

BROCHURE OF

Great Oaks Capital Management, LLC

A New York Limited Liability Company registered with the Securities and Exchange Commission as an Investment Adviser (CRD # 128357)

Great Oaks Capital Management, LLC
660 Madison Avenue, Suite 1405
New York, NY 10065

Tel. (212) 821-1800

Fax. (212) 644-0099

THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF GREAT OAKS CAPITAL MANAGEMENT, LLC. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT 212-821-1800.

NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES AUTHORITY, HAS PASSED UPON THE ADEQUACY OR ACCURACY OF THIS BROCHURE. REGISTRATION AS AN INVESTMENT ADVISER DOES NOT IMPLY A CERTAIN LEVEL OF SKILL OR TRAINING. ADDITIONAL INFORMATION ABOUT GREAT OAKS CAPITAL MANAGEMENT, LLC ALSO IS AVAILABLE ON THE SEC'S WEBSITE AT WWW.ADVISERINFO.SEC.GOV.

The Date of this Brochure is

March 30, 2012

The delivery of the Brochure at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above. If you have any questions about the contents of this Brochure, please contact us at (212) 821-1800.

Item 2.

Material Changes to Brochure

There are no material changes to report regarding our advisory business.

Item 3.

TABLE OF CONTENTS

Part 2A – Disclosures about the Firm

<u>Item</u>	<u>Title</u>	<u>Page Number</u>
Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	5
Item 6	Performance-Based Fees and Side-by-Side Management	8
Item 7	Types of Clients	10
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	10
Item 9	Disciplinary Information	20
Item 10	Other Financial Industry Activities and Affiliations	20
Item 11	Code of Ethics, Privacy Policy, Participation or Interest in Client Transactions and Personal Trading	21
Item 12	Brokerage Practices	25
Item 13	Review of Accounts	31
Item 14	Client Referrals and Other Compensation	32
Item 15	Custody	32
Item 16	Investment Discretion	33
Item 17	Voting Client Securities	33
Item 18	Financial Information	34
Item 19	Requirements for State Registered Advisers	34

I. Part 2A – DISCLOSURE ITEMS ABOUT THE FIRM

Item 4. Advisory Business:

- (A) **Operational and Organizational Information:** Great Oaks Capital Management, LLC (the “Firm”), a New York limited liability company, is an investment adviser registered with the U.S. Securities and Exchange Commission (the “SEC”). The Firm provides investment management services to a pooled investment vehicle, Great Oaks Strategic Investment Partners, L.P. (the “Partnership”). GOCPL, LLC, (the “General Partner”) a Delaware limited liability company, is the general partner of the Partnership. The Firm has been in business since 2003. The sole owner of the Firm is Andrew K. Boszhardt, Jr.
- (B) **Types of Advisory Services Offered:** The Firm provides investment management services to the Partnership. The Partnership invests primarily in publicly traded equity securities. The Firm also provides investment management services to separately managed accounts according to the terms of its investment management agreement with such clients. “Client” may include a pooled investment vehicle, investors in the Partnership (also known as “Limited Partners”), and separate account clients.
- (C) **Individual Tailoring of Advice:** Advisory services include, among other things, providing advice regarding asset allocation and the selection of investments. Decisions relating to investment advice are based on an analysis of the merits of the investment involved and on the investment guidelines and restrictions of the Client. The Firm provides discretionary investment advisory services to all fee paying Client accounts. The Firm may trade and invest in a wide variety of securities and financial instruments, domestic and foreign, of all kinds and descriptions, whether publicly traded or privately placed, including but not limited to common and preferred stocks, bonds and other debt securities, convertible securities, limited partnership interests, mutual fund shares, options, warrants, commodities, futures, derivatives (including swaps, forward contracts and structured instruments), currencies, monetary instruments, and cash and cash equivalents. The Firm is eligible to trade a limited amount of commodities or financial futures pursuant to Rule 4.13(a)(3) of the Commodity Exchange Act, as amended (“CEA”) that provides an exemption from registration as a commodity pool operator.

For a separately managed account, the Firm assists the client in determining its investment objectives and needs, and the account is

managed in accordance with those objectives and needs. Advisory services include among other things, providing advice regarding asset allocation and the selection of investments. Decisions relating to investment advice are based on an analysis of the merits of the investment involved and on the investment guidelines and restrictions of the client.

(D) **Wrap Fee Programs:** Not Applicable.

(E) **Client Assets Under Management:** *(rounded to the nearest \$100,000)*

(i) Discretionary: \$202,000,000 as of February 29, 2012.

(ii) Non-discretionary: \$0 as of February 29, 2012.

Item 5. Fees and Compensation:

(A) **Description of Fees:**

The Firm's clients are charged a management fee for its investment management services. These fees may vary according to account size and the length and scope of the client relationship, and adjusted fee schedules may be negotiated on a case-by-case basis. Investment management fees are generally based on a percentage of the market value of all assets in the client account. Employees (and family members) of the Firm are typically charged discounted fees, and in some cases may be charged no investment management fees. Regarding separately managed accounts, management fees range from .75% to 1%, per annum, collected quarterly in advance.

The Firm also receives a management fee from the Partnership which is calculated based on a percentage of the value of the assets under management.

The Firm shall receive a performance allocation ("Performance Allocation") at the close of each fiscal year (or other period referred to below, as the case may be) from the Partnership. The Performance Allocation shall equal 20% of the Partnership's net income (including realized and unrealized gains and net of the Management Fee) attributable to each Limited Partner's capital account for such period. The Performance Allocation shall be subject to a high water mark or Loss Carryforward provision (as discussed below).

