

Item 1 – Cover Page

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March 2011

This Brochure provides information about the qualifications and business practices of Thunderstorm Capital LLC (the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at (617) 542-8888 or info@thunderstormcapital.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.

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

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 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 Lisa Dutot, Chief Operating Officer at 617.542.8807 or ldutot@thunderstormcapital.com.

Additional information about Thunderstorm Capital 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 Thunderstorm Capital who are registered, or are required to be registered, as investment adviser representatives of Thunderstorm Capital.

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Item 4 – Advisory Business

Thunderstorm Capital LLC began providing investment management and investment advisory services in 1999. Thunderstorm Capital is principally owned by John Dorfman and Michael Haight. Lisa Dutot also has an equity interest. Biographical information about each owner, and additional information about the business experiences, professional designations, and background of each owner is provided in The Brochure Supplements attached to this Brochure.

Thunderstorm Capital LLC manages portfolios for individuals and institutions, and Thunderstorm Small Cap Fund LLC, a limited liability company privately offered to qualified investors pursuant to an exemption from registration under the Securities ACT of 1933. Thunderstorm Capital also owns 70% of Thunderstorm Mutual Funds, LLC, an SEC-registered investment advisor which provides investment advisory services on a discretionary basis to Thunderstorm Value Fund, a registered investment company.

Thunderstorm Capital utilizes a fundamental value approach in managing portfolios, primarily investing in common stocks. In some portfolios we will also hold bonds, warrants, options, cash or equity short positions. Our approach is to buy stocks that we view as undervalued based on various criteria including price/earnings ratios, price/book value ratios, price/sales ratios and other analytical tools. We consider trading by company insiders an important investment indicator, particularly in the timing of purchases. Generally, we prefer low-debt stocks to high-debt stocks. We attempt to assess management's leadership abilities through in-person meetings, press accounts, and/or the comments of competitors and former employees. Our client portfolios usually include 20 to 40 long positions.

As of December 31, 2011, Thunderstorm Capital manages \$46,093,394 on a discretionary basis among individual client accounts and the Thunderstorm Small Cap Fund.

Thunderstorm Capital will in the ordinary course of business engage in short-selling activity only on behalf of hedge funds it manages (known with any future pooled investment vehicle to which it provides investment advisory services as the "Affiliated Funds"), but will generally not do so on behalf of Separate (individually managed) Accounts. We believe that the potential risks of short sales are best monitored and managed in the context of a hedge fund.

Item 5 – Fees and Compensation

Our standard fee schedule is 1.5% of assets per year. As stated in the client agreement, fees are payable quarterly in advance, based on the account balance at the beginning of the quarter. Except as otherwise provided in Thunderstorm Capital's advisory agreements with clients, clients may generally terminate the agreements upon written notice to Thunderstorm Capital. A client who has paid a fee in advance to Thunderstorm Capital will receive a pro-rata refund in the event of early cancellation by either Thunderstorm Capital or the client. Clients may elect to be billed directly for fees or to authorize Thunderstorm Capital to directly debit fees from client accounts, when possible. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

Thunderstorm Capital offers investment advisory services to Thunderstorm Small Cap Fund LLC for performance-based fees in accordance with Rule 205-3 of the Investment Advisers Act of 1940. Thunderstorm Small Cap Fund investors pay Thunderstorm Capital LLC, the managing member, an annual management fee of 1% of assets accrued monthly (deducted from the fund pro rata monthly). The managing member also receives a special profits allocation of 20% of profits (after fund expenses). The special profits allocation is charged only on profits in excess of an investor's previous "high water mark." Separately managed accounts for accredited investors may also negotiate performance based fees.

Performance-based fees offer an incentive for Thunderstorm Capital to seek risk in return for reward. Also, because Thunderstorm Capital manages certain accounts with or without performance-based fees, such fees present a potential conflict of interest to favor performance-based fee accounts. Thunderstorm Capital manages internal controls and trade allocation processes to seek fair allocation of investment opportunities among clients. Performance may vary, however, based on various investment mandates and strategies, and the timing of contributions and withdrawals.

