

Brochure

Tolleson Private Wealth Management

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This Brochure provides information about the qualifications and business practices of Tolleson Private Wealth Management. If you have any questions about the contents of this Brochure, please contact us at (214) 252-3250. 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.

Tolleson Private Wealth Management is a registered investment adviser. Registration of an investment adviser does not imply any certain level of skill or training.

This brochure does not constitute an offer, solicitation or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. Such an offer may only be made to eligible persons by means of delivery of offering memoranda, account documents and/or other similar materials that contain descriptions of the material terms relating to such investments, products or services.

Additional information about Tolleson Private Wealth Management is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

The date of the last annual update to our firm brochure was March 31, 2013. A summary of the material changes that have been made to our firm brochure since the date of our last annual update is set forth below:

- A new private investment partnership, TWM High Yield 2008 Offshore Partnership, LP was formed in 2013.
- Effective March 2013, Phil Durst was named Chairman of the Investment Committee for Tolleson Private Wealth Management and in August 2013, he was named Chief Investment Officer.
- In July 2013 the firm adopted new language in the Financial Management Agreement (“FMA”) to provide for the use of limited discretion in client accounts. New FMAs were distributed to all clients to accept or decline the firm’s ability to exercise limited discretion.

The information set forth in this brochure is qualified in its entirety by the applicable offering materials and/or governing/account documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable governing, account and/or offering documents, the governing, account and/or offering documents shall control.

TPWM encourages all clients to carefully review this brochure and/or any other applicable disclosure documents in their entirety.

Item 3 -Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes	ii
Item 3 -Table of Contents.....	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation.....	3
Item 6 – Performance-Based Fees and Side-By-Side Management	5
Item 7 – Types of Clients	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 9 – Disciplinary Information	14
Item 10 – Other Financial Industry Activities and Affiliations.....	15
Item 11 – Code of Ethics	17
Item 12 – Brokerage Practices.....	19
Item 13 – Review of Accounts	22
Item 14 – Client Referrals and Other Compensation	23
Item 15 – Custody	24
Item 16 – Investment Discretion.....	25
Item 17 – Voting Client Securities	26
Item 18 – Financial Information.....	27
General Information	28

Item 4 – Advisory Business

Tolleson Private Wealth Management, LP (“TPWM”) is an SEC-registered investment advisory firm located in Dallas, Texas that was formed in 2000. TPWM is a wholly owned subsidiary of Tolleson Wealth Management (“TWM”) and TWM is majority owned and controlled by John Tolleson.

Based on a client’s goals, objectives and risk tolerance, TPWM provides investment strategy, asset allocation analysis, third-party investment manager analysis and performance monitoring and consulting services. TPWM provides clients with information and research on various investments and assists its clients in selecting investment products that best fit their individual investment objectives, strategy and investment criteria. As part of the advisory services provided to clients, TPWM may also provide discretionary management of fixed income portfolios. Clients may impose restrictions on investing in certain types of securities or strategies. TPWM may manage client investments on either a discretionary or non-discretionary basis.

TPWM may provide advice to one or more of its clients regarding the advisability of an investment in one or more private investment funds for which TPWM provides advisory services, including TWM Hedge Fund Partners, LP, TWM Equity Income Partnership, LP, TWM OCM Partners 2005, LP, TWM BCF 2006, LP, TWM International Equities 2006, LP, TWM OCM 2007 Partnership, LP, TWM Select Equity Partnership, LP, TWM Hedge Fund Offshore Partners, LP, TWM High Yield 2008 Partnership, LP, TWM High Yield 2008 Offshore Partnership, LP, TWM Energy Partnership 2012, LP, and TWM Technology Partnership 2012 (collectively, the “Funds”). Each fund is structured as a limited partnership that invests a substantial portion of its assets in other pooled investment vehicles (including mutual funds) and separately managed accounts managed and operated by third-party investment managers. As part of its role as adviser to the Funds, TPWM exercises discretionary power and authority to invest and reinvest the assets of the Funds in accordance with the investment objectives and guidelines set forth in the applicable offering and governing documents. TPWM believes that these funds provide a number of benefits for clients, including, lower volatility through diversification, improved liquidity management and access to a greater number of third-party funds.

In addition to investment advisory services, TPWM provides tax and accounting services, cash management, estate planning and other financial planning services.

As of December 31, 2013, TPWM had a total of approximately \$3,881 million in regulatory assets under management. Of its total regulatory assets under management, \$3,392 million were managed by TPWM on a discretionary basis and \$489 million were managed on a non-discretionary basis.