The Firm shall also receive the Performance Allocation upon any withdrawal by a Limited Partner, whether voluntary or involuntary, and upon dissolution of the Partnership. The Performance Allocation shall be in addition to the proportionate allocations of income and profits, or losses, to the Firm and/or its affiliates based upon their capital accounts relative to the capital accounts of all Partners. The Firm, in its sole discretion, may waive or reduce the Performance Allocation with respect to any Limited Partner for any period of time, or agree to modify the Performance Allocation for that Limited Partner. The Firm may, in its discretion, reallocate a portion of the Performance Allocation to certain Limited Partners.

The Performance Allocation is subject to what is commonly known as a “high water mark” procedure. That is, if the Limited Partner’s capital accounts have a net loss in any fiscal year (or other period, as applicable), this loss will be recorded and carried forward as to such Limited Partner to future fiscal years (or other periods) (such amount is referred to as the “Loss Carryforward”). The Firm will not receive the Performance Allocation from such Limited Partner in any future fiscal year (or other period) until the Loss Carryforward amount for such Limited Partner has been recovered (i.e., when the Loss Carryforward amount has been exceeded by the cumulative profits allocable to such Limited Partner for the fiscal years (or other periods) following the Loss Carryforward). Once the Loss Carryforward has been recovered, the Performance Allocation shall be based on the excess profits (over the Loss Carryforward amount) as to such Limited Partner, rather than on all profits.

When a Limited Partner withdraws capital, any Loss Carryforward will be adjusted downward in proportion to the withdrawal. The General Partner may agree with any Limited Partner to apply a different Loss Carryforward provision for such Limited Partner.

Payment of Fees:

Investment management fees are typically deducted directly from the client’s account on a quarterly basis in advance, based on the total market value of assets in the account. In most cases, the Firm is paid its investment management fees directly from the custodian of the client’s account assets. In other cases, the Firm directly bills the client or the client’s account custodian.

The Performance Allocation shall be reallocated by credit to the Firm’s capital account and debited from each Limited Partner’s capital account at the close of each fiscal year (or such other

period, as the case may be); *provided, however*, that the Performance Allocation shall be subject to a Loss Carryforward. The Firm may, in its sole discretion, reallocate all or any portion of the Performance Allocation to certain Limited Partners.

- (C) **Additional Fees and Expenses:** Currently, the Firm only charges management fees and performance based fees or allocations. Clients incur brokerage and other transaction costs. Clients should carefully review Item 12 which discusses conflicts of interest related to brokerage practices. Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to the Client. The Firm will not receive any portion of such commissions or fees from the custodian or Client.

Organizational Expenses of the Partnership: All expenses related to organizing the Partnership, including, but not limited to, legal and accounting fees, printing and mailing expenses and government filing fees (including blue sky filing fees), were previously paid by the Firm.

Operating Expenses of the Partnership: The Partnership shall pay or reimburse the Firm for: (A) all operating expenses of the Partnership, such as tax preparation fees, governmental fees and taxes, fees to the Partnership's Administrator, communications with Limited Partners and ongoing legal, accounting, auditing, bookkeeping, insurance, consulting and other professional fees and expenses; (B) all Partnership trading costs and expenses (e.g., brokerage commissions, margin interest, expenses related to short sales, custodial fees and clearing and settlement charges); and (C) all fees and other expenses incurred in connection with the investigation, prosecution or defense of any claims by or against the Partnership. The Firm and its affiliates, in their discretion, may from time to time pay for any of the foregoing Partnership expenses or waive their right to reimbursement for any such expenses, as well as terminate any such voluntary payment or waiver of reimbursement.

Firm Expenses in Connection with the Partnership: The Firm will pay its own general operating and overhead type expenses associated with providing the investment management and administrative services. These expenses include all expenses incurred by the Firm and its affiliates in providing for their normal operating overhead, including, but not limited to, the cost of providing relevant support and administrative services (e.g., employee compensation and benefits, rent, office equipment, insurance, utilities, telephone, secretarial and bookkeeping

services, etc.), but not including any Partnership operating expenses described above.

Separately managed account Clients will also bear any agreed upon expenses as set forth in the relevant investment management agreement.

- (D) **Fees Paid in Advance:** In connection with the Partnership, the Management Fee is payable quarterly *in advance* and calculated as of the first day of each quarter. No part of the Management Fee will be refunded in the event that a Limited Partner withdraws all or any of the value in the Limited Partner's capital account during a quarter. The Firm may, in its sole discretion, waive or reduce the Management Fee with respect to one or more Limited Partners for any period of time, or agree to apply a different Management Fee for that Limited Partner. In connection with separately managed accounts, management fees are typically billed quarterly in advance. Exceptions to this policy are made on a case by case basis.
- (E) **Additional Compensation of Supervised Persons:** No supervised person accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Item 6. Performance Based Fees:

The Partnership: The Firm shall receive the Performance Allocation at the close of each fiscal year (or other period referred to below, as the case may be). The Performance Allocation shall equal 20% of the Partnership's net income (including realized and unrealized gains and net of the Management Fee) attributable to each Limited Partner's capital account for such period. The Performance Allocation shall be subject to a high water mark or Loss Carryforward provision (as discussed below).

The Firm shall also receive the Performance Allocation upon any withdrawal by a Limited Partner, whether voluntary or involuntary, and upon dissolution of the Partnership. The Performance Allocation shall be in addition to the proportionate allocations of income and profits, or losses, to the Firm and/or its affiliates based upon their capital accounts relative to the capital accounts of all Partners. The Firm, in its sole discretion, may waive or reduce the Performance Allocation with respect to any Limited Partner for any period of time, or agree to modify the Performance Allocation for that Limited Partner. The Firm may, in its discretion, reallocate

a portion of the Performance Allocation to certain Limited Partners.

The Performance Allocation is subject to a Loss Carryforward. *See Item 5(B).*

When a Limited Partner withdraws capital, any Loss Carryforward will be adjusted downward in proportion to the withdrawal. The Firm may agree with any Limited Partner to apply a different Loss Carryforward provision for such Limited Partner.

