



**Firm Brochure**  
(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of OmniQuest Capital, LLC. If you have any questions about the contents of this brochure, please contact the firm at 310-801-2408, or by email at [Info@omniquestcapital.com](mailto:Info@omniquestcapital.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 OmniQuest Capital, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

OmniQuest Capital, LLC is registered as an investment advisor with the SEC. Registration with the SEC does not imply a certain level of skill or training.

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<sup>1</sup> OmniQuest Capital is in the process of relocating. Please confirm address prior to mailing anything to the firm.

## Item 2. - Material Changes

There are no material changes to report following the last update on March 6, 2014.

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#### **Item 4. Advisory Business**

OmniQuest Capital, LLC, ("OQC") was founded in November 2002 by Eloise Yellen Clark and registered with the Securities and Exchange Commission in December 2005. OQC specializes in the management of multi-manager and multi-strategy alternative investment portfolios. In July 2003, the firm launched OmniQuest I, LLC, a market-neutral fund of funds comprised of a concentrated portfolio of niche-oriented hedge funds. The firm has also acted as sub-advisor to other fund of funds and has managed separate accounts invested in hedge funds.

Currently, the sole business of OQC is the management of OmniQuest I, LLC (the "Fund"). The Fund pursues a highly selective, differentiated strategy designed to generate high risk-adjusted returns by investing in a concentrated "best ideas" portfolio of fundamentally diverse hedge funds. The Fund invests in hedge funds with high-expected returns that demonstrate edge, expertise, and effective risk management in their respective markets. These funds often invest in concentrated portfolios, illiquid securities, inefficient markets, and employ niche strategies. Despite the high-risk nature of many of the individual hedge funds, the portfolio is structured to achieve a low-to-moderate level of volatility by combining non-correlated styles and strategies, invested across all global asset classes.

Ms. Clark has 27 years of experience in the financial markets with particular expertise in equity, currency, and interest rate derivatives. From 1982 through 1996, she worked in sales and trading at major financial institutions. In her last position, as managing director of the corporate capital markets group at Bankers Trust, she was responsible for investment grade corporate sales and origination on the West Coast. In this capacity, she had responsibility for structuring and execution of derivative transactions, debt origination, structured investments, and strategic risk management products. Prior to joining Bankers Trust in 1989, Ms. Clark worked in the interest rate swap group at Merrill Lynch. She designed and managed the systems used to hedge the interest rate swap book and later marketed swaps to financial institutions. She worked extensively with mortgage-backed securities and related derivative products. Ms. Clark started her career in 1982 as a foreign exchange trader at Citibank. Prior to founding OmniQuest Capital, Ms. Clark was a visiting professor at UCLA where she taught The Trading Game and Case Studies in Capital Markets and Investment Management.

In addition to managing the Fund, OQC also offers managed accounts and provides sub-advisory services for investments in hedge funds on a discretionary and non-discretionary basis. All portfolios managed by OmniQuest Capital are structured based on two fundamental investment principals. First is the belief that a portfolio of hedge funds can achieve more effective diversification, and thus a higher risk-adjusted return, than traditional investment vehicles. This is because 1) hedge fund strategies encompass all asset classes, 2) hedge fund managers are able to customize their risk/return profile with hedging, leverage, and concentration, and 3) hedge funds can provide access to illiquid and complex securities that are priced inefficiently. Second is the belief that most portfolios of hedge funds are over-diversified in terms of the number of funds they invest with, and under-diversified in terms of the types of strategies they invest in. While managed accounts and sub-advisory services are customized for each client, and can be restricted in certain respects, by the client, portfolio structuring is always based on the philosophy that the optimal risk/reward can be achieved through diversification by strategy combined with concentration by manager.

As of December 31, 2014, the firm managed \$90.5 million in assets on a discretionary basis.

## **Item 5. Fees and Compensation**

The Fund has two fee structures. Class A shares allow annual liquidity and carry a 1% management fee and a 10% incentive fee. Class B shares require rolling two-year liquidity and carry a 1% management fee and no incentive fee. The majority of investments in the Fund are in Class B shares. The firm generally charges 1% for managed accounts. Fees for managed accounts and sub-advisory services may vary based on the liquidity terms and account size.

