs of each respective Client and is subject to applicable investment objectives, policies, and guidelines set forth in the governing documents for each respective Client. Such Management Agreements may impose restrictions on Gargoyle's ability to invest in certain securities or types of securities. Additional portfolio restrictions may also include exposure limits, concentration limits, industry and sector limits, geographical limits, and liquidity limits. Gargoyle works with Clients to formulate appropriate and agreed-upon investment guidelines. Additionally, Gargoyle works with Clients to determine the feasibility of monitoring proposed restrictions and limitations. Clients who restrict their investment portfolios may experience potentially worse performance results than Clients with unrestricted portfolios even for Clients with similar objectives. Gargoyle reserves the right to reject or terminate any Client that seeks restrictions which Gargoyle is unable to implement, or which may fundamentally alter the investment objective of the strategy selected by the Client. Investors who participate in pooled investment vehicles, such as Funds, generally may not tailor investment guidelines.

Prospective clients and prospective client investors must consider whether a particular Gargoyle advisory relationship is appropriate for their own circumstances based on all relevant factors including, but not limited to, the prospective client's own investment objectives, liquidity requirements, tax situation, and risk tolerance. Prospective clients are strongly encouraged to undertake appropriate due diligence including, but not limited to, a review of governing documents relating to the proposed investment program for the prospective client and to investigate additional details about Gargoyle's investment strategies, methods of analysis, and related risks, before making an investment decision or committing to a service provided by Gargoyle. See *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* of this Brochure for a more detailed discussion on investment strategies and the risks involved with such strategies.

ALL DISCUSSION OF A FUND IN THIS BROCHURE, INCLUDING BUT NOT LIMITED TO ITS INVESTMENTS, THE STRATEGIES USED IN MANAGING A FUNDS, AND CONFLICTS OF INTEREST FACED BY GARGOYLE IN CONNECTION WITH THE MANAGEMENT OF A FUNDS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE RESPECTIVE FUND'S GOVERNING DOCUMENTS.

Wrap Fee Disclosure

Gargoyle does not participate in or sponsor any wrap fee programs.

Regulatory Assets Under Management

As of December 31, 2018, Gargoyle managed approximately \$146,500,000 of advisory assets, of which all were on a discretionary basis and none were on a non-discretionary basis. The SEC has adopted a uniform method for advisers to calculate assets under management for regulatory purposes which it refers to as an adviser's "regulatory assets under management." Regulatory assets under management are generally an adviser's gross assets, *i.e.*, assets under management without deduction for outstanding indebtedness or other accrued but unpaid liabilities. Gargoyle reports its regulatory assets under management in Item 5 of Part 1 of Form ADV which you can find at www.adviserinfo.sec.gov.



Item 5: Fees and Compensation

In consideration for Gargoyle's advisory and other services, Gargoyle generally is entitled to receive management fees, and may receive performance-based fees. While the fees and compensation applicable to each Client are described in detail in the applicable governing documents and/or Management Agreements, an overview of Gargoyle's basic fee schedule is summarized below. A potential investor should read and review all governing documents in their entirety before making any investment decisions.

Fee Schedules

Funds

Management Fees: In consideration for its advisory services to the Funds, Gargoyle receive a "Management Fee" from each respective Fund. The specific payment terms and other conditions of the Management Fees available to Gargoyle are set forth in the applicable Fund's governing documents, side letters and/or Management Agreements. The Management Fees are generally equal to one percent (1.00%) per annum of a Fund's assets managed by Gargoyle, on the appraisal date. Management Fees are prorated and payable monthly in arrears. Management Fees are generally paid to Gargoyle by deducting such fees from the applicable Fund, as provided in the applicable Fund's governing documents. Notwithstanding anything to the contrary preceding, the General Partner and any Fund investor who are affiliates of Gargoyle or the General Partner will be excluded from the calculation of, and will not be required to fund any portion of, the Management Fee.

Gargoyle and its affiliates will benefit from Gargoyle's relationship with and its receipt of Management Fees from the Funds. Such Management Fees and relationship will enhance the value of Gargoyle, and the Fund investors (other than those Fund investors holding direct or indirect interests in Gargoyle) will not participate in any increase in the value of Gargoyle.

Performance-Based Compensation: Additionally, Gargoyle may receive "Performance-Based Fees" (e.g., performance allocation or incentive fees) in connection with the management of each respective Fund. The specific payment terms and other conditions of the Performance-Based Fees available to Gargoyle or the General Partner are set forth in the applicable Fund's governing documents, side letters and/or Management Agreements. The Performance-Based Fees are generally equal to twenty percent (20%) of a Fund investor's net performance. However, new GEA Fund investors are charged a reduced Performance-Based Fees of fifteen percent (15%). Performance-Based Fees payable to Gargoyle or the General Partner are payable annually in arrears or upon redemption. All Performance-Based Fees payable to Gargoyle or the General Partner will be consistent with the requirements of Section 205 of the Advisers Act and Rule 205-3 thereunder.

Performance-Based Fees payable to Gargoyle on investment gains may create an incentive for Gargoyle to cause a Private Fund to make investments that are riskier or more speculative than would be the case if a performance-based compensation arrangement were not in effect. The Performance-Based Fees may create an incentive for Gargoyle to time investments, and the realization of investments, so as to maximize Performance-Based Fees rather than the returns of the Private Fund. *See Item 6 – Performance-Based Fees and Side-By-Side Management* of this Brochure for more information about Performance-Based Fees.

As of the date of this Brochure, Gargoyle manages three (3) Funds for which it receives Management and Performance-Based Fees.

Separate Accounts

Gargoyle's Management Fee for managing a Separate Account are determined through negotiation with each Separate Account Client and are set forth in the Management Agreement with the Separate Account Client. Typically, a Separate Account Client will pay Management Fees ranging from 0.45% to 1.0% annually. Management Fees are generally based upon the Separate Account's assets managed by Gargoyle, on the appraisal date, payable quarterly or monthly in arrears or in advance. Management Fees are generally paid to Gargoyle in one of two ways: by deducting such fees from the Separate Account or directly billing the Separate Account. Upon the termination of Gargoyle's Management Agreement with a Separate Account, Gargoyle will refund to the Separate Account the *pro-rated* portion of any Management Fee already received by the Separate Account for the period following the effective date of such termination.

Gargoyle may also collect Performance-Based Fees, which are generally based on an adjustment based on investment performance compared to an established benchmark index over a specified period of time and generally payable quarterly, annually or more frequently in arrears. Separate account Clients who negotiate Performance-Based Fees may pay a lower base Management Fee. Separate account Clients generally are responsible for brokerage commissions, transfer taxes, and other brokerage fees and investment expenses relating to investment instrument transactions in the separate account. Separate account Clients may incur operating and transaction fees, costs, and expenses associated with maintaining their accounts imposed by custodians, brokers, futures commission merchants, prime brokers, and other third-parties. Gargoyle does not receive any portion of these commissions, fees, or costs.

Advisory Services Compensation

Gargoyle's fees generally depend on the services being provided and vary from product to product based on a variety of factors, including but not limited to, the investment mandate or strategy, investment vehicle, degree of servicing required, account/relationship size, market-place conditions, and other factors Gargoyle deems relevant. For investment management services, fees typically are expressed as a percentage of the net assets under management. To the extent permitted under the Advisers Act, or the applicable provisions of the 1940 Act, in the case of investment companies registered under the 1940 Act, Gargoyle may negotiate and charge Performance-Based Fees or special allocations, as well as Management Fees. Clients who negotiate Performance-Based Fees may pay a lower base Management Fee. In addition, fees and allocations may be fixed, fixed plus performance, or performance only. See *Item 6 – Performance-Based Fees and Side-By-Side Management* of this Brochure for more information about Performance-Based Fees.

Gargoyle's Management Fees are typically calculated as a percentage of the market value of a Client's assets under management in accordance with its contractual Management Agreement. Fee breakpoints may be available for certain strategies and product types. Gargoyle's standard fee schedules, which are subject to change and may be negotiated, are described above under "Fee Schedules". Existing Clients may have different fee arrangements from those described in under Fee Schedules. To the extent Gargoyle engages a sub-adviser, it will pay the sub-adviser a portion of the management fee that Clients pay to Gargoyle. Gargoyle's Clients do not pay any fees, commissions or expenses directly to sub-advisers.

Gargoyle may, in its sole discretion, charge lower Management Fees or waive account minimums based on certain criteria including product type, investment strategy, client type, client domicile, services provided, the client's historical relationship with Gargoyle, number of related investment accounts, account composition or size, anticipated future earning capacity, current and anticipated future assets under management, marketplace considerations, early adoption of an investment strategy or investment in a particular vehicle, client's operational or investment limitations or restrictions, level of client servicing required, and other factors Gargoyle deems relevant. Gargoyle, in its sole



discretion, may also waive or charge lower Management and/or Performance-Based Fees and waive account minimums for employees, including portfolio managers, affiliates, or relatives of such persons. Assets from related accounts in similar investment vehicles may be aggregated for fee calculation purposes according to Gargoyle's policies and procedures.

Gargoyle may be limited in its ability to negotiate fees due, in part, to existing Client contracts, which require equivalent pricing. Under the terms of these agreements, Gargoyle is generally required to charge the same fee schedule to similarly-situated Clients. Generally, Gargoyle considers Clients to be similarly-situated if they are domiciled in the same country, are in the same investment vehicle managed as a component of the same investment composite, are of the same client type, require a similar level of client servicing, and have a similar account size, among other factors Gargoyle deems relevant.

To the extent fees are negotiable, certain Clients may pay more or less than other Clients for the same management services. In cases where consulting or referral arrangements are in place in which broker-dealers, investment advisers, trust companies, and other providers of financial services typically provide Clients with services that complement or supplement Gargoyle's services, Gargoyle may charge lower Management Fees for accounts managed.

In addition to Gargoyle's Management Fee, Clients may incur operating and transaction fees and costs and expenses associated with maintaining their accounts imposed by custodians, brokers, futures commission merchants, prime brokers, and other third-parties. Examples of these charges include but are not limited to custodial fees, margin, deferred sales charges, "mark-ups" and "mark-downs" on trades, odd-lot differentials, transfer taxes, handling charges, exchange fees (including foreign currency exchange fees), interest to cover short positions, wire transfer fees, electronic fund fees, conversion fees for American Depositary Receipts ("ADRs"), and other fees and taxes on brokerage accounts and securities transactions. Gargoyle does not receive any portion of these commissions, fees, or costs. See *Item 12 – Brokerage Practices* of this Brochure for more information about conversion fees for ADRs. As a sub-adviser, Gargoyle will receive a portion of the management fee the end Clients pay to the adviser; these Clients do not pay any fees, commissions, or expenses directly to Gargoyle.

Gargoyle generally invoices Clients on a monthly, quarterly, or semi-annual basis in arrears or in advance for its Management Fees. In any partial billing period, Gargoyle pro-rates fees based on the number of days an account is open. If a Client requests that Gargoyle automatically deduct Management Fees from its accounts, Gargoyle will bill the Client's custodian directly in accordance with Rule 206(4)-2 under the Advisers Act (*i.e.*, Custody Rule). Gargoyle may invest separate account assets in unaffiliated pooled investment vehicles that charge fees described in the pooled investment vehicles' governing documents. Separate Account assets invested in these unaffiliated pooled investment vehicles may pay both Gargoyle's investment Management Fee and the unaffiliated pooled investment vehicles' fees and expenses. To the extent Gargoyle invests Separate Account assets in sponsored (affiliated) pooled investment vehicles (*e.g.*, a Fund managed by Gargoyle), these assets generally will not be included as Separate Account assets for purposes of calculating or charging the Separate Account's Management Fee.

Direct Expenses

Each Client is responsible for expenses related to its respective operations and activities, including expenses associated with its investment portfolio and, if applicable, its proportionate share of the direct expenses of the third-party investment products in which it invests. The direct expenses incurred by each Client, which are outlined in detail in their respective governing documents and/or Management Agreement, as applicable, may vary depending on the nature of the operations and activities of the Client.

Below is a summary of the direct expenses typically borne by each type of Client. The summary is not meant to be a complete list of all direct expenses; nor should it be inferred that each expense appearing in the summary will be



incurred by every Client. Clients are advised to read the relevant governing documents and/or Management Agreement, as applicable, for a complete description of applicable direct expenses.

Generally, expenses related to operations and activities include, but are not limited to, the following: organizational and offering expenses (with respect to Funds), fees payable to the Gargoyle, third-party administrator and other investment expenses (*e.g.*, expenses that Gargoyle reasonably determines to be related to a Client's investment of assets, such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, premiums paid for options, swaptions, and other derivative instruments, bank service fees, and interest expenses); operational expenses; expenses incurred with respect to due diligence; investment-related travel expenses; the cost of computer hardware and software to the extent used for research relating to the Client's investments; legal and compliance expenses (including, without limitation, the fees and expenses of attorneys and compliance professionals retained by Gargoyle on behalf of the Client); 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 (whether provided by the employees of Gargoyle or another party); costs of printing and mailing reports and notices; taxes; corporate licensing; regulatory expenses (including, whether reported directly by the Client or Gargoyle, the costs and expenses related to a Client's U.S. and/or non-U.S. registration, regulatory and self-regulatory filings, reporting, registrations and memberships, and compliance including without limitation the costs of compliance reporting programs, third-party compliance consultants including the costs and expenses associated with complying with the requirements of any new or additional regulatory regime); insurance expenses; expenses incurred in connection with the offering and sale of the interest and other similar expenses related to the Client; and extraordinary expenses incurred by or relating to the Client or its activities

Other Compensation

Should Gargoyle provide investment management services, as an investment sub-adviser to an unaffiliated investment adviser, Gargoyle would generally receive a monthly sub-advisory fee on the average daily value of assets in which it manages, pursuant to a sub-advisory agreement. When Gargoyle enters into a sub-advisory relationship with an unaffiliated investment adviser, the fee schedule is generally individually negotiated. Gargoyle is paid by the unaffiliated investment adviser not the fund or portfolio of assets. Gargoyle is generally required to pay its own expenses incurred in connection with providing investment sub-advisory services.