Item 5 – Fees and Compensation

In consideration of its advisory services, TPWM generally receives management fees from its clients. While the fees applicable to each client are described in detail in the investment advisory agreement and the fees applicable to each Fund are described in detail in the offering and governing documents, a brief summary of TPWM's fee schedule is set forth below.

The basic fee schedule applicable to each advisory client is summarized below:

Type of Services**Basic Fees**

Financial Advisory Services

.30% - 1.00% per annum of client assets under management, payable quarterly or

Annual fixed fees, payable quarterly

Discretionary Fixed Income
Portfolio Management

.20% per annum of client assets under management, payable quarterly

However, fees are negotiable with each client on a case-by-case basis, taking into consideration various factors such as (among other things) a client's situation and net worth, the type and amount of services requested, complexity of the client's financial plan and special service needs. Accordingly, advisory fees may vary from the basic fee schedule set forth above. While fees generally are billed quarterly in advance, the specific manner in which fees are charged is established in each client's written advisory agreement with TPWM. Clients may instruct their custodians to deduct fees directly from their accounts. Management fees may be prorated for each capital contribution and withdrawal made from a client account during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Upon termination of the investment advisory agreement, TPWM will refund to the applicable client a pro-rata portion of any advisory fees paid in advance.

In most cases, clients receiving both financial advisory services and discretionary fixed income portfolio management are charged one comprehensive fee. In other cases, the fees for these services are considered separate.

In some cases, certain tax and accounting services are provided to clients for an agreed upon fixed fee or on an hourly basis.

With respect to investments and related services provided through TPWM, if a client were independently to select such investments and services separately without the aid of TPWM, it may find its costs to be more or less than if the investments and services were received as a program through TPWM.

In consideration of TPWM's investment management and other services, each Fund pays TPWM a fee, payable monthly in arrears, equal to 0.30% per annum of the aggregate capital account balances of that Fund. Such fee is intended to compensate TPWM for the investment advisory, administrative and various other services provided with respect to the Fund. The fees payable with respect to the Funds are in addition to (and are separate from) the advisory fees payable by advisory clients (as described above). In addition, each investor in a Fund that is not an advisory client of TPWM is required to pay a monthly management fee equal to a percentage of the balance of its capital account in such Fund (as determined by the Fund's general partner in its discretion).

OTHER FEES AND EXPENSES

In addition to advisory fees charged by TPWM, each client generally bears fees and expenses charged by outside firms such as custodians, brokers, mutual fund companies, outside money managers, private investment funds and other pooled investment vehicles invested in by the Funds (including administrative fees and expenses applicable to each Fund in which that client invests, as described below). See Item 12 below.

In addition to the fees to TPWM (and any other applicable fees, as described in the applicable offering documents), each Fund may also bear the direct third party costs and expenses relating to the Fund's operations, including legal, and auditing expenses, costs for the preparation of the Fund's financial statements, tax returns, and IRS Forms K-1, expenses of the meetings of the limited partners, if any, and other expenses associated with the acquisition, holding and disposition of investments, and extraordinary expenses, such as litigation. See Item 12 below.

TERMINATION

Pursuant to each investment advisory agreement with a client, any party may terminate the agreement upon 30 days' prior written notice. TPWM may waive the notice requirement in its discretion. Upon notice of termination, TPWM requests instructions from the client as to the liquidation and/or transfer of the client's portfolio.

Item 6 – Performance-Based Fees and Side-By-Side Management**TPWM ADVISORY SERVICES**

Neither TPWM nor the Funds charge performance-based fees to clients.

UNDERLYING FUND MANAGERS

Certain of the underlying funds and underlying managers may charge performance-based allocations or fees. Performance-based fees and/or allocations could motivate the underlying managers to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. In addition, because many performance-based fees or allocations may be calculated on a basis that includes both realized and unrealized appreciation in portfolios based upon values assigned by the underlying managers, the underlying managers could face a conflict of interest in valuing such portfolios. TPWM generally attempts to ensure that these conflicts are addressed by underlying managers in a fair and equitable manner. TPWM attempts to address these conflicts through disclosure in this brochure.

Item 7 – Types of Clients**DESCRIPTION**

TPWM provides portfolio management services to high net worth individuals, estates, trusts, foundations, the Funds and trust accounts at Tolleson Private Bank. See Item 10 below.

ACCOUNT REQUIREMENTS

Generally, the minimum account size for an advisory client is \$10 million (subject to waiver by TPWM).

Among other things, advisory clients are required to sign financial management agreements that set forth the nature and scope of TPWM's advisory services and the investment objectives, guidelines and restrictions applicable to the management of advisory accounts. In addition, advisory clients generally must meet certain net worth, net asset and/or other eligibility requirements.

Each investor in a Fund generally is required to represent that it is, among other things, (i) an accredited investor, as such term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended, and (ii) a qualified purchaser, as such term is defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended.

