
Wells Fargo Alternative Asset Management, LLC

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This Brochure provides information about the qualifications and business practices of Wells Fargo Alternative Asset Management, LLC (“WFAAM”). If you have any questions about the contents of this Brochure, please contact us at 415.371.4000. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

WFAAM is registered with the SEC as an investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about WFAAM is available on the SEC’s Web site at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission (“SEC”) published “Amendments to Form ADV” that revised the rules under which we provide a disclosure document (“Brochure”) to clients. This Brochure dated March 31, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Brochure is materially different in structure and contains certain new information that our previous brochure did not require.

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

In the past we have offered or delivered information about our qualifications and business practices to clients at least annually. Under the new SEC Rules, we will ensure that our clients receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year (December 31). We will also provide other ongoing disclosure information about material changes, and/or a new Brochure as necessary, based on changes or new information, without charge.

Currently, you may request a copy of our Brochure by contacting Dede Dunegan, Chief Compliance Officer at 415.222.6637 or via e-mail at dede.l.dunegan@wellsfargo.com. WFAAM’s Brochure is also available on our web site www.wfaam.com at no charge.

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Item 4 – Advisory Business

Wells Fargo Alternative Asset Management, LLC (“WFAAM”) is a wholly owned subsidiary of Wells Fargo Investment Group, Inc., which is a wholly owned subsidiary of Wells Fargo & Company (“WFC”). WFAAM is a Delaware limited liability company established in 2002 to create and serve as the adviser to investment products appropriate for sophisticated investors and certain institutional investors that have a relationship with a representative of one or more Wells Fargo & Company affiliates, including Wells Fargo Bank (“WFB”) and Wells Fargo Advisors, LLC (“WFA”). WFAAM had approximately \$612 million under management as of December 31, 2010.

Fund Management

WFAAM serves as the managing member and/or investment adviser to domestic and offshore private investment funds (“Private Funds”) exempt from registration as an investment companies pursuant to Section 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940, as amended (“1940 Act”). Private Funds managed by WFAAM include “funds-of-funds” that seek to accomplish their investment objectives by primarily investing in other investment funds and funds that invest primarily in individual securities and financial instruments.

WFAAM serves as the investment adviser to closed-end management investment companies that are registered under the 1940 Act (“Registered Funds”). The Registered Funds are “funds-of-funds” that seek to accomplish their investment objectives by primarily investing in other investment funds.

WFAAM provides investment advisory services certain common trust funds established and maintained by WFB under WFB Common Trust Fund plans (“CTFs”). Each CTF is exempt from registration as an investment company pursuant to Section 3(c)(3) under the 1940 Act. WFB is trustee of the Common Trust Funds, but has contracted with WFAAM to provide day to day investment management with respect to investments of each Trust Fund. However, WFB is ultimately responsible for the investment management of the CTFs.

Wells Fargo Family Wealth

WFAAM may provide investment consulting and non-discretionary services to clients of Wells Fargo Family Wealth. These services will be made available and customized for each WFFW client on a case-by-case basis, and clients will be charged in a manner as agreed to separately in advance, if required.

Item 5 – Fees and Compensation

Fees are negotiated on a per fund basis but will generally include a fixed annual fee (fixed percentage) on committed capital and may include a performance fee that will equate to a negotiated percentage of profit. In the case of each fund, the management fee ranges from 1.00 % to 1.25% of committed capital. Currently, WFAAM has chosen to waive any performance fees that it may charge. With respect to the Private Funds and the Registered Funds, a monthly fee equal to 1/12 of the agreed-upon percentage of the asset value of each investor's capital account balance is paid to WFAAM on the last day of the month. Consult the offering documents of each Private Fund or Registered Fund for a complete description of the fees charged to each fund.

The above fees do not encompass fees which may include, but are not limited to, trailing commissions, legal fees and expenses, brokerage commissions, custody expenses, administrative fees, auditor fees, taxes, master fund fees, transfer agent fees, or registrar fees.

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

To the extent WFAAM were to manage or advise both funds that charge a performance fee and funds that are charged only a base fee, WFAAM may have an incentive to select investments for funds that charge a performance fee that may be riskier or more speculative than those that would be selected for funds that do not charge a performance fee.. WFAAM also may have an incentive to favor funds that charge a performance fee over funds that do not charge a performance fee when allocating investment opportunities. WFAAM has implemented procedures designed to ensure that all clients are treated fairly and equally, and to prevent these conflicts from influencing investment opportunity allocation among funds.