All fees are subject to negotiation.

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

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

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

Thunderstorm Capital has a performance fee arrangement with the Thunderstorm Small Cap Fund, LLC. In measuring assets for the calculation of performance-based fees, Thunderstorm Capital shall include realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for Thunderstorm Capital 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 the Fund over other client accounts in the allocation of investment opportunities.

Thunderstorm Capital has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple clients or client accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. Thunderstorm Capital trades the various types of client accounts in a rotating order to assure that no class of clients is consistently favored in trading. When an investment idea arises, the investment committee of Thunderstorm Capital discusses its suitability for its accounts, including Thunderstorm Small Cap Fund, Separate Accounts, and Thunderstorm Value Fund. If a security is suitable for more than one type of client, purchases are made in rotating order, and the trades are grouped as closely in time as possible in an attempt to achieve price uniformity. If a security is deemed suitable for only one type of client, the reasons for that judgment are recorded. Suitability judgments are influenced by the market capitalization of a security, its perceived risk level, its liquidity characteristics, and its industry as it affects the industry and sector balance for each type of client. Please see Item 12 for a complete discussion of Thunderstorm Capital's allocation policy. Finally, Thunderstorm Capital's procedures also require the objective allocation of any limited opportunities that may arise (such as initial public offerings and private placements) to ensure fair and equitable allocation among accounts.– However, Thunderstorm Capital does not ordinarily invest in initial public offerings or private placements. All issues related to conflicts of interest and to allocation of opportunity are monitored by the Thunderstorm Capital's Chief Compliance Officer.

Item 7 – Types of Clients

As noted above, Thunderstorm Capital provides investment management and investment advisory services to individuals, qualified pension plans, businesses, charitable institutions, and the private affiliated Thunderstorm Small Cap Fund LLC. Our account minimum for new account management services is \$500,000. We continue to manage accounts below this minimum account for clients who signed investment advisory agreements prior to our implementation of this minimum. At our discretion, we may also waive this minimum.

Thunderstorm Capital LLC is the managing member of Thunderstorm Small Cap Fund LLC, a limited liability company privately offered to qualified investors pursuant to an exemption from registration under the Securities Act of 1933. The minimum investment in Thunderstorm Small Cap Fund is \$500,000. Exceptions to this minimum may also be made by Thunderstorm Capital at its discretion.

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

Investing in securities involves risk of loss that clients should be prepared to bear. Thunderstorm Capital seeks long-term capital appreciation in the management of portfolios, however, there can be no assurance that investment objectives will be achieved. The investment objective of the Affiliated Funds is to achieve long-term capital appreciation. The Affiliated Funds invest primarily in deep-value small-cap and midcap publicly traded common stocks of U.S. companies. The Affiliated Funds define the phrase “deep value” to mean stocks selling for a substantial discount to the Standard & Poor’s 500 Index as measured by price/earnings, price/sales or price/book ratios. However, the Affiliated Funds will also invest in non-U.S. companies and securities other than common stock, such as warrants on stock and put and call options on stock. In addition, the Affiliated Funds engage in short selling of common stock. In making judgments about a stock’s capital appreciation potential, Thunderstorm Capital considers the history (if any) of purchases by corporate insiders, the strength of a company’s balance sheet and the quality of a company’s management. Meetings with company officers, discussions with competitors, or discussions with other investors may influence Thunderstorm Capital’s opinion.

The definitions of small and mid-cap stocks change over time, as the stock market rises and falls. Currently, Thunderstorm Capital defines small-capitalization stocks as those with a market value of less than \$1 billion, and mid-capitalization stocks as those with a market value of \$1 billion to \$5 billion.

Material Risks (Including Significant, or Unusual Risks) Relating to Investment Strategies

Equity Market Risk. Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. These investor perceptions are based on various and unpredictable factors including expectations regarding: government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; and global or regional political, economic and banking crises. When you hold common stock of any given issuer, you are generally exposed to greater risk than if you held preferred stocks or debt obligations of the issuer because common stockholders generally have inferior rights to receive payments from issuers in comparison with the rights of preferred stockholders, bondholders and other creditors of such issuers.