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

Investment strategies are evaluated based on each client's individual investment goals, risk tolerance and income needs. With the aid of TPWM, each client creates an investment policy statement to direct TPWM in its advisory services and recommendations. A separate fixed income investment policy statement is developed in the event a client desires discretionary bond management services. TPWM then researches and evaluates investment alternatives that are consistent with the client's investment policy. Investments are evaluated using one or more of the following: quantitative data, qualitative information and interviews with investment managers. Decisions to select or change investment managers and/or asset allocation strategies are approved by TPWM's Investment Committee. Additionally, for purposes of fixed income securities, particular attention is paid to the following factors (among others): issuer ratings (which are provided by nationally recognized rating agencies), liquidity of securities, and sector and geographic diversification.

TPWM does not engage in classic security analysis in the sense of evaluating the expected performance of a particular security or type of investment; rather, it serves as an overall portfolio manager. TPWM's advisory services focus on helping its clients set investment goals and objectives and formulate an asset allocation strategy. Once a decision has been made with respect to a client, TPWM implements that client's investment policy and reports periodically (no less than quarterly) on the results of its portfolio. When managing concentrated equity positions, TPWM may advise clients with respect to transactions in derivative instruments such as collars, swaps, contingent forward sales, prepaid forward contracts, covered call options, among others.

Each Fund is structured as a limited partnership that invests a substantial portion of its assets in other pooled investment vehicles (including mutual funds) and separately managed accounts managed and operated by third-party investment managers. TPWM targets underlying fund managers that have experience in investments, however, such managers may or may not have available historical operating performance. TPWM's objective is to invest with underlying fund managers who have resources to conduct fundamental research and financial modeling of investments. TPWM utilizes underlying fund managers that conduct considerable research into business fundamentals and qualitative factors for the investments, as well as industry and market conditions. The underlying fund managers selected by TPWM may invest in a broad range of equity securities, debt securities or other financial instruments (including derivative and commodity interests), and may employ leverage, arbitrage, short-selling and other speculative investment techniques in order to seek enhanced returns.

TPWM utilizes processes to monitor existing performance of underlying fund managers, portfolio composition and portfolio diversification, which is limited only by the level of transparency granted by each underlying fund manager. Some underlying fund managers may provide estimated performance data, while some provide deeper portfolio composition, exposures and performance data on a periodic basis. TPWM's investment team generally intends to review all reports and data provided by underlying fund managers.

There is no guarantee that the advisory services offered will result in the clients' goals and objectives being met. Nor is there any guarantee of profit or protection from loss.

CERTAIN RISK FACTORS

There can be no assurance that clients will achieve their investment objectives and goals or that TPWM's investment recommendations will be successful. All investments involve a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that TPWM's investment strategies are low risk or risk free. TPWM's investment strategies are appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. The various risks outlined below are not the only risks associated with TPWM's investment strategies and processes. With respect to the Funds, the following risks are qualified in their entirety by the risks set forth in the applicable offering documents.

General Strategy and Investment Risks

General Investment Risks. All investments risk the loss of capital. No guarantee or representation is made that TPWM's investment strategies and recommendations will be successful. Certain investment techniques of TPWM can, in certain circumstances, substantially increase the impact of adverse market movements to which clients may be subject. In addition, investments may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where TPWM or its clients invest. TPWM and the Funds will continue to be subject to complex and stringent federal, state and local laws and regulations.

Fixed Income Securities. TPWM may invest or recommend investments in bonds or other fixed income securities of issuers including, without limitation, bonds, notes and debentures issued by corporations; debt securities and commercial paper. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities changes in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Fixed income

securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

Equity Risks. TPWM may invest or recommend investments in equity and equity-linked securities. The value of these securities generally varies with the performance of the issuer and movements in the equity markets. As a result, clients may suffer losses if they invest in equity securities of issuers whose performance diverges from TPWM's expectations or if equity markets generally move in a single direction and the client has not hedged against such a general move. Clients also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Derivatives. TPWM may use derivative instruments, including (among others) convertible bonds, convertible preferred stock, options (including speculative positions such as buying and writing call options and put options on either a covered or an uncovered basis), futures, forward contracts, repurchase agreements, reverse repurchase agreements and many different types of swaps involving payments based on a wide range of risks. In many cases, derivatives provide the economic equivalent of leverage by magnifying the potential gain or loss from an investment in much the same way that incurring indebtedness would. Many derivatives provide exposure to potential gain or loss from a change in the market price of a financial instrument (or a basket or index) or other event or circumstance in a notional amount that greatly exceeds the amount of cash or assets required to establish or maintain the derivative contract. Accordingly, relatively small price movements in the underlying financial instruments or other events or circumstances may result in immediate and substantial losses to clients who invest in such instruments. In some cases, a client's exposure under a derivative contract will be limited to the amount invested. In other cases, the derivative contract will create an open-ended obligation. Many derivatives, particularly those negotiated over-the-counter, are substantially illiquid or could become illiquid under certain market conditions. As a result, it may be difficult or impossible to determine the fair value of a client's interest in such contracts. Many derivative contracts involve exposure to the credit risk of the counterparty, because TPWM or a client acquires no direct interest in the underlying financial instrument, but instead depends on the counterparty's ability to perform under the contract. Further, if and when TPWM or a client takes economic exposure through a derivative, it generally will not have any voting rights and may not be able to pursue legal remedies that would be available if it invested directly in the underlying financial instrument.

