



Algonquin Advisors LLC

Form ADV Part 2A – Disclosure Brochure

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March 30, 2011

This Brochure provides information about the qualifications and business practices of Algonquin Advisors LLC (“Algonquin” or “Advisor”). If you have any questions about the contents of this Brochure, please contact us at 203-629-2114. 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.

Algonquin 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 Algonquin is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United States 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 30, 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 John Hyman, Chief Executive Officer at 203-629-2114 or jhyman@algonquinadvisors.com. Our Brochure is also available on our web site www.algonquinadvisors.com, also free of charge.

Additional information about Algonquin is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Algonquin who are registered, or are required to be registered, as investment adviser representatives of Algonquin.

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Item 4 – Advisory Business

Algonquin, a Connecticut limited liability company, is registered as an investment adviser with the Securities and Exchange Commission. The firm was founded in 1998. Algonquin provides consulting and investment advisory services. As of December 31, 2010, Algonquin's employees and their families owned 100% of the firm. George Hubbard and his family are the principal owners of the firm, holding more than 90% of the firm. The firm is not publicly owned or traded.

Investment Advisory Services

Investment advisory services may include the identification and selection of third-party investment strategies ("Strategies") which may include separate accounts of investment managers ("Managers"), mutual funds and exchange traded funds ("Funds") and privately offered pooled investment vehicles including hedge funds and private equity funds ("Private Investment Vehicles") for clients. Algonquin provides investment advisory services on a discretionary or non-discretionary basis.

A client enters into an agreement with Algonquin that describes the services the client will receive and the fee the client will pay ("Fee"). Algonquin's services are generally intended for investors that seek to establish medium to long term strategic investment goals, desire assistance and advice in connection with the construction of investment portfolios and who prefer the consistency of a fee based approach. Algonquin's services are not typically intended for investors who have a short term investment horizon, who expect ongoing meaningful withdrawals or who expect to maintain, over an extended period of time, high levels of cash or highly concentrated portfolios.

Upon the inception of a client relationship, Algonquin will collect information from each client which may include information about the client's financial circumstances, investment objectives and risk tolerance. Algonquin may also collect information regarding any restrictions a client wishes to impose on the management of their account. Clients are responsible for notifying Algonquin promptly, in writing, of any changes in the information they provided to Algonquin. Algonquin will rely on the information provided by clients. Algonquin will not be liable for a client's failure to provide Algonquin with accurate or complete information or to inform Algonquin promptly of any change in the information previously provided. On an ongoing basis, Algonquin will respond to client inquiries, periodically consult with a client to update the client's financial information and investment objectives, periodically review the activity and investment results of the client's accounts and assist in determining whether to make any changes to the client's accounts. (further information provided in Item 13 – Review of Client Accounts)

Algonquin will assist clients with regards to the allocation of their assets among various Strategies that may be managed or advised by Algonquin. Algonquin will also assist clients with the selection of Strategies from various third-party investment providers and other vehicles to manage various portions of the client's overall account. Clients will receive materials from each Strategy that will enable them to engage the Strategy directly. Algonquin will assist clients with each engagement and will assist clients in identifying a custodian or broker, as Algonquin does not act as a custodian or broker for any client. Clients will notify Strategies of any restrictions in each Strategy's new account documents, as appropriate.

Clients will receive from each Strategy a copy of the Form ADV2A and B, prospectus, offering documents or other disclosure and informational pieces as appropriate for the investment being made. Clients are urged to review the disclosure information for important information about the Strategy. Each Strategy is responsible for the truthfulness, completeness and accuracy of its disclosure documents.

Algonquin is not responsible for the performance of any Strategy or any Strategy's compliance with applicable laws or regulations or other matters within the Strategy's control. Each Strategy is solely responsible for the management of their designated account(s). If a client selects more than one Strategy, the Strategies may engage in contrary transactions with respect to the same security. Algonquin is not responsible for the management of any account by a third party, including the conformity of the management of any account to any information provided by clients. Algonquin shall not be responsible for any act or omission of any Strategy or any misstatement or omission contained in any document prepared by or with

the approval of any Strategy for any loss, liability, claim, damage, expense, whatsoever, as incurred, arising out of or attributable to such misstatement or omission. Clients generally authorize and direct each selected Strategy to effect transactions subject to the Strategy's duty to seek best execution.

Algonquin will perform periodic reviews of Strategies identified to clients from its researched universe of available investments. Strategies are monitored on a periodic basis to determine whether they continue to meet the investment needs of Algonquin's clients. This review generally includes reviewing the Strategy's organization, investment process, service and performance of the respective Strategies in the Algonquin universe. Changes in the Strategy's organization, investment process and performance are monitored via periodic meetings with the Strategy's staff.

Certain Strategies may be affiliated with Algonquin. Algonquin has a conflict of interest by identifying or selecting these Strategies for clients because Algonquin may receive additional compensation when clients invest in an Algonquin-affiliated Strategy.

Algonquin may remove a Strategy from its periodic review at any time and will notify clients that have selected that Strategy. Following the removal of a Strategy, Algonquin will have no obligation to review the Strategy nor have any obligation to provide clients with information about the Strategy.