High Portfolio Turnover Rate Risk. High portfolio turnover rates could generate capital gains that must be distributed as short-term capital gains taxed at ordinary income rates and could increase brokerage commission costs. Rapid portfolio turnover exposes investors to a higher current realization of short-term capital gains taxed at ordinary income rates (currently as high as 35%). Additionally, to the extent that investors experience an increase in brokerage commissions due to a higher turnover rate, performance may be negatively impacted by the increased expenses incurred by the investor.

Issuer-Specific Changes. Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

The Adviser uses frequent trading, which results in significantly higher commissions and charges to the investor due to increased brokerage, which will offset the investor's profits.

Risks Associated With Types of Securities that are Primarily Recommended (Including Significant, or Unusual Risks)

Equity Securities. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial

condition of a single issuer can impact the market as a whole. Terrorism and other geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

Small-, Mid- and Large-Cap Companies Risk. The Adviser may choose to invest in companies of any size, which include small-, mid- and large-cap companies. Although diminished in large-cap companies, the risks of investing in all companies include business failure and reliance on erroneous reports. Small- and mid-cap companies often have narrower markets and limited managerial and financial resources compared to larger, more established companies. As a result, their performance can be more volatile and they face greater risk of business failure, which could produce investment losses in the Adviser's portfolio. Nevertheless, larger, more established companies may be unable to respond quickly to new competitive challenges such as changes in consumer tastes or innovative smaller competitors. Large-cap companies may also be unable to attain the high growth rates of successful, smaller companies, especially during extended periods of economic expansion.

Warrants. A warrant gives the holder a right to purchase at any time during a specified period a predetermined number of shares of common stock at a fixed price. Unlike convertible debt securities or preferred stock, warrants do not pay a fixed coupon or dividend. Investments in warrants involve certain risks, including the possible lack of a liquid market for resale of the warrants, potential price fluctuations as a result of speculation or other factors and failure of the price of the underlying security to reach or have reasonable prospects of reaching a level at which the warrant can be prudently exercised (in which event the warrant may expire without being exercised, resulting in a loss of the Client's entire investment therein).

Non-U.S. Securities. Non-U.S. securities, non-U.S. currencies, and securities issued by U.S. entities with substantial non-U.S. operations can involve additional risks relating to political, economic, or regulatory conditions in non-U.S. countries. These risks include fluctuations in non-U.S. currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some non-U.S. markets. All of these factors can make non-U.S. investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, non-U.S. markets can perform differently from the U.S. market.

Emerging Markets. The risks of non-U.S. investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and

economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries. Additionally, in some emerging market countries expropriation of private property is a risk.

Item 9 – Disciplinary Information

This item is not applicable.

Item 10 – Other Financial Industry Activities and Affiliations

None of the Adviser or any of its management persons is registered or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

None of the Adviser or any of its management persons is registered or has an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing entities.

Thunderstorm Capital is the managing member of Thunderstorm Small Cap Fund LLC, a limited liability company privately offered to qualified investors pursuant to an exemption from registration under the Securities Act of 1933 (known with any future pooled investment vehicle to which it provides investment advisory services as the “Affiliated Funds”).

As discussed in Item 4, Thunderstorm Capital owns 70% of Thunderstorm Mutual Funds, with the remaining 30% owned by John Dorfman and Katharine Davidge. Thunderstorm Capital is principally owned by John Dorfman and Michael Haight. Thunderstorm Mutual Funds is also an investment adviser registered with the SEC. Members of Thunderstorm Capital help to set policy for Thunderstorm Mutual Funds and must approve expenditures by Thunderstorm Mutual Funds above a certain threshold, which may change from time to time. Members or employees of Thunderstorm Capital regularly execute trades for the Thunderstorm Mutual Funds. On a more occasional basis they provide investment advisory consulting services, consult on compliance, help with Client service or assist with marketing. There is also an understanding that upon the death or incapacitation of John Dorfman, Michael Haight, a managing partner of Thunderstorm Capital, will succeed to

John Dorfman's role as President and portfolio manager of the Thunderstorm Mutual Funds. In the event of the death or incapacitation of John Dorfman or Michael Haight, the remaining Managing Member will become the sole Managing Member and CEO of Thunderstorm Capital.