Many derivatives also involve substantial legal risk and uncertainty, because the terms of the contract may be difficult to draft, apply, interpret and enforce, particularly in the context of unforeseen market conditions or events. In many cases, the counterparty has discretion (either pursuant to the express terms of the contract or in practice) to interpret the contract, make required calculations and demand or withhold payments in the manner most favorable to the counterparty. An adverse interpretation or calculation under one derivative contract could trigger cross-defaults with other contracts and could have a materially adverse effect on liquidity and performance. Any dispute concerning a derivative contract could be expensive and time consuming to resolve, particularly given the potential for complex and novel legal issues and the involvement of multiple legal jurisdictions. Even a favorable resolution could come too late to prevent cross-defaults, trading losses and material liquidity problems.

Risks Associated with Commodity Futures, Forwards and Related Instruments. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” These limits could prevent TPWM and the underlying funds from promptly liquidating unfavorable positions and subject TPWM and the underlying funds to substantial losses or from entering into desired trades. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

The prices of commodities contracts and all derivative instruments, including futures and options prices, can be highly volatile. Price movements of forward, futures and other derivative contracts in which TPWM clients’ or the underlying fund’s assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instrument futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. TPWM and the underlying funds also will be subject to the risk of the failure of any of the exchanges on which TPWM or the underlying funds’ positions trade or of our or the underlying funds’ clearinghouses.

Trading options on futures involves a high degree of risk. An option on a futures contract is a right to either buy or sell the underlying futures contract at a specific price. The risks of trading options on futures are similar to the risks of trading securities options. In addition,

if the purchaser of an option on a futures contract exercises the option, the holder will, in effect, be buying or selling the underlying futures contract, and will then be subject to the same risks as are attendant to futures trading.

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements, and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which TPWM or underlying funds would otherwise recommend, to our and the underlying funds’ possible detriment. Market illiquidity or disruption could result in significant losses.

Identification of Attractive Investment Opportunities. Identifying and participating in attractive investment opportunities and assisting in the building of successful enterprises are difficult tasks. There generally is little or no publicly available information regarding the status and prospects of companies in which the Funds may invest. Many investment decisions are dependent upon the ability of TPWM’s members and agents to obtain relevant information from non-public sources, and TPWM often is required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The marketability and value of each investment depends upon many factors beyond TPWM’s control. The underlying managers may have substantial variations in operating results from period to period, face intense competition and experience failures or substantial declines in value at any stage. The underlying managers may need substantial additional equity or debt capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms, or may not be available at all. A Fund’s capital is limited and may not be adequate to protect the Fund from dilution in multiple rounds of financing of portfolio companies. An otherwise successful investment in a business may yield poor investment returns if we are unable to consummate and execute a timely exit strategy. The receptiveness of potential acquirers of portfolio companies will vary over time and, even if

an investment in a portfolio company is disposed of via a merger, consolidation or similar transaction, a Fund's securities or other interests in the surviving entity may not be marketable. Generally, the investments made by a Fund in such portfolio investments are illiquid and difficult to value, and there is little or no collateral to protect an investment once made. In most cases, the Funds' investments are long-term in nature and may require many years from the date of initial investment before disposition.

No Assurance of Investment Return. TPWM cannot provide assurance that it will be able to choose, make and realize investments in any particular company or portfolio of companies. There can be no assurance that a Fund will be able to generate returns for investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described in the offering documents. At the time of a Fund's investment, a portfolio company may lack one or more key attributes (*e.g.*, marketable product, complete management team or strategic alliances) necessary for success. There is no assurance that the investments of a Fund will be profitable or that any distribution will be made to investors. Any return on investment to investors depends on successful investment being made by a Fund. The marketability and value of any such investment depends upon many factors beyond the control of the applicable Fund.