Separately Managed Accounts: The Firm may receive from clients a mutually agreed upon performance fee or allocation, as specified in the relevant investment management agreement. Clients who reside in the United States and who are charged performance fees or allocations are required to be qualified clients as defined under the Investment Advisers Act of 1940 (the “Advisers Act”).

Such fees will be structured and charged in a manner consistent with the requirements of applicable law, including the Advisers Act and ERISA. An incentive fee arrangement may create an incentive for the Firm to make investments that are riskier or more speculative than would be the case in the absence of a Performance Fee. Where any part of the Firm’s compensation is based in part on the unrealized appreciation of securities or instruments for which market quotations are not readily available, the Firm shall disclose how such securities or instruments will be valued and the extent to which the valuation will be determined independently. To the extent the Firm values any such securities or instruments it has a conflict of interest as the Firm will receive higher Management Fees and Performance Allocation if it gives such securities and instruments a higher valuation. The Firm does not represent that the amount of the Performance Allocation or the manner of calculating the Performance Allocation is consistent with other performance related fees charged by other investment advisers under the same or similar circumstances. The Performance Allocation received by the Firm may be higher or lower than the performance fees charged by other investment advisers for the same or similar services.

In addition, in the event that the Firm manages an account from which it collects performance fees and also manages at the same time an account from which it does *not* collect performance fees, the Firm has an incentive to favor accounts for which it receives performance fees because it will receive a greater profit from the accounts that are charged performance fees. Therefore, the Firm has an incentive to allocate investments that are expected to be more profitable to accounts from which it collects performance fees, on the one hand, and that are riskier on the other hand,

since in both scenarios, the Firm may receive greater fees if the investment generates a positive return. Notwithstanding the foregoing, the Firm does not favor accounts that pay performance fees.

Item 7. Types of Clients:

The Firm's clients are separately managed accounts and a private investment fund whose investors are individuals and institutions. The minimum investment in the Partnership is \$1,000,000. The minimum investment for a separately managed account is typically \$250,000. In each case, however, the Firm has discretion to accept lesser amounts.

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

(A) Methods of Analysis and Investment Strategies:

General Long/Short Strategy: The Firm anticipates that most of the Partnership's assets will be invested in publicly traded equity securities. In carrying out the Partnership's investment objective, the Firm focuses on companies that have a reasonable expectation of producing above average returns. The Firm purchases equities it believes to be undervalued and sells short equities it believes to be overvalued. The Firm normally analyzes certain financial measures before investing in a company, such as the company's cash position, gross and net working capital, tangible book value, historical and projected earnings growth, historical and expected cash flows, valuation relative to growth and to that of its industry, the historical trading patterns of the company's securities, and forecasts and projections for the relevant industry group. The Firm will at times gather information about a company from consultants, analysts, competitors, suppliers and customers that may help the effectiveness of the analysis performed.

Short Selling: The Firm may sell stocks short as a means of attempting to reduce risk and increase performance. These stocks are shorted for a variety of reasons including: (i) negative tangible book value; (ii) temporary overvaluation due to short-term market euphoria for a sector; (iii) faulty business model; (iv) poor earnings; (v) questionable accounting practices; (vi) deteriorating fundamentals; and/or (vii) weak management unable to adapt to changes in technology, regulation or the competitive environment. The Firm believes that by focusing on specific companies that are experiencing any one or more of these elements, the Firm should be able to identify profitable short sale candidates in most stock market environments. The investment strategy may also include event-driven and special situation investments, fixed income

securities, foreign securities, options, private placements and use of leverage.

Concentration: Although the Firm will generally seek to limit the position sizing of its investments, the Firm believes that in order to sustain superior investment results, it may be necessary to concentrate the Partnership's portfolio from time to time in investments that will produce high absolute returns while at the same time reducing risk to the overall portfolio. Thus, the Partnership may have limited diversification. There is no limit to the concentration or diversification the Partnership may have.

Event-Driven and Special Situation Investments: The Partnership may invest in companies based upon certain situations or events, including (but not limited to) spin-offs, mergers and acquisitions, rights offerings, restructurings and bankruptcies. The Firm believes that many such special situations and events carry a high probability of indiscriminate selling or neglect of valuable assets for reasons other than a lack of investment merits.

Occasionally, the Partnership may engage in arbitrage transactions that the Firm believes represent an exceptional risk/reward opportunity. Risk arbitrage opportunities generally arise during corporate mergers, leverage buyouts or takeovers. Frequently the stock of the company being acquired will trade at a significant discount to the announced deal price. This discount compensates investors for the time value of money and the risk that the transaction may be canceled. If the discount is significantly greater than the Firm's assessment of the underlying risk, the strategy will be implemented. As with options and fixed income securities, the Firm intends to use event-driven investments as a tactical, opportunistic strategy and not as part of the Partnership's normal operations.

Options: The Firm may utilize derivative securities, primarily options. The Firm may purchase and write put and call options that are traded on national securities exchanges or over-the-counter markets, as well as on electronic communications networks (ECN's). Options can be used in many ways such as to increase market exposure (i.e., for purposes of leverage), to reduce overall market exposure (i.e., for hedging purposes), to increase the portfolio's current income, or to reduce the cost basis of a new position. The Partnership may also utilize certain options, such as various types of index or "market basket" options, in an effort to hedge against certain market-related risks, as the Firm deems appropriate. The Firm believes that the use of options and other

derivatives should help reduce risk and enhance investment performance.

Fixed Income Securities: The Firm may invest in fixed income securities (bonds) as part of the strategic operations of the Partnership. The Firm may take advantage of special investment opportunities in the high yield and convertible segments of the fixed income market. The Firm considers these investments to be equity substitutes, with the expectation of providing both current income and capital appreciation. The Firm may also seek opportunities in government issued fixed-income securities as deemed appropriate.