Neither Gargoyle nor any of its supervised persons accept compensation for the sale of securities or other investment products. This practice presents a conflict of interest and gives Gargoyle or its supervised persons an incentive to recommend investment products based on the compensation received, rather than on a particular Client's needs.

For an additional discussion of other compensation, please refer to *Item 14 – Client Referrals and Other Compensation* of this Brochure

Item 6: Performance-Based Fees and Side-by-Side Management

As discussed in Item 5 above, Gargoyle or the General Partner may receive Performance-Based Fees (*e.g.*, performance allocations or incentive fees) in connection with the management of Clients' assets. The specific payment terms and other conditions of the Performance-Based Fees available to Gargoyle or the General Partner are set forth in the applicable Client's governing documents, side letters and/or Management Agreements.

The receipt of Performance-Based Fees from Clients may create an incentive for Gargoyle to make riskier or more speculative investments on behalf of Clients than they might otherwise make in the absence of such Performance-Based Fees. Performance-Based Fees may also incentivize Gargoyle to overvalue assets in order to increase the amount of its Performance-Based Fees. The performance on which Performance-Based Fees are calculated may, in certain circumstances, include unrealized appreciation and depreciation of investments that may not ultimately be realized and as a result may create an incentive for Gargoyle to time investments, and the realization of investments, so as to maximize Performance-Based Fees rather than the returns of the Client.

Similarly, Gargoyle charges Management Fees to Clients that vary. Different Management Fees may incentivize Gargoyle to dedicate increased resources and allocate more profitable investment opportunities or best investment ideas to Clients who are charged Management Fees (or Performance-Based Fee arrangements) that are more profitable for Gargoyle. Further, Performance-Based Fee calculations and hurdle rates may differ from Client to Client which may result in certain conflicts of interest, such as motivating Gargoyle to invest a Client in assets with heightened risk profiles that have the potential to produce relatively higher returns or causing Gargoyle to favor certain Clients over others. In addition, Gargoyle may compensate or provide discretionary bonuses to portfolio managers that are based on, among other things, the performance of a Client they manage or are otherwise responsible for, or based on the outcome of the specific advisory project. Gargoyle or its personnel or affiliates may have other pecuniary interests in Gargoyle's advisory Client's accounts.

Performance-Based Fee compensation is subject to Section 205(a)(1) of the Advisers Act, in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3, which requires that Performance-Based Fees only be charged to "qualified clients" as defined in Rule 205-3(d)(1) of the Advisers Act.

SPECIFIC CONFLICTS OF INTEREST AND CAERUS' PRACTICES DESIGNED TO MITIGATE SUCH POTENTIAL CONFLICTS OF INTEREST

Like all investment advisers who advise multiple accounts or funds having different fee structures, Gargoyle and its personnel will face actual and potential conflicts of interest, including an incentive to favor those Client accounts in which Gargoyle or its personnel have greater pecuniary interests over other Client accounts. Such potential conflicts of interest and Gargoyle's practices that are designed to mitigate such potential conflicts of interest are discussed below. As a general matter, Gargoyle addresses such potential conflicts by following a thorough, detailed, and consistent investment decision-making process and by regular reviews of investments by Gargoyle's investment staff.

- **Allocation of Investments.** Gargoyle may have an incentive to allocate investment opportunities based on pecuniary interest. Gargoyle and its personnel will face a conflict of interest when considering how to allocate limited investment opportunities among Client accounts having different fee structures or pecuniary interests, including Client accounts in which an affiliate is an investor. Through its relevant policies and procedures, Gargoyle seeks to promote fair and equitable treatment of Client accounts (including the allocation of investment opportunities) over time based on considerations that are unrelated to pecuniary interests. See *Item 11 – Code of Ethics, Allocation of Investment Opportunities* of this Brochure for more information regarding potential conflicts of interest.

- **Compensation of Gargoyle and its Personnel.** Gargoyle and its personnel may have an incentive to take on more risk when compensation is based on performance: The receipt of Performance-Based Fee compensation and the payment of bonuses relating to performance of Client accounts creates an incentive to make riskier investments than might be made in the absence of Performance-Based Fee compensation, as such compensation generally allows participation in gains in excess of exposure to losses. On the other hand, Performance-Based Fee compensation encourages an alignment of long-term investment interests between the Client and Gargoyle. Moreover, Performance-Based Fee compensation may be subject to mechanisms designed to ensure that prior losses are recouped and/or a certain level of gains is achieved before any Performance-Based Fee compensation accrues, such as loss carry forwards, hurdle rates, and/or high-water marks. Furthermore, as discussed in more detail in Item 13 of this Brochure, Gargoyle reviews each Client account that it advises on a regular basis to monitor risk levels. In addition, engaging in high risk investment practices that cause adverse performance will have a negative impact on the receipt by Gargoyle of Performance-Based Fee compensation and the receipt of discretionary bonuses paid to portfolio managers.
- **Performance-Based Fees for Gargoyle and Valuations.** When Gargoyle's compensation is based on the value or performance of investments, Gargoyle has an incentive to value a position at a price higher than it might otherwise be valued or to accelerate or defer realizations. To the extent that performance allocations may be based on increases in the net assets of a Client's account, Gargoyle's compensation would be based upon unrealized appreciation as well as realized appreciation. This means that Gargoyle may be compensated on performance that is ultimately not realized if positions decrease in value and are subsequently sold at a loss. The potential for inflated valuation of positions is increased when such positions are illiquid or otherwise lack a readily ascertainable market value. Gargoyle seeks to mitigate this conflict by valuing assets in accordance with its valuation policy, which is reasonably designed to assure that valuations are performed in a consistent and thorough manner that insulates the conflict. In general, Gargoyle considers the views of outside experts, including third-party valuation firms, in determining the value of illiquid or other hard to value assets. Gargoyle further seeks, on a best effort basis, to receive third party valuations from broker/dealers for security holdings of Gargoyle's Client accounts.
- **Cross-Transactions.** Generally, Gargoyle will not engage in cross-transactions. However, should Gargoyle engage in cross-transactions, it may have an incentive to favor Client accounts in which it has a greater pecuniary interest. Gargoyle will conduct such transactions in accordance with its policies to promote fairness to all participating accounts (*e.g.*, by assuring that an appropriate price is assigned to the security being crossed). Where required by law or the governing documents for a Client account, cross transactions are subject to Client consent prior to settlement. Information about said transaction, including the nature of the rebalancing transaction, the price at which it will be effected, and Gargoyle's position as principal, if applicable, are provided to allow the Client to determine whether or not to consent.
- **Other Conflict Mitigation Practices.** Many of the conflicts resulting from performance-based fees and side-by-side management are mitigated by Gargoyle's relevant policies and procedures. As a general principle, Gargoyle requires that potential conflicts of interest be addressed by placing Client interests before personal or proprietary interests. Gargoyle has also instituted policies to promote fair treatment of Client accounts based on considerations unrelated to pecuniary interests to ensure that, wherever possible and over time, opportunities are allocated in a fair and equitable manner.

Item 7: Types of Clients

As discussed in Item 4 of this Brochure, Gargoyle provides discretionary portfolio management and investment advisory services to high net worth individuals, large institutions, endowments and foundations, and family offices mainly through privately-offered pooled investment vehicles and separately managed accounts.

Funds: Information about the Funds, and the particular investment objectives, strategies, restrictions, guidelines and risks associated with an investment in a Fund, is described in the respective Fund's governing documents, which are made available to investors only through Gargoyle or another authorized party. Each Fund's minimum investment amount is stated in each respective Fund's governing documents. Each Fund's respective General Partner may waive the applicable minimum at their discretion. In addition, Gargoyle reports its minimum investment limits required of an investor for each Fund in Schedule D, Section 7.B.(1) – Private Fund Reporting of Part 1 Form ADV, which is available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Gargoyle is 152525.

Generally, investors participating in the Funds are required to meet certain suitability and net worth qualifications, such as being either (i) an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and that, in each case, are also a "qualified purchaser" as defined in Section 2(a)(51) of the 1940 Act; or (ii) a non-U.S. person in accordance with the requirements of Regulation S under the Securities Act and applicable eligibility requirements of the respective Fund; and (iii) in accordance with any other applicable law. As such, the Funds, Gargoyle manages are exempt from registration as an investment company through the exemption provided by Section 3(c)(7) of the 1940 Act.

To help the U.S. Government fight the funding of terrorism and money laundering activities, Gargoyle may seek to obtain, verify, and record information that identifies each investor who invests in a Fund. In this regard, when an investor seeks to open an account with Gargoyle or invest in a Fund managed by Gargoyle (including a separately managed account), Gargoyle may ask for a completed Form W-8/W-9, as applicable, which includes the name, address, Tax ID/Employer ID number (or any other registration number issued in the jurisdiction of location or incorporation) and other reasonably required information that will allow Gargoyle to identify the investor. Gargoyle may ask for information and documentation regarding source of funds to be invested. Gargoyle also reserves the right to ask for more information regarding the individuals who are beneficial owners of the investor and/or exercise control over the investor. Gargoyle may ask for the names of such beneficial owners and may also ask for address, date of birth, and other information that will allow Gargoyle to identify such beneficial owners. Gargoyle may also request such other information as may be necessary to comply with applicable law. Furthermore, Gargoyle may verify any of the aforementioned information using third-party sources and may share that information as required by applicable law or in connection with the execution of trades on behalf of that investor. For certain investors, Gargoyle may rely on the investor's broker-dealer, administrator, transfer agent, custodian or placement agent to obtain, verify and record the required information.

Separate Accounts: As a condition for starting and maintaining an investment management relationship through an Separate Account, Gargoyle generally imposes a minimum portfolio size of \$50,000,000. Gargoyle, in its sole discretion, may accept Clients with smaller portfolios based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationships, account retention and pro bono activities. Gargoyle only accepts Separate Account Clients with less than the minimum portfolio size if, in the sole opinion of the Gargoyle, the smaller portfolio size will not result in a substantial increase of investment risk beyond the Client's identified risk tolerance.

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

The following is a summary of the investment strategies and methods of analysis employed by Gargoyle on behalf of Clients. This summary should not be interpreted to limit in any way Gargoyle's investment activities. Gargoyle may offer any advisory services, provide advice with respect to any investment strategies, and make any investments, including those that may not be described in this Brochure, that Gargoyle considers appropriate, subject to each client's investment objectives and guidelines. Specific descriptions of such strategies and methods are included in each client's governing documents. In the case of sub-advised or separate accounts managed by Gargoyle, the investment strategies and methods of analysis employed on behalf of each managed account will be set forth in the Management Agreement between the managed account and Gargoyle or in other related documents. There can be no assurance that the investment objectives of any client will be achieved.

Method of Analysis and Investment Strategies

Gargoyle strives to provide equity investors with a favorable alternative to passive index investing. Each Client's investment strategy is outlined in its applicable governing documents and/or Management Agreement or in other related documents.

Value Stock Selection

For the GEA Fund and the Master Fund, Gargoyle selects and maintains a portfolio of "relative value" stocks (the "*Stock Portfolio*") using a fundamental quantitatively-driven value model. The goal for the Stock Portfolio is to achieve tax-advantaged long-term capital gains.

Options Overlay

For all Clients, Gargoyle sells index call options and/or buys index put options (the "Options Portfolio") against the applicable Stock Portfolio in an effort to increase income, reduce the volatility of returns and, in general, improve the reward/risk of the Stock Portfolio. In particular, Gargoyle hedges, partially or completely, the applicable Stock Portfolio with the sale of a mix of index call options and/or the purchase of a mix of index put options (the "Options Portfolio"), which indexes, as a whole, historically have been highly correlated to that Stock Portfolio. For all accounts, the options portfolio is continually monitored, and adjusted as needed, so as to maintain the combination of stocks and options within a targeted range of market exposure.

Risks of Loss*General Risk of Loss*

Clients should understand that all investment strategies and the investments made when implementing those investment strategies involve risk of loss and Clients should be prepared to bear the loss of assets invested. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a client's investments fluctuates due to market conditions and other factors. The investment decisions made and the actions taken for Clients' accounts are subject to various market, liquidity, currency, economic and political risks, and will not necessarily be profitable. Past performance of Clients' accounts is not indicative of future performance.

Investing with Gargoyle involves a high degree of risk for the Client and is suitable only for persons having substantial financial resources who understand the long-term nature, the consequences, and the risks associated with the investment strategy. There can be no assurance that Gargoyle's investment program will be profitable or that any

particular client will not incur losses in its account. The risks discussed below are those that Clients may be exposed to directly or indirectly. Certain risks apply specifically to particular investment strategies or investments in different types of securities or other investments that a Client (and its investors/beneficial owners) should be prepared to bear. Client investments entail a number of risks. There can be no assurance that a Client's investment program will prove successful, and certain investment practices can, in some circumstances, potentially increase any adverse impact on the Client's investment portfolios. Gargoyle's risk management approach seeks to isolate and mitigate, not eliminate, risk and there may be certain risks that Gargoyle determines should not or cannot be hedged against. Accordingly, Gargoyle's activities could result in substantial losses under certain circumstances. Investing in securities involves risk of loss that investors should be prepared to bear. The risks involved will vary based on each respective investment strategy and the type of securities or other investments held in a Client's account.

Market Risks

The profitability of a significant portion of Gargoyle's recommendations depends to a great extent upon the future appreciation in the price of stocks.

