

Item 1 – Cover Page

MPF ADVISERS, LP  
1640 SCHOOL STREET  
MORAGA, CA 94556  
925-631-9100  
MPFI.COM  
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This Brochure provides information about the qualifications and business practices of **MPF Advisers, LP**. If you have any questions about the contents of this Brochure, please contact us at 925-631-9100/invetors@mpfi.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

**MPF Advisers, LP** is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

## Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 15, 2011, is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Chip Patterson, Senior Vice President at 925-631-9100 or [chip@mpfi.com](mailto:chip@mpfi.com). Our Brochure is also available on our web site [mpfi.com](http://mpfi.com) also free of charge.

Additional information about [MPF Advisers, LP](#) is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with [MPF Advisers, LP](#) who are registered, or are required to be registered, as investment adviser representatives of [MPF Advisers, LP](#).

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## Item 4 – Advisory Business

MPF Advisers, LP has been acting as an Investment Adviser to clients since 1982. MPF Principals, LP and MPF Founders, LP are the principal owners owning 25% or more of MPF Advisers, LP. C.E. Patterson and Berniece Patterson own approximately 72% of MPF Founders, LP and 22% of MPF Principals, LP.

MPF Advisers, LP's advice is furnished on appropriate investments for limited partnerships, limited liability companies, or individuals investing in real estate investment trusts and secondary market investments in limited liability companies, corporations, and limited partnerships. The adviser, through in-house and outside independent contractors' research and property inspections, generates research reports. Most investments researched are in real estate. Compensation is set by negotiations and written contracts with investment funds. With investors who are qualified to pay performance-based fees under the Investment Advisers Act of 1940, performance fees may be charged. Fees are negotiable. Clients are not requested to pay before work is done. Agreements can be terminated 30 days after receipt of a notice of cancellation from either party to the agreement, subject to contractual buy-out provisions. The client should be aware that comparable investment advisory services may be available for lower fees from other sources. Fees are payable monthly for services rendered during the following month. As contracts have 30-day cancellation clauses, no account will be terminated less than 30 days following the payment of monthly fee.

As of February 28, 2011, MPF Advisers, LP managed 61 clients on a discretionary basis with a total of \$153,596,744 in assets and two clients on a non-discretionary basis with a total of \$3,098,297 in assets.

If you manage *client* assets, disclose the amount of *client* assets you manage on a *discretionary basis* and the amount of *client* assets you manage on a *non-discretionary basis*. Disclose the date "as of" which you calculated the amounts

## Item 5 – Fees and Compensation

All fees are subject to negotiation.

The specific manner in which fees are charged by MPF Advisers, LP is established in a client's written agreement with MPF Advisers, LP. MPF Advisers, LP will generally bill its fees on a quarterly basis. Clients may elect to be billed in advance or arrears each calendar

quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

MPF Advisers, LP's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds (as well as many other investments in pooled investment vehicles) also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to MPF Advisers LP's fee, and MPF Advisers, LP does not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that MPF Advisers, LP considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

In some cases, MPF Advisers, LP has entered into performance fee arrangements with qualified clients: such fees are subject to individualized negotiation with each such client. MPF Advisers, LP will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, MPF Advisers, LP shall include realized capital gains and losses. Performance based fee arrangements may create an incentive for MPF Advisers, LP to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. MPF Advisers, LP has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients. It allocates trades according to a written trade allocation

policy, which determines which clients are entitled to purchase which assets, with the intent being that this conflict is avoided.

## **Item 7 – Types of Clients**

MPF Advisers, LP provides portfolio management services to limited partnerships, limited liability companies, and individuals.

