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# S SQUARED TECHNOLOGY, LLC

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Part 2A of Form ADV: Firm Brochure

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November 7, 2013

**This brochure provides information about the qualifications and business practices of S Squared Technology, LLC (“Tech LLC”). If you have any questions about the contents of this brochure, please contact us at the number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

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

**Additional information about Tech LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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## **Item 2. Material Changes**

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Since Tech LLC's brochure dated March 30, 2012, there has been the following change to the brochure: As of February 1, 2013 an affiliate of Tech LLC has become an investment adviser to a newly created fund.

There are no other material changes to report.

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### Item 3. Table of Contents

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

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S Squared Technology, LLC ("Tech LLC") has been a registered investment adviser since 2005, having succeeded its predecessor S Squared Technology, Corp., which had been a registered investment adviser since 1986. Tech LLC is principally owned by Seymour L. Goldblatt and by Kenneth A. Goldblatt.

Tech LLC provides discretionary investment management services to individuals and institutional investors through private investment funds ("Funds") and separately managed accounts (collectively, "Clients"). Tech LLC's investment strategy involves investments primarily on a long term basis in equity securities of U.S. issuers engaged in technology and related areas, including communications, computers, internet, information technology services, media, networking, semiconductors and software ("Technology Securities"). Tech LLC invests in a range of Technology Securities, including equity securities, both long and short, warrants, debt securities, commercial paper, certificates of deposit, U.S. government securities, options contracts on securities, investments in non-publicly traded securities, private investments in public companies and interests in pooled investment vehicles. Specific information about investments made for the Funds and separately managed accounts may be found in the relevant confidential private placement memoranda ("Memoranda") and investment management agreements relating to such Funds or accounts.

Prior to accepting a new Client, Tech LLC makes reasonable efforts to obtain information concerning a prospective investor's financial status, tax status, investment objectives and other relevant information to make certain that holdings of Technology Securities are suitable. Tech LLC generally does not tailor its advisory services to the needs of specific Clients. Funds are governed by their respective Memoranda and separately managed accounts are governed by their respective investment management agreements. A Client may impose certain restrictions regarding investing in certain securities or types of securities, or may require that a certain minimum or maximum level of cash be maintained for its account.

Tech LLC does not participate in wrap fee programs.

As of February 28, 2013, Tech LLC and its affiliates had approximately \$329 million under management, all on a discretionary basis, of which Tech LLC manages approximately \$315 million.

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

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Tech LLC is compensated based on a percentage of fees under management (management fee) and on performance based compensation (performance fee). With respect to the Funds, Tech LLC receives a management fee ranging from 1% to 2% on an annual basis of the net asset value of the account, payable quarterly, in advance, except that one Fund pays management fees in arrears. With respect to its separately managed account, Tech LLC receives a management fee of 0.25% on an annual basis of the net asset value of the account, payable quarterly, in arrears.

S Squared Capital, LLC (“SSCap”) and S Squared Technology Capital, LLC (“SSTCLLC”) are affiliates of Tech LLC, and each serves as the general partner of one or more of the Funds managed by Tech LLC. SSCap and SSTCLLC receive a performance fee based upon the performance of the Fund for which it is the general partner, which fee is generally 20% of the net profits during the measuring period; provided however, that if since the payment of the last performance fee for that account, the account has had a cumulative net loss, the performance fee will not be paid until such prior cumulative net losses are recouped. The measuring period will generally be the fiscal year, and such performance fee is payable, if earned, annually. One Client managed by Tech LLC has a fee arrangement with Tech LLC pursuant to which, in lieu of the performance fee arrangement described above, Tech LLC at its sole discretion, may charge a modified performance fee if there is a net profit in a fiscal year that follows a fiscal year(s) in which there have been cumulative net losses that have not been recouped. Under a modified performance fee arrangement, the regular performance fee described above is reduced by 50% until subsequent cumulative net profits offset an amount equal to 200% of the previously allocated net losses from all prior fiscal years in which there was a net loss applicable (“Modified Performance Fee”).