The Stock Portfolio is subject to market risk. There can be no guarantee that relative-value investing in general or the Stock Portfolio in particular will outperform the market during any particular period in the future or at all. In addition, even if the Stock Portfolio were to outperform the market in the future, there can be no guarantee that the Stock Portfolio will generate profits because, if the market were negative, the Stock Portfolio could both outperform the market and incur losses.

The Options Portfolio also is subject to market risk. While the price of options are theoretically derivable based upon a number of factors—the price of the underlying index, the strike price, interest rates, time to expiration, dividends and volatility—the market's perception, particularly as to the future volatility of the index, may cause the price of options to move differently from how theory would predict. While most index options ultimately settle for cash on Expiration Friday, in an amount equal to their intrinsic value (the amount by which the index exceeds (is below) the call (put) strike price (if at all)), during the course of a month options will trade for more than their intrinsic value. (This excess is called "time premium.") Although in theory the time premium (after adjusting for the other factors) should decline somewhat regularly as Expiration Friday approaches, in practice this is not always the case. Since time premium is a function of, among other things, the market's perception as to the future volatility of the index, as that perception changes, the time premium may, in effect, decay faster or slower than theory would predict. As a practical matter, Gargoyle believes this means that, in a down market, the Options Portfolio will not appreciate in value by as much as theory would predict. This is true intra-month, however, on Expiration Friday the options settle at their intrinsic value (or expire worthless).

In addition, although the Options Portfolio is intended to hedge the applicable Stock Portfolio in part, there is no guarantee that it will do so to the degree predicted by theory. In calculating the net long market exposure, Gargoyle must make certain determinations, including the market's perception as to the future volatility of the indexes. If the market's perception were to be incorrect or if Gargoyle were unable to forecast accurately any one or more of the components used to determine how best to hedge the applicable Stock Portfolio or the amount of the hedge that the Options Portfolio will provide, a Fund or client could, in practice, find itself to be longer (or less long) than Gargoyle's model would predict.

Moreover, to the extent that an Options Portfolio consists of short index call options, the total dollar hedge provided by the Options Portfolio will exceed the proceeds from the sale of those options. While Gargoyle's investment strategy includes intra-month adjustments to the Options Portfolio to keep the Funds, and Separate Accounts within certain parameters, in the event that the market were to open significantly lower than the previous day's closing price, the hedge provided by the short index calls in the Options Portfolio would be limited to the aggregate value of those

call options as at the prior day's close. To the extent an account owns puts, its Options Portfolio will generally provide a greater degree of protection than that described above for a short- call Option Portfolio.

Finally, since options expire on Expiration Friday while performance is determined as at the end of every month, the change in the rate of decay of the options in the Options Portfolio may have the unintended effect of shifting profits or losses in the Options Portfolio between months.

Early Exercise Risk

To the extent that an Options Portfolio consists of short index call options, those accounts are subject to the risk that the purchasers of those options may elect to exercise some or all of those options before the applicable Expiration Friday. Since most index options settle for cash, if some or all of those options were to be exercised, the Options Portfolio would not be as short as if those options had not been assigned and, accordingly, the net long market exposure would be longer than would have been the case had those options not been assigned. While Gargoyle will adjust each Options Portfolio, if necessary, to bring each Fund, Mutual Fund, and Separate Account back within its risk parameters as soon as practicable, there can be no guarantee that the market will not have declined prior to the opening of trading or prior to Gargoyle's ability to adjust the Options Portfolio accordingly. Gargoyle generally sells European-style index call options which can only be exercised at expiration and, therefore, are not subject to such early exercise risk.

Investments in Equity Securities

Common stock and similar equity securities generally represent the most junior position in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if and to the extent declared by the governing body of the issuer out of income or other assets available after making interest, dividend and any other required payments on more senior securities of the issuer.

No Formal Diversification Policies

While GEA and the Master Fund have adopted guidelines for diversifying its Stock Portfolio among companies, sub-industries, industries, industry groups and market sectors, they are guidelines only and Gargoyle is not restricted as to the percentage of assets that may be invested in any particular company, industry or market sector. In addition, the diversification guidelines relate only to the initiation of positions. None of these funds is required to sell or reduce its position in any stock, sub-industry, industry, and industry group or market sector that has become over-weighted solely due to market appreciation in one or more holdings. Notwithstanding the preceding sentence, those funds, other than GEA, currently re-balance their respective Stock Portfolios annually to reduce the long-term effect that any one stock, sub-industry, industry, industry group or market sector could have on the applicable Stock Portfolio.

Notwithstanding the forgoing, each Mutual Fund is a "diversified" investment company under the 1940 Act. This means that, with respect to 75% of a Fund's total assets, the Fund may not invest in securities of any issuer if, immediately after such investment, (i) more than 5% of the total assets of the Fund (taken at current value) would be invested in the securities of that issuer or (ii) more than 10% of the outstanding voting securities of the issuer would be held by the Fund (this limitation does not apply to investments in U.S. government securities). A Fund is not subject to this limitation with respect to the remaining 25% of its total assets. Under the IRC, to qualify as a regulated investment company, a fund must meet certain diversification requirements as determined at the close of each quarter of each taxable year. For instance, no more than 25% of a fund's assets can be invested in the securities of any one issuer other than U.S. Government securities and securities of other regulated investment companies, or of two or more issuers which the regulated investment company controls and which are engaged in the same, similar, or related

trades or businesses. In addition, at least 50% of the market value of the fund's assets must be represented by cash or cash items, U.S. government securities, securities of other regulated investment companies, and other securities limited in respect of any one issuer to a value not greater than 5% of the value of the fund's total assets and to not more than 10% of the outstanding voting securities of such issuer.

Dispersion

As part of its investment strategy, Gargoyle sells index call options for most accounts. As such, there is the risk that a Stock Portfolio will under-perform the blended performance of the indexes on which those options were sold. If a Stock Portfolio were to under-perform such indexes sufficiently, an account could incur losses, even during times that the Stock Portfolio generates profits.

Options

Options allow investors to buy or sell a security at a contracted strike price (not necessarily the current market price) at or within a specific period of time. Investors may pay or collect a premium for buying or selling an option. Specifically, Gargoyle sells index call options to hedge, in whole or in part, the applicable stock portfolios and as such, there are the risks that (i) an index appreciated above the strike price of the options sold by more than the amount of the sales proceeds and/or (ii) a stock portfolio under-performs the indexes on which the options were sold. If such portfolio were to under-perform indexes sufficiently, an investor could incur losses.

The total dollar hedge provided by the short index call options portfolio cannot exceed the proceeds of the sale of those options. While Gargoyle's core investment strategy includes intra-month adjustments of the options portfolio, if the market were to open significantly lower than the previous day's closing price, the options hedge would be limited to the aggregate value of those short index call options.

Certain accounts managed by Gargoyle purchase index put options as a component of the Stock Portfolio hedge. To the extent that an account owns such puts its Options Portfolio will generally provide a greater degree of protection than that described above for a short-call Option Portfolio. However, the profitability of such put protection will ultimately depend on the indexes closing below the strike price of the put options at expiration. Otherwise, the puts will expire worthless and an account will lose the amount of premium spent to purchase such puts.

An investment in a Fund, a Mutual Fund (other than TFVSX) or an Separate Account will expose investors to the risks inherent in trading options. These risks include, but are not limited to, volatile movements in the price of the underlying instrument and misjudgments as to the future prices of the options and/or the underlying instrument. Increased option volatility can increase both the profit potential and the risk of Gargoyle's trading. While volatility can be monitored and reacted to, there is no cost-effective means of hedging against market volatility.

Selling options creates additional risks. The seller of a "naked" call option (or the seller of a put option who has a short position in the underlying instrument) is subject to the risk of a rise in the price in the underlying instrument above the strike price, which risk is reduced only by the premium received for selling the option. In exchange for the proceeds received from selling the call option, the option seller gives up (or will not participate in) all of the potential gain resulting from a decrease in the price of the underlying instrument below the strike price prior to expiration of the option, when compared to an outright short position in the underlying security.

The seller of a "naked" put option (or the seller of a call option who has a long position in the underlying instrument) is subject to the risk of a decline in price of the underlying instrument below the strike price, which risk is reduced only by the proceeds received from selling the option. In exchange for the premium received for selling the put option, the option seller gives up (or will not participate in) all of the potential gain resulting from an increase in the price of

the underlying instrument above the strike price prior to the expiration of the option, when compared to an outright long position in the underlying security.

The purchaser of a call (put) option is subject to the risk that the index may not increase (decline) in price sufficiently above (below) the strike price to generate a profit that exceeds the premium spent to purchase such option.

Due to the inherent leveraged nature of options, a relatively small adverse move in the price of the underlying index could result in immediate and substantial losses. For example, if an in-the-money call option is sold for its intrinsic value plus a premium representing the time value of that option, a 10% rise in the value of the underlying stock index does not create a loss equal to just 10% of the value of the option; rather it creates a loss approximately equal to 10% of the value of the underlying instrument, less the time value, which loss may be many times greater than the price for which the option was sold.

Risk of Loss Due to Trading Errors and the Failure of Trading Systems

The Funds and the Separate Accounts are subject to the risk of failures or inaccuracies in trading systems, as trades may be placed or executed in error due to: (a) technical errors such as coding or programming errors in software, hardware problems and inaccurate pricing information provided by third parties, and (b) execution errors such as keystroke, typographic or inadvertent communication errors. Many exchanges have adopted “obvious error” rules that prevent the entry and execution of trades more than a specified amount away from the current best bid and offer on the exchange. However, such rules may not be in place on the exchanges on which Gargoyle trades and may not be enforced even if in effect. Moreover, such rules likely would not prevent the entry and execution of a trade entered close to the market price but at an erroneous size. Moreover, there is risk of the unavailability or failure of the trading systems or the computer systems of the exchanges on which Gargoyle trades. Any such errors or failures could subject the Funds and the Separate Accounts to substantial losses.

Suspensions of Trading

Securities exchanges typically have the right to suspend or limit trading in any instrument traded on the exchange. A suspension would render Gargoyle temporarily or permanently unable to liquidate positions.

Short Sales

Gargoyle may strategically make short sales of investment securities on behalf of a Client to hedge certain risks or capitalize on market misunderstandings of fundamentals, such as flawed business models or poor company management. In a short sale, the seller sells a security that it does not own, typically a security borrowed from a broker or dealer. Because the seller remains liable to return the underlying security that it borrowed from the broker or dealer, the seller must purchase the security prior to the date on which delivery to the broker or dealer is required. As a result, Gargoyle typically engages in short sales only where it believes the value of the security will decline, or will underperform relative to another security or group of securities in its portfolio, between the date of the sale and the date a client is required to return the borrowed security, or for hedging purposes. Short selling exposes a client to the risk of liability for the market value of the security that is sold, which in certain circumstances is an unlimited risk due to the lack of an upper limit on the price to which a security may rise. In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase or that securities will be available to be borrowed at reasonable costs. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a “short squeeze” can occur, and Gargoyle may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. Any of these factors could make Gargoyle unable to execute a particular investment strategy.

In the past, the SEC has adopted interim rules requiring reporting of all short positions above a certain de minimis threshold and may adopt rules requiring public disclosure in the future. In addition, other jurisdictions in which Gargoyle may trade have adopted reporting rules for short sales and short positions. If a client's short positions or its strategy become generally known, it could have a significant effect on Gargoyle's ability to implement its investment strategies for such client. In particular, it would make it more likely that other investors could cause a "short squeeze" in the securities held short by a client forcing a client to cover its positions at a loss. In addition, if other investors engaged in copycat behavior by taking positions in the same issuers as a client, the cost of borrowing securities to sell short could increase drastically, and the availability of such securities to such client could decrease drastically. Such events could make Gargoyle unable to execute its investment strategy. The SEC has adopted restrictions on the short sales of securities that fall more than ten percent in a given day (referred to as the "circuit breaker" or "modified uptick" rule). Such events and these and other restrictions on Gargoyle's ability to engage in short sales could make Gargoyle unable to execute its investment strategy and cause losses to a Client.

The SEC and regulatory authorities in other jurisdictions may adopt (and in certain cases, have adopted) bans on short sales of certain securities in response to recent market events. Bans on short selling may make it impossible for Gargoyle to execute certain investment strategies on behalf of a client and may have a material adverse effect on its ability to achieve its investment objective and generate returns.

Market Disruption and Geopolitical Risk

A client is subject to the risk that war, terrorism, and related geopolitical events may lead to increased short-term market volatility and have adverse long-term effects on the U.S. and world economies and markets generally, as well as adverse effects on issuers of securities and the value of a client's investments. Those events, as well as other changes in U.S. and non-U.S. economic and political conditions, also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment, and other factors affecting the value of a client's investments. At such times, a client's exposure to a number of other risks described elsewhere in this section can increase.

Cybersecurity

Investment advisers, including Gargoyle, increasingly rely on information and technology systems to conduct their business. Such systems might in some circumstances be subject to cybersecurity incidents or similar events that could potentially result in damage or interruption to these systems, unauthorized access to sensitive transactional and personal information, intentional misappropriation, corruption or destruction of data, or operational disruption. Gargoyle maintains an information technology security policy and has implemented certain technical and physical safeguards intended to protect the integrity of its information and technology systems. Nonetheless, despite reasonable precautions, cybersecurity incidents could potentially occur, and might in some circumstances result in the failure to maintain the security, confidentiality or privacy of sensitive data. Cybersecurity incidents experienced by third party vendors or service providers may indirectly affect Clients. Cybersecurity risks can disrupt the ability to engage in transactional business, cause direct financial loss and affect the value of assets in which Clients invest, harm Gargoyle's reputation, lead to violations of applicable laws, result in ongoing prevention, risk management and compliance costs, and otherwise affect business and financial performance.