Mr. Dorfman serves as the President of Thunderstorm Mutual Funds and the Chairman of Thunderstorm Capital. Mr. Dorfman divides his time between Thunderstorm Capital and Thunderstorm Mutual Funds. Mr. Dorfman's regular compensation is provided by Thunderstorm Capital. Mr. Dorfman receives no fixed compensation from Thunderstorm Mutual Funds, but does receive a share of any profits generated by Thunderstorm Mutual Funds. A conflict of interest arises with respect to the allocation of Mr. Dorfman's time and the allocation of investment opportunities among various types of clients. Please see Item 6 for a full discussion of these conflicts of interest.

Additionally, at times Thunderstorm Capital's investment personnel may manage the assets of the Affiliated Funds, Separate Accounts, as well as Thunderstorm Mutual Funds. Thunderstorm Capital is paid performance-based compensation by the Affiliated Funds and is paid a management fee of 1.5% by most Separate Accounts. Thunderstorm Mutual Funds is paid a management fee by Thunderstorm Value Fund. This arrangement creates a conflict of interest. Please see Item 6 for a full discussion of this conflict of interest. These conflicts of interest are disclosed to Separate Accounts and Affiliated Funds by Thunderstorm Capital and to Thunderstorm Value Fund by Thunderstorm Mutual Funds:

Additionally, the Affiliated Funds have and may in the future enter into agreements, or "side letters," with certain prospective or existing members whereby such members may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum of the Fund. For example, such terms and conditions may provide for special rights to make future investments in the Fund, other investment vehicles or managed accounts; special redemption rights, relating to frequency or notice; a waiver or rebate in fees or redemption penalties to be paid by a member and/or other terms; rights to receive reports from the Affiliated Funds on a more frequent basis or that include information not provided to other members (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Fund and such members. The modifications are solely at the discretion of the Affiliated Funds and may, among other things, be based on the size of member's investment in the Affiliated Funds or affiliated investment entity, an agreement by a member to maintain such investment in the Affiliated Funds for a significant period of time, or other similar commitment by a member to the Affiliated Funds.

Investment opportunities that are appropriate for clients of Thunderstorm Mutual Funds and Thunderstorm Capital will be allocated in accordance with the procedures described in Item 12 below.

Item 11 – Code of Ethics

The Adviser has adopted a Code of Ethics (the “Code”) that obligates the Adviser and its *related persons* to put the interests of the Adviser’s clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. All of the Adviser’s personnel are also required to comply with the applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Lisa Dutot (Chief Compliance Officer) by email at ldutot@thunderstormcapital.com, or by telephone at (617) 542-8807. See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by *related persons*.

The Adviser, in the course of its investment management and other activities (e.g., board or creditor committee service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of its clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to its clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to clients or using such information for the client’s benefit. In such circumstances, the Adviser will have no responsibility or liability to clients for not disclosing such information to clients (or the fact that the Adviser possesses such information), or not using such information for the client’s benefit, as a result of following the Adviser’s policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

The Adviser or its related persons, may at times recommend to its investors the purchase of one or more investment products sold or managed by Thunderstorm Mutual Funds. This would be done if and only if such an investment were consistent with an investor’s investment objectives and restrictions; and the Adviser’s personnel, acting as fiduciaries,

believe such purchase would be in the interest of such investor. Even so, this practice creates a conflict of interest because the Adviser or related person may have an incentive to recommend to its investors investment products based on its own financial interests, rather than solely the interests of the investor.

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

Except for his investments in the fund(s) managed by Thunderstorm Mutual Funds and the Affiliated Funds (directly or indirectly through ownership of an interest in Thunderstorm Capital), John Dorfman maintains no brokerage accounts and owns no individual stocks.