S Squared Capital II Management, LLC (“SSCIIM”) is an affiliate of Tech LLC that is investment adviser to one or more Funds. The Funds managed by SSCIIM pay an annual management fee, in one case, ranging from 1.5% to 1%, and in the other case, 1% of the first \$50 million of assets under management and ¼ of 1% thereafter. Both Funds pay the foregoing management fees quarterly, in advance. Another affiliate of Tech LLC, S Squared Capital II, LLC (“SSCapII”), is the general partner of the Funds for which SSCIIM is the investment adviser, and receives a performance fee, in one case, ranging from 15% to 20% of the net profit, and in the other case, 20% of the net profits during the measuring period as described above, unless, at the discretion of SSCIIM, a Modified Performance Fee is charged.

Fee arrangements are negotiated separately with separately managed accounts. Tech LLC or its affiliates, from time to time, and based on a variety of factors including the size of an account or the overall relationship with the Client, have entered into side letters with certain Clients that reflect a “most favorite nation” status.

A conflict of interest could arise in a situation where a cumulative net loss has not been recovered, in that Tech LLC or its affiliates could be entitled to receive a fee from its Clients that are charged a Modified Performance Fee, but not from its Clients that are charged a full performance fee. As such, Tech LLC may have an incentive in that situation to direct the best investment ideas to, or to allocate or require trades in favor of, the Clients that pay the Modified Performance Fee. Similarly, a conflict of interest could arise when a Client that is charged a full performance fee is paying a higher fee than a Client that is charged a Modified Performance Fee. This situation could arise when the cumulative net loss in an account that is charged a Modified Performance Fee has not been fully offset (while that same cumulative net loss has been fully offset with respect to a Client that is charged a full performance fee). To avoid any conflicts, and in order to obtain the most favorable price overall, Tech LLC aggregates orders with respect to the Clients for which it has determined a transaction is appropriate, and Clients participating in the transaction will pay an average price. On the rare occasion that there are insufficient shares to complete a transaction, such that allocation on a pro-rata basis is not economically feasible or where an odd-lot situation would develop, allocations are made on a rotating basis.

When a performance fee arrangement is terminated during any fiscal year: (i) if there has been a net gain in the value of the Client's account for the period from the beginning day of the relevant fiscal year immediately preceding the date of such termination to the date of termination, then the performance fee shall be calculated for the period from the beginning of the relevant fiscal year to the date of termination; (ii) if there has been a net loss in the value of the Client's account for the period from the beginning day of the relevant fiscal year immediately preceding the date of such termination to the date of termination, then no performance fee shall be paid for such period. The performance fee paid for the last completed fiscal year shall not be reduced in any event.

With respect to investors in the Funds, fees are deducted (or assets allocated) from Clients' assets. With respect to separately managed accounts, fees are separately billed and said accounts either pay fees to Tech LLC out of separate funds (i.e., funds not managed by Tech LLC) or withdraw the amount of the fee from assets under Tech LLC's management and then pay Tech LLC the amount of such fee.

With respect to all Clients, management fees are billed quarterly and performance fees annually.

Other than the fees described above, no other fees are charged to Clients. Expenses, including brokerage and other transaction costs that are incurred by Tech LLC in connection with securities transactions, are allocated to each Client based on its percentage of the transaction in which it participated. Tech LLC pays brokerage commissions to broker-dealers. Generally, the prime brokers/custodians used by Tech LLC do not charge Tech LLC a custody fee. Where appropriate, and subject to specific agreement with its Clients, certain accounting and legal fees are allocated to the specific investment vehicles on whose behalf the fees were incurred. Where not so provided in Memoranda or agreements with Clients, accounting and legal fees are paid by Tech LLC. A description of Tech LLC's Brokerage Practices is set forth in Item 12.