The foregoing risk factors and conflicts of interest do not purport to be a complete list or explanation of all the risks and conflicts of interest associated with the strategy pursued by Gargoyle's Clients, Gargoyle's method of analysis or types of investment instruments utilized on behalf of its Clients; nor should it be inferred that each and every risk factor and conflict of interest appearing below will be applicable to every client. Clients are advised to read the relevant governing documents and/or Management Agreement, as applicable, for a more complete description of risks and conflicts of interest.



Item 9: Disciplinary Information

This Item requests information relating to legal and disciplinary events in which Gargoyle or any supervised persons have been involved that are material to advisory client's or prospective client's evaluations of Gargoyle's advisory business or management. There are no reportable material legal or disciplinary events related to Gargoyle or any of its supervised persons. In the ordinary course of Gargoyle's business, Gargoyle, its affiliates and employees have not in the past been subject to any formal or informal regulatory inquiries, subpoenas, investigations, legal or regulatory proceedings involving the SEC, or any other regulatory authorities, including private parties and self-regulatory organizations ("SRO").

Item 10: Other Financial Industry Activities and Affiliations

Affiliated Broker-Dealers

Gargoyle and its management persons are not registered, nor has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. Gargoyle has no existing or pending affiliations with a broker-dealer or a registered representative of a broker-dealer.

Affiliated CPO and/or CTA

Gargoyle and its management persons are not registered, nor has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. Gargoyle has no existing or pending affiliations with a futures commission merchant, commodity pool operator, or commodity trading advisor.

However, Gargoyle and certain related entities rely on an exemption from registration under CFTC Rule 4.13(a)(3) with the Commodity Futures Trading Commission ("CFTC") and therefore Gargoyle is exempt from registration as a commodity pool operator ("CPO"). Additionally, Gargoyle relies on an exemption from registration under CFTC Rule 4.14(a)(8) with the CFTC and therefore Gargoyle is exempt from registration as a CPO and commodity trading advisor ("CTA").

Affiliated General Partner

As stated in *Item 4 – Advisory Business* of this Brochure, Gargoyle and an affiliate of Gargoyle (*i.e.*, the General Partner) serve as a general partner to one or more of Gargoyle's sponsored Funds and are regularly engaged in the business of sponsoring such Fund. In connection with such services the general partner of each respective Fund may receive Performance-Based Fees (*e.g.*, performance allocations or incentive fees) described above in Item 5 of this Brochure. The specific payment terms and other conditions of the Performance-Based Fees available to a General Partner are set forth in the applicable Fund's governing documents, side letters and/or fee agreements. Through common control, Gargoyle is affiliated with each Fund's respective General Partner. Additionally, as described above in Item 6 of this Brochure, the receipt of Performance-Based Fees from Funds may create an incentive for Gargoyle or the General Partners to cause such Funds to make riskier or more speculative investments than they would otherwise make in the absence of Performance-Based Fees. Gargoyle addresses these conflicts of interest by providing in its Code of Ethics that all supervised persons have a duty to act in the best interests of each Client, providing training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under Gargoyle's written policies and procedures.

Set forth below are Gargoyle's affiliated General Partners and the corresponding Clients:

General Partner or Managing Member	Fund(s)
Gargoyle Asset Management LLC, general partner	Gargoyle Enhanced Alpha Fund L.P. Gargoyle Hedged Value (QP) Fund, L.P.
Gargoyle Investment Advisor L.L.C., managing member	Gargoyle Hedged Value (Master) Fund L.L.C.

Selection of Service Providers

Except as may otherwise be provided under the terms of a Client's governing documents, Gargoyle or one or more of its affiliates will generally select Clients' service providers and will determine the compensation of such providers without review by or the consent of an advisory board, the investors or an independent party. Clients, regardless of the relationship to Gargoyle, its affiliates or the person performing the services, bear the fees, costs and expenses related to such services. This may create an incentive for Gargoyle or an applicable affiliate to select an Affiliated Service Provider or to select service providers based on the potential benefit to Gargoyle, rather than to Clients. For example, Gargoyle may select service providers that use its or its affiliates' premises, for which Gargoyle or one of its affiliates does not currently, but may in the future, receive overhead, rent or other fees, costs and expenses in connection with such on-site arrangement.

Gargoyle or one or more of its affiliates may engage the same service provider to provide services to a Client that also provides services to Gargoyle or any such affiliate, which creates a potential conflict of interest to the extent the interests of such parties are not aligned. For example, a law firm may at the same time act as legal counsel to a Client, its General Partner or similar person, Gargoyle or other affiliates of Gargoyle.

Gargoyle and its affiliates address these conflicts of interest by using reasonable diligence to ascertain whether each service provider (including law firms) provides its service on a "best execution" basis, taking into account factors such as expertise, operational and regulatory controls, availability and quality of service and the competitiveness of compensation rates in comparison with other service providers satisfying Gargoyle's or its affiliates' service provider selection criteria. In addition, in the event such service providers are affiliates of Gargoyle (as opposed to third parties), the engagement of such providers must typically comply with the conditions applicable to affiliate transactions, if any, set forth in the Clients' governing documents.

Relationship or Arrangements with Affiliates and/or Related Persons

Gargoyle does not select or recommend non-affiliated investment advisers to Clients or prospective Clients. There are inherent conflicts of interest when a related person provides services to an investment adviser and its clients, in that such arrangements may not be conducted at "arm's length" and that Gargoyle may have an incentive to favor a related person over an independent third party.

Item 11: Code of Ethics

Gargoyle maintains a policy of strict compliance with the highest standards of ethical business conduct and the provisions of applicable federal securities laws, including rules and regulations promulgated by the SEC, and has adopted policies and procedures described in its code of ethics. The code of ethics has been adopted by Gargoyle in compliance with Rule 17j-1 under the 1940 Act and Section 204A of the Advisers Act. The code of ethics applies to each employee of Gargoyle and any other “access person” as defined under the Advisers Act. It is designed to ensure compliance with legal requirements of Gargoyle’s standard of business conduct.

A complete copy of Gargoyle’s code of ethics (“*Code of Ethics*”) is available upon request to Clients or prospective clients by contacting Gargoyle’s CCO at (201) 227-2240 or via email at birwin@gargoylegroup.com.

The Code of Ethics is based upon the premise that all Gargoyle personnel have a fiduciary responsibility to render professional, continuous, and unbiased investment advisory services. The Code of Ethics requires all personnel to: (1) comply with all applicable laws and regulations; (2) observe all fiduciary duties and put Client interests ahead of those of Gargoyle; (3) observe Gargoyle’s personal trading policies so as to avoid “front-running” and other conflicts of interests between Gargoyle and its Clients; (4) ensure that all personnel have read the Code of Ethics, agreed to adhere to the Code of Ethics, and are aware that a record of all violations of the Code of Ethics will be maintained by Gargoyle’s CCO, and that personnel who violate the Code of Ethics are subject to sanctions by Gargoyle, up to and including termination.

Standards of Conduct: Gargoyle and its access persons are expected to comply with all applicable federal and state laws and regulations. Access persons are expected to adhere to the highest standards of ethical conduct and maintain confidentiality of all information obtained in the course of their employment and bring any risk issues, violations, or potential violations to the attention of the CCO. Access persons are expected to deal with Clients fairly and disclose any activity that may create an actual or potential conflict of interest between them and Gargoyle or a Client.

Ethical Business Practices: Falsification or alteration of records or reports, also known as a prohibited financial practice, or knowingly approving such conduct is prohibited. Payments to government officials or government employees are prohibited except for political contributions approved by Gargoyle’s CCO. Gargoyle seeks to outperform its competition fairly and honestly and seeks competitive advantages through superior performance not illegal or unethical dealings. Access persons are strictly prohibited from (i) participating in online blogging and communication with the media, unless approved by the CCO and (ii) spreading false rumors pertaining to any publicly traded company.

Confidentiality: Employees must maintain the confidentiality of Gargoyle’s proprietary and confidential information and must not disclose that information unless the necessary approval is obtained. Gargoyle has a particular duty and responsibility, as an investment adviser or sub-adviser, to safeguard Client information. Information concerning the identity and transactions of Clients is confidential, and such information will only be disclosed to those employees and outside parties who may need to know it in order to fulfill their responsibilities.

Gift and Entertainment Policy: Access persons are permitted, on occasion, to accept gifts and invitations to attend entertainment events. When doing so, however, employees should always act in Gargoyle’s best interests and that of its Clients and should avoid any activity that might create an actual or perceived conflict of interest or impropriety in the course of Gargoyle’s business relationship. Under no circumstances may (i) gifts of cash or cash equivalents be accepted or (ii) may any gifts be received in consideration or recognition of any services provided to or transactions entered into by, Client accounts.

Personal Trading

Personal Trading Policy: In general, no access person may acquire, directly or indirectly, any beneficial ownership in any “reportable security” without first obtaining the prior written approval of the CCO or her appointed designee. Access persons who violate the personal trading policy are reprimanded in accordance with the sanctions provisions outlined in the Code of Ethics. Personal securities transactions are reviewed by the CCO or her appointed designee for compliance with the personal trading policy and applicable SEC rules and regulations.

Gargoyle’s principals and employees and certain of their affiliates may, from time to time, purchase or sell for their own personal accounts financial instruments that are recommended to or purchased or sold on behalf of Clients’ accounts. Gargoyle’s principals and employees may also take investment positions in their personal accounts that are different from, or contrary to, those taken by Client accounts; however, they generally are not permitted to trade ahead of Client accounts. Gargoyle’s principals and employees may frequently engage in the purchase and sale of public and private securities and other financial instruments for their own personal accounts, including financial instruments that are recommended to, owned by or purchased or sold on behalf of Client accounts. The personal trading activities of Gargoyle’s principals, employees and affiliates may raise various actual and potential conflicts of interest. Gargoyle has implemented various compliance policies and procedures, including personal trading and reporting policies, in an attempt to reduce, mitigate, or address any such actual or potential conflicts of interest. For example, as noted above, all access persons generally are required to obtain the prior written consent of the CCO before buying or selling any “reportable security.”

Whenever the CCO determines that one of Gargoyle’s affiliates or employees is in possession of material non-public information regarding an issuer, such issuer may either be placed on a restricted list or a watch list. When a company is placed on a watch list or restricted list, all employees are prohibited from personal trading in securities of those companies.

Prohibition against Insider Trading: Gargoyle forbids any access person from trading, either personally or on behalf of others, including Clients advised by Gargoyle, on material non-public information or communicating material non-public information to others in violation of the law or duty owed to another party. This conduct is frequently referred to as “insider trading”. The concepts of material non-public information, penalties for insider trading, and processes for identifying insider trading are addressed in detail in the Compliance Manual and Code of Ethics.

Reporting Requirements: In compliance with SEC rules, access persons are required to disclose all of their personal brokerage accounts and holdings within 10 days of initial employment with Gargoyle, within 10 days after the end of each calendar quarter of opening a new account, and annually thereafter. Additionally, the last day of the month following each quarter-end, all access persons must report all transactions in reportable securities over which the access person had any direct or indirect beneficial ownership. Access persons are also required annually to affirm all reportable transactions from the prior year.

Privacy Policy: Gargoyle has adopted a privacy policy that explains the manner, in which Gargoyle collects, utilizes, and maintains nonpublic personal information about Clients. Gargoyle recognizes and respects the privacy concerns of their potential, current, and former Clients. Gargoyle is committed to safeguarding this information. As a member of the financial services industry, Gargoyle will provide this Privacy Policy for informational purposes to Clients and employees and will distribute and update it as required by law. The Privacy Policy is also available to upon request.

Collection of Information and Disclosure of Nonpublic Personal Information: To provide Clients with effective service, Gargoyle may collect several types of nonpublic personal information about Clients, including: (i) information from forms that Clients may fill out, such as subscription forms, questionnaires, and other information



provided by Clients in writing, in person, by telephone, electronically, or by any other means. This information includes name, address, nationality, tax identification number, and financial and investment qualifications; (ii) information Clients may give orally; (iii) information about transactions within Gargoyle, including account balances, investments, and withdrawals; (iv) information about the amount Clients have invested, such as initial investment and any additions to and withdrawals from an investment in the Clients; and (v) information about any bank accounts Clients may use for transfers to or from separately managed accounts (if applicable).

Disclosure of Nonpublic Personal Information: Gargoyle does not sell or rent Client information. Gargoyle uses this information to conduct business with its Clients: (i) to develop or enhance its products and services; (ii) to understand the financial needs of its Clients so that Gargoyle can provide such Clients with quality products and superior service; and (iii) to protect and administer its Clients' records, accounts, and funds. Gargoyle does not disclose nonpublic personal information about its Clients to nonaffiliated third parties or to affiliated entities, except as permitted or required by law. For example, Gargoyle may share nonpublic personal information in the following situations: (i) to service providers in connection with the administration and servicing of Gargoyle; this may include attorneys, accountants, auditors, and other professionals. Gargoyle may also share information in connection with the servicing or processing of Client transactions; (ii) to affiliated companies in order to provide Clients with ongoing personal advice and assistance with respect to the products and services Clients have purchased through Gargoyle and to introduce Clients to other products and services that may be of value to such Clients; (iii) to respond to a subpoena or court order, judicial process, or regulatory authorities; (iv) to protect against fraud, unauthorized transactions (such as money laundering), claims, or other liabilities; and (v) upon consent of a Client to release such information, including authorization to disclose such information to persons acting in a fiduciary or representative capacity on behalf of the Client.

Protection of Client Information: Gargoyle's policy is to require that all employees, financial professionals, and companies providing services on its behalf keep Client information confidential. Gargoyle maintains safeguards that comply with federal standards to protect Client information. Gargoyle restricts access to the personal and account information of Clients to those employees who need to know that information in the course of their job responsibilities. Third parties with whom Gargoyle shares Client information must agree to follow appropriate standards of security and confidentiality. Gargoyle's privacy policy applies to both current and former Clients. Gargoyle may disclose nonpublic personal information about a former Client to the same extent as for a current Client.