Clients may select a Strategy that is not part of the Algonquin universe. However, Algonquin will not have any obligation to perform a review of that Strategy and has no obligation to share any information about the Strategy with clients. If a client selects a Strategy offered by a third-party provider that is not identified by Algonquin, is not regularly reviewed by Algonquin, or had been previously reviewed and was rejected by Algonquin as an appropriate investment for Algonquin's clients, they will not receive the full range of services with respect to that Strategy. Clients will pay the full Fee to Algonquin with respect to the accounts invested with Strategies that are not under regular review, even though they do not receive from Algonquin all of the services they would receive with respect to Strategies that are under Algonquin's regular review.

Algonquin will provide discretionary and non-discretionary clients periodic reviews of their accounts. Please refer to Item 13 for more information on Review of Accounts.

With respect to discretionary client accounts, Algonquin will, in general, be authorized to place investment instructions without prior consultation with clients. Algonquin's discretion is limited to investment decisions; it does not have the authority to withdraw funds from client accounts. Algonquin will select the Strategies for discretionary accounts consistent with each client's investment objectives. For discretionary clients, Algonquin may invest client accounts directly rather than allocating the same to third-party providers. This authority allows Algonquin to:

- hold, trade and dispose of investments;
- invest cash balances of the account;
- cause the Account to borrow funds from time to time;
- open, maintain and close bank accounts and brokerage accounts, including margin accounts, and issue all instruction and authorization to brokers regarding the investments of the account.

With respect to non-discretionary accounts, Algonquin will make investment recommendations to clients which will be subject to specific client approval. Non-discretionary clients are responsible for selecting the Strategies and/or allocating their assets between or among the Strategies. For non-discretionary clients Algonquin may make investment recommendations to the client, including recommendations to buy or sell securities and other assets and to otherwise trade in and invest in securities and other assets.

Consulting Services Provided to Other Financial Services Entities, Museums and Cultural Institutions

From time to time, Algonquin may enter into consulting arrangements with clients pursuant to which Algonquin's advisory services will be provided on a periodic or project basis. These consulting arrangements

have typically included those provided to other financial services entities that may include registered investment advisors, trust companies and private banks. It has also included services provided to museums and other cultural institutions. Algonquin has consulted with law firms regarding their clients. Algonquin may provide different services to other entities on a selective basis.

Miscellaneous

Non-Investment Consulting/Implementation Services. Although Algonquin **does not** hold itself out as providing financial planning or related consulting services, to the extent specifically requested by a client, Algonquin *may* provide limited consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Algonquin, nor any of its representatives, serves as an attorney, accountant, or insurance agent, and no portion of Algonquin's services should be construed as same. To the extent requested by a client, Algonquin may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Algonquin.

Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify Algonquin if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Algonquin's previous recommendations and/or services.

Client Obligations. In performing its services, Algonquin shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Algonquin if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Algonquin's previous recommendations and/or services.

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or Strategy (including the investments and/or investment strategies recommended or undertaken by Algonquin) will be profitable or equal any specific performance level(s).

Please Note: Non-Discretionary Service Limitations. Clients that determine to engage Algonquin on a non-discretionary investment advisory basis **must be willing to accept** that Algonquin cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, Algonquin will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal consent.

Assets under Management

Assets under management were calculated as of December 31, 2010 based on information provided by third party custodians as to the value of assets as of that date. For the purposes of private equity funds, the assets under management represent the amount of committed capital to the funds. Committed capital is the amount of money expected to be contributed to a private equity investment and may be more than the actual investment made at a given point in time. As of December 31, 2010 assets under management were \$405.7 million. Of this total approximately \$123.1 million were discretionary assets under management with the balance of \$282.6 million considered non-discretionary assets under management.

Item 5 – Fees and Compensation

The specific manner in which Fees are charged by Algonquin is established in a client's written agreement with Algonquin. The firm will generally bill its Fees on a quarterly basis based on the annual rate described in

each client's written agreement with Algonquin. Clients are typically billed in advance each calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a pro-rated Fee. Upon termination of any account, any prepaid, unearned Fees will be promptly refunded, and any earned, unpaid Fees will be due and payable. Clients may be subject to a minimum Fee. All Fees are subject to negotiation. If a client selects a strategy offered by a Manager, Fund or Private Investment Vehicle that is not identified by Algonquin, is not regularly reviewed by Algonquin, or had been previously reviewed and rejected by Algonquin as an appropriate investment for the firm's clients, the client will not receive the full range of services described in their agreement with respect to that Strategy. Algonquin is not responsible for reviewing Strategies not under regular review or for communicating any information about those Strategies to the client. A client will pay the full Fee to Algonquin with respect to the accounts invested with Strategies that are not under regular review, even though the client does not receive from Algonquin all of the services the client would receive with respect to Strategies that are under Algonquin's regular review.

Certain Strategies may be affiliated with Algonquin and Algonquin may receive compensation in connection with those Strategies for its role as general partner in the Strategies. Clients understand that assets invested in affiliated Strategies are included in the Fee calculation and that clients will receive no offset against the Fee, except as may be required by applicable law.