With respect to the Fund, management fees are paid monthly in arrears and incentive fees, for investors in Class A, are accrued on the same basis, and paid at year-end or upon redemption. Fees for managed accounts are due monthly, upon issuance of the monthly statement. The Fund pays for its audit, legal, tax, administrative and certain research expenses. OQC pays all other expenses of the firm.

The hedge funds that the Fund invests with charge management fees, incentive fees, and other expenses to the Fund. The Fund does not have any special arrangements or side-letters with respect to fees with any underlying hedge funds.

## **Item 6. Performance-Based Fees**

OQC only charges performance-based fees for Class A investors in the Fund. The low fee associated with Class B shares is designed to encourage long-term investments, which benefit the Fund by providing a stable investor base and the ability to invest in hedge funds with long lock-ups due to illiquidity of the underlying assets or exceptional performance, which enables managers to require more stringent liquidity terms.

## **Item 7. Types of Clients**

OQC's clients are primarily funds of hedge funds but can be family offices, endowment funds, and pension funds. With respect to the Fund, the initial and additional subscription minimums are disclosed in the offering memorandum; the initial minimum is \$1 million. OQC, in its sole discretion, may modify the initial and additional investment minimums. OQC normally lowers the minimum for Registered Investment Advisors to \$250,000. The minimum size of a separately managed account is negotiable.

## **Item 8. Methods of Analysis, Investment Policy, Investment Strategies, and Risk of Loss**

OQC believes that the selection of hedge funds is the most crucial aspect in achieving its performance objectives. As a result, OQC is engaged in a continuous and comprehensive search for superior hedge funds, while also focusing on the changing opportunity set in global markets and across strategies.

The selection process includes a comprehensive evaluation of each hedge fund candidate's return, its management, and its operations and documentation. The first step in the selection process is a comprehensive quantitative analysis of the hedge fund's return, including an analysis of the transactions, and verification of the opportunities driving that return. Hedge funds that are eligible for the portfolio generally have an exceptional track record demonstrating: high absolute rates of return, high risk-adjusted returns, a low correlation to traditional fixed income and equity markets, a high percent of profitable months, and a reasonable maximum drawdown given the hedge fund's strategy and market conditions.

The second step in the selection process is a qualitative evaluation of the hedge fund manager and strategy. OQC looks for managers that have extensive experience in their area of expertise and pursue clearly defined strategies that can produce high risk-adjusted rates of return in most market environments. In addition, OQC must be able to independently verify a manager's reputation and experience through its extensive network in the financial services and investment industry. OQC does not rely on references provided by the hedge fund. Each hedge fund must also have a professional and substantive organizational structure utilizing well-known third-party prime brokers, administrators, and auditors. The final step entails developing a working relationship with each manager to ensure timely and accurate reporting, accurate and verifiable mark-to-market values, adequate transparency, a free flow of information and acceptable documentation.

The Fund's portfolio has been, and will continue to be, optimized using a variety of qualitative and quantitative techniques designed to minimize the volatility of returns as well as the correlation of the portfolio to traditional fixed income and equity markets. OQC believes in fundamental diversification by strategy and does not rely on historical data to prove the lack of correlation among the hedge funds. Fundamental diversification requires that the hedge funds in the portfolio operate in fundamentally different markets with exposure to fundamentally different micro and macro-economic variables.

OQC will withdraw its investment from hedge funds that do not meet its performance expectations. The criteria considered include sub-par level of returns, higher than expected volatility given the market and nature of the strategy, delayed or inadequate reporting of information, insufficient transparency, changes in key personnel, fundamental changes negatively affecting opportunities in the hedge fund's area of specialization, and rapid growth that may lead to lower return expectations. In addition, OQC may substitute a hedge fund with another hedge fund that has been identified to be a better fit from a return, volatility, or diversification perspective.