Changes to Privacy Policy: Gargoyle may make changes to its privacy policy in the future. Gargoyle will not make any change affecting any Client without first sending to that Client a revised privacy policy describing the change.

Potential Conflicts

Gargoyle, its affiliates, and their respective officers, directors, trustees, stockholders, members, partners, and employees and their respective assets and investment accounts (collectively, the "*Related Parties*") engage in a broad range of activities, including activities for their own account and for the accounts of Clients. This section describes various potential conflicts that may arise in respect of the Related Parties, as well as how Gargoyle addresses such conflicts of interest. The discussion below does not describe all conflicts that may arise.

Any of the foregoing potential conflicts of interest will be discussed and resolved on a case by case basis. Gargoyle's determination as to which factors are relevant, and the resolution of such conflicts, will be made using its best judgment, but in Gargoyle's sole discretion. In resolving conflicts, Gargoyle will take into consideration the interests of the relevant Clients, the circumstances giving rise to the conflict, and applicable laws. Certain procedures for resolving specific conflicts of interest are set forth below.



Allocation of Investment Opportunities: Gargoyle acts as investment adviser to more than one Client that may have similar investment objectives and pursue similar strategies. Certain investments identified by Gargoyle may be appropriate for multiple Clients. When it is determined by Gargoyle that it would be appropriate for more than one Client to participate in an investment opportunity, Gargoyle will generally allocate such investment *pro rata* among the participating Clients in proportion to the relative total market value of each participating Client's portfolio on a pre-trade basis, taking into account such other factors as it may, in its sole discretion determine appropriate. Such factors in determining how an investment opportunity is allocated may include, but are not limited to, the following considerations: (i) investment objectives, guidelines, and restrictions of the Client, including any limitations and restrictions on a Client's portfolio that are imposed by such Client's governing documents; (ii) regulatory restrictions or legal contractual requirements; (iii) the size, nature and type of investment; (iv) current holdings, targeted asset mix, or diversification requirements; (v) the availability of capital for investment (*i.e.*, cash position) or the size of a Client's portfolio; (vi) pre-determined plan of a Client or Clients and corresponding capital commitments; (vii) minimum trade denominations; (viii) target investment return; (ix) risk-return considerations; (x) risk tolerance of the Client; (xi) relative exposure to market trends; (xii) tax consequence; (xiii) targeted leverage level; (xiv) strategic objectives; (xv) specific liquidity requirements or liquidity needs or constraints of the Client; (xvi) determination by the Investment Committee that the investment or sale opportunity is inappropriate, in whole or in part, for one or more of the Clients; or (xvii) other considerations that Gargoyle deems necessary or appropriate in light of the circumstances at such time. In addition, if it is fair and reasonable that certain Clients are fully filled of their appetite before others (*e.g.*, for tax considerations, to avoid *de minimis* partial allocations, to cover or close out an existing position to mitigate risk or losses, etc.), then these Clients may receive full or disproportionate allocations, with the remaining amounts allocated in accordance with normal procedures among the other participating Clients. One or more of the foregoing considerations in this paragraph may (and are often expected to) result in allocations among accounts other than on a *pari passu* basis. Accordingly, particular investment may be bought or sold for only one Client or in different amounts and at different times for more than one but less than all Clients, even though it could have been bought or sold for other Clients at the same time. Likewise, a particular investment may be bought for one or more Clients when one or more other Clients are selling the investment. In addition, purchases or sales of the same investment may be made for two or more Clients on the same date. There can be no assurance that a Client will not receive less (or more) of a certain investment than it would otherwise receive if Gargoyle did not have a conflict of interest among Clients.

In effecting transactions, it is not always possible, or consistent with the investment objectives of Gargoyle's various Clients, to take or liquidate the same investment positions at the same time or at the same prices. Certain investment restrictions may limit Gargoyle's ability to act for a Client and may reduce performance. Regulatory and legal restrictions (including restrictions on aggregated positions) may also restrict the investment activities of Gargoyle and result in reduced performance.

Gargoyle seeks to manage and/or mitigate these potential conflicts of interest described by following procedures with respect to the allocation of investment opportunities for its Clients, including the allocation of limited investment opportunities. Gargoyle's allocation policy is based on a fundamental desire to treat each Client account fairly over time.

It is Gargoyle's general policy to allocate investments among its Clients in a manner which it believes to be fair and equitable. Allocations of investment opportunities should not be based on any of the following, or similar, reasons: (i) to generate higher fees paid by one account over another, or to produce greater fees to Gargoyle; (ii) to develop a relationship with a Client or prospective Client; or (iii) to compensate a Client for past services or benefits rendered to Gargoyle or any employee of Gargoyle or to induce future services or benefits to be rendered to Gargoyle or any employee of Gargoyle.

Gargoyle's policy, where an opportunity to purchase or sell the same securities contemporaneously for multiple Clients that have similar investment objectives and pursue similar strategies, is to aggregate Client trade orders when doing so is likely to result in a better overall price or reduced cost for the Client trade. Consistent with its fiduciary duties, Gargoyle allocates trades to its Clients on a fair and equitable basis as set forth in its written allocation policy. Each Client who participates in an aggregated order participates at the average share price with all transaction costs shared on a *pro rata* basis pursuant to Gargoyle's written procedures. It is Gargoyle's policy that in the event an aggregated trade order for a specific security on any given day cannot be fully executed under prevailing market conditions (*i.e.*, partially filled), then the security traded should be allocated among each participating Client *pro rata* in a manner Gargoyle deems to be fair and equitable, by taking into account the size of the trade order placed for each participating Client and any other relevant factors.

Client directed or other restrictions may affect the allocation of an order. If a Client directed restriction is placed on a particular security or group of securities, the order will be allocated to the other participating accounts as described above.

Gargoyle formulates written allocation plans in the form of order memoranda based on the investment guidelines, current exposure levels of each Client, and other factors set forth above across the various Client accounts, including any ERISA accounts. When a new investment is being made, Gargoyle allocates investment opportunities among those Clients based upon the percentages determined by the plan.

Position Conflicts: Another type of conflict may arise if Gargoyle causes one Client account to buy a security and another Client account to sell or short the same security. Currently, such opposing positions are not permitted within the same account or within any accounts managed by the same portfolio manager without prior trade approval by the CCO. In addition, transactions in investments by one or more affiliated Client accounts may have the effect of diluting or otherwise disadvantaging the values, prices, or investment strategies of other Client accounts.

Generally, Gargoyle does not purchase, sell, or hold securities on behalf of Clients contrary to the current recommendations made to other affiliated Client accounts. However, because certain Client accounts may have investment objectives, strategies, or legal, contractual, tax, or other requirements that differ (such as the need to take tax losses, realize profits, raise cash, diversification, etc.), Gargoyle may purchase, sell or continue to hold securities for certain Client accounts contrary to other recommendations. In addition, Gargoyle may be permitted to sell securities or instruments short for certain Client accounts and may not be permitted to do so for other affiliated Client accounts.

Cross Trading: In an effort to reduce transaction costs, increase execution efficiency, and capitalize on timing opportunities, Gargoyle may execute cross trades or sell a security for one affiliated Client to another affiliated Client, without interposing a broker-dealer. All cross trades are subject to the cross-trade procedures set forth in Gargoyle's written policies and procedures. Cross trades, however, may present an inherent conflict of interest because Gargoyle and/or its affiliates represent the interest of the buyer and seller in the same transaction. As a result, Clients involved in a cross-trade bear the risk that the price obtained from a cross-trade may be less favorable than if the trade had been executed in the open market. In addition, see *Item 12 – Brokerage Practices, Cross Trades* of this Brochure for more information.

Gargoyle addresses these conflicts of interest by providing in its Code of Ethics that all supervised persons have a duty to act in the best interests of each Client, providing training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under Gargoyle's written policies and procedures, and through the implementation of cross-trade policies and procedures.



Trade Aggregation: In some circumstances, Gargoyle may seek to buy or sell the same securities contemporaneously for multiple Client accounts. Gargoyle may, in appropriate circumstances aggregate securities trades for a Client with similar trades for other Clients, but are not required to do so. In particular, Gargoyle may determine not to aggregate transactions that relate to portfolio management decisions that are made independently for different accounts or if Gargoyle determines that aggregation is not practicable, not required, or inconsistent with Client direction. When transactions are aggregated, and it is not possible, due to prevailing trading activity or otherwise, to receive the same price or execution on the entire volume of securities purchased or sold, the various prices may be averaged or allocated on another basis deemed to be fair and equitable. In addition, under certain circumstances, the Clients will not be charged the same commission or commission equivalent rates in connection with a bunched or aggregated order. The effect of the aggregation may therefore, on some occasions, either advantage or disadvantage a particular Client.

From time to time, aggregation may not be possible because a security is thinly traded or otherwise not able to be aggregated and allocated among all Client accounts seeking the investment opportunity or a Client may be limited in, or precluded from, participating in an aggregated trade as a result of that Client's specific brokerage arrangements. Also, an issuer in which Clients wish to invest may have threshold limitations or aggregate ownership interests arising from legal or regulatory requirements or company ownership restrictions, which may have the effect of limiting the potential size of the investment opportunity and thus the ability of the applicable Client to participate in the opportunity.

There are instances when circumstances specific to individual Clients will limit Gargoyle's ability to aggregate or allocate trades. For example, if a Client requests directed brokerage or if a Client is invested in a Wrap Fee Program in which the Sponsor executes trades, Gargoyle may not be able to aggregate or allocate these trades. Additionally, as stated above, there may be times when there is limited supply or demand for a particular security or investment. In such instances, a Client may not be able to realize the efficiencies which might exist for larger transactions. In some cases, trade aggregation and/or allocation may adversely affect the price paid or received by an account or the size of the position obtained or liquidated for an account, which could cause performance divergence from similar accounts. In other cases, an account's ability to participate in volume transactions may produce better executions and prices for the account. Gargoyle may adjust allocations to eliminate fractional shares or odd lots, or to account for minimum trade size requirements and has the discretion to deviate from its allocation procedures in certain circumstances.

Conflicts Related to Valuation: Gargoyle may have a role in determining asset values with respect to Client accounts and may be required to price an asset when a market price is unavailable or unreliable. This may give rise to a conflict of interest because Gargoyle may be paid an asset-based fee on certain Client accounts. In order to mitigate these conflicts, Gargoyle determines asset values in accordance with valuation procedures, which are set forth in Gargoyle's Compliance Manual. In addition, see *Item 12 – Brokerage Practices, Security Valuation* of this Brochure for more information about Valuation.

Conflicts Related to Investments in Affiliated Fund: Gargoyle may purchase for its Clients interests in other pooled investment vehicles, including Funds, offered by Gargoyle. An investment by a Client in such a vehicle means Gargoyle would receive an advisory, or other fees, from the Client in addition to the advisory fees charged for managing the Client's account. In choosing between vehicles managed by Gargoyle and those not affiliated with Gargoyle, Gargoyle may have a financial incentive to choose affiliated vehicles over third part vehicles by reason of additional investment management, advisory or other fees or compensation Gargoyle may earn. To the extent Gargoyle invests a Client's assets in sponsored (affiliated) pooled investment vehicles (e.g., the Funds), these assets generally will not be included as the Client's assets for purposes of calculating or charging the Client's management fee. The potential for fee offsets, rebates, or other reduction arrangements may not necessarily eliminate this conflict,

and Gargoyle may nevertheless have a financial incentive to favor investments in an affiliated vehicle. If Gargoyle invest in an affiliated vehicle, a Client should not expect Gargoyle to have better information with respect to that vehicle than other investors may have (and if Gargoyle does have better information, they may be prohibited from acting upon it in a way that disadvantages other investors). Additionally, Gargoyle's affiliates may sponsor and manage funds and accounts that compete with Gargoyle or make investments with funds sponsored or managed by third-party advisers that would reduce capacity otherwise available to Gargoyle's Clients.

Diverse Membership Conflicts: Investors in Clients are expected to include taxable and tax-exempt entities and persons domiciled or organized in various jurisdictions and subject to different tax and regulatory regimes. When investors and Clients co-invest alongside each other, they may have conflicting investment, tax and other interests, relating to, among other things, the nature of investments made by the Client, the structuring or the acquisition of investments and the nature and timing of disposition of investments. As a result, conflicts of interest may arise in connection with decisions made by Gargoyle including as to the nature and structure of investments that may be more beneficial for one type of investor than for another type of investor. The results of a Client's activities may affect individual investors differently, depending upon their individual financial and tax situations. For example, the timing of a cash distribution or of an event of realization of gain or loss and its characterization as long-term or short-term gain or loss may affect investors differently. In addition, Clients may make investments that may have a negative impact on related investments made by the investors in separate transactions. In selecting, structuring and managing investments appropriate for Clients, Gargoyle will consider the investment and tax objectives of the Client or Clients as a whole, not the investment, tax, or other objectives of any investor individually. However, there can be no assurance that a result will not be more advantageous to some investors than to others or to affiliates of Gargoyle than to a particular investor.

Conflicts Related to Information Possessed by or Provided by Gargoyle: Certain Related Parties may receive or create information (*e.g.*, proprietary technical models) that is not generally available to the public. Gargoyle has no obligation to provide such information to Clients or effect transactions for Clients on the basis of such information and in many cases Gargoyle will be prohibited from trading for the same Clients based on the information. Similarly, some Clients may have access to information, regarding Related Parties' transactions or views, that is not available to other Clients, and may act on that information through accounts managed by persons other than Related Parties. Such transactions may negatively impact other Clients (*e.g.*, through market movements or decreasing availability or liquidity of securities).