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

MPF Advisers, LP will perform a detailed analysis of the securities it believes may be suitable for acquisition by the client. MPF Advisers, LP will review information obtained from various sources, including the seller, the issuer, real estate publications, SEC filings, state securities filings, and other materials. During the detailed evaluation, MPF Advisers, LP may use a number of procedures, some of which are described below, although such procedures will not necessarily be followed in all cases. First, MPF Advisers, LP will estimate the current value of the real estate owned by the issuer of the security based on (i) a capitalization at the estimated market rate of the net operating income of the real estate, (ii) an estimation of the market value of the real estate, and/or; (iii) any other evaluation method deemed to be appropriate. Second, MPF Advisers, LP will deduct the estimated selling costs and commissions, based on the assumption that the real estate is sold, to determine the net value of the issuer's real estate interests. Third, MPF Advisers, LP will estimate the net equity value of the issuer's securities by adjusting the aggregate net value of its real estate to take into account (i) other assets of the issuer, (ii) the issuer's liabilities, (iii) the amount of seller financing that may be required to sell the issuer's real estate, (iv) the estimated amount of time it may take to sell the real estate, and (v) an allowance for any uncertainty based on incomplete or conflicting information. Fourth, MPF Advisers, LP will determine the net equity value per unit or share by dividing the aggregate net equity value of all of the outstanding securities of the issuer by the number of outstanding securities. Fifth, MPF Advisers, LP may adjust the net equity value per unit to take into account the illiquid position of a security holder.

**Investing in securities involves risk of loss that clients should be prepared to bear. MPF Advisers, LP may make errors in its calculations and estimates. If it does, this could result in loss of potential profit or loss of invested capital. Many of these risks are discussed in the private placement memoranda previously distributed to investors in the clients.**

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of MPF Advisers, LP

or the integrity of MPF Advisers, LP's management. MPF Advisers, LP has no information applicable to this Item.

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

MPF Advisers, LP's executive officers' business also includes providing administrative services to limited liability companies and limited partnerships, acting as managing member of limited liability companies and general partner to limited partnerships, property management, and managing nursing homes. MPF Advisers, LP owns Sutter Capital Management, LLC, an SEC registered Investment Adviser (SEC File No. 801-64557) and provides real estate consulting services for Patterson Real Estates Services.

Charles Evans Patterson, President of MPF Advisers, LP, is also President of MacKenzie Patterson Fuller, LP who acts as managing member of privately held limited liability companies and general partner of privately held limited partnerships. MPF Advisers, LP does not intend to offer services to the general public, restricting its advisory services to existing clients who are private investment limited partnerships, limited liability companies, and individuals. Full disclosure of the relationship between MPF Advisers, LP and MacKenzie Patterson Fuller, LP is made in the Private Placement Memorandum provided to individual investors in such investment funds.

#### Item 11 – Code of Ethics

MPF Advisers, LP has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at MPF Advisers, LP must acknowledge the terms of the Code of Ethics annually, or as amended.

MPF Advisers, LP anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which MPF Advisers, LP has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which MPF Advisers, LP, its affiliates and/or clients, directly or indirectly, have a position of interest. MPF Advisers, LP's employees and

persons associated with MPF Advisers, LP are required to follow MPF Advisers, LP's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of MPF Advisers, LP and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for MPF Advisers, LP's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of MPF Advisers, LP will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of MPF Advisers, LP's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between MPF Advisers, LP and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with MPF Advisers, LP's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. MPF Advisers, LP will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

MPF Advisers, LP's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Chip Patterson.

It is MPF Advisers, LP's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. MPF Advisers, LP will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with



the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

The majority of securities recommended by MPF Advisers, LP are real estate securities traded in the informal secondary market, although some are listed on a national exchange. For securities listed on a national exchange, MPF Advisers, LP will normally place orders through e\*Trade or Western International Securities, FINRA-registered broker/dealers, although under circumstances where MPF Advisers, LP believes it beneficial to its clients, other broker/dealers will be used. For securities purchased in the informal secondary market for real estate securities, MPF Advisers, LP will use one of approximately ten different broker/dealers who specialize in services in the market. While some services such as research and assistance with administration details are provided by these firms, no formal arrangement exists, and orders are placed depending on availability of bids or offers of securities at prices which meet the criteria of MPF Advisers, LP. While it is possible that MPF Advisers, LP will place security orders with broker/dealers at commission rates higher than offered by others in return for services, MPF Advisers, LP does not anticipate such occurrences except under unusual circumstances which provide significant benefits to MPF Advisers LP's clients. One possible circumstance would be when MPF Advisers, LP employs the assistance of a broker dealer in the solicitation by mail or telephone of specific real estate security interest, in such case, a larger than competitive commission might be paid to reimburse the broker/dealer for the exceptional cost of effort involved in the solicitation.