Asset Based Fees

Certain clients may elect to be charged an asset based Fee. Clients will typically be subject to a minimum Fee. A pro-rated Fee increase will be charged on contributions of \$100,000 or more to cover the period of time from the date of the contribution until the last calendar day of the calendar quarter. Similarly a pro-rated Fee reduction will be made on withdrawals of \$100,000 or more from an account during a billing period, to reflect the period of time from the date of the withdrawal until the end of the billing period. The amount of any Fee adjustments for contribution or withdrawals will be made to the quarterly Fee due for the following billing period.

Management Fee Schedule

<u>Market Value</u>	<u>Annual Fee Rate</u>
First \$5,000,000	1.50%
Next \$5,000,000	1.00%
Amounts over \$10,000,000	Negotiable

The Fee covers the services described in Algonquin's client agreement. Algonquin'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 managers 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. Funds also charge internal management fees and some may have redemption charges which are disclosed in a fund's prospectus. For more information regarding the investment objectives, risks, charges and expenses of any specific investment product, clients should carefully read the fund's prospectus, offering documents, and/or investment management agreement and consider all of the information carefully before investing. Such charges, fees and commissions are exclusive of and in addition to Algonquin's fee, and Algonquin shall not receive any portion of these commissions, fees, and costs.

Retainer Based Fee Offering

Certain clients may elect to be charged a hard dollar annual fee that is negotiated between the client and the Advisor, based upon the value of assets under management combined with the complexity of the client's account. Advisor and the client may agree to modify the scope of services. For example, client may add new accounts that add a degree of complexity to the work required by the Advisor. An agreed to, pro-rated Fee will be applied based on an agreed service modification. The amount of any Fee adjustment service changes will typically begin (or be credited) in the quarterly Fee due for the following billing period.

The Fee will be reviewed at the end of each calendar year and will be adjusted according to the annual change in the All Items Consumer Price Index for All Urban Consumers (CPI-U) as measured by U.S. Department of Labor. For example if a client has an annual Fee of \$100,000 and the CPI-U is reported to be 3% for the previous year, the subsequent year's annual Fee will be adjusted to \$103,000 ($\$100,000 * (1.00+.03)$). If CPI declines by 3%, the subsequent year's annual Fee will be adjusted to \$97,000 ($\$100,000 * (1.00-.03)$).

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

Private Investment Vehicles

Certain Private Investment Vehicles may pay Algonquin a management fee and certain Private Investment Vehicles may pay Algonquin a performance-based advisory fee. These fees are described in the offering documents for each of the funds. (Item 6 provides more information about performance-based fees and Item 10 provides more information about Algonquin's Private Investment Vehicles.)

Other Fee and Compensation Arrangements

From time to time, the Advisor may enter into consulting arrangements with clients pursuant to which the Advisor's advisory services will be provided on a periodic or project basis. These consulting arrangements have typically included those provided to other financial services entities that may include registered investment advisors, trust companies and private banks. It has also included services provided to museums and other cultural institutions. From time to time, Algonquin may provide different services to other entities on a selective basis. In such cases, the Advisor will generally receive fees on a fixed fee or time and materials basis, rather than the above-described management fee. Fixed fee arrangements will be determined by the Advisor on a case-by-case basis.

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

Algonquin receives performance-based fees for certain of its Private Investment Vehicles. Algonquin will typically consider performance-based fee arrangements for separate accounts with greater than \$20 million to invest.

In some cases, Algonquin may enter into performance fee arrangements with qualified clients: such fees are subject to negotiation with each client. Algonquin 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 a client's assets for the calculation of performance-based fees, Algonquin shall include realized and unrealized capital gains and losses.

The receipt of performance-based fees from separate accounts and Private Investment Vehicles creates conflicts of interest. Algonquin can potentially receive higher fees from accounts and Private Investment Vehicles with a performance-based compensation structure than from those accounts that pay an asset-based or retainer based fee. For example, performance-based fee arrangements may create an incentive for Algonquin 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. To manage these potential conflicts, Algonquin 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.

Item 7 – Types of Clients

Algonquin provides investment advisory services to high net worth individuals and institutional investors including Private Investment Vehicles, financial institutions, foundations, endowments, corporations, corporate pension and profit-sharing plans and law firms.

The minimum account size for a client engagement is \$5 million however, Algonquin may agree to advise clients with assets below Algonquin's stated minimum. (Item 5 provides a discussion of our advisory fees).

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

The investment strategies offered by Algonquin include its investment advisory services and the management of Private Investment Vehicles. Both strategies involve investing in securities. Investing in securities involves risk of loss that clients should be prepared to bear. Private Investment Vehicles are available to qualified or accredited investors only.

Investment Advisory Services

In each client engagement, Algonquin's investment process begins with assisting the client in determining their investment objectives. A discovery process guides the Algonquin team in designing an investment plan.

The process utilized to determine a client's investment objectives typically begins with a series of in-depth discussions. Initially, Algonquin professionals may review the client's current holdings to understand the thought process that went into building and managing the portfolio in the past. For individual clients, elements such as tax status, concentrated or restricted holdings, estate and next generation planning, lifestyle needs and charitable interests are reviewed. For institutional accounts such as endowments, foundations and retirement plans, an evaluation of the needs, spending policies, actuarial assumptions and fiduciary responsibilities are reviewed.