Private Placements: In addition to investing in publicly traded common equities, the Partnership may in certain cases invest in privately placed unregistered securities that do not have a readily ascertainable market value or other illiquid securities which may be valued but are not freely transferable.

Leverage: The Partnership may increase the number and extent of its “long” positions by borrowing (e.g., by purchasing securities on margin). Entering into short sales also increases the Partnership’s use of leverage. Moreover, the amount of any borrowing by the Partnership may also be limited by regulations imposed by the Federal Reserve Board and by the availability and cost of credit. The Firm does not expect that the Partnership will incur indebtedness in connection with its operations, other than interest on margin debts or deposits with respect to securities positions.

Other Investments: The Firm may also invest some of the Partnership’s assets in short-term United States Government obligations, certificates of deposit, commercial paper and other money market instruments, including repurchase agreements with respect to such obligations, to enable the Partnership to make investments quickly and to serve as collateral with respect to certain of its investments. If the Firm believes that a defensive position is appropriate because of expected economic or business conditions or the outlook for security prices, or if the Firm determines that opportunities for investing are unattractive, then a greater percentage of Partnership assets may be invested in such obligations. The Partnership may also engage in securities lending activities. From time to time, in the sole discretion of the Firm, cash balances in the Partnership’s brokerage account may be placed in a money market fund.

Although the strategy and asset allocation utilized by the Partnership is primarily centered on publicly traded equity

securities of companies, the Firm intends to follow a flexible approach in order to place the Partnership in the best position to capitalize on opportunities in the financial markets. Accordingly, the Firm may employ other strategies and may take advantage of opportunities in diverse asset classes if they meet the Firm's standards of investment merit.

Investing in securities involves risk of loss that clients should be prepared to bear.

(B) Risks Associated with the Firm's Investment Strategies:

Competition: The securities industry and the varied strategies and techniques to be engaged in by the Firm are extremely competitive and each involves a degree of risk. The Firm will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

Market Volatility: The profitability of a client's account substantially depends upon the Firm correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. The Firm cannot guarantee that it will be successful in accurately predicting price and interest rate movements.

Investment Activities: Certain investment activities may involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the Firm. Such factors include a wide range of economic, political, competitive and other conditions (including acts of terrorism or war) which may affect investments in general or specific industries or companies. The securities markets may be volatile, which may adversely affect the ability of any client to realize profits. As a result of the nature of a client's investing activities, it is possible that the Partnership's financial performance may fluctuate substantially from period to period.

Accuracy of Public Information: The Firm selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Firm by the issuers or through sources other than the issuers. Although the Firm evaluates all such information and data and ordinarily seeks independent corroboration when the Firm considers it is appropriate and reasonably available, the Firm is not in a position to confirm the completeness, genuineness or accuracy

of such information and data, and in some cases, complete and accurate information is not available.

Investments in Undervalued Securities: The Firm intends to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from investments may not adequately compensate for the business and financial risks assumed. The Firm may make certain speculative investments in securities which the Firm believes to be undervalued, however, there are no assurances that the securities purchased will in fact be undervalued. In addition, a client may be required to hold such securities for a substantial period of time before realizing their anticipated value. During this period, a portion of a client's funds would be committed to the securities purchased, thus possibly preventing a client from investing in other opportunities.

Small Companies: The Firm may invest a portion of certain client's assets in small and/or unseasoned companies with small market capitalization. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification, and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. When making large sales, the Partnership may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the lower trading volume of smaller company securities.

Volatility of Currency Prices: If a client's account is invested in currencies, the profitability of a client's portfolio depends, in part, upon the Firm correctly assessing the future price movements of currencies. However, price movements of currencies are difficult to predict accurately because they are influenced by, among other things, changing supply and demand relationships; governmental, trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; and changes in interest rates. Governments from time to time

intervene in certain markets in order to influence prices directly. The Firm cannot guarantee that it will be successful in accurately predicting currency price and interest rate movements.

Leverage: When deemed appropriate by the Firm and pursuant to the terms of the investment management agreement or operative document, and subject to applicable regulations, the Firm may use leverage in a client's investment program, including the use of borrowed funds and investments in certain types of options, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the investment results. If the interest expense on borrowings were to exceed the net return on the portfolio securities purchased with borrowed funds, the use of leverage would result in a lower rate of return than if the account were not leveraged.

If the amount of borrowings which a client may have outstanding at any one time is large in relation to its capital, fluctuations in the market value of such client's portfolio will have disproportionately large effects in relation to such client's capital and the possibilities for profit and the risk of loss will therefore be increased. Any investment gains made with the additional monies borrowed will generally cause the net asset value of a client's account to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the additional moneys borrowed fails to cover their cost to a client, the value of a client's account will generally decline faster than would otherwise be the case.

Overall, the use of leverage, while providing the opportunity for a higher return on investments, also increases the volatility of such investments and the risk of loss. Investors should be aware that an investment program utilizing leverage is inherently more speculative, with a greater potential for losses, than a program that does not utilize leverage.

Short Sales: The Firm intends to sell securities short on behalf of certain clients. Short selling involves the sale of a security that a client does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. In order to make delivery to its purchaser, the client must borrow securities from a third party lender. The client

subsequently returns the borrowed securities to the lender by delivering to the lender the securities it receives in the transaction or by purchasing securities in the open market. The client must generally pledge cash with the lender equal to the market price of the borrowed securities. This deposit may be increased or decreased in accordance with changes in the market price of the borrowed securities. During the period in which the securities are borrowed, the lender typically retains his right to receive interest and dividends accruing to the securities. In exchange, in addition to lending the securities, the lender generally pays the client a fee for the use of the client's cash. This fee is based on prevailing interest rates, the availability of the particular security for borrowing and other market factors.

Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. A client may be subject to losses if a security lender demands return of the lent securities and an alternative lending source cannot be found.

Options and Other Derivative Instruments: The Firm may utilize options and derivative instruments in certain client accounts, including buying and writing puts and calls on some of the securities in an attempt to supplement income derived from those securities. Further, the Firm may invest certain client accounts in derivative instruments. The prices of many derivative instruments, including many options and swaps, are highly volatile. Price movements of options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of options and swap agreements also depends upon the price of the securities or currencies underlying them. Such client accounts are also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses or of counterparties. The cost of options is related, in part, to the degree of volatility of the underlying securities. Accordingly, options on highly volatile securities may be more expensive than options on other securities.

Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument on which they are purchased or sold. A put

option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other instrument at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

If a put or call option purchased by a client were permitted to expire without being sold or exercised, the client would lose the entire premium it paid for the option. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying security caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying security would then be sold to the client at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying security caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying security would then be sold by the client at a lower price than its current market value.

Purchasing and writing put and call options and, in particular, writing “uncovered” options are highly specialized activities and entail greater than ordinary investment risks. In particular, the writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security or currency above the exercise price of the option. This risk is enhanced if the security being sold short is highly volatile and there is a significant outstanding short interest. These conditions exist in the stocks of many companies. The securities necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing securities to satisfy the exercise of the call option can itself cause the price of the securities to rise further, sometimes by a significant amount, thereby exacerbating the loss. Accordingly, the sale of an uncovered call option could result in a loss by the client of all or a substantial portion of its assets.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty.

Market or Interest Rate Risk: The price of most fixed income securities move in the opposite direction of the change in interest

rates. For example, as interest rates rise, the prices of fixed income securities fall. If a client holds a fixed income security to maturity, the change in its price before maturity may have little impact on a client's performance; however, if the client has to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss to the client.

Call Option Risk: Many bonds, including agency, corporate and municipal bonds, and all mortgage-backed securities, contain a provision that allows the issuer to "call" all or part of the issue before the bond's maturity date. The issuer usually retains this right to refinance the bond in the future if market interest rates decline below the coupon rate. There are three disadvantages to the call provision. First, the cash flow pattern of a callable bond is not known with certainty. Second, because the issuer will call the bonds when interest rates have dropped, the client is exposed to reinvestment rate risk – the client will have to reinvest the proceeds received when the bond is called at lower interest rates. Finally, the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.

Maturity Risk: In certain situations, the client may purchase a bond of a given maturity as an alternative to another bond of a different maturity. Ordinarily, under these circumstances, the client will make an adjustment to account for the interest rate risk differential in the two bonds. This adjustment, however, makes an assumption about how the interest rates at different maturities will move. To the extent that the yield movements deviate from this assumption, there is a yield-curve or maturity risk. Another situation where yield-curve risk should be considered is in the analysis of bond swap transactions where the potential incremental returns are dependent entirely on the parallel shift assumption for the yield curve.

Inflation Risk: Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if a client purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For all but inflation linked bonds, adjustable bonds or floating rate bonds, a client is exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security. To the extent that interest rates reflect the expected inflation rate, floating rate bonds have a lower level of inflation risk.

Investments in Non-U.S. Securities: Certain accounts may invest and trade a portion of its assets in non-U.S. securities, which will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and foreign issuers and markets are subject:

- These risks may include political or social instability, the seizure by foreign governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets.
- Enforcing legal rights in some foreign countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against foreign governments.
- Foreign securities often trade in currencies other than the U.S. dollar, and certain clients may directly hold foreign currencies and purchase and sell foreign currencies through forward exchange contracts. Changes in currency exchange rates will affect the value of those client's accounts, the value of dividends and interest earned, and gains and losses realized on the sale of securities. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of such client's investments to decline. Some foreign currencies are particularly volatile. Foreign governments may intervene in the currency markets, causing a decline in value or liquidity of such client's foreign currency holdings. If a client enters into forward foreign currency exchange contracts for hedging purposes, it may lose the benefits of advantageous changes in exchange rates. On the other hand, if a client enters forward contracts for the purpose of increasing return, it may sustain losses.
- Non-U.S. securities markets may be less liquid, more volatile and less closely supervised by the government than in the United States. Foreign countries often lack uniform accounting, auditing and financial reporting standards, and there may be less public information about their operations.

Risk of Default or Bankruptcy of Third Parties: Certain accounts may engage in transactions in securities and financial instruments that involve counterparties. Under certain conditions, those client accounts could suffer losses if a counterparty to a transaction were

to default or if the market for certain securities and/or financial instruments were to become illiquid. In addition, those client accounts could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which such accounts do business, or to which securities have been entrusted for custodial purposes.

(C) **Security-Specific Risks:** *Please refer to Item 8.(B) above.*

Item 9. Disciplinary Information:

Neither the Firm nor any of its management has been involved in any legal or disciplinary events that are material to a client's or prospective client's evaluations of our advisory business or the integrity of our management.

Item 10. Other Financial Industry Activities and Affiliations:

- (A) Neither the Firm nor any of its management persons are registered or have an application pending to register as a broker-dealer or is a registered representative of a broker-dealer.
- (B) Neither the Firm nor any of its management persons are registered or have an application pending to register as a Futures Commission Merchant (FCM), Commodity Pool Operator (CPO), or Commodity Trading Advisor (CTA).
- (C) The Firm and/or its management persons have a relationship or arrangement that is material to its advisory business or to its clients with any related person as discussed below:
 - (i) Broker-dealer, municipal securities dealer, or government securities dealer or broker. **N/A**
 - (ii) Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund). **N/A** except as discussed at Item 4.(A) and 4.(B).
 - (iii) Other investment adviser or financial planner. **N/A** except as discussed at Item 4.(A).
 - (iv) Futures commission merchant, commodity pool operator, or commodity trading advisor. **N/A**
 - (v) Banking or thrift institution. **N/A**

- (vi) Accountant or accounting firm. N/A
- (vii) Lawyer or law firm. N/A
- (viii) Insurance company or agency. N/A
- (ix) Pension consultant. N/A
- (x) Real estate broker or dealer. N/A
- (xi) Sponsor or syndicator of limited partnerships. N/A
- (D) The Firm does not recommend or select other investment advisers for clients.