Risks Related to Underlying Funds and Underlying Fund Managers

Investment Risks in General. In making investments, the underlying fund managers may utilize highly speculative investment techniques, including extremely high leverage, highly concentrated portfolios, workouts, junior securities positions, control positions and illiquid investments. In addition, some of the underlying funds may be invested in derivative instruments. Such investments may expose the assets of such underlying funds to the risks of material financial loss, which may in turn adversely affect TPWM's financial results. Furthermore, the underlying funds may be invested in new and esoteric strategies that could have unforeseen risks and cause the fund to have substantial losses. To the extent the underlying funds invest in private equity investments, the market for attractive private equity investment opportunities has become highly competitive, and the increasing number of private equity investors in any given market may lead to the reduction of suitable investment opportunities, and could adversely affect the terms upon which investments can be made.

The Funds do not independently verify the valuations made by the underlying fund managers. As a result, there is a risk that an underlying manager may mis-price a position, especially illiquid positions where there is no established public market. The Funds could be subject to withdrawal restrictions relating to its investment in the underlying fund managers. In certain circumstances, these restrictions could adversely affect the liquidity

of the Funds and therefore reduce the amounts initially payable to withdrawing investors of the Fund.

The underlying fund managers could invest in distressed securities, small and mid-capitalization companies, international investments and PIPE investments. Managers may utilize short sales, put and call options, futures, index and swap contracts in their investment strategies.

Underlying Fund Management Risks. Although TPWM will monitor the performance of underlying fund management teams, such teams will have day-to-day responsibility for conducting the business and affairs of their respective companies. Consequently, the value of any Fund's portfolio investments will be affected significantly by the efforts and decisions of operating management teams. Because of their size and historical needs, many lower middle market companies must rely heavily on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect future performance. However, lower middle market companies may not always be led by incumbent management teams/founders who possess a broad range of experience or professional managerial skills. Further, key executives/founders may be approaching the ends of their active business careers, requiring (upon retirement) the planned transition to professional management or a next generation of senior managers. In situations where incumbent managers or founders are supplemented with or replaced by professional management teams, operating cultures or key relationships with customers, suppliers, personnel or others might be adversely affected. While TPWM will attempt during the due diligence process to assess the relative capabilities and depth of company managers and will monitor performance over the course of an investment, no assurance is given that these efforts will be sufficient to overcome any decisions made or activities undertaken by underlying fund management teams or that the supplementation or replacement of operating managers will be successful.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS ASSOCIATED WITH THE FUNDS' INVESTMENT STRATEGIES. EACH FUND'S CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM CONTAINS A RISK FACTORS SECTION THAT SHOULD BE CAREFULLY READ WHEN INVESTING IN THE FUNDS.

Item 9 – Disciplinary Information

Neither we nor any of our employees have been involved in any material legal or disciplinary events related to past or present investment clients or investors.

Item 10 – Other Financial Industry Activities and Affiliations**OTHER SERVICES**

In addition to financial advisory services, TPWM provides tax, accounting, cash management, estate planning, risk management and other financial planning services. TPWM is not a licensed CPA firm in the state of Texas. In fiscal year 2013, TPWM estimates that it spent 40% of its time on services other than investment advisory services.

AFFILIATION WITH TOLLESON PRIVATE BANK

TPWM has an affiliated bank, Tolleson Private Bank (“TPB”). TPWM clients are under no obligation to be clients of TPB. In consideration of their relationships maintained with TPWM, TPWM clients may be able to access TPB products and services on more or less favorable terms than might otherwise be available. In 2006, TPB activated its trust powers and established a trust department. TPB has contracted with TPWM to provide investment advisory services to TPB trust customers and in consideration for these services, TPB compensates TPWM. In order to address any potential conflicts of interest, TPWM provides full and fair disclosure to clients.

AFFILIATION WITH TOLLESON INSURANCE SERVICES LLC

Tolleson Insurance Services LLC (“TIS”), an affiliate of TPWM, was formed during 2012 to provide various insurance-related services to advisory clients and was granted an insurance agency license by the Texas Department of Insurance. TIS may in the future receive compensation in connection with the placement of a life insurance product on behalf of a TPWM client. In order to address any potential conflicts of interest, TPWM provides and will provide full and fair disclosure to advisory clients.

FINANCIAL INCENTIVE TO RECOMMEND INVESTMENTS IN THE FUNDS

TPWM offers investment advice to one or more of its advisory clients regarding the advisability of a potential investment in one or more of the Funds (or other private investment funds formed and/or managed by TPWM or its affiliates in the future). Because TPWM receives a fee from the Funds for providing investment adviser services to the Funds, there may be a financial incentive (see Item 5) for TPWM to recommend investments in the Funds to clients. In order to address this potential conflict of interest, TPWM provides full and fair disclosure to clients.