The result of this initial series of discussions is a roadmap detailing the steps which will be taken to implement the investment plan. The plan typically provides an approach that leads to disciplined investment decision making and risk management in each client engagement.

This plan typically contains an asset allocation solution that is memorialized in a formal document, the Investment Policy Statement ("IPS"). This document is a written game plan customized for each client. The IPS will typically include a statement of investment objectives as well as risk measures. It will communicate special instructions such as criteria that may restrict the use of certain types of securities in the portfolio. It will include benchmarks for performance measurement and will detail the prescribed strategic allocation of assets. The strategic allocation will typically include asset classes to provide appropriate diversification to meet the client's stated objective. It may include equities, fixed income, cash, alternatives investments, etc. and will assign target weights to each class as well as a minimum and maximum weight for each. This allows a degree of flexibility to take advantage of shorter term market movements in an attempt to add return, preserve capital or both.

Asset Allocation and Strategy Selection are critical components to any successful investment program. Algonquin begins constructing portfolios once the client's IPS has been completed.

The firm's Investment Committee will typically identify and communicate to clients tactical investment themes that have a shorter term orientation. This is usually in concert with the firm's quarterly publication "Global Macroeconomic Insights and Asset Class Review". Algonquin may advise clients to over or underweight an asset class relative to their target allocation.

A combination of Strategies will be suggested to fulfill the asset allocation. By combining the objectives of the manager search with a detailed understanding of its client's needs, Algonquin will identify a diversified mix of Strategies with the goal of satisfying the investment objectives detailed in the IPS.

When required, Algonquin recommends changes of asset allocation, Strategies or both. All such changes are made within the parameters outlined in the client's IPS and are approved in advance by the client.

Strategy Research

Algonquin relies on its Investment Committee's institutional research capabilities to identify and select

Strategies for its clients. The firm conducts its own research resulting in a proprietary universe that includes a focused roster of Strategies across a broad range of asset classes. Initially, Strategies made available to Algonquin's clients go through a disciplined Strategy review process.

When reviewing new Strategies, the critical steps in the Algonquin Strategy research process are:

1. Sourcing

Investment Strategies are sourced primarily through the depth of contacts the Algonquin investment professionals have in the investment management industry. Algonquin places a high degree of value in sourcing Strategies through investment professionals whose judgment the firm has grown to know and trust.

2. Quantitative Analysis

Once a new Strategy candidate has been sourced, the firm's initial analysis includes a quantitative review of the strategy by one of the firm's analysts. The analyst will review characteristics that may include historical risk-adjusted return in relation to a relevant benchmark and peer groups. Risk measures including as alpha, beta, Sharpe Ratios, and drawdown analyses may be reviewed.

3. Qualitative Analysis

Algonquin will continue its review by focusing on qualitative characteristics including a review of the Strategy's organization and investment process. A qualitative review of the factors such as ownership structure, depth of staff, assets under management and growth trends in the firm's asset base are considered. The consistency of the Strategy's investment process, trading environment and risk management practices are reviewed. The Strategy's investment terms, prime broker relationships, operations and administrative policies, regulatory filings and compliance culture are reviewed.

4. Investment Committee Final Review

A Due Diligence review is reviewed by the lead analyst assigned to the Strategy with the firm's Investment Committee to decide whether to make the Strategy available to the firm's clients.

5. Manager Monitoring

Through regular conference calls and face to face meetings, each Strategy selected by Algonquin is periodically reviewed to confirm that it continues to possess the attributes that enabled it to pass the firm's initial Strategy review. Items such as organizational changes, investment process changes, style drift, performance or a failure to meet Algonquin's expectations are among the critical factors reviewed. If Algonquin loses confidence in the Strategy's ability to perform as it had in the past, it will recommend that clients replace the Strategy with a suitable alternative.

Ongoing Investment Strategy Review

During most quarters, risk management is typically comprised of the review of the Strategy relative to a client's IPS and a review of the performance and risk characteristics relative to appropriate benchmarks. Algonquin's approach to risk management also includes the firm's ongoing review of the Strategies responsible for components of a client's portfolio. Quantitative factors such as performance and various risk measures are reviewed. Qualitative factors are also reviewed. In cases where Algonquin believes qualitative changes to a Strategy's organization or investment process make it less likely that the Strategy will be able to replicate their past success, Algonquin will recommend a replacement Strategy.

When required, Algonquin recommends changes of asset allocation, Strategies or both. All such changes are made within the parameters outlined in the client's IPS and are approved in advance by the client.

Algonquin uses research tools purchased from third party providers to aid in its research on the macroeconomic environment and Strategies.