WFAAM will supervise the allocation of transaction costs and Investment Instruments among accounts. WFAAM will attempt (to the extent appropriate, permissible and/or feasible) to aggregate multiple orders for the purchase or sale of the same investment instrument in the same direction placed at or around the same time to achieve best execution with respect to all

transactions being effected on behalf of various accounts. WFAAM will supervise the allocation of transaction costs and Investment Instruments among accounts and review trading activity to ensure that WFAAM is not unfairly favoring any funds.

Item 7 – Types of Clients

WFAAM provides investment advisory services to domestic and offshore pooled investment vehicles, including the Private Funds, the Registered Funds and the CTFs. Investors in the funds have to meet certain regulatory standards to invest, generally, either the “accredited investor” or “qualified purchaser” standard, or both. The minimum investment requirement varies by fund but may be negotiable and can be as low as \$50,000 or as high as \$1,000,000.

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

With respect to the funds-of-funds it advises, WFAAM intends to accomplish the investment objective of the funds by investing in trusts that are sub-trusts of an umbrella trust that pursue a distinct investment strategy under the direction of an independent investment manager (each, a “Trading Manager”) Generally, the Trading Managers’ activities may involve investment, holding, sale or trading of any investment instruments, including but not limited to:

- stocks, bonds, warrants, notes, debentures (whether subordinated, convertible or otherwise);
- money market funds, commercial paper, certificates of deposit;
- governmental obligations (or the obligations of any instrumentality thereof), whether publicly offered or pursuant to private placements; and
- options, forward currency contracts, swaps, caps, collars, floors and other over-the-counter derivatives.

WFAAM makes decisions concerning asset allocation in the various trusts and the Trading Managers responsible for each trust arrange for the placement of buy and sell orders and the execution of portfolio transactions on behalf of the trusts.

With respect to the other funds it manages, WFAAM makes investment decisions and arranges for the placement of buy and sell orders and the execution of portfolio transactions. In

arranging for the execution of portfolio transactions on behalf of a fund, WFAAM seeks to obtain best execution at favorable prices on the funds' behalf. In evaluating "best execution," WFAAM's review includes the size and complexity of the order; the total cost or net proceeds; the timeliness and quality of the proposed execution; the reputation, integrity and financial and operating condition of the executing brokerage firms; the commission; and the services provided.

If a determination is made that a more than one fund should purchase or sell the same securities at the same time, WFAAM will allocate these purchases and sales after considering various factors such as:

- taxability of the account,
- cash available for investment,
- asset mix of the account,
- account objectives and restrictions,
- company and industry concentrations,
- broker designations specified by the client,
- size of execution versus the total order size, and
- partial positions versus full positions.

Circumstances may arise, however, in which an allocation could adversely affect a fund with respect to the price or the size of securities positions obtainable or saleable.

Risk of Loss

Investing in any of the funds is speculative and entails substantial risks. There can be no assurance that the investment objectives of the funds will be achieved or that their investment programs will be successful. In particular, use of leverage, short sales and derivative transactions as well as limited diversification or concentration can, in certain circumstances, result in significant losses to the funds.

Investors should consider the funds as a supplement to an overall investment program and should invest only if they are willing to undertake the risks involved. Investors in the funds

could lose some or all of their investment. The offering document for each of the funds managed by WFAAM discusses the risk factors that are specific for each fund.

Item 9 – Disciplinary Information

WFAAM is required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of WFAAM or the integrity of WFAAM's management. WFAAM is not aware of any information applicable to Item 9 at this time

Item 10 – Other Financial Industry Activities and Affiliations

WFAAM is an indirect, wholly-owned subsidiary of WFC. WFAAM established to serve as the advisor to investment products appropriate for sophisticated investors and certain institutional investors that have a relationship with one or more Wells Fargo & Company affiliates, including Wells Fargo Bank, N.A.

