

**Firm Brochure  
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This brochure provides information about the qualifications and business practices of Federal Street Advisers, Inc. If you have any questions about the contents of this brochure, please contact us at 203-961-0408 or [www.federal-street.com](http://www.federal-street.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Federal Street also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Material Changes**

The only material change to this brochure since the last annual update (filed on February 1, 2013) is that the total assets under advice at Federal Street Advisers, Inc. has increased from \$500,000 as of January 1, 2013 to \$712,000 as of January 1, 2014.

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## **Advisory Business**

### **Description of Firm**

Federal Street Advisers, Inc. (“Federal Street” or the “firm”) was originally set up as an advisor to an offshore fund of hedge funds that was organized by an Australian investor. Federal Street was organized as a Connecticut corporation on March 14, 2002 and is currently wholly owned subsidiary of Federal Street Partners, LLC.

The firm’s client as of the date hereof consists of one fund of hedge funds (“FOHF”). The firm remains independent with the sole purpose being to provide investment advisory services through research and evaluation of hedge funds for investment by its clients.

The FOHF to which Federal Street currently provides investment advisory services is: JB Were Master Fund Ltd (Caymans)

The firm is located in Stamford, Connecticut. All the resources of the firm are at this location. Members of the staff of the firm travel frequently to Boston, New York, London, Singapore, Hong Kong and other major cities across the globe searching for and evaluating new hedge funds, monitoring existing managers.

### **Description of Advisory Services**

Federal Street serves as an advisor to the FOHF as described above. In addition it may also provide advisory services regarding investments in hedge funds to Separate Accounts. The FOHF is managed on a discretionary basis while the advisory services provided to Separate Accounts would be managed on a non-discretionary basis.

The JB Were Master Fund Ltd is in liquidation mode. No new investments will be made into the FOHF. Likewise, the FOHF will not be making any new investments into any underlying hedge funds. As the existing investments become liquid; cash will be made available to the investors of the FOHF.

### **Fees and Compensation**

The FOHF pays Federal Street an investment advisory fee (the “Advisory Fee”) to compensate Federal Street for its services in overseeing the investments and supervising administrative aspects of the FOHF’s business. Federal Street pays all costs of providing its services to the FOHF from the Advisory Fee, including general overhead, salaries and all normal office expenses.

The FOHF, as an investor in underlying hedge funds (the “sub-funds”), bears a share of each sub-fund’s expenses, which includes its administrative and advisory fees. As a result, investors in a FOHF can expect to directly or indirectly experience higher fees and expenses than they would by investing in funds which do not invest in sub-funds.

The fees for advisory services rendered to Separate Accounts are negotiated individually and are generally in line with the FOHF fee structure except that they are subject to volume discounts and may include a performance fee component. These fees are based on the level of non-discretionary services provided.

## **Types of Clients**

As of January 1, 2014, Federal Street's client consists of one FOHF as described above. The FOHF has a minimum investment amount set forth in its offering documents. There are no minimum account sizes for Separate Accounts.

## **Disciplinary Information**

The officers of Federal Street have served as fiduciaries for most of their careers. None of the officers have been sanctioned or reprimanded in any way by regulators nor sued (or threatened with litigation) by any clients. Over the years, firms operated by the officers have been subject to regulation by the Securities and Exchange Commission, the Federal Reserve, the Connecticut Banking Commissioner, the National Futures Association, the Commodities Futures Trading Association, as well as authorities in Canada, the United Kingdom and other offshore locations.

## **Other Financial Industry Activities and Affiliations**

Federal Street is registered with the National Futures Association ("NFA") and the Commodity Futures Trading Commission ("CFTC") as a Commodity Trading Advisor. Some or all of the sub-funds in the FOHF are either registered with the NFA/CFTC or are exempt from registration.

## **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

Federal Street has established a Code of Ethics and Professional Conduct to protect the reputation and integrity of the firm and that of its directors, officers, Principals and employees (collectively, "Supervised Persons"), to assist its Supervised Persons in following uniform standards of ethical conduct and to ensure that the firm will act in a manner that is consistent with the applicable requirements of the Investment Advisers Act of 1940, as amended (the "Advisers Act") and the rules and regulations that have been promulgated thereunder (the "Rules"). The Compliance Officer of the firm, Joseph Ivaszuk, is responsible for monitoring the strict compliance of the firm's processes and procedures with applicable laws.