Management of Private Investment Vehicles

Affiliated Private Funds. Algonquin is affiliated with several private investment funds: The Algonquin Fund, LP, The Algonquin Fund, Ltd., Algonquin Credit Opportunity Fund I, LP, Global Equity Access Fund, LP, The MAI Wealth Private Equity Fund, LP, and the Algonquin Special Opportunities Fund I, LP (together, the “*affiliated funds*”), condensed descriptions of each of which are set forth below (the complete description of the terms, conditions, risks and fees [including incentive compensation] associated with each of the *affiliated funds* is set forth in each *affiliated funds* offering documents). Algonquin, on a non-discretionary basis, may recommend that qualified clients consider allocating a portion of their investment assets to the *affiliated funds*. The terms and conditions for participation in the *affiliated funds*, including management and incentive fees, conflicts of interest, and risk factors, are set forth in the fund’s offering documents. Algonquin’s clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Please Note: Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Please Also Note: Conflict Of Interest. Because Algonquin and/or its affiliates can earn compensation from the *affiliated funds* (both management fees and incentive compensation) that may exceed the fee that Algonquin would earn under its standard asset based fee schedule referenced in Item 5, the recommendation that a client become a *fund* investor presents a **conflict of interest**. No client is under any obligation to become a Fund investor. Algonquin’s Chief Compliance Officer, John Hyman, remains available to address any questions regarding this conflict of interest.

The Algonquin Fund, L.P. is a Delaware limited partnership in which limited partnership interests are privately offered pursuant to Regulation D of the Securities Act of 1933, as amended. The partnership is a “fund of funds” which provides investors the opportunity to participate through one investment in a diversified portfolio of hedge funds, other private investment funds and similar accounts sponsored by investment managers within and outside the United States.

The partnership invests in a portfolio of between 8-20 private investment vehicles (or accounts) managed by Strategies that specialize in a diverse set of investment classes and strategies. These investment classes include cash, commodities, currencies, equity and fixed income. The strategies include (but are not limited to) arbitrage, cash enhancement, distressed, event driven, global macro and long/short. In addition, the Strategies and the general partner may invest directly in derivative contracts with approved brokers/dealers in an effort to acquire market exposures. The objective of the Partnership is to generate positive absolute returns by ensuring that the particular strengths of each portfolio manager are combined to create a balance across the investment portfolio. The general partner’s investment strategy will entail constantly monitoring, and, if necessary, rebalancing the portfolio in an effort to maximize returns.

The Algonquin Fund, Ltd. is an exempted company incorporated and existing under the laws of the Cayman Islands. The Fund invests in a portfolio of between 8-20 private investment vehicles (or accounts) managed by underlying Strategies that specialize in a diverse set of investment classes and strategies. These investment classes include cash, commodities, currencies, equity and fixed income. The strategies include

(but are not limited to) arbitrage, cash enhancement, distressed, event driven, global macro and long/short. In addition, the Strategies and the Investment Manager may invest directly in derivative contracts with approved brokers/dealers in an effort to acquire market exposures. The objective of the fund is to generate positive absolute returns by ensuring that the particular strengths of each portfolio manager are combined to create a balance across the investment portfolio. The Investment Manager's investment strategy will entail constantly monitoring, and, if necessary, rebalancing the portfolio in an effort to achieve attractive risk-adjusted returns.

Algonquin Credit Opportunity Fund I, L.P. is a Delaware limited partnership in which limited partnership interests are privately offered pursuant to Regulation D of the Securities Act of 1933, as amended. The partnership focuses on high quality, short to mid-duration opportunistic credit investments. The portfolio manager invests the assets of the partnership in a diversified portfolio of fixed income investments across a number of asset types including but not limited to corporate debt, mortgage-backed and structured debt securities. The objective of the Partnership is to achieve an annual internal rate of return from interest and principal repayment in excess of 10% though there is no guarantee that that rate of return can be met, nor should it be considered a hurdle.

Global Equity Access Fund, L.P. is a Delaware limited partnership in which limited partnership interests are privately offered pursuant to Regulation D of the Securities Act of 1933, as amended. The partnership is a "fund of funds" which provides investors the opportunity to participate through one investment in a diversified portfolio of separately managed accounts, other private investment funds, open end investment funds and similar accounts sponsored by investment managers within and outside the United States (collectively, "Strategies"). The partnership invests in a portfolio of at least three (3) investment vehicles (or accounts) managed by Strategies that specialize in long only global equity investments. The Strategies and the general partner may invest directly in derivative contracts with approved brokers/dealers in an effort to acquire market exposures. The objective of the partnership is to generate excess risk-adjusted returns relative to commonly utilized indexes for global long only equity investments. The general partner's investment strategy will entail constantly monitoring, and, if necessary, rebalancing the portfolio in an effort to maximize alpha and returns.

The MAI Wealth Private Equity Fund, L.P.'s objective is to provide investors access to private equity partnerships and to potentially access direct co-investment opportunities. The partnership was created by MAI Wealth Private Equity GP, LLC, a Delaware limited liability company, which acts as general partner of the partnership and manages its investments. MAI Wealth Advisors, LLC, an Ohio limited liability company, serves as investment manager to the Partnership. The Investment Manager has delegated day-to-day investment management of the Partnership to Algonquin. The investment objective of the Partnership is to generate risk-adjusted returns in excess of those available in the public equity markets via a strategy of investing in a diversified portfolio of private buy-out, venture capital, and private debt limited partnerships. In addition, the partnership may acquire investments on the secondary market. The partnership may also co-invest directly in the underlying investments of these investments.