In general, hedge fund strategies fall into three broad categories: (1) Market Neutral (also referred to as absolute return or relative value); (2) Macro or Directional; and (3) Event Driven. OQC can invest in any strategy and prefers strategies in inefficient markets with less competition.

### **Market Neutral Strategies**

Market Neutral strategies imply the hedge fund is not exposed to directional market risk. These strategies include, but are not limited to:

Long/Short Equity: Long/Short Equity strategies attempt to mitigate the risk of the stock market by purchasing undervalued common stocks and selling overvalued common stocks, at some ratio. The portfolio of the hedge fund should be somewhat "immune" to general market movements while earning returns based on the relative performance of the long versus the short portfolio. Hedge funds in this area tend to have some positive market correlation. These funds may use fundamental or technical analysis to structure their portfolio. They may also have a sector or industry specialization.

Fixed Income Arbitrage: Fixed Income Arbitrage strategies are designed to profit from one fixed income instrument being mispriced relative to another such instrument from a value perspective. The undervalued (or fair valued) fixed income instrument is purchased while the fair value (or overvalued) fixed income instrument is sold short. The earnings come from a convergence of value between the two instruments. The fixed income instruments traded in this market include off-the-run versus on-the-run treasuries, mortgage-backed securities, mortgage-backed derivatives, corporate versus sovereign debt, capital structure arbitrage (such as senior versus subordinated debt), yield curve arbitrage, municipal bond index arbitrage, treasury/Eurodollar arbitrage, repurchase and reverse repurchase transactions, and cash versus futures arbitrage.

Convertible Bond Arbitrage: Convertible Bond Arbitrage strategies attempt to take advantage of mispricing between a convertible security and its theoretical value. This strategy involves purchasing a "cheap" convertible bond and selling stock against it to hedge and recognize the value of the call option embedded in the bond.

Regulation D Arbitrage: Regulation D Arbitrage strategies involve purchasing restricted, privately traded securities of public companies and selling short public securities of the same issuer. The hedge fund earns a return on the illiquidity premium.

Closed-End Fund Arbitrage: Closed-End Fund Arbitrage seeks to take advantage of the price discrepancy between closed-end mutual funds and the net asset value of the underlying securities in the funds. The strategy involves purchasing interests in closed-end funds, when the hedge fund believes that it is trading at an abnormally wide discount to its net asset value, and simultaneously selling short the underlying securities, related index futures or a similar fund.

Currency and Bond Option Arbitrage: Currency and Bond Option Arbitrage strategies are designed to arbitrage interest rate differentials between countries. The hedge fund uses long and short option positions to lock-in positive carry implied in the forward curve.

Statistical Arbitrage and Quantitative Trading: These strategies generally employ complex computer models to identify market anomalies that predict price movements based on a combination of factors that can include mean reversion, momentum, or fundamental value. Most models use a combination of short-term and long-term averages and weight a variety of variables. Quantitative strategies can provide meaningful diversification to a portfolio of contrarian, deep value strategies, because their trend following bias provides negative correlation.

### ***Macro and Directional Strategies***

Macro and Directional strategies imply the hedge fund is taking directional market risk. These strategies can carry a significant amount of risk and have greater volatility than market-neutral funds. The Fund will invest with Macro and Directional hedge funds to the extent they contribute to achieving the portfolio objectives by reducing portfolio risk, hedging portfolio exposure, or opportunistically accessing market opportunity.

Fundamental Macro: Fundamental Macro strategies include large, levered long or short positions in liquid securities, interest rates, currencies, and/or commodities. The positions reflect views on macro-economic trends determined by fundamental economic analysis. The return is derived from directional market moves.

Quantitative Macro: Quantitative Macro strategies utilize sophisticated analytic models to identify trends in domestic and foreign interest rates, equities, currencies, and/or commodities and take open or hedged positions to benefit from these trends.

Sector Investing: Sector Investing strategies involve long or short positions in securities in a specific industry sector, market segment, or geographic region. These may include international and emerging market debt and equity securities. The positions may or may not be hedged.