COMMODITY POOL OPERATOR AND COMMODITY TRADING ADVISOR REGISTRATION

TPWM is registered with the Commodity Futures Trading Commission (the “CFTC”) as a commodity pool operator (“CPO”) and is a member of the National Futures Association. Notwithstanding the foregoing, (i) with respect to TWM Hedge Fund Partners, LP and TWM Hedge Fund Offshore Partners, LP, TPWM has claimed relief from most of the disclosure, recordkeeping and reporting requirements generally applicable to CFTC-registered CPOs pursuant to the exemption set forth in CFTC Rule 4.7, and (ii) with respect to each of the other Funds that invests in commodity interests, TPWM operates such Funds as if it was exempt from registration as a CPO pursuant to the exemption set forth in CFTC Rule 4.13(a)(3).

Item 11 – Code of Ethics**CODE OF ETHICS**

TPWM has adopted and implemented a code of ethics. The code of ethics is predicated on the principle that TPWM should pursue the best interests of its clients and, therefore, TPWM employees must avoid activities, interest and relationships that run contrary to the best interests of clients. Under the code of ethics, client interests are placed ahead of TPWM interests. Employees must not take advantage of their position through investment opportunities or material gifts. Employees must maintain independence in the investment decision-making process for their clients and maintain confidentiality regarding the investments or financial circumstances of a client. The code of ethics is designed to prevent the misuse of material, nonpublic information. A copy of the code of ethics will be provided to any client or prospective client upon request.

PERSONAL TRADING

As a firm, TPWM imposes no general prohibition on individual employees' security transactions other than those imposed by TPWM's code of ethics policies and applicable securities laws and regulations. TPWM prohibits employees from investing in public companies in which its clients maintain influential or controlling positions (the "restricted stock list"). Reporting of holdings and transactions by employees defined as an access person is required under the code of ethics. Individual employees of TPWM are allowed to personally invest in a fund or place personal funds with an advisor that TPWM is recommending to its clients. Any such investments or arrangements are made at arms' length and on the same terms as are available at the time to any other client investors. A director, officer or employee of TPWM may not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information also is available to the investing public on reasonable inquiry. No employee of TPWM may place his or her own interest ahead of that of the advisory client.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTION

TPWM employees are allowed to invest in the same mutual funds, investment managers and partnerships that are recommended to clients. All employees invest with the same terms as clients and are not allowed favorable access or treatment that may result in a conflict of interest.

As a matter of policy, TPWM does not engage in agency cross transactions. An agency cross transaction is defined as a transaction where a person acts as investment adviser in relation to a transaction in which the investment adviser, or an 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 typically may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. TPWM is not dually registered as a broker-dealer nor does it have an affiliated broker-dealer.

As part of TPWM's fixed income trading policies and procedures, the firm utilizes "cross trades" to address account funding issues when it deems the practice not to be disadvantageous for either participant. All cross trades are sold out of the liquidating client's portfolio at the highest bid and bought back into another clients' portfolio (or set of portfolios) at the lowest transaction cost possible as determined by market participants and to maintain consistent portfolio characteristics across TPWM's account base.

Item 12 – Brokerage Practices

SELECTING BROKERAGE FIRMS

When selecting a brokerage firm, TPWM considers the firm's reliability, integrity, financial condition and execution capability. In addition, TPWM considers the size of and difficulty in executing the order, block positioning and the best net price. When transacting in the bond market, securities' transaction costs are inherently built into the bond's purchase or sale price, and as such, negotiations of commissions or other subjective measures are not applicable for these transactions.

In some cases, for the convenience of the client, TPWM coordinates the execution of a trade in a non-discretionary account through a brokerage firm after approval from a client as to the specific security to be purchased or sold.

In general, TPWM recommends that advisory clients establish custodial accounts at, and receive custody, clearing, brokerage and other services from, Pershing Advisor Solutions, LLC ("Pershing"). Nevertheless, clients are ultimately responsible for deciding whether or not to open custodial accounts at Pershing. Pershing is considered a preferred custodian because custodial costs have been negotiated and may offset fees that otherwise would have been incurred by clients. TPWM is independently owned and operated and is not affiliated with Pershing. TPWM does not benefit financially from recommending that clients open custodial accounts at Pershing.

BEST EXECUTION

TPWM generally negotiates transaction costs to be paid to broker/dealers by its clients while in the purchase/sale process of securities. Transactions are allocated to broker/dealers with the goal of best execution, considering such factors as price, bid/ask spread, brokerage research services (e.g., research ideas, investment strategies, special execution and block positioning capabilities, clearance, settlement and custodial services), financial stability, reputation and efficiency of such broker/dealers. All transaction costs are based on, among other things, order size, liquidity of the bond and seasonal factors.