Alternative Strategies Group, Inc. ("ASGI"), a wholly-owned subsidiary of WFC, is a registered investment adviser that provides investment advisory services to financially sophisticated investors and certain institutional investors, many of which have a relationship with a representative of one or more WFC affiliates, including WFB. The President, Chief Operating Officer and Treasurer of WFAAM are also officers of ASGI.

Alternative Strategies Brokerage Services, Inc. ("ASBSI"), a subsidiary of WFB, is a registered broker-dealer providing wholesaling support services to certain registered and unregistered funds that WFAAM sponsors. ASBSI serves as placement agent for certain registered and unregistered funds advised by WFAAM. The President and Chief Operating Officer of WFAAM are also officers of ASBSI.

WFAAM is an affiliate of Wells Fargo Advisors, LLC ("WFA") and Wells Fargo Advisors Financial Network, LLC ("FiNet"), each a registered broker-dealer and an SEC-registered investment adviser. WFA and FiNet serve as sub-placement agents through an agreement with ASBSI for certain registered and unregistered funds advised by WFAAM.

WFB, a subsidiary of WFC, has large banking, investment management, and trust businesses that may delegate or refer business to WFAAM. Certain investors in the funds may have their accounts custodied at WFB. Clients may or may not pay separate custody fees for this service. If referrals are made, the individuals making the referrals may receive incentive compensation

as an employee of Wells Fargo. While evaluating a client's financial needs, Wells Fargo Family Wealth may also recommend to its clients that they invest in one or more of the investment funds advised by WFAAM.

Item 11 – Code of Ethics

Access Persons

WFAAM has adopted a code of ethics to address conflicts of interest with which all WFAAM personnel must comply. The Code of Ethics imposes restrictions on the purchase and sale of securities for the accounts of employees, officers, directors, and the accounts of certain affiliated persons in order to eliminate situations where a personal transaction by a person related to WFAAM would be adverse or detrimental to a client of WFAAM.

The Code of Ethics requires prior clearance of all personal securities transactions by investment persons, excepting certain exempt transactions. All investments by access persons in private offerings require preclearance. Copies of all brokerage firm confirmations and/or quarterly brokerage statements must be sent directly to WFAAM's Compliance Department.

The Code also contains policies governing the safeguarding of proprietary and nonpublic information by WFAAM personnel as well as restrictions on the use of insider information and the use of nonpublic information regarding a client. Violations of the Code of Ethics may lead to dismissal as well as referral to federal and state enforcement agencies.

The WFAAM Code of Ethics sets forth standards of conduct expected of its personnel. WFAAM is required to keep copies of the Code of Ethics and records relating to it. Further, WFAAM is required to report issues that arise under the Code of Ethics to senior management at least annually. An existing or prospective client may obtain a copy of the Code of Ethics by contacting Dede Dunegan, Chief Compliance Officer at 415.222.6637 or via email at dede.l.dunegan@wellsfargo.com.

Item 12 – Brokerage Practices

The funds-of-funds managed by WFAAM do not typically utilize brokers with respect to investments in underlying investment funds. With respect to the other funds managed by WFAAM, WFAAM makes investment decisions and arranges for the placement of buy and sell orders and the execution of portfolio transactions. In arranging for the execution of portfolio

transactions on behalf of funds, WFAAM seeks to obtain best execution at favorable prices on funds' behalf. In evaluating "best execution," WFAAM reviews, among other things, the size and complexity of the order, the total cost or net proceeds, the timeliness and quality of the proposed execution, the reputation, integrity and financial and operating condition of the executing brokerage firm, the commission and the services provided.

Soft Dollar Practices

At this time WFAAM does not engage in soft dollar activities, but WFAAM may enter into "soft dollar" arrangements in the future. If it does so, WFAAM will seek to operate within the safe harbor provision of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Client Referrals

WFAAM does not use client brokerage to compensate brokers for client referrals.

Directed Brokerage

Given the nature of WFAAM's business, WFAAM's clients do not direct brokerage.

Trade Aggregation

WFAAM may, but is not obligated to, aggregate similar trades by multiple clients and execute the trade as a single block. When transactions are so aggregated, the securities purchased or sold will be allocated among the participating funds in a fair and equitable manner. WFAAM will not aggregate transactions unless it believes that aggregation is in the best interests of the affected clients, is consistent with its duty to seek best execution for its clients and is consistent with the terms of the investment advisory agreement or limited liability company agreement with each fund for which transactions are being aggregated. Nevertheless, there is no assurance that aggregation of transactions will benefit all clients equally, and in some instances combined orders could adversely affect the price or volume of a security. Also, it is possible that WFAAM may not aggregate trades in circumstances where it would have been beneficial to do so.