The Funds pay management fees quarterly in advance, except that one Fund pays management fees in arrears, and all Funds permit withdrawals quarterly. Investors in the Funds may terminate their accounts on 15 to 90 days' prior written notice, depending on the Fund. In the event a separately managed account that has paid a management fee in advance of a quarter, elects to terminate its investment management agreement during a quarter or the agreement is not in effect for the entire quarter, the management fee for such quarter will be pro-rated and the amount paid in excess of the pro-rated fee will be refunded. Separately managed accounts may terminate their accounts without prior notice or up to 30 days' prior written notice, depending on the account.

Neither Tech LLC nor its affiliates is a broker-dealer, and consequently, it receives no commissions or other compensation in connection with the purchase or sale of securities.

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## **Item 6. Performance-Based Fees and Side-By-Side Management**

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All Clients are charged a performance fee as well as a management fee. Performance-based compensation will be in conformity with Rule 205-3 of the Investment Advisers Act of

1940, as amended (the “Advisers Act”). Performance-based fee arrangements may create an incentive for Tech LLC or its affiliates to make investments that may be riskier or more speculative than it would make under a different fee arrangement. In addition, Tech LLC and its affiliates have an agreement with one Client pursuant to which, in the sole discretion of Tech LLC or its affiliates, it may be charged a Modified Performance Fee (described in Item 5 above) in lieu of the full performance fee. See Item 5 for a description of the potential conflicts of interest between accounts paying a full performance fee and those paying a Modified Performance Fee.

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## **Item 7. Type of Clients**

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Tech LLC provides investment advice to high net worth individuals, corporations, endowments, foundations, pension and profit sharing plans, trusts, estates and/or charitable organizations.

Before accepting a new Client, Tech LLC requires that the prospective investor have a substantial net worth and advises each prospective new Client of the nature of the Technology Securities in which it will invest, the risks involved, the compensation, the rights of termination and background information about Tech LLC and its affiliates. Separately managed accounts must have a minimum opening balance of \$25,000,000 (and may be a lesser amount in the sole discretion of Tech LLC). Prospective Investors who wish to have a lesser dollar amount managed may become investors in one or more Funds for which Tech LLC or its affiliate serves as investment adviser, which require minimum initial investments ranging from \$500,000 to \$20,000,000, as the case may be (or a lesser amount at the sole discretion of Tech LLC). Investors in the Funds are required to maintain a balance of at least \$100,000 (which amount may be reduced at the sole discretion of Tech LLC).

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

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Tech LLC uses a fundamental method of analysis. In this connection it utilizes various inputs and criteria, including: internal research, research materials prepared by others, contact with management of issuers whose securities are of interest to it (through meetings, correspondence, attendance at seminars or analyst meetings), contact with other non-affiliated investment advisers and broker-dealers, relationships with consultants, reading and analyzing financial publications, corporate ratings, annual, periodic and other public filings of issuers and press releases. Once implemented, an investment approach is monitored and reevaluated to identify any need for refinement or modification.

Tech LLC invests primarily in public equity securities of U.S. issuers of Technology Securities and utilizes primarily long term strategies. To a lesser extent, Tech LLC may utilize short term strategies, may engage in margin transactions, may purchase and sell options contracts and options on index futures, and may make loans to various private issuers. Tech LLC invests primarily long but to a lesser extent sells the public equity securities short. The specific types of Technology Securities in which Tech LLC invests is set forth in Item 4.

The nature of investments made by Tech LLC involves significant risk factors and is suitable only for persons who can bear the economic risk of loss of their investment, who have limited need for liquidity with respect to their investment and who meet the conditions of investment in the Funds and separately managed accounts managed by Tech LLC. The specific risks with respect to investments in the Funds are described in greater detail in the Memoranda relevant to each such Fund. Past performance may not be indicative of future performance. There can be no assurances that any Funds or separately managed accounts will achieve their investment objectives.