Item 11. Code of Ethics, Privacy Policy, Participation or Interest in Client Transactions, and Personal Trading:

A copy of the code of ethics (“Code of Ethics”) is available upon request to clients or prospective clients.

- (A) The Code of Ethics is based upon the premise that all Firm personnel have a fiduciary responsibility to render professional, continuous and unbiased investment advisory service. The Code of Ethics requires all personnel to: (1) comply with all applicable laws and regulations; (2) observe all fiduciary duties and put client interests ahead of those of the Firm; (3) observe the Firm’s personal trading policies so as to avoid “front-running” and other conflicts of interests between the Firm and its clients; (4) ensure that all personnel have read the Code of Ethics, agreed to adhere to the Code of Ethics, and are aware that a record of all violations of the Code of Ethics will be maintained by the Firm’s Chief Compliance Officer and that personnel who violate the Code of Ethics are subject to sanctions by the Firm, up to and including termination in the discretion of Andrew K. Boszhardt, Jr.

Participation or Interest in Client Transactions: The Firm recognizes that the personal securities transactions of its employees demand the application of a high code of ethics, and the Firm requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, the Firm believes that if investment goals are similar for clients and for employees of the Firm, it is logical and even desirable that there be common ownership of some securities. Therefore, in order to address conflicts of interest, the Firm has adopted a set of

procedures, included in its Code of Ethics, with respect to transactions effected by its officers, directors and employees (hereafter in this section, "Employees") for their personal accounts. In order to monitor compliance with its personal trading policy, the Firm has adopted a quarterly securities transaction reporting system for all of its Employees. For purposes of the policy, an Employee's "personal account" generally includes any account (a) in the name of the Employee, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which the Employee is a trustee or executor, or (c) which the Employee controls, including the Firm's client accounts which the Employee controls and in which the Employee or a member of his/her household has a direct or indirect beneficial interest.

Associated persons of the Firm may recommend to clients the purchase or sale of investment products in which it or a related person may have some financial interest, including but not limited to, the receipt of compensation. Mr. Boszhardt may recommend to clients securities that he owns, both personally and for related family accounts, that are actively managed by the Firm. As such, the Firm anticipates that in appropriate circumstances, consistent with clients' investment objectives, Employees may trade on the same day in the same security for which the Firm will cause a transaction to be effected in a client account. To address the possible appearance of a conflict, the Firm restricts Employees from trading the same security or securities in his/her personal account on the same day as entry of client orders, when such trades are not or cannot be aggregated/average-priced with client trades. In addition, for purposes of trading, the Partnership will not be considered a proprietary account of an Employee. Therefore, it is possible that, from time to time, the Firm may recommend to clients, or purchase for or sell from client portfolios, securities that are also held by Employees which may be acquired at different times and prices than the same or similar securities purchased for client accounts. Records will be maintained of all securities bought and sold by associated persons and related persons.

Additionally, the Code of Ethics sets forth the Firm's policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary duties that the Firm and each of its Employees has to each of its clients. The Code of Ethics is circulated at least annually to all Employees, and each Employee, at least annually, must certify in writing that he or she has received and followed the Code of Ethics and any amendments thereto.

Other Activities of the Firm and its Affiliates: Neither the Firm, nor any affiliate or employee, is required to manage client accounts as its sole and exclusive function. Each of them may engage in other business activities, including competing ventures and/or other unrelated employment. In addition to managing client accounts, the Firm, and its respective affiliates or employees may provide investment advice to other parties and may manage other accounts in the future.

Trade Error Policy: The Firm has internal controls in place to prevent trade errors from occurring. On those occasions when such an error nonetheless occurs, the Firm will use reasonable efforts to correct the error. If the error cannot be corrected, the Firm does not intend to make any adjustment, regardless of whether the error works to the benefit or detriment of the Fund. The Firm will endeavor to maintain a record of each trade error, including information about the trade and how such error was corrected or attempted to be corrected.

Privacy Policy: The Firm has adopted a privacy policy that explains the manner in which the Firm collects, utilizes and maintains nonpublic personal information about clients, as required under federal legislation.

Collection of Information and Disclosure of Nonpublic Personal Information: To provide clients with superior service, the Firm may collect several types of nonpublic personal information about clients, including:

- Information from forms that clients may fill out, such as subscription forms, questionnaires and other information provided by clients in writing, in person, by telephone, electronically or by any other means. This information includes name, address, nationality, tax identification number, and financial and investment qualifications;
- Information clients may give orally;
- Information about transactions within the Firm, including account balances, investments and withdrawals;
- Information about the amount clients have invested, such as initial investment and any additions to and withdrawals from an investment in the Partnership; and

- Information about any bank accounts clients may use for transfers to or from separately managed accounts.

The Firm does not sell or rent client information. The Firm uses this information: to conduct business with its clients; to develop or enhance its products and services; to understand the financial needs of its clients so that the Firm can provide such clients with quality products and superior service; and to protect and administer its clients' records, accounts and funds. The Firm does not disclose nonpublic personal information about its clients to nonaffiliated third parties or to affiliated entities, except as permitted or required by law. For example, the Firm may share nonpublic personal information in the following situations:

- To service providers in connection with the administration and servicing of the Firm; this may include attorneys, accountants, auditors and other professionals. The Firm may also share information in connection with the servicing or processing of Partnership transactions;
- To affiliated companies in order to provide clients with ongoing personal advice and assistance with respect to the products and services clients have purchased through the Firm and to introduce clients to other products and services that may be of value to such clients;
- To respond to a subpoena or court order, judicial process or regulatory authorities;
- To protect against fraud, unauthorized transactions (such as money laundering), claims or other liabilities; and
- Upon consent of a client to release such information, including authorization to disclose such information to persons acting in a fiduciary or representative capacity on behalf of the client.