The Algonquin Special Opportunities Fund I, L.P., a Delaware limited partnership invests in a diversified portfolio of investments in venture capital, private equity, leveraged buyouts, and mezzanine debt via limited partnerships and co-investment opportunities. Its investment objective is to achieve an annual rate of return on invested capital in excess of the returns generated by conventional investments in the public equity market and the private equity market.

Unaffiliated Private Investment Funds. Algonquin may also provide investment advice regarding unaffiliated private investment funds. Algonquin, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. Algonquin's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of Algonquin calculating its investment advisory fee. Algonquin's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Please Note: Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Please Also Note: Valuation. In the event that Algonquin references private investment funds owned by the client on any supplemental account reports prepared by Algonquin, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be **significantly more or less** than the original purchase price.

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 the firm or the integrity of firm's management in this item.

Algonquin has no legal or disciplinary events to report.

Item 10 – Other Financial Industry Activities and Affiliations

As noted in Items 4,5,6,7, Algonquin has affiliations with several Private Investment Vehicles. Items 4,5,6,7 provide more information relating to the Private Investment Vehicles. Certain Private Investment Vehicles are offered on a private placement basis to accredited or qualified investors. Algonquin earns a management fee and may earn a performance-based incentive fee on certain Private Investment Vehicles. These Private Investment Vehicles include:

- Algonquin is the General Partner of The Algonquin Fund, L.P. which is a fund-of-hedge-funds consisting of between 8 and 20 Managers employing various investment strategies including long/short equity, global macro and distressed securities.
- Algonquin is the Investment Manager of The Algonquin Fund, Ltd. which is an offshore fund-of-hedge-funds consisting of between 8 and 20 Managers employing various investment strategies including long/short equity, global macro and distressed securities.
- Algonquin is the General Partner of The Algonquin Special Opportunities Fund I, L.P. which is a fund-of-private equity-funds consisting of between 10 and 15 Managers employing various investment strategies including leveraged buy-out, venture capital, and mezzanine financing.
- Algonquin is the General Partner of The Global Equity Access Fund, L.P. which is a fund-of-funds that invests in a portfolio of at least three (3) underlying investment vehicles (or accounts) managed by Strategies that specialize in long only global equity investments.

- Algonquin is the Co-General Partner to The MAI Wealth Private Equity Fund, L.P. which is a fund-of-private equity funds that invests in a diversified portfolio of private buy-out, venture capital, and private debt limited partnerships.
- Algonquin is the General Partner of the Algonquin Credit Opportunity Fund I, L.P. which is a separate account sub-advised by a single investment manager focusing on high quality short to mid-duration opportunistic credit investments.

Algonquin may on occasion, compensate individuals for client referrals. All such compensation will be fully disclosed to each client consistent with applicable law. Any such referred activities will be conducted in accordance with SEC Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, and/or state securities laws, as applicable.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Algonquin 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 and a prohibition of rumor mongering. It includes restrictions on the acceptance of significant gifts the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All supervised persons at Algonquin must acknowledge the terms of the Code of Ethics annually, or as amended.

Algonquin anticipates that, in appropriate circumstances, and, consistent with clients' investment objectives, it will cause accounts over which Algonquin has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities or Strategies in which Algonquin, its affiliates and/or clients, directly or indirectly, have a position of interest. Algonquin's employees and persons associated with Algonquin are required to follow Algonquin's Code of Ethics. Subject to satisfying this policy and applicable laws, employees of Algonquin and its affiliates may trade for their own accounts in securities or Strategies which are recommended to and/or purchased for Algonquin's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Algonquin 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 Algonquin'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 to reasonably prevent conflicts of interest between Algonquin and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Algonquin'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. Algonquin 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.

It is Algonquin's policy that the firm will not affect any principal transactions for client accounts. A principal transaction may be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. Algonquin will also not cross trades between client accounts. Algonquin may, from time to time, recommend a Strategy or issuer to whom Algonquin has allocated or invested proprietary capital or to whom an affiliate of Algonquin has allocated or invested personal capital.

These situations may represent conflicts of interest for Algonquin and, consequently, in the case of any such recommendation full disclosure of Algonquin's interest will be made to the client.

Effective in June 2004, ownership interests in Algonquin were transferred to two persons who manage funds in which clients of Algonquin were invested. Thus, future investment decisions involving Blue Orchid Capital and Grosvenor Funds may represent conflicts of interest for Algonquin and, consequently, in the case of any future recommendations, full disclosure of Algonquin interest will be made to the client.

Investment Managers may have other business relationships with Algonquin and those Investment Managers may compensate Algonquin in connection with services Algonquin provides in these relationships, such as fund management. As a result of these relationships, Algonquin has a conflict of interest in determining which strategies to make available to its clients.

Algonquin's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting John Hyman, Chief Executive Officer.