The following specific risks, among others, should be considered by persons in determining whether investing in a Fund or as a separately managed account is suitable for them in light of their sophistication, needs, risk appetite and financial condition:

**Lack of Diversification** – Client portfolios generally are long investments in 40 to 60 issuers. As such, Client portfolios are not widely diversified among industries, geographic areas, types of securities or range of issuers. Accordingly, Client portfolios may be subject to more rapid change in value than would be the case if the investments were more diversified. In addition, Tech LLC generally will not invest more than 10% of the assets of any Client in the securities of any one issuer, although one Fund permits up to 25% of the assets to be invested in the securities of any one issuer.

**Investments in Small-Mid Cap and Micro Cap Companies** – Tech LLC invests in the equity securities of Small-Mid Cap companies with a market capitalization or an enterprise value of between \$500 million and \$10 billion, and also invests in securities of Micro Cap companies with a market capitalization or an enterprise value of less than \$500 million. These securities often involve significantly greater risks than the securities of larger, better-known companies. In addition to being subject to the general market risk that common stock prices may decline over short or even extended periods, Tech LLC may invest in securities of companies that are not well-known to the investing public and may not have significant institutional ownership. Small-Mid Cap and Micro Cap companies may present greater opportunities for capital appreciation but also may involve greater risk than larger, mature issuers. The securities of such companies may be more volatile in price, subject to more abrupt or erratic market movements and have lower trading volumes than larger capitalization stocks.

**Lack of Liquidity** – Tech LLC may invest up to 35% of the assets of any Client in non-public and restricted securities. The markets, if any, for non-public and restricted securities and Micro Cap companies may be “thin” or illiquid, making purchase or sale of these securities at desired prices or desired quantities difficult or impossible. In some cases, with respect to non-public and restricted securities, Tech LLC may be contractually prohibited from disposing of such securities for a specified period of time. Further, the sale of such securities may be possible only at substantial discounts. Moreover, such investments may be extremely difficult to value.

**Lack of Commercial Acceptance** – Technology Securities could be adversely affected by lack of commercial acceptance of a new product or products or by technological change and obsolescence. Some issuers of the Technology Securities may have limited operating histories. As a result, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in



operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses.

Proprietary Technology Rights – There can be no assurance that issuers of Technology Securities with proprietary technology will be able to protect their proprietary rights to patent, copyright, trademark and trade secret protection, which may be essential to its growth and profitability. The markets in which many issuers of Technology Securities operate are extremely competitive and there can be no assurance that companies in which Tech LLC invests will successfully penetrate their markets or establish or maintain competitive advantages.

Short Sales of Securities – From time to time, Tech LLC may sell certain securities short when it believes they will decline in price. There can be no assurances that these securities will decrease in value. If the price increases, Tech LLC may be forced to cover the short position at a higher price than the short sale price, resulting in a loss. A short sale involves a theoretical unlimited increase in the market price of a security.

The foregoing does not purport to be a complete explanation of the risks involved in investing in securities.

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#### **Item 9. Disciplinary Information**

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Tech LLC and its affiliates have no legal or disciplinary events to report.

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

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Affiliates of Tech LLC are the general partners of Funds for which Tech LLC or its affiliate is the investment adviser. These general partners generally receive a special allocation of 20% of net profits (more fully described in Item 5).

Clients of Tech LLC may be solicited to invest in certain Funds that are sponsored by Tech LLC and its affiliates and in which principals and employees of Tech LLC may also invest. Tech LLC and its affiliates may, in the future, serve as investment adviser and/or general partner to other Funds. Clients of Tech LLC may or may not be solicited to invest in those Funds.