Protection of Information:

The Firm's policy is to require that all employees, financial professionals and companies providing services on its behalf keep client information confidential.

The Firm maintains safeguards that comply with federal standards to protect client information. The Firm restricts access to the personal and account information of clients to those employees who need to know that information in the course of their job

responsibilities. Third parties with whom the Firm shares client information must agree to follow appropriate standards of security and confidentiality. The Firm's privacy policy applies to both current and former clients. The Firm may disclose nonpublic personal information about a former client to the same extent as for a current client.

Changes to Privacy Policy:

The Firm may make changes to its privacy policy in the future. The Firm will not make any change affecting an individual without first sending that individual a revised privacy policy describing the change.

- (B) The Firm's Code of Ethics provides that every employee must report, on a quarterly basis, all relevant securities transactions. Also, the Firm shall attempt to obtain an average price for the related person and its clients regarding such transactions. Employees also may be restricted from trading certain securities, which may be purchased or sold for clients. *Please refer to Item 11.(A).*

When appropriate, the Firm may recommend that clients invest in the Partnership. Prior to accepting an investment, each prospective investor receives the Partnership's offering documents which disclose in detail all risks and conflicts of interest. *Please refer to Item 11.(A).*

- (C) The Firm or a related person may invest in the same securities (or related securities, e.g., warrants, options or futures) that the Firm or a related person recommends to Clients. *Please refer to Item 11.(A) and Item 11.(B).*
- (D) If the Firm or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that the Firm or a related person buys or sells the same securities for the Firm's own (or the related person's own) account, then the Firm shall attempt to obtain an average price for the related person and its clients. *Please refer to Item 11.(A) and Item 11.(B).*

Item 12. Brokerage Practices:

- (A) **Selection of Broker-Dealers:** The Firm arranges for the execution of securities transactions for client accounts through brokers or dealers that it reasonably believes will provide the best execution. The Firm will not commit to provide any level of brokerage

business to any broker. The Firm may utilize the services of one or more introducing brokers who will execute brokerage transactions through the broker and custodian who will clear the client's transactions. In placing portfolio transactions, the Firm will seek to obtain the best execution for a client, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the Firm's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying the Firm's other selection criteria

- (i) **"Soft Dollar" Policy:** The term "soft dollars" refers to the receipt by an investment manager of products and services provided by brokers, without any cash payment by the Firm, based on the volume of brokerage commission revenues generated from securities transactions executed through those brokers on behalf of the Firm's clients.

The Firm is authorized to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with such investment and research information or to pay higher commissions to such firms if the Firm determines such prices or commissions are reasonable in relation to the overall services provided. Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. The Firm is not required to weigh any of these factors equally. Information so received is in addition to and not in lieu of services required to be performed by the Firm and its affiliates, and the Management Fee and Performance Allocation are not reduced as a consequence of the receipt of such supplemental research information. Research services provided by broker-dealers used by one client may be utilized by the Firm and its affiliates in connection with their investment services for other clients. For example, research services provided by broker-dealers used for

transactions of the Partnership may be utilized by the Firm and its affiliates in performing their services for other clients. Because commission rates in the United States are negotiable, the Firm's selection of brokers on the basis of considerations which are not limited to applicable commission rates may at times result in the Partnership being charged higher transaction costs than it could otherwise obtain. Nonetheless, the Firm's decision on which brokers to utilize will be driven by a concerted striving for "best execution."

The availability of these benefits may influence the Firm to select one broker rather than another to perform services for a client. Also, the Firm will attempt to assure either that the fees and costs for services provided to a client by brokers offering these benefits are reasonable in relation to the fees and costs charged by other equally capable brokers not offering such services or that such client also will benefit from the services.

The Firm and its affiliates have the option to use "soft dollars" generated by clients to pay for the research and non-research related services described above. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment). Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a "safe harbor" to investment managers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the Firm in the performance of investment decision-making responsibilities. In the event the Firm and its affiliates elect to use its soft dollars for payment of all or a portion of the Firm's (and/or its affiliates) administrative costs and expenses of operation, as more fully described above, such uses of soft dollars are not within the above safe harbor.

The use of brokerage commissions to obtain investment research services and to pay for the administrative costs and expenses of the Firm and/or its affiliates creates a conflict of interest between the Firm and its clients, because the clients pay for such products and services that may not be exclusively for the benefit of certain clients and that may

be primarily or exclusively for the benefit of the Firm or its affiliates. To the extent that the Firm is able to acquire these products and services without expending its own resources (including Management Fees), the Firm's use of soft dollars would tend to increase the Firm's and/or its affiliates' profitability. The investment management agreement and the Partnership's limited partnership agreement specifically authorizes these practices to the fullest extent permitted by law.

- a.** When the Firm uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, the Firm receives a benefit because the Firm does not have to produce or pay for the research, products or services. *Please refer to Item 12.(A)(i).*
- b.** The Firm may have an incentive to select or recommend a broker-dealer based on the Firm's interest in receiving the research or other products or services, rather than on clients' interest in receiving most favorable execution. *Please refer to Item 12.(A)(i).*
- c.** The Firm may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up). *Please refer to Item 12.(A)(i).*
- d.** The Firm uses soft dollar benefits to service all clients. The Firm does not seek to allocate soft dollar benefits to clients proportionately to the soft dollar credits the accounts generate.
- e.** The types of products and services the Firm or any related persons acquired with client brokerage commissions (or markups or markdowns) within the Firm's last fiscal year were: various research reports and related information and the Firm's order management system.
- f.** The procedures the Firm used during its last fiscal year to direct transactions to a particular broker-dealer in return for soft dollar benefits the Firm are described in Item 12(A)(i), above.