Information Barriers and the Restricted List: Gargoyle currently operates without ethical screens or information barriers that other firms implement to separate persons who make investment decisions from others who might possess material non-public information that could influence such decisions. In an effort to manage possible risks from Gargoyle's decision not to implement such screens, Gargoyle maintains a Code of Ethics, as described herein above, and provides training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under Gargoyle's policies and procedures. In addition, Gargoyle's CCO maintains a list of restricted securities as to which Gargoyle or its affiliates may have access to material non-public information and in which Clients are not permitted to trade without prior approval from the CCO. In the event that any employee of Gargoyle or its affiliates obtains such material non-public information, Gargoyle may be restricted in acquiring or disposing of investments on behalf of Clients, which could impact the returns generated for Clients.

Notwithstanding the maintenance of restricted lists and other internal controls, it is possible that the internal controls relating to the management of material non-public information could fail and result in Gargoyle, or one of its investment professionals, buying or selling a security while potentially in possession of material non-public information. Inadvertent trading on material non-public information could have adverse effects on the reputation of Gargoyle, result in the imposition of regulatory or financial sanctions, and as a consequence, negatively impact

Gargoyle's ability to perform investment management services on behalf of Clients. In addition, while Gargoyle currently operates without information barriers on an integrated basis, Gargoyle could be required by certain regulations, or decide that it is advisable, to establish information barriers. In such event, Gargoyle's ability to operate as an integrated platform could also be impaired, which would limit Gargoyle's access to affiliate's personnel and impair their ability to manage Clients' investments in the manner in which they currently manage investments.

Investment Activity by Gargoyle and Affiliates: From time to time, various potential and actual conflicts of interest arise from the overall advisory, investment and other activities of Gargoyle, its affiliates, and their personnel. Gargoyle will endeavor to resolve conflicts with respect to investment opportunities in a manner they deem equitable to the extent possible under the prevailing facts and circumstances. Gargoyle's affiliates invest, on behalf of themselves, in securities and other instruments that would be appropriate for, are held by, or may fall within the investment guidelines of a Client. Gargoyle's affiliates give advice or take action for their own accounts that may differ from, conflict with, or be adverse to, advice given to 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 arise due to the fact that Gargoyle's affiliates may have investments in some Clients but not in others, or may have different levels of investments in the various Clients, and that each of the Clients may pay different levels of fees.

No Arms'-Length Negotiation: None of the agreements between a Fund and Gargoyle or its affiliates is or will be the result of arms'-length negotiations.

Conflicts Related to Relationships with Third Parties: Gargoyle may work with institutional investment consultants and such consultants may also provide services to Gargoyle. Consultants may provide brokerage execution services to Related Parties, and Related Parties may attend conferences sponsored by consultants. Gargoyle also may be hired to provide investment management or other services to a pension or other institutional investment consultant that works with a Client, which may create conflicts.

Related Parties may in-source or out-source to a third party certain processes or functions, which may give rise to conflicts. There may be conflicts when negotiating with third-party service providers if Related Parties bear operational expenses of various Clients to the extent that a given fee structure would tend to place more expense on Clients for which Related Parties have a greater entitlement to reimbursement or less expense on Clients for which Related Parties have lesser (or no) entitlement to reimbursement. Related Parties may provide information about a Client's portfolio positions to unrelated third parties to provide additional market analysis and research to Related Parties and they may use such analysis to provide investment advice to other Clients.

Related Parties may purchase information (such as periodicals, conference participation, papers, or surveys) from professional consultant firms, and such firms may have an incentive to give favorable evaluations of Related Parties to their Clients.

As of the date of this Brochure, Gargoyle does not engage in soft-dollar arrangements, including participating in any soft-dollar relationships with other firms for research or any other service. Neither Gargoyle nor any of its Related Persons receive research or other products or services other than execution from a broker-dealer or a third-party (*i.e.*, soft-dollar benefits) in connection with Client transactions. Specifically, no portion of the commissions generated on Clients' brokerage transactions generate "soft-dollar" credits that Gargoyle is authorized to use to pay for research and other non-research related services and products used by Gargoyle or its Related Persons. However, should Gargoyle use soft-dollar benefits in the future, Gargoyle in selecting broker-dealers that provide research or other products or services that are paid with soft dollars, conflicts may arise between Gargoyle and a Client because Gargoyle may not produce or pay for these benefits but may use brokerage commissions generated by Client

transactions. Soft dollar arrangements may also give Gargoyle an incentive to select a broker-dealer based on a factor other than Gargoyle's interest in receiving the most favorable execution. Conflicts of interest related to soft dollar relationships with brokerage firms may be particularly influential to the extent that Gargoyle uses soft dollars to pay expenses it might otherwise be required to pay itself. Furthermore, research or brokerage services obtained using soft dollars or that are bundled with trade execution, clearing, settlement, or other services provided by a broker-dealer may be used in such a way that disproportionately benefits one Client over another (*e.g.*, economics of scale or price discounts). For example, research or brokerage services paid for through one Client's commission may not be used in managing that Client's account. Additionally, where a research product or brokerage service has a mixed-use, determining the appropriate allocation of the product or service may create conflicts. See *Item 12 – Brokerage Practices* of this Brochure for information regarding Gargoyle's use of soft dollars.

Conflicts may arise where Gargoyle has the responsibility and authority to vote proxies on behalf of its Clients. Please refer to *Item 17 – Voting Client Securities* of this Brochure for information regarding the policies and procedures governing Gargoyle's proxy voting activities.

Gargoyle may conduct business with institutions such as broker-dealers or investment banks that invest, or whose clients invest, in pooled investment vehicles sponsored or advised by Gargoyle, or may provide other consideration to such institutions or recognized agents, and as a result Gargoyle may have a conflict of interest in placing its brokerage transactions.

Client Advisory Boards: Certain Clients have advisory boards that consist of representatives of certain investors in such Clients. Any approval or consent given by such advisory boards tends to be binding on such Clients and all of their investors. Advisory boards are also generally authorized to give approvals or consents required under the Advisers Act, including under Section 206(3) of the Advisers Act. To the extent that an investor is not represented by a member of a Client's advisory board, such investor will have no influence over matters submitted to the advisory board for approval. Although Gargoyle has adopted policies and procedures designed to manage conflicts among Clients, members of the advisory boards may themselves have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted for consideration or review to the advisory boards on which they serve. In addition, if the member has an interest adverse to Gargoyle, it may not act in the best interest of the Client that it represents. While Gargoyle may adopt policies or procedures to address such conflicts in the future, they have not done so to date, and it may not be possible to entirely eliminate such conflicts.

Approach to Other Potential Conflicts: Various parts of this Brochure discuss potential conflicts of interest that arise from Gargoyle's asset management business model. Gargoyle discloses these conflicts due to the fiduciary relationship with its investment advisory Clients. As a fiduciary, Gargoyle owes its investment advisory Clients a duty of loyalty. This includes the duty to address, or at minimum disclose, conflicts of interest that may exist between different Clients; between Gargoyle and Clients; or between its employees and its Clients. Where potential conflicts arise, Gargoyle will take steps to mitigate, or at least disclose, them. Conflicts that Gargoyle cannot avoid (or chose not to avoid) are mitigated through written policies that Gargoyle believes protect the interests of its Clients as a whole. In these cases – which include issues such as personal trading and Client entertainment – regulators have generally prescribed detailed rules or principles for investment firms to follow. By complying with these rules, through the use of robust compliance practices, Gargoyle believes that it has handled these conflicts appropriately. These interactions are not static; Gargoyle's business is continually evolving, and changes in Gargoyle's activities can lead to new potential conflicts. Gargoyle reviews its policies and procedures on an ongoing basis to evaluate their effectiveness and update them as appropriate.

Item 12: Brokerage Practices

Generally, Gargoyle receives discretionary investment authority from its Clients at the outset of an advisory relationship. Depending on the terms of the applicable Management Agreement, Gargoyle's authority may include the ability to select broker-dealers through which to execute transactions on behalf of its Clients, and to negotiate the commission rates, if any, at which transactions are effected. Gargoyle may also have the authority to enter into International Swap and Derivatives Association ("ISDA"), repurchase clearing, trading brokerage, margin future, options, or other types of agreements on behalf of Gargoyle's Clients. In making decisions as to which securities are to be bought or sold and the amounts thereof, Gargoyle is guided by the mandate selected by the Client and any Client-imposed guidelines or restrictions. Unless Gargoyle and the Client have entered into a non-discretionary arrangement, Gargoyle generally is not required to provide notice to, consult with, or seek the consent of its Clients prior to engaging in transactions.

Brokerage Selection

The overriding consideration in allocating Client orders for execution is the maximization of Client profits (or minimization of losses) through a combination of controlling transaction costs (including market impact) and seeking the most effective uses of a broker's capabilities. When Gargoyle has the authority to select broker-dealers to execute transactions for its Clients, it seeks to obtain the best execution reasonably available under the circumstances (which may or may not result in paying the lowest available brokerage commissions or spread). In so doing, Gargoyle considers all factors it deems relevant. Such factors may be either venue specific or transaction specific and may include, but are not limited to:

- Venue Factors: (i) execution capability including speed of execution, quality of communication links to Gargoyle, clearance and trade settlement history, and capability and ratio of complete versus incomplete trades; (ii) ability to handle large trades in securities having limited liquidity without undue market impact and ability to provide liquidity (as principal, agent, or otherwise); (iii) access to market liquidity and quotation sources; (iv) financial condition of the counterparty, including reputation and creditworthiness; (v) responsiveness and reliability in executing trades, keeping records, and accounting for and correcting administrative errors; (vi) ability to maximize price improvement opportunities, including the ability to provide ad hoc information or services; and (vii) ability to comply with all regulatory requirements; and
- Transaction Factors: (i) price and overall cost of the transaction, including any related credit support; (ii) the size, type, and timing of the transaction; (iii) existing and expected activity in the market for the security, including any trading patterns of the security and the particular marketplace; (iv) nature and character of the security or instrument and the markets on which it is purchased or sold; (v) fund or portfolio objectives or Client requirements (if permissible), as may be applicable; (vi) if applicable, Client-directed brokerage arrangements or any Client restrictions associated with brokers or asset types; and (vii) applicable execution venue factors.

Gargoyle does not consider broker-dealers or investment banks that invest, or whose clients invest, in Funds advised by Gargoyle, or provide other consideration to such institutions or recognized agents in determining whether to select such broker-dealers to execute Client portfolio transactions. Gargoyle may also enter into over-the-counter derivatives transactions generally on stocks, indices, interest rates, debt securities or currencies to seek to enhance the Client's portfolio return and attempt to limit downside risk. Counterparties to these derivatives transactions are selected based on a number of factors, including credit rating, execution prices, execution capability with respect to complex derivative structures and other criteria relevant to a particular transaction.

Gargoyle's endeavor is to be aware of current charges assessed by relevant broker-dealers and to minimize the expense incurred for effecting portfolio transactions, to the extent consistent with the interests and policies of Client accounts. However, Gargoyle will not select broker-dealers solely on the basis of "posted" commission rates nor always seek in advance competitive bidding for the most favorable commission rate applicable to any particular transaction. Although Gargoyle generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent as transactions that involve specialized services on the part of a broker-dealer generally result in higher commission rates or equivalents than would be the case with more routine transactions. Gargoyle may pay higher commission rates to those brokers whose execution abilities, brokerage or research services or other legitimate and appropriate services are particularly helpful in seeking good investment results.

Unless inconsistent with Gargoyle's duty to seek best execution, Gargoyle may direct a broker to execute a trade and "step out" a portion of the commission in favor of another broker that provides brokerage or research related services to Gargoyle as described above. Gargoyle may also use step out transactions in fulfilling a Client-directed brokerage arrangement, to allow for an order to be aggregated, or for regulatory or other purposes. However, Gargoyle does not enter into agreements with, or make commitments to, any broker-dealer that would bind Gargoyle to compensate that broker-dealer, directly or indirectly, for Client referrals or sales efforts through placement of brokerage transactions; nor will Gargoyle use step out transactions or similar arrangements to compensate selling brokers for their sales efforts.

Soft-Dollars Arrangements

As of the date of this Brochure, Gargoyle does not engage in soft dollar arrangements, including participate in any soft dollar relationships with other firms for research or any other service. Section 28(e) of the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Gargoyle will limit the use of "soft dollars" to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e).

Brokerage for Client Referrals

Gargoyle does not consider, in selecting or recommending a broker-dealer, whether Gargoyle or a related person receives Client referrals from that broker-dealer.

Directed Brokerage

Gargoyle does not routinely recommend, request or require that a Client direct Gargoyle to execute transactions through a specified broker-dealer. Clients may recommend Gargoyle uses their preferred broker-dealer(s). Gargoyle will use such broker-dealer(s) subject to its determination that said broker-dealer provides best execution of the Client transactions. In a situation where a Client directs Gargoyle to place trades with a particular broker-dealer, Gargoyle may not be free to seek the best price, volume discounts or best execution by placing transactions with other broker-dealers. Additionally, as a result of directing Gargoyle to place trades with a particular broker-dealer, a disparity in commission charges may exist between the commissions charged to Clients who direct Gargoyle to use a particular broker-dealer and those Clients who do not direct Gargoyle to use a particular broker-dealer as well as a disparity among the brokers to which different Clients have directed trades.

Order Aggregation

Orders of Clients may be combined (or “bunched”) when possible to obtain volume discounts resulting in a lower per share commission. Please see *Item 11 – Code of Ethics, Trade Aggregation* of this Brochure for more information regarding Gargoyle’s trade aggregation procedures.