Item 12 – Brokerage Practices

Algonquin does not have any commitments or understandings to trade with specific brokers or to generate a specific level of brokerage commissions with a particular broker in order to receive brokerage or research services. These commitments or understandings are typically known as soft dollar arrangements. Certain brokers with whom Algonquin executes trades may provide unsolicited proprietary research (research created or developed by the broker) to Algonquin. This research is used for all client accounts, even though certain clients may not have paid direct commissions to the brokers who provided the research. This research could include a wide variety of reports, charts, publications or proprietary data on economic and political strategy, credit analysis or stock and bond market conditions and projections. In addition to unsolicited research, certain brokers may provide invitations to attend conferences and meetings with management representatives of issuers or with other analysts or specialists.

Receipt of research from brokers who execute client trades involves conflict of interest. An adviser that uses client brokerage commissions to obtain research, products or services receives a benefit because it does not have to produce or pay a fee for the research, products or services itself. Consequently the adviser may have an incentive to select, or recommend a broker based on its desire to receive research, products or services rather than a desire to obtain the most favorable execution, which is in the client's best interest.

Brokers effecting transactions with respect to Client Accounts or Funds will be selected by the Managers of such Funds. Algonquin shall not have best execution or other responsibilities with respect to the selection of broker-dealers by any Manager. Each Investment Manager and Private Investment Vehicle selects broker-dealers which will typically execute individual transactions at the best available execution prices after consideration of all services and value provided by each broker-dealer.

Investment Managers and the investment managers of Private Investment Vehicles may allocate brokerage on the basis of a broker's agreement to pay all or part of certain expenses otherwise borne by the applicable Investment Managers or such investment managers. To the extent such allocations result in the payment by such brokers of expenses that would otherwise be borne by the Investment Managers or the investment managers of the Private Investment Vehicles, they will realize an economic benefit from such transactions.

Research obtained through an Investment Manager's brokerage allocations with respect to a client, or through a Private Investment Vehicle's brokerage allocations, may be useful to the Investment Manager or the investment manager of the Private Investment Vehicle, as applicable, in connection with services rendered to other clients or accounts managed by the Investment Manager or the investment manager of the Private Investment Vehicle, or their affiliates. Similarly, research obtained by the Investment Manager or the investment manager of the Private Investment Vehicle, or their affiliates, for commissions paid to brokers in the course of managing other clients or accounts may be useful to the Investment Manager in connection with managing the client's assets or to the investment manager of the Private Investment Vehicle in connection with its management thereof.

When an Investment Manager or investment manager of a Private Investment Vehicle deems the purchase and sale of securities to be in the best interest of a client or the Private Investment Vehicle, as applicable, and any other vehicles or accounts managed by the Investment Manager or the investment manager of the Private Investment Vehicle, it may aggregate the securities to be purchased or sold in order to obtain superior execution and/or lower brokerage expenses. In such event, allocation of the securities purchased or sold, as well as expenses incurred in the transaction, will be made among the participating clients or accounts by applying such considerations as the Investment Manager or the investment manager of the Private Investment Vehicle deems appropriate. Although such allocations may be pro rata as to the client's assets or Private Investment Vehicle and other clients and accounts, they will not necessarily be so. In general, neither the client nor the Private Investment Vehicles will be entitled to investment priority over other clients and accounts managed by Investment Managers or the investment managers of Private Investment Vehicles and may not necessarily participate in every investment opportunity.

For transactions not initiated by a third party, Brokers effecting transactions in Investments for the Account will be selected by Algonquin. In selecting brokers to execute transactions, Algonquin need not solicit competitive bids and shall not have an obligation to seek the lowest available commission cost. Algonquin need not negotiate "execution only" commission rates and Client recognizes that the Account may be deemed to be paying for research services provided by the broker which are included in the commission rate. Research furnished by brokers may include, but is not limited to, information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; statistic and pricing services, as well as discussions with research personnel, along with hardware, software, data bases and other technical and telecommunication services and equipment utilized in the investment management process. In negotiating commission rates, Algonquin shall take into account the financial stability and reputation of brokerage firms, referrals of prospective investors by brokerage firms (consistent with best execution) and the brokerage and research services provided by such brokers, although the Account may not, in any particular instance, be the direct or indirect beneficiary of the research services provided.

With respect to clients for which Algonquin has discretionary authority and whose assets are allocated to Investment Managers and Private Investment Vehicles, Algonquin will identify and select Investment Managers and/or Private Investment Vehicles in which to invest client assets. Unless otherwise agreed by and between Algonquin and such clients, there will be no restrictions on the investment discretion of Algonquin in connection with such selections.

Tradeaway Fees. When beneficial to the client, individual equity and/or fixed-income transactions may be effected through broker-dealers with whom Algonquin and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "tradeaway" fee charged by the account custodian).

Discretionary Accounts – Brokerage Discretion of Advisor

In circumstances in which Algonquin has discretionary authority with respect to client assets, Algonquin will, in general, have full investment discretion with respect to the initiation of all transactions involving client assets as well as full authority to select broker-dealers, if applicable, to execute such transactions.