Potential Conflicts of Interest – Tech LLC may have conflicts of interest in allocating its time and activity among Clients, including, Funds in which Tech LLC or its affiliates may have a greater financial interest, proprietary accounts and personal accounts in which principals of Tech LLC have an interest. Clients of Tech LLC may have similar investment objectives and may implement similar investment strategies. Tech LLC treats all Clients fairly and equitably, but not necessarily identically, and may take action for one Client that differs from another. For example, when purchasing shares of Micro Cap companies, Tech LLC may allocate the shares to the Clients that purchase primarily securities of Micro Cap companies and not to the balance of the accounts, or, it may first allocate such shares to the Clients that purchase primarily securities of Micro Cap companies, before allocating the remaining shares, if any, to the balance of its Clients. As set forth in Item 8, even in those instances where investments in Micro Cap

companies are appropriate for all Clients, because securities of Micro Cap companies are thinly traded, it may not be possible for all Clients to participate in a particular transaction. To achieve optimal results that are in the best interests of its clients, Tech LLC weighs a variety of factors, including, the nature of the investment opportunity, investment or regulatory limitations (including tax consequences), availability and the risk in connection with each transaction.

A conflict of interest also may arise when a Client directs Tech LLC or its affiliates to liquidate and close its account, and Tech LLC, at the same time, places purchase orders for the same securities for its other or its affiliates' Client accounts. A conflict of interest may also arise in connection with the treatment of investments (profit and loss taking) for taxable Client accounts that may differ from the treatment for non-taxable Client accounts. To maximize overall after-tax returns, Tech LLC may sell securities for certain Clients and at the same time place orders to purchase the same securities for other Clients (causing returns of taxable and non-taxable Client accounts to vary). Tech LLC addresses these conflicts by executing all transactions through a broker unrelated to it with instructions to obtain best execution for each transaction pursuant to separate orders. Neither Tech LLC nor its affiliates is a broker-dealer. Neither Tech LLC nor its affiliates recommends or selects other investment advisers for Clients.

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

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Tech LLC has adopted written policies and procedures reasonably designed to prevent violations of the Advisers Act that include a Code of Ethics with which all officers, directors and employees (collectively, "Associated Persons") are required to comply. The Code of Ethics covers, among other things, the fiduciary relationship of Tech LLC and its affiliates with Clients, personal securities transactions, reporting obligations regarding personal securities transactions, the avoidance of actual or potential conflicts of interest, gifts, prohibitions against disclosure of non-public information relating to Clients or client transactions and rules governing prohibitions on trading on the basis of non-public information and penalties for violations of provisions of the Code of Ethics.

The Code of Ethics generally prohibits Associated Persons and their related accounts from electing to or taking any action to acquire new positions in any Technology Securities. However, Tech LLC has permitted one of its portfolio managers and one of its Members who are Associated Persons to establish, respectively, personal accounts in which only that Person may invest (each, an "AP Account"), which, among other things, will purchase and sell positions in Technology Securities. The AP Accounts have investment objectives and strategies that are not similar to the investment objectives and strategies of the Clients of Tech LLC or its affiliates, or to each other. The AP Accounts may invest in Technology Securities, but may not take positions that are different from positions taken for Clients. When an AP Account established at Tech LLC seeks to purchase/sell Technology Securities that Tech LLC or its affiliates is also purchasing/selling for its Client accounts, Tech LLC will not aggregate orders for the AP Account with orders for its Client accounts. Any transactions for an AP Account irrespective of whether the AP Account is established at Tech LLC or established at a broker/dealer not related to Tech LLC, will require the prior written authorization of the Managing Member of Tech LLC or his designee. Any Associated Person who has established an AP Account at a broker/dealer

not related to Tech, LLC must send to Tech LLC a copy of his monthly statements. The Managing Member of Tech LLC or his designee will review these monthly statements. Orders for AP Accounts will not be placed until after orders for the same security have been completed for Client accounts. The Associated Persons described above will have sole discretion over their respective AP Accounts; however, Tech LLC will supervise the Associated Persons to make certain that they are acting in compliance with the Code of Ethics of Tech LLC.