It is TPWM's intent to seek the most favorable net price and execution for brokerage orders under the circumstances. Most favorable execution is a combination of minimizing transaction costs and prompt, reliable execution.

SOFT DOLLAR PRACTICES

The term “soft dollars” refers to the receipt by an investment manager of products and services (including research) provided by brokers without any cash payment by the investment manager, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment manager. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker), as well as, items acquired by the broker from third parties (such as quotation equipment).

Using soft dollars to obtain investment research and/or related services potentially creates a conflict of interest between TPWM and its clients. Soft dollars may be used to acquire products and services that are not exclusively for the benefit of clients which paid the commissions and that may primarily or exclusively benefit TPWM. If TPWM is able to acquire these products and services without expending its own resources (including management fees paid by clients), TPWM’s use of soft dollars would tend to increase its profitability. Furthermore, TPWM may have an incentive to select or recommend brokers based on TPWM’s interest in receiving research or other products or services, rather than on clients’ interest in receiving most favorable execution. As a matter of practice, TPWM does not actively seek to engage in traditional soft dollar arrangements (i.e. TPWM does not purposely direct client transactions and thus commissions to broker/dealers in return of research related products and services. However, TPWM may have on occasion during the last fiscal year acquired the following types of products and services (i.e., soft dollar items) with client brokerage commissions::

- Printed or electronic delivery of company, industry market and economic research
- Availability of research analyst by telephone or personal meetings
- Conference calls from broker/dealers to TPWM
- Market quotation services and associated exchange fees

TPWM may participate in soft dollar arrangements of general availability through brokers that provide it with research and related services as described above. TPWM does not, however, negotiate higher rates on fees and expenses to be paid by client accounts in exchange for research products and services. Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), provides a safe harbor to advisers who use soft dollars generated by client accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to TPWM in the performance of investment decision-making responsibilities. TPWM expects that any soft dollars that it receives in connection with client-related matters would be within the limitations set forth in Section 28(e) of the Exchange Act.

BROKERAGE FOR CLIENT REFERRALS

TPWM did not have any arrangements, including those considered soft-dollar arrangements, during the last fiscal year, which it used to direct client transactions to any particular broker in return for client referrals.

DIRECTED BROKERAGE

TPWM generally selects and/or recommends broker/dealers to execute securities transactions on behalf of clients. Clients are permitted to direct brokerage if it is reasonable to do so in the opinion of TPWM. When brokerage is directed, the client may not receive best execution and in turn may pay more for the execution of the transaction. In a directed brokerage account, the client may pay higher brokerage commissions because the advisor may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

As described above, TPWM recommends that each client establish accounts at, and receive custody, clearing, brokerage and other services from Pershing.

AGGREGATION POLICY

TPWM may purchase or sell the same securities or instruments for a number of client accounts simultaneously. When possible, orders for the same security may be combined or “aggregated” to facilitate best execution and to reduce brokerage commissions or other costs. Therefore, TPWM will give consideration to performing the transactions as a single block trade when it makes economic sense for its client.

ALLOCATION POLICY

TPWM effects aggregated transactions in a manner designed to ensure that no participating client is favored over any other client. TPWM may, however, increase or decrease the amount of securities allocated to each account if necessary to avoid holding odd-lot or small numbers of securities for particular clients. Additionally, if TPWM is unable to fully execute an aggregated transaction and TPWM determines that it would be impractical or inappropriate to allocate such securities among the accounts participating in the transaction on a pro-rata basis, TPWM may allocate such securities in a manner in good faith deemed to be a fair allocation, taking into account such considerations, including, but not limited to, the assets of such accounts, the respective size of such accounts, the amount of securities proposed to be purchased or sold in the accounts, diversification within the respective accounts, the investment objectives of the accounts (including portfolio duration targets, sector allocation and structure relevant to client benchmarks), liquidity and cash available for investment in each account, and the availability of alternative securities which otherwise accomplish the investment objectives of the account.

Item 13 – Review of Accounts

TPWM provides or makes available to clients a written Consolidated Performance Report (“the Performance Report”) detailing client investments and account transactions. Performance Reports are provided by TPWM at a minimum on a quarterly basis. The majority of clients meet quarterly with their client advisory team director, although meeting may be more or less frequent as determined by the client. In addition, statements, confirmations and performance reports are furnished by various financial service institutions/firms with which the client transacts business. These firms may include, but are not limited to, broker/dealers, investment companies, trust companies, other registered investment advisers, banks and credit unions. TPWM may assist clients in interpreting and/or compiling statements/reports and transferring relevant information onto the appropriate place on the clients’ financial statements as part of the review process. TPWM has contracted with an unaffiliated third party to provide daily, weekly and monthly reconciliation services on client accounts. TPWM will provide annual written audited financial statements and annual written U.S. Income Tax information to investors in the Funds.