## **Item 13 – Review of Accounts**

Project Managers of the clients review accounts, followed by Christine Simpson, Chief Investment Officer, Glen Fuller, Senior Vice President, and C.E. Patterson, President. C.E. Patterson has previously held NASD/FINRA Principal Licenses in Securities (24), Municipal (59), and Options (27) and has been involved in managing investment fund continuous for 39 years. Mr. Patterson was Managing Principal for Patterson Financial Services, Inc. (now MPF Advisers, LP) when it was a NASD member firm, until December 31, 1992. Since that date, MPF Advisers, LP has been acting as adviser to investment funds managed by MacKenzie Patterson Fuller, LP, pursuant to MPF Advisers, LP's SEC Registration.

Mr. Patterson, Mr. Fuller, Ms. Simpson, and the Project Managers review each client's account at least quarterly to assure that the portfolio of investment meets with the stated objectives of the client and/or to determine if any investment ought to be purchased or sold. An extensive review and report to clients is made quarterly in writing including the presentation of unaudited financial reports. Total clients to which MPF Advisers, LP has an advisory relationship is approximately 60 and the review function is solely allocated to the Project Manager, Mr. Fuller, Ms. Simpson, and Mr. Patterson.

#### **Item 14 – Client Referrals and Other Compensation**

MPF Advisers does not have any applicable arrangements for this item.

#### **Item 15 – Custody**

MPF Advisers' affiliate, MacKenzie Patterson Fuller, LP, has custody of client funds and securities. The funds and securities are all held by qualified custodians, who send quarterly or monthly account statements directly to clients. On behalf of such clients, MacKenzie Patterson Fuller, LP carefully reviews those statements.

Investors in our clients also receive account statements from MacKenzie Patterson Fuller, LP, and under the Investment Advisers Act, MacKenzie Patterson Fuller, LP has retained Grant Thornton, LLP to audit each of the clients on a yearly basis. Such audited financial statements will be mailed to the investors of MPF Advisers' clients after they are completed. MPF Advisers urges investors in its clients to compare the account statements they receive from the auditor with those they receive from MacKenzie Patterson Fuller, LP.

#### **Item 16 – Investment Discretion**

MPF Advisers, LP usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, MPF Advisers, LP observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided to **MPF Advisers, LP** in writing.

#### **Item 17 – Voting *Client* Securities**

Whenever **MPF Advisers** or its affiliate is in a position to vote proxies on behalf of its clients, MPF Advisers or its affiliate will determine whether or not the matters are of sufficient importance to vote, and if so, will follow the guidelines set forth in its compliance manual, as summarized below. As a general rule it will not vote proxies for individual clients, and contracts with such clients will so state. In the event a client desires MPF Advisers to vote proxies, the contract will provide for such voting.

Generally, MPF Advisers will generally vote as follows: (i) in favor of the management-proposed slate of directors or for limited liability of directors; (ii) to ratify its choice of independent auditors; (iii) in accordance with the management on changes in corporate structure or stock splits; (iv) in favor of proposals that give shareholders a greater voice in the affairs of a company and oppose any measure that seeks to limit such rights; (v) in favor proposals that promote transparency and accountability. We believe proxy votes dealing with corporate reorganizations are an extension of the investment decision. Accordingly, we will analyze such proposals on a case-by-case basis and vote in accordance with our perception of our Funds' interests. We will review proposals related to social, political and environmental issues to determine whether they may adversely affect shareholder value. We may abstain from voting on such proposals where they do not have a readily determinable financial impact on shareholder value.

Clients may obtain a copy of **MPF Advisers'** complete proxy voting policies and procedures upon request. Clients may also obtain information from **MPF Advisers** about how it voted any proxies on behalf of their account(s).

#### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about **MPF Advisers, LP's** financial condition. **MPF Advisers, LP** has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.