The Code of Ethics also requires that all Associated Persons first obtain written authorization before engaging in transactions in non-Technology securities, send to Tech LLC copies of their monthly personal account statements and file with Tech LLC a monthly transaction report. The Managing Member of Tech LLC or his designee reviews the personal trading documentation, except as to his own, which is reviewed by the Chief Compliance Officer. These policies do not prohibit an Associated Person from owning U.S. government securities, money market fund shares, variable annuities and life insurance, bank cash management instruments, such as bank certificates of deposit, municipal bonds, or shares in exchange traded funds or mutual funds (“Excepted Securities”), or having funds under “blind” management on terms and conditions approved by Tech LLC where the Associated Person exercises no discretion over the selection of securities and timing of transactions, and where the manager making investment decisions operates completely independently of the Associated Person. Tech LLC may in the future adopt other or further procedures generally or to address specific situations as may arise.

A copy of the Code of Ethics is available to Clients upon request.

Affiliates of Tech LLC that are general partners in Funds in which Tech LLC solicits Clients to invest receive a special allocation as described in Item 5. Tech LLC’s registered investment adviser affiliate receives a management fee as described in Item 5. In addition, certain principals of Tech LLC and its affiliates and their employees have investments in certain of the Funds and do not pay any management or performance fees. Tech LLC believes that these investments align its and its staff’s interests with those of its Clients. These situations present potential conflicts of interest to Tech LLC that are described in Item 10.

Neither Tech LLC nor its affiliates engages in principal transactions with Client accounts.

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## **Item 12. Brokerage Practices**

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Tech LLC recognizes its general fiduciary obligation to obtain best execution for its Clients. Best execution includes a duty to execute securities transactions so that a Client’s total cost or proceeds in each transaction are the most favorable under the circumstances. Tech LLC has a Best Execution Committee that is responsible for due diligence on best execution. For liquid, listed equity securities, the best price generally is considered to be (but is not always) the national average best bid/offer. For illiquid securities, the best price generally must be determined by soliciting prices from multiple broker-dealers. The best price is not necessarily the lowest price and may include a variety of qualitative factors.

Tech LLC selects the broker or dealer to be used for Client transactions, and makes that selection from an approved broker list that it maintains. In making that selection and especially in light of the fact that Tech LLC concentrates on Technology Securities, Tech LLC considers a combination of subjective and objective factors pertaining to the full range and quality of a broker-dealer's services, including, securing the best price for a transaction; the confidentiality provided by the broker-dealer; the broker-dealer's clearance and settlement capabilities; the promptness of execution of securities transactions; and the financial stability and reputation of the broker-dealer. In addition, access to security analysts in technology at various brokerage firms that provide Tech LLC with assistance in its investment decision-making process, and the quality of broker-dealer sponsored conferences and sponsored analyst meetings may be additional factors in selecting a broker-dealer, as these are benefits that Tech LLC might have to pay for elsewhere. As a result, Tech LLC may not necessarily select the broker-dealer that offers the lowest commission rate. Because it is not the practice of Tech LLC to negotiate "execution only" commission rates, it may be deemed to be paying for research, brokerage or other services provided by the broker that are included in the commission rate. However, it is the policy of Tech LLC and its affiliates, not to enter into soft dollar arrangements.

Tech LLC recognizes that conflicts of interests could arise, because the research and other brokerage services it obtains is a benefit to it that it does not have to pay for elsewhere. Therefore, the selection and the amount of brokerage it gives to a particular broker-dealer is not pursuant to any agreement with or commitment to any broker-dealer that would bind Tech LLC or its affiliates. The reasonableness of brokerage arrangements is evaluated on an ongoing basis. Any research and brokerage services that Tech LLC obtains with soft dollars is limited to research and brokerage services that are within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended. Neither Tech LLC nor its affiliates obtains Client referrals from broker-dealers and client referrals are not a consideration in selecting broker-dealers.

Typically, research received by Tech LLC from a broker-dealer is used to service all of its Clients, except that certain research that pertains to Micro Cap companies is used primarily for the benefit of those Clients that invest in such companies. In addition, Tech LLC purchases research from a variety of sources, using hard dollars, which is used to service all Clients, except that certain research pertaining to Micro Cap companies is limited, as described above.