However, it is possible that future *related persons* of the Adviser may invest in the same securities (or related securities, e.g., warrants, options or futures) for their own accounts that the Adviser or a *related person* recommends to the clients. Such practices present a conflict where, because of the information an Adviser has, the Adviser or its *related person* are in a position to trade in a manner that could adversely affect the client (e.g., place their own trades before or after the client trades are executed in order to benefit from any price movements due to the clients' trades). In addition to affecting the Adviser's or its *related person's* objectivity, these practices by the Adviser or its *related persons* may also harm the client by adversely affecting the price at which the client's trades are executed. The Adviser has adopted certain professional standards and guidelines, which are designed to ensure that any potential conflicts of interest relating to these purchases and sales are resolved in accordance with applicable securities laws and fiduciary considerations. The Adviser recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of the client; (ii) its long-term business interests are best served by adherence to the principle that the interests of the client come first; and (iii) it has a fiduciary duty to the client to act solely for their benefit. All personnel of the Adviser must put the interests of the client before their own personal interests and must act honestly and fairly in all respects in dealings with clients. In addition, the Adviser has

adopted procedures in an effort to minimize such conflicts. The Code requires personnel who have access to client portfolio information or the Adviser's non-public securities recommendations to complete a pre-clearance form and submit it to the Adviser in advance of various contemplated transactions, and to report their personal securities transactions and holdings to the Adviser. The Adviser and/or Thunderstorm Mutual Funds are required to review such reports at least quarterly. Further, the Code permits personnel only to sell reportable securities.

To the extent that the Adviser or a *related person* or any of their *employees* own securities that the Adviser or its *related person* also recommends to clients, such client's proxies will be voted according to predetermined guidelines rather than subject to the Adviser's (or its *related person's*) discretion. Please refer to Item 17 for further information regarding the Adviser's proxy voting policy and procedures.

Item 12 – Brokerage Practices

In most cases, Thunderstorm Capital has full discretionary authority to manage accounts for its clients, including the authority to determine which securities are bought and sold, and the amount and price of those securities. Thunderstorm also exercises direction to select brokers and negotiate commissions paid to brokers for some accounts. With respect to limitations on the authority concerning which securities and the amount of securities to be bought and sold, Thunderstorm Capital may be subject to limitations by clients or developed internally based upon, among other things, stated client objectives. Limitations may be placed on the types of investment, geographic location of the investment or the size of the investment relative to the size of the portfolio.

Consistent with the primary requirement of best execution, the Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and error resolution. The Adviser also considers the broker-dealer's research prowess in allocating brokerage—quality and quantity of research, the overlap between the broker-dealer's coverage universe and the Adviser's interest list, ability to facilitate meetings with company management, whether the broker-dealer sponsors conferences on topics of interest to the Adviser and the ability of the broker-dealer to respond quickly and well to research and client service questions. In selecting broker-dealers and determining their compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to

negotiate “execution only” commission rates, thus clients may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The joint Best Execution Committee of the Adviser and Thunderstorm Mutual Funds, meet at least annually and sometimes several times a year to evaluate the broker-dealers used by the Adviser to execute client trades using the foregoing factors. When purchasing or selling the same security for more than one client, Thunderstorm Capital may seek to consolidate the transactions so as to obtain the better terms that brokerage firms may offer for larger transactions. Alternatively, when trading an illiquid stock, or when the same trade is to be effected on behalf of different clients through different securities brokers, Thunderstorm Capital may cause trades to be executed sequentially rather than simultaneously: i.e., each trade will be delayed until completion of prior trades. This is intended to prevent the trades from competing with each other in the market and to reduce potential market impact of the trades. The order in which these trades are completed will be determined by a rotation system among different client accounts. This is designed to prevent any client from being consistently advantaged or disadvantaged relative to other clients. As a result of this rotation process, the same trade may be executed for different clients at different prices. While our rotation system is intended to treat clients fairly over time, it is possible that as a result of sequential trading some client accounts will have better returns on the same trades than other client accounts.