Item 13 – Review of Accounts

WFAAM has established an investment committee that meets regularly to review reporting of the funds, consider whether they are being managed within the parameters of established investment guidelines, review performance of the funds and the underlying Investment Managers, and discuss other related investment management matters. In

addition, WFAAM talks regularly to the Trust Platform provider to discuss trading managers and allocations. -

Item 14 – Client Referrals and Other Compensation

Client Referrals

WFAAM does not directly or indirectly compensate any person for client referrals.

Other Compensation

As described more fully in Item 10, ASBSI, WFA and FiNet have agreements with certain funds or WFAAM to act as placement agent or sub-placement agent for certain funds managed by WFAAM and may receive fees for their services from those funds.

WFB has a large banking, investment management, and trust business that may recommend to its clients that they invest in one of the domestic and/or off-shore Private Funds or Registered Funds to which WFAAM provides investment management services. WFFW may also recommend to its clients that they invest in one of the domestic and/or off-shore Private Funds to which WFAAM provides investment management services.

WFA and FiNet serve as sub-placement agents for certain investment funds sponsored or advised by WFAAM. Investors in these funds are assessed a fee based on their subscription amount, which is payable to WFA or FiNet. WFA or FiNet may use the fee to compensate associated persons of those firms.

Item 15 – Custody

Investors should carefully review statements provided by custodians and compare those official custodial records to the account statements that WFAAM may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

An adviser has custody if it acts in any capacity that gives the adviser legal ownership of, or access to, the client funds or securities. As a result, WFAAM is deemed to have custody of the Private Funds' assets to the extent that it acts as both investment adviser and managing

member of pooled investment vehicles with the authority to dispose of funds and securities in the pools' accounts.

WFAAM intends to distribute the audited financials of each Private Fund to investors in that Fund within the 120-day period, and therefore will be exempt from the reporting requirements under Rule 206(4)-2 of the Investment Advisers Act of 1940 (the "Advisers Act").

Item 16 – Investment Discretion

With respect to the funds-of-funds it manages, WFAAM determines the allocation of each fund's assets into various trusts in accordance with each fund's investment objectives. WFAAM does not have investment discretion with respect to the underlying investments in the trusts. The Trading Manager of each trust has investment discretion over the buy and sell orders and the execution of portfolio transactions on behalf of the trust.

WFAAM has investment discretion over funds it manages that invest directly in securities. In all cases, such discretion must be exercised in a manner consistent with the stated investment objectives and investment guidelines for the particular fund. Investment guidelines for each fund are provided in the fund's private placement memorandum.

Item 17 – Voting Client Securities

With respect to the funds-of funds it manages, WFAAM does not vote any proxies with respect to equity securities in the underlying trusts. Each trading manager registered as an investment adviser under the Investment Advisers Act must comply with Rule 206(4)-6 under the Advisers Act, which addresses an adviser's fiduciary responsibilities in connection with proxies.

With respect to the Funds to which it provides discretionary investment advisory services that are not funds of funds, WFAAM has adopted the procedures established by the Wells Fargo Proxy Committee which seek to vote proxies in the best interests of shareholders. The Wells Fargo Proxy Committee exercises its voting responsibility as a fiduciary, with the goal of maximizing value to shareholders consistent with the governing laws and investment policies of each portfolio.

While securities are not purchased to exercise control or to seek to effect corporate change through share ownership, WFAAM supports sound corporate governance practices within

companies in which it invests. To receive detailed information regarding proxy voting policies and procedures, including how WFAAM voted the proxies on securities held by a WFAAM fund, contact WFAAM's Chief Compliance Officer, Dede Dunegan at 415.222.6637 or via email at dede.l.dunegan@wellsfargo.com.

Item 18 – Financial Information

Registered investment advisers are required in Item 18 to provide investors with certain financial information or disclosures about WFAAM's financial condition. WFAAM 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.

Item 19 – Requirements for State Registered Advisers

Not Applicable