IPO/Limited Offering Allocations

Clients may from time to time participate in an initial public offering (an “*IPO*”), or other types of limited offerings, if the portfolio manager managing the portfolio believes that the offering is an appropriate investment based on the portfolio’s investment restrictions, risk profile, asset composition and/or cash levels. Clients must be eligible to receive allocations of IPOs pursuant to relevant FINRA regulations. In the event that Gargoyle reasonably determines that a Client is not eligible to receive IPO allocations pursuant to these regulations or does not have reasonable assurances that the Client is eligible to receive allocations, Gargoyle may prohibit the Client’s account from receiving any allocations of an available offering. Gargoyle’s IPO/limited offering allocation procedures generally require all shares to be allocated on a *pro-rata* basis to all participating eligible accounts based on the total assets of each account. In certain circumstances, Gargoyle may deviate from a *pro-rata* allocation to account for allocation sizes that are deemed by investment personnel to be *de minimis* for certain eligible accounts or to address situations specific to individual accounts (*e.g.*, cash limitations, position weightings, etc.). Gargoyle cannot assure, in all instances, participation in IPOs or limited offerings by all eligible accounts. In the event an eligible account does not participate in an offering, Gargoyle does not reimburse for opportunity costs. See *Item 11 – Code of Ethics, Allocation of Investment Opportunities* of this Brochure for more information regarding potential conflicts of interest.

Cross Trades

In its discretion, Gargoyle may, but is not required to, engage in “cross trades”, whereby Gargoyle causes one of its Clients to sell a security and another of its Clients to purchase the same security at or about the same time, provided such transaction is in the best interests of both Client accounts and is consistent with Gargoyle’s best execution obligations. Cross trades may be used in an effort to obtain best execution because cross trades can potentially reduce transaction costs and increase execution efficiency. Cross trades present potential conflicts of interest. For example, there is a risk that the price of a security bought or sold in a cross trade may not be as favorable as it might have been had the trade been executed in the open market. Additionally, there is a potential conflict of interest when a cross trade involves a Client account on one side of the transaction and an account in which Gargoyle has substantial ownership or a controlling interest (such as a newly-formed sponsored Fund) or an account in which Gargoyle receives a higher Management Fee on the other side of the transaction.

To address these potential conflicts, Gargoyle maintains policies and procedures, which require that all cross trades are made at an independent current market price and are consistent with Section 206 of the Advisers Act. In addition, if one of the parties to the cross trade is a registered investment company, the transaction must comply with procedures adopted under Rule 17a-7 under the 1940 Act. Gargoyle does not permit cross trades with accounts subject to ERISA. While Gargoyle generally does not execute cross trades among the Mutual Funds and other Client accounts, Gargoyle may execute cross trades among separate accounts and/or other accounts managed by Gargoyle. See *Item 11 – Code of Ethics, Cross Trades* of this Brochure for more information regarding potential conflicts of interest.



Security Valuation

Equity securities are generally valued on the basis of market quotations. Fixed-income securities are generally valued in accordance with an evaluated bid price supplied by a pricing service. The evaluated bid price supplied by the pricing service is an evaluation that reflects such factors as security prices, yields, maturities, and ratings. Certain short-term instruments maturing within 60 days or less are valued at amortized cost, which approximates market value. If a market quotation or evaluated price is not readily available or is deemed unreliable, or if an event that is expected to affect the value of a portfolio security occurs after the close of the principal exchange or market on which that security is traded, and before the close of the New York Stock Exchange, the fair value of a security will be determined in good faith under policies and procedures established by Gargoyle. Although Gargoyle is not generally the pricing agent for its Clients, Gargoyle, in certain cases and upon request, may provide a fair value price to a Client's pricing agent, solely for informational purposes, for a security in cases where market quotations or evaluated prices are not readily available or deemed unreliable due to significant events or other factors. In these instances, the Client's pricing agent makes the ultimate determination of the security's value. Because Gargoyle may be compensated based on the value of assets held in an account or based on the performance of the account, Gargoyle may have a potential incentive to set a high valuation for a security; however, Gargoyle does not intend to use valuations that are higher than fair value. Gargoyle believes that this potential conflict may be mitigated by its valuation policy and procedures.

There may be differences in prices for the same security held by Gargoyle's Clients because its provided price (for the situations described above) may not be accepted by the relevant pricing agent. In addition, certain Clients may utilize a third-party valuation model to value equity securities of non-U.S. issuers to adjust for stale pricing which may occur between the close of the non-U.S. exchanges and the New York Stock Exchange. These pricing models may not be used by the relevant pricing agent. Benchmark indexes generally do not use fair value pricing and use national and regional indices to value securities using unadjusted closing prices in local markets. In addition, the value of assets denominated in non- U.S. currencies is converted into U.S. dollars using exchange rates deemed appropriate by Gargoyle, which may also vary from the exchange rates used for calculation on any given index.

Trade Rotation

To address the conflicts of interest and trading matters, Gargoyle maintains brokerage and trading policies, including policies and procedures for best execution discussed above and trade rotation. Gargoyle believes its policies and procedures are consistent with its duties as a fiduciary to treat its Clients fairly in a manner that does not systematically favor one Client (or group of Clients) over another Client (or group of Clients).

Depending on the market capitalization, or market availability, of certain securities, trade orders may take multiple days to complete and may be executed as part of a rotation. If Gargoyle determines that there is not sufficient liquidity in the market to support an entire trade or order, Gargoyle will take steps to manage the liquidity profile of the order and minimize its impact on the market. In limited circumstances, this may include rotating trades between its Clients. To the extent Gargoyle deems a trade highly illiquid, Gargoyle may split the trade into smaller orders and then rotate in the same manner as trades for illiquid securities would be rotated. Rotating trades may result in a longer delay in executing trades and/or a materially better or worse price for Clients that are traded in later rotations.

Conflicts of interest can arise between Gargoyle best execution policies and procedures and trading instructions that Gargoyle may receive from Client agreements. In those cases, Gargoyle will act in a manner that it believes is consistent with the best interests of its Clients and its best execution policies and procedures.

ADRs

In certain circumstances, Gargoyle may invest Client assets in ADRs. When doing so, depending upon the existence and/or liquidity of the ADR and other factors, these trades may be executed in the U.S. or in a non-U.S. market. When trades are executed in non-U.S. markets, non-U.S. securities will be acquired and broker-dealers or other securities intermediaries will convert these non-U.S. securities into U.S. ADRs (denominated in U.S. dollars). Broker-dealers or other securities intermediaries may charge commissions, conversion and/or other fees for converting the securities into ADRs, all of which will be included (*i.e.* netted) into the price of the securities. These conversion fees may be negotiable, may vary, and typically are paid by the Clients.

Additionally, Gargoyle may convert a non-U.S. security to an ADR that would be considered highly illiquid when traded in the U.S. This may make it difficult to liquidate a position when Clients close an account, transfer the assets to another firm, request a withdrawal or other transaction that requires the security be traded domestically versus in the foreign security market. The liquidity, or lack thereof, of the converted ADRs in the U.S. market could result in a transaction price that differs substantially from the transaction price that could be obtained if that same security was transacted in the non-U.S. market.

Company Errors

Trade errors may occur either in the investment decision-making process (*e.g.*, a purchase of a security or an amount of security that violates a Client's investment restrictions) or in the trading process (*e.g.*, a buy order executed as a sell, the purchase or sale of a security other than what was intended, or trading an incorrect quantity of securities). Internal or clerical mistakes that affect the investment or trading process and have a financial impact to a Client will also be treated as trade errors.

A "trade error" will generally be defined as a transaction that is executed in a manner that was not intentional and results in a corrective action being taken. Any mistakes that do not affect the investment decision-making or trading process or cause a violation of a Client's investment policies or restrictions, and do not cause gain or loss to the Client, will not be treated as trade errors.

Gargoyle's traders will be responsible for notifying the Chief Compliance Officer promptly of the circumstances of any trade error. Traders will discuss any action taken to correct a trade error (*e.g.*, selling a security in the open market) and/or any other corrective action with the Chief Compliance Officer prior to its implementation as to whether such action is appropriate.

If a third party creates the error, Gargoyle will look to the third party to take corrective action. Broker-dealers may be held responsible for a portion of any loss resulting from a trade error if actions of such broker-dealer contributed to the error or the loss. Gargoyle will require broker-dealers to assist in rectifying a trade error on favorable terms if their actions or inactions contributed to the error or the resulting loss. A broker may absorb the loss from a trade error caused by the broker. Gargoyle will not direct brokerage commissions to brokers, or to enter into other reciprocal arrangements with brokers, in order to induce a broker to absorb a loss from a trading error caused by Gargoyle. No soft-dollars may be used to satisfy any trade errors. In addition, Gargoyle may not use the securities in one Client's account to settle the trade error in another Client's account.

Item 13: Review of Accounts

Gargoyle's Investment Committee has the responsibility to exercise and maintain prudent supervision and control of the Client's investments and portfolios. The Investment Committee continuously reviews and insures the investment policies, guidelines, and objectives for each Client's general investment strategy are achieved and attained per the Client's investment policies, guidelines, and objectives as stated in the Client's governing documents. The Investment Committee maintains prudence and effectiveness of each investment of the Client and formulates and oversees the investment policies and management of the Client's assets, and periodically reviews investment strategies and investment performance. In carrying out its duties the Investment Committee provides recommendations on investment opportunities through a stringent due diligence process to identify investment opportunities that meet the Client's stated investment objective and goals; reviews individual investment performance and recommends changes when appropriate; and works closely with staff to ensure that the investment objectives are being met as stated in the Client's governing documents. In monitoring the Client's portfolio of investments, the Investment Committee ensures (i) the management of investments and capital actions are in compliance and consistent with attainment of the Client's investment policy, financial objectives and strategy goals, and (ii) the Client's portfolio is in compliance with legal and regulatory requirements. The review process is further augmented by regular quarterly meetings between the portfolio manager, the Investment Committee and the Chief Compliance Officer. A review of a Client's account may also be triggered by unexpected performance, shifting market conditions or changing Client preferences or circumstances. In addition to, and not as a substitute for the foregoing, additional reviews are conducted in accordance with Client requests as set forth in the relevant Management Agreement.

The Investment Committee is comprised of Messrs. Alan L. Salzbank, Thomas F. Concannon and other personnel of Gargoyle. The Investment Committee meets frequently, if not daily, by meeting in person, telephone conference, or other interactive electronic communication to discuss market conditions, portfolio analysis, and investment transaction matters.

Separate Account Clients are encouraged to discuss their needs, goals and objectives with Gargoyle and to keep Gargoyle informed of any changes thereto. Gargoyle provides monthly statements to all Separate Account Clients and meets with Separate Account Clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the Separate Account Client's financial situation and/or investment objectives.

Nature and Frequency of Reporting

Fund Investors: Gargoyle will furnish to all Fund investors within 120 days after the Fund's fiscal year end an audited, written annual report, which typically includes financial statements prepared in accordance with Generally Accepted Accounting Principles ("GAAP"), a report of the activities of the Fund during the year, a schedule and description of the investments owned, a description of investments acquired or disposed of during the year. The annual report is prepared and the delivery of it are intended to comply with the SEC's custody rule, as described in more detail below in *Item 15 – Custody* of this Brochure. In addition, Gargoyle will cause annually the delivery of tax information necessary for the completion of income tax returns. On a monthly basis, each Fund investor will be furnished with "Fact Sheets" of the Fund. Fund investors will also receive descriptive information concerning the Fund's investments on a quarterly basis.

Separate Account: Separate Account Clients receive account statements monthly or quarterly from their broker-dealer, bank, or other qualified custodian and should carefully review those statements. As stated herein above, Gargoyle provides monthly statements to all Separate Account Clients. Additionally, Separate Account Clients may also receive written or electronic reports from Gargoyle and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Statements received from Gargoyle may vary from the custodial statements based on accounting procedures, reporting dates or valuation methodologies for certain securities. For tax and other purposes, the custodial statement is the official record of a Separate Account Client's account and assets. **Separate Account Clients are urged to compare any account statements that they receive from Gargoyle with the account statements that it receives from its qualified custodians.**

Item 14: Client Referrals and Other Compensation

Gargoyle does not receive any economic benefits, including sales awards or prizes, from non-clients for providing investment advice and other advisory services.

Gargoyle has entered into and may enter into written agreements whereby it compensates, either directly or indirectly, non-affiliated third-parties (each a "Solicitor"), for advisory Client referrals and service. Under these arrangements, Gargoyle may pay a percentage of the Management Fees it receives from referred Clients to such Solicitors. This fee may vary according to each agreement. Clients referred by Solicitors will not be charged more than similarly situated Clients who were not referred; however, the presence of these arrangements may affect Gargoyle's willingness to negotiate from its standard fee schedule and as a result may affect the overall fees paid by referred Clients. Referral arrangements are entered into in accordance with Rule 206(4)-3 of the Advisers Act (the "Cash Solicitation Rule"), which requires that, among other things, compensation to a Solicitor be made pursuant to a written agreement and, for third-party Solicitor arrangements, that the Solicitor provide to each person solicited for Gargoyle's advisory services, a written disclosure statement (the "Solicitor's Disclosure Statement") and current copy this Brochure.

Additionally, Gargoyle has entered into and may enter into written agreements with, and compensates non-affiliated third-parties for referring investors into the Funds (each a "Placement Agent"). These Placement Agent arrangements will be fully disclosed to affected investors and will generally be consistent with the requirements of the Cash Solicitation Rule under the Advisers Act, which only applies to the solicitation of Clients and not investors. Generally, the terms of such arrangements will vary but call for Gargoyle to pay the Placement Agent a fee equal to a percentage of capital contributions, Management Fees, incentive fees, incentive allocations, or a combination of such contributions or fees borne by each investor introduced to a Fund by the Placement Agent.

Item 15: Custody

Gargoyle does not serve, and has no intention to serve, as custodian of Client accounts. Gargoyle does not act as custodian for Client assets. Gargoyle maintains Clients' assets with a qualified custodian as defined in Rule 206(4)-2 of the Advisers Act (the "Custody Rule"). However, while it is Gargoyle's practice not to accept or maintain physical possession (*i.e.*, custody) of any Client assets, Gargoyle may be deemed, under the Custody Rule, to have custody of the assets of certain Clients by virtue of its common control with the Clients' respective General Partner and the authority the General Partner has over such Clients or their assets.