As noted above, one of the factors considered by Thunderstorm Capital in allocating brokerage business is the quality of investment research provided by particular brokerage firms. In this respect, Thunderstorm Capital may be deemed to have entered, so-called “soft-dollar” arrangements. That is, Thunderstorm may enter into arrangements by which certain brokers will provide investment research and related services to Thunderstorm Capital in exchange for Thunderstorm Capital executing client brokerage transactions through that particular broker. Clients should consider that these arrangements may create a potential conflict of interest between Thunderstorm Capital and its clients. The conflict of interest may be deemed to exist because Thunderstorm Capital's decision to use a particular broker may in part be based on the broker's ability and/or willingness to provide certain products and services, not merely on the broker's ability to provide the best trade execution for the best price.

Products and services that Thunderstorm Capital may purchase through the use of soft dollars include research analysis reports, electronic databases, on-line quotation services (such as Reuters and Bloomberg), industry publications, economic forecasting, consulting services, or products used in the trade settlement process. All of the products and services that Thunderstorm Capital may purchase with soft dollars are related either to market research or trade execution.

If Thunderstorm Capital uses research obtained through soft dollars, the research will benefit all of its clients, not just the client(s) for whom the order that generated the soft dollars was executed. Also, in instances where trading activity in a client's account has generated soft dollars, Thunderstorm Capital may not use all of the research obtained exclusively for that particular client.

In mid-2004, Thunderstorm Capital selected TD Ameritrade as the custodial brokerage house it generally recommends to separate accounts clients. TD Ameritrade is recommended primarily on the basis of its competitive commission rates, research package, client service, and trading software. Thunderstorm Capital makes this recommendation to clients, as appropriate, depending on the size of the client's account and the client's needs.

TD Ameritrade charges a fee when accounts for which it acts as custodial broker are "traded away," namely when portfolio trades are executed through broker-dealers other than TD Ameritrade. Other custodial brokers may impose restrictions or charges when accounts held with them are "traded away." These charges may increase the commissions borne by Thunderstorm Capital clients because, among other things, they increase the cost of trading away with brokerage firms that offer discounted commission rates.

When clients select TD Ameritrade as the account custodian, the client agrees that Thunderstorm Capital will execute all of their securities transaction through TD Ameritrade. Clients may instead direct Thunderstorm Capital to use other particular brokerage firms for their securities transactions; and a client that is referred to an investment adviser by a representative of a brokerage firm may designate that brokerage firm as the one through which transactions will be processed.

When clients direct Thunderstorm Capital to use a particular custodial brokerage firm for their transactions, Thunderstorm Capital may not be able to negotiate favorable commission rates for those transactions with the brokerage firm. In addition, such clients may not be able to participate in volume discounts for combined transactions directed by Thunderstorm Capital on behalf of several clients to brokers other than the directed broker. As a result, clients that select a brokerage firm for their transactions are likely to pay higher commissions than would otherwise be the case.

Thunderstorm Capital may, on an informal basis and subject to applicable legal and regulatory requirements, consider client referrals in the allocation of brokerage transactions, subject to the primary requirement of best execution discussed above. Clients should also be aware of the potential conflicts of interest between their interest in obtaining the best execution for their securities transactions and Thunderstorm Capital's interest in receiving future client referrals from their brokerage firms.

If any two clients of Thunderstorm Capital want to trade the same securities, Thunderstorm Capital attempts to trade them at the same time and for the same price if possible, so that prices achieved for investors will be uniform. Should simultaneous trading be impossible in a given case, then client accounts will trade in a predetermined order that rotates regularly. Directed brokerage accounts are typically not blocked with other accounts such as Thunderstorm Capital's Affiliated Funds and Thunderstorm Value Fund. As a result these accounts may trade in the same securities at higher or lower prices and without any perceived benefits of block trading. Generally, securities are allocated to various portfolios based on:

- (a) risk tolerance
- (b) portfolio vacancies in particular accounts
- (c) industry balance in each account
- (d) concentration or diversification guidelines for each account.
- (e) The investment opinion of the managers of that particular portfolio.