Tactical Trading Strategies: Tactical Trading strategies are based on short-term asset allocation decisions that utilize stock and bond indices and options to take directional trading positions. The positions may be based on the hedge fund's fundamental economic and market view, or derived from technical and quantitative trading models.

### ***Event Driven Strategies***

Event Driven Strategies involve positions that rely on an "event" for the recognition of value.

Risk Arbitrage: Risk Arbitrage strategies involve investing in securities of companies that are the subject of publicly announced mergers. The hedge fund purchases the stock of the company to be acquired and sells the stock of the acquiring company, at a ratio equal to the announced tender offer. The return is dependent on whether or not the expected convergence of the price of the long and short position materializes.

Distressed Securities Arbitrage: Distressed Securities Arbitrage strategies involve the purchase of the debt or equity of companies that are in, or facing, bankruptcy or corporate reorganization. This technique includes the purchase of creditor's claims against companies in bankruptcy or financial distress at less than face value, with the expectation of receiving greater payments on the distribution of securities pursuant to a liquidation or reorganization plan. The success or failure of this strategy usually depends upon whether the manager of the hedge fund accurately predicts the outcome of a proposed financial restructuring. The hedge fund manager is often highly proactive in the workout process. These funds can be domestic or foreign and operate in developed and emerging markets.

### ***Risks***

All investment programs have certain risks that are borne by the investor. An investment in a hedge fund would be suitable for an investor only if they have adequate means of providing for their current and future needs, have no need for liquidity in such investment, and can afford to lose the entire amount of the investment. Some hedge funds use leverage and shorting techniques, which can increase the risk of losses. An investment in a hedge fund should be considered speculative and may only be appropriate for part of an investor's portfolio. Hedge funds are not subject to the same regulatory requirements as mutual funds and may involve complex tax structures; as a result, investors may experience delays in receiving tax information. In addition, investors in hedge funds that employ the following strategies may also face the following investment risks:

Arbitrage Transaction Risks: If the requisite elements of an arbitrage strategy are not properly analyzed or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the hedge funds employ leverage. Moreover, arbitrage strategies often depend upon identifying favorable “spreads,” which can also be identified, reduced, or eliminated by other market participants.

Distressed Situation Risk: Investment in distressed situations exposes the hedge fund to significant risks, including: the difficulty in obtaining information as to the issuer’s true condition; regulatory risk, including laws relating to fraudulent conveyances, voidable preferences, lender liability and bankruptcy; litigation risk; liquidity risk; and collection risk (especially, when dealing with sovereign debt). Moreover, to the extent a hedge fund is invested in sovereign debt obligations, those investments will be subject to additional risks and considerations not present in private distressed situations, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which are affected by world events, changes in U.S. foreign policy and other factors outside of the control of the hedge funds.

Hedging: There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the hedge funds may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the hedge funds investment portfolios than if the hedge funds did not engage in any such hedging transactions.

Interest Rate Risks: Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.

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.

Lack of Diversification: Hedge funds and portfolios of hedge funds can both be concentrated. The amount of diversification is not regulated and may increase volatility compared to more diversified portfolios of investments.

Leverage: Performance may be more volatile if the underlying fund employs leverage.

Relative Value Risk: In the event that the perceived mispricing underlying the hedge funds’ relative value trading positions were to fail to converge toward, or were to diverge further from, relationships expected by the hedge funds, a loss may occur.

Short Selling Risk: The hedge funds’ investment programs may include a significant amount of short selling. Short selling transactions expose the hedge funds to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by a hedge fund in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a “short squeeze” can occur, wherein the hedge fund might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Hedge funds whose strategies utilize the following types of securities may also face the risks set forth below which are specific to the type of security:

Asset-Backed Securities: Asset-backed securities are subject to interest rate risk and, to a lesser degree, prepayment risk. Asset-backed securities are subject to additional risks in that, unlike mortgage-backed securities, asset-backed securities generally do not have the benefit of a security interest in the related collateral. Each type of asset-backed security also entails unique risks depending on the type of assets involved and the legal structure used. In addition, asset-backed securities experience credit risk. There is also the possibility that recoveries on



repossessed collateral may not be available to support payments on these securities because of the inability to perfect a security interest in such collateral.