Funds

In order to comply with the Custody Rule, Gargoyle utilizes the services of "qualified custodians" (*e.g.*, prime-brokers or banks) to hold and maintain all cash and securities of the Funds. In accordance with the Custody Rule, Gargoyle also (i) has engaged an independent public accounting firm that is a member of, and examined by, the Public Company Accounting Oversight Board ("PCAOB") to conduct annual audits of each Gargoyle sponsored Fund with assets over which Gargoyle is deemed to have custody; and (ii) distributes audited annual financial statements of such Funds, prepared in accordance with GAAP, to all investors within at least 120 days after the Funds' fiscal year end. In addition, upon the final liquidation of any such Fund, Gargoyle will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all investors promptly after completion of the audit. Qualified custodians are not expected to provide account statements directly to investors in the Funds.

Separate Accounts

Separate Account Clients receive account statements monthly or quarterly from their broker-dealer, bank, or other qualified custodian and should carefully review those statements and, to the extent Gargoyle also delivers statements to such Separate Account Clients, compare Gargoyle's statement to the statements of the qualified custodian. For tax and other purposes, the custodial statement is the official record of a Separate Account Client's account and assets. Statements received from Gargoyle may vary from the custodial statements based on accounting procedures, reporting dates or valuation methodologies for certain securities. See *Item 13 – Review of Accounts* of this Brochure for more information about Gargoyle's account statements.

Since Gargoyle does not act as a custodian for Separate Account Clients' assets, each Separate Account Client must select a custodian and may be required to pay custodian fees. Additionally, Separate Account Clients will incur brokerage and other transaction costs in the course of Gargoyle's management of their accounts. Separate Account Clients will receive account statement from one or more qualified custodians covering the assets and securities in their account(s).

Item 16: Investment Discretion

As a general rule, Gargoyle receives discretionary investment authority from its Clients at the outset of an advisory relationship. Depending on the terms of the applicable Management Agreement, Gargoyle's authority may include the ability to select broker-dealers through which to execute transactions on behalf of its Clients, and to negotiate the commission rates, if any, at which transactions are effected. Gargoyle may also have the authority to enter into ISDAs, repurchase clearing, trading brokerage, margin future, options, or other types of agreements on behalf of Gargoyle's Clients. In making decisions as to which securities are to be bought or sold and the amounts thereof, Gargoyle is guided by the mandate selected by the Client and any Client-imposed guidelines or restrictions. Unless Gargoyle and the Client have entered into a non-discretionary arrangement, Gargoyle generally is not required to provide notice to, consult with, or seek the consent of its Clients prior to engaging in transactions. See *Item 4 – Advisory Business* of this Brochure for additional information on Clients' ability to tailor investment guidelines. See *Item 12 – Brokerage Practices* of this Brochure for more information.

Item 17: Voting Client Securities

Proxy Voting Authority

Gargoyle shall vote proxy proposals, amendments, consents or resolutions (collectively, “proxies”) solicited by or with respect to the issuers of securities in which assets of a Client portfolio are invested, unless: (i) the Client is subject to ERISA and the Management Agreement between Gargoyle and the Client expressly precludes the voting of proxies by Gargoyle; (ii) the Client is not subject to ERISA and the Client otherwise instructs Gargoyle; or (iii) Gargoyle has responsibility for proxy voting and, in Gargoyle’s judgment, the cost or disadvantages of voting the proxy would exceed the anticipated benefit to the Client. If the Client does not grant direct voting authority to Gargoyle, Clients will not receive information about their proxies from Gargoyle. Instead, Clients will be instructed to receive proxies from their custodian, transfer agent or other third-party service providers such as their proxy service provider.

Primary Consideration in Voting

When Gargoyle votes a Client’s proxy with respect to a specific issuer, a Client’s economic interest as a shareholder of that issuer is Gargoyle’s primary consideration in determining how proxies should be voted. Gargoyle will not consider interests of Gargoyle, other stakeholders of the issuer or interests the Client may have in other capacities. Gargoyle shall vote proxies with the goal of maximizing the value of the securities in Client portfolios.

Engagement of Proxy Advisory Service Provider

In the case of publicly-traded securities held directly by a Client, Gargoyle may engage one or more independent third-party proxy advisory firms (“*Proxy Firm*”) to (i) make recommendations to Gargoyle of proxy voting policies for adoption by Gargoyle; (ii) perform research and make recommendations to Gargoyle as to particular shareholder votes being solicited; (iii) perform the administrative tasks of receiving proxies and proxy statements, marking proxies as instructed by Gargoyle and delivering those proxies; (iv) retain proxy voting records and information; and (iv) report to Gargoyle on its activities. In no circumstances will a Proxy Firm have the authority to vote proxies except in accordance with standing or specific instructions given to it by Gargoyle. Gargoyle will retain final authority and fiduciary responsibility for the voting of proxies. Gargoyle may vote proxies contrary to the recommendations of the Proxy Firm if it determines that such action is in the best interest of a Client.

Proxy Voting Guidelines

Gargoyle’s proxy voting guidelines are both principles-based and rules-based. Gargoyle adheres to a core set of principles that are described in its Proxy Voting Policy and assesses each proxy proposal in light of these principles. Gargoyle’s proxy voting “litmus test” will always be what it views as most likely to maximize long-term shareholder value. Gargoyle believes that the authority and accountability for setting and executing corporate policies, goals and compensation generally should rest with the board of directors and senior management. In return, Gargoyle supports strong investor rights that allow shareholders to hold directors and management accountable if they fail to act in the best interests of shareholders.

Generally, Gargoyle votes proposals in accordance with these guidelines but, consistent with its “principles-based” approach to proxy voting, Gargoyle may deviate from the guidelines if warranted by the specific facts and circumstances of the situation (*i.e.*, if, under the circumstances, Gargoyle believes that deviating from its stated policy is necessary to help maximize long-term shareholder value). In addition, these guidelines are not intended to address all issues that may appear on all proxy ballots. Gargoyle will evaluate on a case-by-case basis any proposal not specifically addressed by these guidelines, whether submitted by management or shareholders, always keeping in

mind Gargoyle's fiduciary duty to make voting decisions that, by maximizing long-term shareholder value, are in the Clients' best interests.

The proxy voting guidelines provide that Gargoyle will generally vote for or against various proxy proposals, usually based upon certain specified criteria. As an example, the guidelines provide that Gargoyle will generally vote in favor of proposals to:

- Repeal existing classified boards and elect directors on an annual basis;
- Adopt a written majority voting or withhold policy (in situations in which a company has not previously adopted such a policy);
- Lower supermajority shareholder vote requirements for charter and bylaw amendments;
- Lower supermajority shareholder vote requirements for mergers and other business combinations;
- Increase common share authorizations for a stock split;
- Implement a reverse stock split;
- Approve an ESOP (employee stock ownership plan) or other broad-based employee stock purchase or ownership plan, or increase authorized shares for existing plans; and
- Adopt certain social and environmental issues regarding discrimination, disclosures of environmental impact, animal treatment and corporate sustainability, when appropriate.

The proxy voting guidelines also provide that Gargoyle will generally vote against proposals to:

- Elect director nominees that sit on more than six public company boards, or, if the nominee is a CEO, more than three public company boards;
- Classify the board of directors;
- Require that poison pill plans be submitted for shareholder ratification;
- Adopt dual class exchange offers or dual class recapitalizations;
- Require a supermajority shareholder vote to approve mergers and other significant business combinations;
- Require a supermajority shareholder vote to approve charter and bylaw amendments; and
- Adopt certain social and environmental proposals deemed unwarranted by the company's board of directors.

In certain circumstances, the guidelines provide that proxy proposals will be addressed on a case-by-case basis, including those regarding executive and director compensation plans, mergers and acquisitions, ratification of poison pill plans, a change in the company's state of incorporation and an increase in authorized common stock.

Gargoyle may vote proxies contrary to the recommendations of the Proxy Firm if it determines that such action is in the best interest of a Client. In exercising its discretion, Gargoyle may take into account a wide array of factors relating to the matter under consideration, the nature of the proposal and the company involved. As a result, Gargoyle may vote in one manner in the case of one company and in a different manner in the case of another where, for example, the past history of the company, the character and integrity of its management, the role of outside directors, and the company's record of producing performance for investors justifies a high degree of confidence in the company and the effect of the proposal on the value of the investment. Similarly, poor past performance, uncertainties about management and future directions, and other factors may lead Gargoyle to conclude that particular proposals present unacceptable investment risks and should not be supported. In addition, Gargoyle also evaluates proposals in context. For example, a particular proposal may be acceptable standing alone, but objectionable when part of an existing or

proposed package. Special circumstances may also justify casting different votes for different Clients with respect to the same proxy vote.

Conflicts of Interest

Conflicts of interest involved in a proxy vote shall be addressed through the following three-step process:

Identification of Potential Conflicts of Interest

Gargoyle will be deemed to have a potential conflict of interest when voting proxies if:

- Gargoyle manages assets for that issuer or an affiliate of the issuer and also recommends that its other Clients invest in such issuer's securities;
- A director, trustee, officer or 10% shareholder of the issuer or an affiliate of the issuer is a director of a Client, a Client or an employee of Gargoyle;
- Gargoyle is actively soliciting that issuer or an affiliate of the issuer as a Client;
- Clients who sponsor, publicly support or have material interest in a proposal upon which Gargoyle will be eligible to vote;
- Gargoyle manages a pension plan, employee benefit plans, or provides brokerage, underwriting, insurance, or banking services to an issuer whose management is soliciting proxies;
- Gargoyle or an affiliate has a substantial business relationship (separate from Gargoyle's investment strategy) with an issuer or a proponent of a proxy proposal and this business relationship may influence how the proxy vote is cast;
- Gargoyle or an affiliate has a business relationship (separate from Gargoyle's investment strategy) or personal relationship with participants in a proxy contest, corporate directors or candidates for directorships;
- An officer or employee of Gargoyle or an affiliate may have a familial relationship to an issuer (*e.g.*, a spouse or other relative who serves as a director of an issuer);
- A director or executive officer of the issuer has a personal relationship with Gargoyle;
- Another relationship or interest of Gargoyle, or an employee of Gargoyle, exists that may be affected by the outcome of the proxy vote and that Gargoyle deems to be an actual or potential conflict for the purposes of its proxy voting policy; or
- Any other conflict of which Gargoyle becomes aware.

Each employee who is a member of the investment team that recommends votes or serves on the Investment Committee shall, on at least an annual basis, provide to the CCO a list of any public companies with or in which he or she has a relationship or could otherwise be deemed to have a conflict. Each such employee shall also certify to Gargoyle at least annually that he or she agrees to update such list promptly upon becoming aware of any relationship, interest or conflict other than what he or she originally disclosed.

Determination of Material Conflicts

When Gargoyle encounters a potential conflict of interest, it shall review its proposed vote using the following analysis to ensure its voting decision does not generate a conflict of interest:

- If the proposed vote is consistent with Gargoyle's proxy voting policy, no further review is necessary.
- If the proposed vote is contrary to Gargoyle's proxy voting policy and the Client's position on the proposal, no further review is necessary.
- If the proposed vote is contrary to Gargoyle's proxy voting policy or is not covered, is consistent with the Client's position, and is also consistent with the views of the Proxy Firm, no further review is necessary.
- If the proposed vote is contrary to Gargoyle's proxy voting policy or is not covered, is consistent with the Client's position and is contrary to the views of the Proxy Firm, the vote will be presented to the CCO. The CCO will determine whether the proposed vote is reasonable. If the CCO cannot determine that the proposed vote is reasonable, the CCO may refer the votes back to the Client(s) or take other actions as the CCO deems appropriate.

Establishment of Procedures to Address Material Conflicts

If a material conflict of interest with respect to a particular vote is encountered, employees are required to contact the CCO to determine how to vote the proxy consistent with the best interests of a Client and in a manner not affected by any conflicts of interest.

Recordkeeping

Pursuant to Rule 204-2, Gargoyle will retain the following five (5) types of records relating to proxy voting: (i) proxy voting policy and procedures; (ii) proxy statements received for Client securities; (iii) records of votes cast on behalf of Clients; (iv) written Client requests for proxy voting information and written Gargoyle responses to any Client request (whether oral or written) for proxy voting information; and (v) any documents prepared by Gargoyle that were material to making a proxy voting decision or that memorialized the basis for the decision. All of the proxy voting records referenced herein above will be maintained by Gargoyle for a period of not less than five (5) years from the end of Gargoyle's fiscal year during which the last entry was made in the records, the first two (2) years in an appropriate office of Gargoyle.

Policy Statement and Requests

Gargoyle will make its proxy voting policies and Gargoyle's proxy voting records with respect to a Client's account available to that Client or its representatives for review and discussion upon the Client's request or as may be required by applicable law. Gargoyle generally will not disclose publicly its past votes, share amounts voted or held or how it intends to vote on behalf of a Client account except as required by applicable law, but may disclose such information to a Client who itself may decide or may be required to make public such information. Questions related to Gargoyle's proxy voting policies, the proxy voting process and/or information regarding how Gargoyle voted proxies relating to a Client's portfolio of securities may be obtained by Clients, free of charge, by contacting the CCO at (201) 227-2240 or via email at birwin@gargoylegroup.com.



Item 18: Financial Information

Gargoyle does not solicit prepayment of more than \$1,200 in fees per client six months or more in advance, and thus has not provided a balance sheet according to the specifications of 17 CFR Parts 275 and 279. There is no financial condition that is reasonably likely to occur that would impair Gargoyle's ability to meet contractual commitments to clients. Gargoyle has not been the subject of a bankruptcy petition during the past ten years.