Thunderstorm Small Cap Fund is a more aggressive, higher-risk product than the Separate Accounts. Thunderstorm Value Fund strives to be medium-risk, as do most of the Separate Accounts. It is anticipated that Thunderstorm Value Fund, with 30 to 50 stocks, will generally be more diversified than the Separate Accounts and Thunderstorm Small Cap Fund.

Thunderstorm Mutual Funds has entered into an arrangement with TD Ameritrade whereby TD Ameritrade receives a fee consistent with industry practice for providing distribution and distribution-related services and/or for performing administrative/shareholder servicing functions for the benefit of Thunderstorm Value Fund. Thunderstorm Capital does not consider this relationship in determining its recommendation of TD Ameritrade to certain clients. However, a conflict of interest may exist.

Item 13 – Review of Accounts

Thunderstorm Capital's advisor clients' account holdings are continuously monitored by the portfolio managers, with regard to significant corporate developments and other developments that may dictate a change in portfolio positions, such as significant market

events affecting the prices of one or more securities in the model portfolio. In addition, the Adviser conducts a more rigorous review generally once a month from the standpoint of:

- (1) major price movements in securities, and the reasons for them;
- (2) suitability of securities held (eg. changes in valuation, balance-sheet changes, changes in management, insider purchases or sales, and changes in the competitive landscape);
- (3) adherence to preferences expressed by clients;
- (4) industry balance;
- (5) portfolio diversification. Ordinarily, positions will be initiated at 6% or less, and will be trimmed back if they reach 10% or more; and
- (6) comparison of the account with one or more portfolio models maintained by Thunderstorm Capital.

The order in which accounts are reviewed is determined by a rotation system. The reviewer is John Dorfman, Chairman.

Thunderstorm Capital ordinarily sends client reports to advisory clients quarterly. The report describes the strategy and tactics used by Thunderstorm Capital in managing the account. It identifies all contributions and withdrawals made by the client, all recent management fees and expenses charged to the account, and the value of the account at the beginning and end of the period. The quarterly report notifies the client to contact Thunderstorm Capital if there have been any changes in the client's financial situation or Investment objectives, or if the client wishes to impose any reasonable restrictions on the management of the client's account or reasonably modify existing restrictions.

Each shareholder of the Affiliated Funds receives monthly letters describing the Fund's performance, investment strategy and tactics, and audited year-end financial statements annually.

Item 14 – *Client Referrals and Other Compensation*

Thunderstorm Capital may, on an informal basis and subject to applicable legal and regulatory requirements, consider client referrals in the allocation of brokerage transactions, subject to the primary requirement of best execution discussed above. Clients should consider that there is a potential conflict of interest between their interests in obtaining best execution and Thunderstorm Capital's receipt of future client referrals from brokers.

From time to time, Thunderstorm Capital may also enter into solicitation agreements under which it pays fees to third party solicitors for client referrals as permitted by Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Third-party solicitors will solicit investors solely for the private Small Cap Value Fund. Third-party solicitors may receive a percentage of the management fee, and in some cases any special profits allocation, received by Thunderstorm Capital from the investors referred by such third parties.

Third-party solicitors may also from time to time receive fixed fees for the solicitation of client accounts. Investors solicited by third parties will not be charged an amount in addition to Thunderstorm Capital’s regular fee, nor will they be charged a higher fee than other clients, to cover the cost of the solicitation of their accounts.

Item 15 – Custody

Thunderstorm Capital does not accept or maintain the physical possession of any client securities or funds. Thunderstorm Capital also does not have the authority to open or close accounts on the behalf of clients, nor the authority to distribute assets from client accounts to third parties. Thunderstorm Capital does have the ability to debit its fees, based on its own calculations, from many client accounts.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client’s investment assets. Thunderstorm Capital urges clients to carefully review such statements and compare such official custodial records to the account statements that we provide clients, which are described in Item 13 above. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies as applied to certain securities.