Commodity Futures and Options: Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs, and policies, national and international political and economic events, and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a pooled investment vehicle engaging in commodity futures trading. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to such a pooled investment vehicle. Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

Derivatives, Swaps, and Options: Derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by hedge funds. Further, transactions in derivative instruments are not undertaken on recognized exchanges, and generate exposure to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

Distressed Securities: Investments in unrated or low-grade debt securities of distressed companies are subject to greater risk of loss of principal and interest than higher-rated debt securities. In addition, securities of distressed companies are generally more likely to become worthless than the securities of more financially stable companies. In addition, evaluating credit risk for foreign debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

Emerging Markets: The risks of foreign 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.

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 affect the market as a whole. Terrorism and related geo-political 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.

Fixed-Income and Debt Securities: Investment in fixed-income and debt securities such as bonds, notes and asset-backed securities are subject to declining value due to rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly, investments in debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.



**Hard Assets:** The production and marketing of hard assets may be affected by actions and changes in governments. In addition, hard assets and hard asset securities may be cyclical in nature. During periods of economic or financial instability, hard asset securities may be subject to broad price fluctuations, reflecting volatility of energy and basic materials prices and possible instability of supply of various hard assets. In addition, hard asset companies may also be subject to the risks associated with extraction of natural resources as well as the risks of the hazards associated with natural resources, such as fire, drought, and increased regulatory and environmental costs. Hard asset securities may also experience greater price fluctuations than the relevant hard asset.

**Illiquid Instruments:** Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the hedge funds' ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the hedge funds to obtain market quotations based on actual trades for the purpose of valuing a fund's portfolio.

**Mortgage-Backed Securities:** Mortgage-backed securities are subject to credit risk associated with the performance of the underlying mortgage properties. Factors such as consumer spending habits, local economic and competitive conditions, tenant occupancy rates and regulatory or zoning restrictions, or the loss of a major tenant may adversely affect the economic viability of a mortgaged property. In addition, these securities are subject to prepayment risk. Some securities have a structure that makes their reaction to interest rates and other factors difficult to predict, making their value highly volatile.

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

## **Item 9. Disciplinary Information**

There are no legal or disciplinary events involving OQC or its managing member, Eloise Yellen Clark.

## **Item 10. Other Financial Industry Activities and Affiliations**

Ms. Clark has no other financial industry activities or affiliations. OQC is currently exempt from registering as a commodity pool operator ("CPO"); but may be required to register because of pending changes to CPO exemptions.

## **Item 11. Code of Ethics, Personal Trading and Participation or Interest in Client Transactions**

OQC has adopted a Code of Ethics governing personal trading. Among other requirements, the Code of Ethics requires all employees to provide copies of their personal securities statements to the Chief Compliance Officer, and the Chief Compliance Officer is required to review such reports. Ms. Clark is the Chief Compliance Officer.

Any employees are required to obtain approval prior to the purchase, by the employee or a direct family member, of any security or hedge fund. Employees do not require prior approval to purchase ETFs, treasuries, or mutual funds. Each request for approval is considered individually, however, OQC adheres to a general standard that employees, to the extent they are qualified purchasers should invest in the Fund and not engage in independent securities trading. Employees are not permitted to purchase any securities based on information received by the Fund's portfolio managers or based on information provided by any fund manager, client, or industry contact.

OQC expects all personnel to adhere to the highest ethical standards and to fulfill the firm's fiduciary duty to put clients' interest first, above the firm, and any individual in the firm. The best way to ensure an alignment of

interests is to invest alongside investors in the Fund, and limit the firm and employee's business interests to managing the Fund and other accounts invested in hedge funds, to the extent, these activities enhance the firm's access to hedge funds and research. All personnel of OQC must comply with all federal securities laws.

Although it is unlikely, given the nature of a fund of funds, OQC and its employees may come into possession of confidential or material nonpublic information. OQC strictly enforces adherence to all security laws regarding non-public information and insider trading.