In circumstances, if any, in which a broker-dealer is required, Algonquin may utilize a number of broker-dealers to effect transactions for clients. Portfolio transactions for clients will be allocated to brokers based upon quality of execution, expertise in particular markets, reputation, experience and financial stability, quality of service, commission rates, and research and analytic services, subject at all times to principles of best execution. In so allocating brokerage, the commissions the client will pay to such brokers will not necessarily represent the lowest commission rate available, but will reflect Algonquin's evaluation of the research and other brokerage related services supplied by such brokers (including services provided by third parties and purchased by stock brokers) and which benefit the client, either alone or together with the other clients of the Advisor. Therefore, the client may pay commissions that are higher than those obtainable from

other brokers in return for the same products and services. When Algonquin and its affiliates deem the purchase and sale of securities to be in the best interest of a client, and any other such managed accounts, they may aggregate the securities to be purchased or sold in order to obtain superior execution and/or lower brokerage expenses. In particular, execution prices for identical securities purchased or sold on behalf of multiple accounts in any one business day may be averaged. In such event, allocation of the securities purchased or sold, as well as expenses incurred in the transaction, will be made among the client, and any other participating accounts by applying such considerations as Algonquin and its affiliates deem appropriate, including relative account size of such vehicles and accounts, amount of available capital, size of existing positions in the same or similar securities, impact of leverage, tax considerations and other factors. Although such allocations may typically be pro rata as to the client and other such accounts, they will not necessarily be so, where allocation considerations, such as availability of capital, positions in similar securities or differing objectives dictate a different result. For example, trades in discretionary accounts will typically be executed ahead of non-discretionary trades for those trades executed at a specific broker. Clients will not be entitled to investment priority over other accounts of Algonquin, its clients or affiliates and may not necessarily participate in every investment opportunity.

Directed Brokerage

Although Algonquin discourages clients from directing trades to a particular broker-dealer (directed brokerage), clients may request directed trades. Transactions for those clients will generally be executed following the execution of portfolio transactions in other client accounts where Algonquin has full discretion to execute trades. In the event that Algonquin does accommodate a directed brokerage relationship, our standard operating procedure will be to place the trade with an executing broker on our approved broker list with instructions to complete the trade through the client-directed broker. With respect to non-discretionary client accounts and any other client accounts where brokers are identified and selected by the client, rather than Algonquin, the client will be responsible for negotiating the terms and arrangements for the client's account with the broker. In such cases, Algonquin will have no responsibility with respect to the identification and selection of brokers or the terms of execution and other services provided by such brokers. As a result, such accounts may pay higher commission or other transaction costs or greater spreads, or receive less favorable net prices, on their transactions than would otherwise be the case.

Item 13 – Review of Accounts

All client accounts of Algonquin Advisors are supervised and periodically reviewed by George T. Hubbard, Chief Investment Officer and Managing Partner and Michael S. Devine, Senior Managing Director. The frequency and extent of reviews may vary, depending upon the type of advisory services provided by the firm, but are typically on a monthly or quarterly basis depending on each client's specific situation. Reviews of a client account may include one or more of the following: review of performance of a client account in light of investment objectives; review of any changes in a client's investment objectives or risk profile; and review of a client's portfolio to determine if new investments and/or allocations are appropriate.

Algonquin issues periodic written reports to its investment advisory clients. These reports, distributed on a monthly or quarterly basis depending on the specific needs of the client, generally contain a list of assets, investment results and statistical data related to the client's account. Algonquin urges clients to carefully review these reports and compare the statements that they receive from their custodian to the reports Algonquin provides. The information in our reports may vary from custodial statements based on accounting principles, reporting dates or valuation methodologies of certain securities. Algonquin may provide clients with such other information with respect to portfolio activity and performance as is agreed upon by and between clients and the firm.

Item 14 – Client Referrals and Other Compensation

Other than the compensation described in Items 5 and 6, Algonquin does not receive an economic benefit from anyone other than its clients. (You may find more information about these relationships in Item 10.)

If a client is introduced to Algonquin by either an unaffiliated or an affiliated solicitor, Algonquin *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Algonquin's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Algonquin by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of Algonquin's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Algonquin and the solicitor, including the compensation to be received by solicitor from the Algonquin.

Item 15 – Custody

Algonquin does not provide custodial services to its clients. Client assets are held with banks or other financial institutions that are "qualified custodians". Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge clients to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. The information in our reports may vary from custodial statements based on accounting principles, reporting dates or valuation methodologies of certain securities.

Item 16 – Investment Discretion

For certain clients, Algonquin accepts discretionary authority to manage the assets in the client's account. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. We observe investment limitations and restrictions that are outlined in writing in each account's investment advisory agreement. Algonquin has other types of client relationships as described in Item 4.

Item 17 – Voting Client Securities

As described in each client's agreement and except as noted below, Algonquin will not vote or give any advice about how to vote proxies for securities held in client accounts. The voting of such securities is typically governed by the agreement between client and applicable investment manager. Clients retain the authority and responsibility for, and Advisor is precluded from rendering any advice or taking any action with respect to, the voting of proxies. Clients may request that Algonquin vote proxies for securities that are mutual funds, closed-end funds and exchange-traded funds held in an account and directly managed by Algonquin and not a third party manager.

Item 18 – Financial Information

In certain circumstances, registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition in this item. Algonquin 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.

ANY QUESTIONS: Algonquin's Chief Compliance Officer, John Hyman, remains available to address any questions regarding this Part 2A. Mr Hyman may be reached at (203) 629-2114.