The typical research Tech LLC obtains includes research reports, market research, financial newsletters, trade journals, software providing analysis of securities portfolios, corporate governance research and rating services, attendance at seminars and conferences, discussions with research analysts, meeting with corporate executives, advice from brokers on order execution and certain proxy services. Brokerage services that Tech LLC obtains include services relating to the execution, clearing and settlement of securities transactions, software used to transmit orders, clearance and settlement in connection with a trade, electronic communication of allocation instructions, routing settlement instructions, post trade matching of trade information and other services.

Tech LLC generally purchases and sells the same securities for many Clients at the same time. Accordingly, Tech LLC generally will place orders for the aggregate number of securities to be purchased or sold for all Client accounts at one time. By doing so, Tech LLC believes that it may be able to obtain a slightly better execution price or commission rate in certain

transactions; however, Tech LLC believes that, generally, the execution price and commission rate will not be affected by such practice.

From time to time, Tech LLC may engage in “step-out” transactions for its Clients whereby it directs a broker (the “Primary Broker”) to execute a single purchase or sale order and then to give up to one or more other brokers (the “Secondary Brokers”) a portion of the resulting execution thereby causing commissions earned on the execution of the order to be shared with the Secondary Brokers. The Secondary Brokers are, for the most part, smaller brokers that provide research to Tech LLC with respect to Micro Cap companies and whose execution capabilities are not as proficient or as cost effective as those of the Primary Broker. A step-out transaction enables Tech LLC to place a single order with a single Primary Broker as an alternative to placing multiple orders with multiple brokers that would execute such orders independently. Although both alternatives permit Tech LLC to direct commission compensation to brokers, step-out transactions allow Tech LLC to communicate with a single broker and to achieve a single execution price for all participating Clients. While Tech LLC does not believe that it pays higher commissions on step-out transactions than on other transactions, Tech LLC shall not be required or deemed to have the duty to obtain the lowest brokerage commission rates available on such transactions. Tech LLC believes that the brokerage commissions charged on such transactions are reasonable in relation to transactions for its Clients.

Tech LLC does not routinely recommend, request or require that a Client direct it to execute transactions through a specified broker-dealer. However, Tech LLC may permit Clients to direct it to effect some or all of the transactions on behalf of such Client’s account through a particular broker. The Client’s direction must be in writing. If a Client directs it to use a particular broker or dealer, Tech LLC may not obtain the most favorable price and execution that it otherwise may be able to obtain if it were free to determine the broker or dealer best able to execute the particular transaction and/or to aggregate such order with the orders for its other Clients. As a result, the Client directing execution with a particular broker may pay a higher commission. It must be noted that Tech LLC will not execute a transaction through a broker selected by a Client if it reasonably believes that effecting the transaction through the directed broker may result in a breach of Tech LLC’s duties as a fiduciary.

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

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Client accounts are reviewed on a daily basis by Kenneth Goldblatt, a Member of Tech LLC, who consults with the Portfolio Manager and Analysts, as needed. The review ascertains that the positions in Client accounts are appropriate for the investment strategy and objective of the account and that any Client directed guidelines are observed. Seymour Goldblatt, the Managing Member of Tech LLC and Kenneth Goldblatt speak with the separately managed accounts and representatives of institutional Clients at least annually.

The Funds managed by Tech LLC and its affiliate are subject to an annual independent audit performed by an independent public accountant that is registered with and subject to inspection by the Public Company Accounting Oversight Board. Written audited financial statements prepared by these accountants are sent annually to investors in the Funds within 120 days of the Fund’s fiscal year end. In addition, investors in the Funds receive written unaudited

financial statements quarterly that are prepared by the independent public accountants and include that investor's capital statement, except that investors in one of the Funds receive written unaudited capital account statements monthly that are prepared by the Fund's administrator. The independent public accountants also provide written tax information that Tech LLC sends to the investors in the Funds on an annual basis.