#### **Item 12. Brokerage Practices**

This item is not applicable.

#### **Item 13. Review of Accounts**

Ms. Clark monitors all investments and global markets to optimize the risk/return of the Fund and any other accounts being managed. All investment decisions are made by Ms. Clark.

Clients of the Fund receive a monthly report from OQC, monthly statements provided via the administrator's website and an annual audit performed by an independent auditor in accordance with auditing standards generally accepted in the United States of America. In accordance with the law, the audit is completed prior to June 30 of each year. Clients are provided with a tax estimate for the Fund prior to April 15 and a K1 prior to September 15 each year. Ms. Clark is available to answer any questions regarding the Fund or other managed accounts.

Managed accounts may also receive monthly or quarterly reports from OQC in addition to the reports they receive directly from the hedge funds and the hedge fund's administrator, auditor, and tax preparer. No audit or tax preparation is done on behalf of managed accounts.

#### **Item 14. Client Referrals and Other Compensation**

OQC can pay fees to persons who refer clients to OQC. This has not been a common practice for OQC and fees have only been paid for one referral. Fees paid would normally come from a portion of OQC's advisory fee. In accordance with applicable law, fees paid for the referral of clients to the Fund can only be paid to registered broker/dealers and the payment of fees must be disclosed in writing to the client.

#### **Item 15. Custody**

The Fund maintains a custodial account with Citibank that holds, accepts subscriptions, and distributes cash for investment, expenses, and withdrawals. Any payment of Funds requires the written and verbal authorization of the Fund's Managing Member with a copy provided to the Fund's administrator, Apex Fund Management (formerly Pinnacle Fund Management).

The Fund is considered the custodian of the Fund's assets because it has the ability to obtain possession of them in conjunction with its advisory services. The Fund provides an annual audit, prepared by McGladrey, prior to June 30<sup>th</sup> each year to confirm the return reported on the monthly statements prepared and issued by the Fund's administrator. The use of third party service providers creates a system of checks and balances designed to protect client assets and to enable to client to verify the Fund's returns.

#### **Item 16. Investment Discretion**

OQC has full discretion to determine (i) the investments to be purchased and sold for the Fund, subject to restrictions on its activities set forth in the offering memorandum and company policies and (ii) the amount of securities to be purchased or sold for the Fund. To the extent that OQC advises separate accounts or other fund of funds, OQC may consider the following factors, among others, in allocating investments among various accounts: (i) investment objectives and strategies; (ii) risk profiles; (iii) tax status and restrictions placed on the portfolio by applicable law; (iv) size of the portfolio; (v) nature and liquidity of the investment 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.

In the case where OQC has discretionary authority to manage hedge fund portfolios on behalf of its managed account clients, OQC has the authority to determine, without obtaining specific client consent, the hedge funds to be bought or sold, and the dollar amount of the hedge funds to be bought or sold.

The authority to trade on a discretionary basis is granted to OQC through an investment management agreement between the client and OQC. This agreement is entered into prior to any trades being placed. Clients may impose restrictions on investing in certain hedge funds or types of hedge funds.

#### **Item 17. Voting Client Securities**

OQC advisory clients invest solely in privately placed securities issued by private partnerships or corporations. As such, it is not confronted with traditional proxy votes.

However, in some cases funds require votes of their members or partners (e.g. amendments, proxies, or changes to fund documents--herein called "Changes to Fund Documents").

In cases where OQC acts as a non-discretionary adviser, its advice may be sought by its clients on Changes to Fund Documents, and in cases where it is a discretionary adviser, it may be required to act upon the proposals made by the funds in which the clients are invested. In either case, OQC will provide advice or will vote in whatever manner it believes is in the best interest of its clients.

A client may contact OQC to obtain information on how proxies were voted for a fund in which the client has invested. All questions should be directed to Ms. Clark at [eloise@omniquestcapital.com](mailto:eloise@omniquestcapital.com).

#### **Item 18. Financial Information**

This item is not applicable