Item 14 – Client Referrals and Other Compensation**THIRD-PARTY COMPENSATION**

Beginning in 2013, TIS, an affiliate of TPWM, could receive compensation for life insurance products placed on behalf of TPWM clients. In order to address any potential conflicts of interest, TPWM provides full and fair disclosure of its affiliation with TIS to advisory clients. No compensation was received in 2013.

REFERRALS

We currently do not compensate any third party solicitor or marketer for client or investor referrals.

Item 15 – Custody

TPWM generally does not have custody of the cash and securities of separately managed accounts. Advisory clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains the client's cash and securities. TPWM urges clients to carefully review such statements and compare such official custodial records to the account statements that TPWM may provide to clients. TPWM statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies relating to certain securities.

TPWM has, or may be deemed to have, "custody" of each Fund. In addition, cash of each Fund could be held at TPB, an affiliate of TPWM. TPWM has engaged a nationally recognized auditor to conduct an annual audit of each Fund, and written audited financial statements (prepared in accordance with generally accepted accounting principles) are provided annually to investors. TPWM attempts to provide such statements to investors within 120, 180 or 260 days (as applicable) after the end of each Fund's fiscal year, but there can be no assurance that we will meet such timeframe. Qualified custodians do not provide account statements directly to investors in the Funds.

In addition, TPWM has, or may be deemed to have, "custody" of TPB's trust accounts as TPB has contracted with TPWM to provide investment advisory services to these accounts. TPWM has obtained and will continue to obtain on an annual basis a surprise exam by an independent public accountant.

Item 16 – Investment Discretion

TPWM renders investment advice and counseling on both a discretionary and non-discretionary basis. The precise nature of TPWM's relationship with its clients and the extent to which TPWM may exercise discretion granted to it pursuant to its management agreement is frequently a function of the personal relationship developed between client advisory team personnel of TPWM with whom the client deals and the client's investment needs, objectives and desires. TPWM will, with client approval, exercise limited discretionary authority over the individual client accounts. Should the client wish to grant TPWM limited discretion, the Adviser shall have full discretionary power and authority to invest, re-invest and engage in rebalancing transactions with respect to the investment portfolio managed by Advisor on behalf of the Client; provided, however Advisor shall not have discretionary power or authority to make an initial investment in any private fund or other entity managed by, established by or affiliated with Adviser and/or its affiliates on behalf of client.

TPWM provides discretionary investment advice to the Funds (in which TPWM clients may invest). In making its recommendations, TPWM also exercises the discretion with regard to implementing investment decisions and proposed investments by the Funds, including the ability to identify the investment, determine the amount of investment and when to terminate or sell an investment.

TPWM has discretion to determine the securities to be bought and sold, and the amount of securities to be bought or sold with respect to discretionary fixed income portfolio management. In exercising TPWM's discretion over the fixed income portfolio, TPWM is instructed to follow the guidelines provided in the client investment policy for fixed income management.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, TPWM does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. TPWM may provide advice to clients regarding the clients' voting of proxies.

In accordance with the advisory agreements between TPWM and each Fund, the Funds retain the voting rights for any and all investments maintained by the Funds.

Item 18 – Financial Information

TPWM does not have any financial impairment that will preclude it from meeting contractual commitments to clients. A balance sheet is not required to be provided as TPWM does not both (i) serve as custodian for client funds or securities and (ii) require prepayment of fees of more than \$1,200 per client, six months or more in advance.

General Information

PRIVACY POLICY

TPWM maintains a privacy notice which it provides to each client when the client relationship is established and on an annual basis thereafter. In accordance with its privacy policy, TPWM does not share a client's nonpublic personal information with any nonaffiliated third parties except as necessary to provide a service that the client has requested, as required by regulatory or law enforcement officials or as reasonably necessary to prevent fraud or unauthorized transactions. TPWM limits access to nonpublic information to those employees who need to know such information to provide services to our clients. TPWM also maintains policies regarding the confidentiality and security of client information.

LEGAL PROCEEDINGS

We generally are not responsible for filing claims or otherwise taking any action in connection with class action lawsuits, bankruptcy proceedings, or any other legal or administrative proceeding, in any such case on behalf of a client in connection with any client security holding.

TRADE ERRORS

In the event of a trade error, TPWM policy is to seek to identify and correct the trade error as promptly as possible without disadvantaging the client or benefiting TPWM. If the error is a result of the actions of TPWM, the transaction will be corrected and TPWM will be responsible for any client loss resulting from an erroneous order.