The Code of Ethics and Professional Conduct is intended to govern the actions and working relationships of the firm's Supervised Persons with current and potential clients, fellow Supervised Persons, competitors, suppliers, government representatives, the media and anyone else with whom the firm has contact. In these relationships, the firm's Supervised Persons must observe the highest standards of ethical conduct. The success of the firm as a provider of investment advisory services is built upon the trust and confidential relationships maintained between the firm and its clients; therefore, each of the

firm's Supervised Persons is expected in all business matters to place the firm's interest above his or her own self-interest.

The Code of Ethics and Professional Conduct describes the Federal Street's duties to its clients as well as additional obligations under the Advisers Act and the Rules, and sets forth certain rules that have been adopted by the firm with a view toward ensuring that the firm and its Supervised Persons will fulfill such duties and obligations. A copy of the firm's code of ethics is available to any client or prospective client upon request.

### **Participation or Interest in Client Transactions and Personal Trading**

Neither Federal Street nor its Supervised Persons recommend to clients, or buy or sell for client accounts, securities in which either Federal Street or any Supervised Person has a material financial interest. Similarly, neither Federal Street nor its Supervised Persons recommend to clients, or buy or sell for client accounts, securities at or about the time that Federal Street or any Supervised Person buys or sells the same securities for their own account.

### **Brokerage Practices**

Federal Street does not use broker-dealers in the implementation of its investment strategies on behalf of its clients. As such, Federal Street does not select or recommend broker-dealers for any client transactions and is not responsible for determining the reasonableness of compensation for broker-dealers.

### **Review of Accounts**

Federal Street compiles raw statistics with respect to return, geographical, industry, and exposure statistics on a monthly and quarterly basis. That data is used to create historical data that form the basis for analysis and questioning of current and potential managers. While Federal Street does calculate some statistics as of a single point in time such as correlation of sub-funds and sub-fund investments, the firm finds it more useful to understand how these statistics change over time. This gives a picture of how a sub-fund manager has reacted over time. It also provides a framework for understanding strategy-specific risks. Particular emphasis is placed on volatility management, which is key to understanding performance during stressed periods.

Federal Street expects all the sub-fund managers to provide it with monthly reports that include returns, quarterly reporting of long/short percentages, major holdings, sector/geographical exposure, and annual audits and tax reporting. All of this information is shared with our clients and investors in the FOHFs on a regular basis as the information becomes available. Sub-fund managers as well as their portfolios are reviewed monthly for anomalies. Hedge fund style indices are available for return comparisons with our sub-fund managers. Federal Street does not expect to receive position level reporting, but positions are routinely discussed with the hedge fund managers on a face-to-face basis.

### **Client Referrals and Other Compensation**

Federal Street has no arrangements with broker-dealers to provide client referrals.

## **Custody**

Federal Street is not involved in any custodial relationships.

## **Investment Discretion**

The advisory agreement of the FOHF grants the firm discretion to buy and sell sub-fund positions on behalf of the FOHF within established guidelines. Federal Street does not have investment discretion with respect to Separate Accounts.

## **Voting Client Securities**

Federal Street advises its clients regarding investments in hedge funds, which generally limit the ability their equity owners to have control over their operation. As such, Federal Street does not advise its clients regarding, and does not have discretionary voting authority over, securities that generally provide their owners opportunities to vote. Notwithstanding the foregoing, the hedge funds in which the firm's clients invest may from time to time engage in corporate actions or otherwise require the consent or approval of their equity owners. In such situations Federal Street votes in the manner that it believes are in each client's best interests in that specific situation. Unless otherwise instructed by a client, the firm believes that the maximization of the value of a client's investments constitutes the client's best interests.

Although Federal Street does not generally inform its clients when it votes on their behalf or request input regarding such votes, Federal Street does maintain a log of its votes, which log is available to its clients upon request.

## **Financial Information**

The balance sheet is not required to be provided because Federal Street does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

## **Requirements for State-Registered Advisers**

Federal Street is not required to register with any state securities authorities.