In addition to the foregoing, Tech LLC sends to each separately managed account and to each investor in the Funds a written quarterly letter that reviews the performance of the Client's account and includes a commentary on the Technology Securities market.

If requested, Tech LLC will send an internally prepared, non-audited monthly statement showing the estimated holdings of a Client at the end of a calendar month.

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

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Tech LLC does not receive an economic benefit for providing advice to its Clients from anyone other than its Clients.

Tech LLC and its affiliates currently do not compensate any third parties for Client referrals. However, in the future Tech LLC may enter into such an arrangement, but only in accordance with the Cash Payments for Client Solicitations rule (Rule 206(4)-3 of the Advisers Act).

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

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Neither Tech LLC nor its affiliates has actual custody of any Client assets. However, Tech LLC is deemed to have custody of certain Client assets because it has arrangements under which it is authorized to deduct fees from those Client accounts. Also, Tech LLC is deemed to have custody because its affiliates are general partners of the Funds for which Tech LLC or its affiliate serves as investment adviser. Tech LLC maintains Fund assets with unaffiliated "qualified custodians" and has provided investors in the Funds with written notice of the names and addresses of the qualified custodians. As set forth in Item 13, Tech LLC provides audited financial statements to the investors in the Funds within 120 days of the end of the Fund's fiscal year and sends to all Clients a quarterly letter that reviews the performance of each such Client's account. Tech LLC is not deemed to have custody of the separately managed accounts. Tech LLC has no authority to deduct fees from those accounts and separately managed accounts select their own custodians. Clients are urged to carefully review all statements.

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

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All Client accounts are managed by Tech LLC on a discretionary basis. Tech LLC has sole discretion to determine the particular securities and the amount of such securities to be bought or sold without consultation with Clients.

Certain separately managed accounts may acquire Technology Securities from sources unrelated to Tech LLC. Those accounts may request that such securities be added to their account managed by Tech LLC. Tech LLC may, in its discretion, accept such securities to be added to a Client's account, at which time Tech LLC would exercise discretion over such securities as part of the Client's account. In addition, a Client may impose certain restrictions regarding investing in certain securities or types of securities in its account, or may require that a certain minimum or maximum level of cash be maintained for its account.

Investors in the Funds must sign a written subscription agreement and limited partnership agreement. To open a separately managed account, investors must sign a written investment management agreement. In each case, the documents give Tech LLC investment discretion with respect to the Client's account. Tech LLC abides by the investment guidelines and restrictions set forth in each Fund Client's Memoranda or investment management agreement, as applicable.

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

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Clients delegate discretion for proxy voting to Tech LLC, which has adopted written policies and procedures as to how it exercises that discretion. Tech LLC votes proxies in a manner that is in the best interests of Clients. Unless a Client directs otherwise, Tech LLC votes the shares held by all Clients in the same manner. Tech LLC generally expects to vote in accordance with the recommendations of company management, as it believes management usually knows more about the company than passive shareholders. However, Tech LLC realizes that there are many complexities to proxy votes and will vote against a proposal or recommendation of management if it determines that such a vote is not in the best interests of its Clients. In addition, there are occasions when not voting on a particular issue may be in the best interests of Clients. Tech LLC has retained ISS Governance Services ("ISS") to serve as its voting agent for securities held by Clients and either accepts ISS's vote recommendations or overrides the recommendation. In exercising voting discretion, Tech LLC avoids any material conflicts of interest. If it is determined that a material conflict exists, Tech LLC will have no further input on the particular proxy vote and will vote in accordance with ISS's recommendations on the particular issue. Tech LLC maintains required records in connection with its proxy voting and upon written or oral request will provide Clients with information about how proxies were voted.

No less frequently than annually, Tech LLC advises Clients that a copy of its Proxy Voting Policies and Procedures is available upon their written or oral request.

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

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Neither Tech LLC nor its affiliates has any condition that impairs its ability to meet contractual commitments to Clients, and neither has ever been the subject of any bankruptcy proceedings.