As the general partner of the Thunderstorm Capital Small Cap Fund, Thunderstorm Capital has a general power of attorney to handle the assets of such Fund. Per regulatory requirements and as a service to Fund investors, the Thunderstorm Capital Small Cap Fund is audited annually by an independent accounting firm and the audited financials are annually delivered to each investor in the Fund within 120 days of the close of the fund’s fiscal year end.

Item 16 – Investment Discretion

Pursuant to a written advisory agreement, Thunderstorm Capital receives discretionary authority from clients at the outset of each advisory relationship. Unless otherwise

instructed or directed by the Client, the Adviser has the authority to determine (i) the securities to be purchased and sold for the *Client* account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines); (ii) the amount of securities to be purchased or sold for the Client's account. As the Adviser provides investment advisory services to more than one client, there may be differences among clients in invested positions and securities held because of the differences in *client* investment objectives and strategies, risk tolerances, tax status and other criteria. The portfolio managers may consider the following factors, among others, in allocating securities among clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is the Adviser's policy to allocate investment opportunities to eligible client accounts in accordance with the policies and procedures discussed in Item 12, these factors may lead the Adviser to allocate securities to client accounts in varying amounts. Even client accounts that are typically managed on a side-by-side basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment type (e.g., equities) divided by the total assets of all accounts eligible to invest in the particular investment.]

When selecting securities and determining amounts, Thunderstorm Capital observes the investment policies, limitations and restrictions of the clients for which it advises. The private placement offering memorandum of the Thunderstorm Small Cap Fund also describes certain investment guidelines applicable to the Fund. Thunderstorm Small Cap Fund may also enter into agreements, or "side letters," with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum for the Fund. For example, such terms and conditions may provide for special rights to make future investments; special redemption rights, relating to frequency or notice; a reduction or rebate in fees to be paid by the investor and/or other terms; rights to receive reports from the fund on a more frequent basis or that include information not provided to other investors and such other rights as may be negotiated by such investors. The modifications are solely at the discretion of the Fund and may, among other things, be based on the size of the investor's investment in the Fund, an agreement by an investor to maintain such investment in the Fund for a significant period of time, or other similar commitment by an investor in the Fund.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, the Adviser's error correction procedure is to ensure that the client is treated fairly [and, following error correction, are in the same position they would have been if the error had not occurred]. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. [In the event that the client incurs a trade error as a result of the Adviser's gross negligence, willful misconduct, or fraud, trade errors will be corrected by the Adviser as soon as practicable, in a manner such that the client incurs no loss. Trade errors that result other than by breach of the standard of care above are borne by the client.

Item 17 – Voting *Client* Securities

Pursuant to Thunderstorm Capital's advisory agreement with clients, Thunderstorm Capital has generally been delegated proxy voting authority for companies held in client portfolios. The Adviser complies with its proxy voting policies and procedures that are designed to ensure that proxies are voted in the best interests of the client. In voting proxies, the Adviser generally votes in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are involved), selection of auditors and increases in or reclassification in common stock. The Adviser will generally vote against proposals that make it more difficult to replace members of an issuer's board of directors, cause management to be overrepresented on the board, introduce cumulative voting, introduce unequal voting rights, create supermajority voting or create "poison pill" plans. For all other proposals, the Adviser will determine whether a proposal is in the best interests of the client and may take into account the following factors, among others: (i) whether the proposal was recommended by management and the Adviser's portfolio manager's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

Thunderstorm Capital is not aware of any material conflicts of interest related to its voting of proxies. If a material conflict of interest between the Adviser and the client arises, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the client or take some other appropriate action which may include contacting clients and requesting that the clients make their own independent voting decision.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted the client's proxies by contacting Lisa Dutot (Chief Compliance Officer) by mail at Thunderstorm Capital LLC, One Liberty Square,

Boston MA 02109, by email at ldutot@thunderstormcapital.com, or by telephone at (617) 542-8807.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide disclosure about any financial condition that would be reasonably likely to impair the ability to provide continuing services to clients. Thunderstorm Capital 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.