(ii) **Brokerage for Client Referrals:**

- a. The Firm may direct brokerage business to brokers who refer prospective investors to the Partnership and clients to the Firm. Because such referrals, if any, are likely to benefit the Firm and its affiliates but will provide an insignificant (if any) benefit to clients or limited partners of the Partnership, the Firm will have a conflict of interest with the clients when allocating brokerage business to a broker who has referred investors to the Partnership or clients to the Firm. To prevent clients' brokerage commissions from being used to pay investor referral fees, the Firm will not allocate brokerage business to a referring broker unless the Firm determines in good faith that the commissions payable to such broker are reasonable in relation to those available from non-referring brokers offering services of substantially equal value to the clients.
- b. The Firm may direct brokerage business to brokers in return for client referrals.

(iii) **Directed Brokerage:**

- a. The Firm has negotiated reduced commission rates with multiple broker-dealers that the Firm uses to execute orders for most client transactions (unless instructed otherwise by the client). The Firm routinely recommends and requests that its clients direct the Firm to execute transactions through these broker-dealers, primarily due to favorable pricing and execution. The Firm may have soft dollar arrangements with these broker-dealers, regarding discretionary clients. All clients have the option to instruct us to use a different broker-dealer, and some of its clients currently do so.

The practice of requiring or requesting clients to direct the advisor to use a single broker-dealer that is chosen by the advisor is commonly known as "directed brokerage". Not all advisors engage in this practice. The Firm believes that there are several benefits to directed brokerage, including trade execution and reporting through its integrated systems, which may make it easier for clients to

follow and analyze their trading activity and performance. The Firm also believes that directed brokerage gives its clients the best combination of favorable pricing and execution, and centralized record-keeping.

The Firm is not an affiliate of any broker-dealer, and it does not have any economic relationship with them that would create a material conflict of interest with our clients. The Firm may have soft dollar arrangements with certain broker-dealers, and may receive volume trading discounts that directly benefit its clients.

Other broker-dealers may charge commissions that are higher or lower than those the client would pay using the broker-dealers selected by the Firm. In addition, transactions executed using the client's preferred broker-dealer may result in higher costs due to our inability to aggregate trades or negotiate volume trading discounts. The use of client-directed brokerages may also result in less favorable execution and pricing.

- b. The Firm may permit a client to direct the Firm to execute transactions through a specified broker-dealer.

(B) **Aggregation of Orders:** Transactions implemented by the Firm for accounts may be effected independently or on an aggregated basis. The Firm anticipates that it may decide to purchase or sell the same securities for several clients at approximately the same time. The Firm will aggregate orders when it believes aggregation may prove advantageous to clients. When the Firm aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and execution cost and will be allocated among the Firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When the Firm aggregates client orders for the purchase or sale of securities, including securities in which

its associated person(s) may invest, the Firm will do so in a fair and equitable manner. It should be noted that the Firm does not receive any additional compensation or remuneration as a result of aggregation.

Allocation of Trades: The Firm may at times determine that certain securities will be suitable for acquisition by clients and by other accounts managed by the Firm, possibly including the Firm's own accounts or accounts of an affiliate. If that occurs, and the Firm is not able to acquire the desired aggregate amount of such securities on terms and conditions which the Firm deems advisable, the Firm will endeavor in good faith to allocate the limited amount of such securities acquired among the various accounts for which the Firm considers them to be suitable. The Firm may make such allocations among the accounts in any manner which it considers to be fair under the circumstances, including but not limited to allocations based on relative account sizes, the degree of risk involved in the securities acquired, and the extent to which a position in such securities is consistent with the investment policies and strategies of the various accounts involved.

Item 13. Review of Accounts:

- (A) All accounts managed by the Firm are reviewed on at least a monthly basis by the Analyst/Associate and Portfolio Manager of the Firm to assure conformity with client objectives and guidelines. Activities are checked the day following any transactions. Except in connection with the Partnership, one-on-one account reviews are generally conducted with clients (in person or by phone) at least once per year, and may occur more or less frequently depending on the client's goals and objectives, the account's performance, and the client's wishes. Reviews generally cover asset allocations, performance relative to corresponding benchmarks, material changes in the client's total assets, income and obligations, and any changes in the client's investment goals or time horizon. Reviews are generally conducted by the portfolio manager responsible for that account. Clients are responsible for keeping the Firm informed as to any personal changes in their financial condition. The Firm cannot make any material changes to such client's portfolio if it is not informed of the client's particular developments.
- (B) The calendar is the main triggering factor of a review of an account, although more frequent reviews may be also be triggered by, among other things, client capital injections and/or withdrawals and, from an investment management perspective, include

economic factors, financial results of a portfolio company, analyst commentary, and news.

- (C) Monthly broker statements showing realized gains/losses, interest & dividends earned and any account activities are sent to clients by the custodian brokers. Each investor in the Partnership receives the following: (i) monthly Net Asset Value statements from the Partnership administrators; (ii) annual financial statements of the Partnership, audited by an independent certified public accounting firm; (iii) in the discretion of the Firm or an affiliate of the Firm, a periodic letter and/or report discussing the results of the accounts; (iv) copies of such investor's Schedule K-1 to the Partnership's tax returns; and (iv) other reports as determined by the Firm or an affiliate of the Firm in its sole discretion.

Item 14. Client Referrals and Other Compensation:

- (A) The Firm does not receive, from any non-client, any economic benefit associated with advising clients.
- (B) The Firm may use independent third-party solicitors to refer clients to the Firm and pay a portion of its advisory fees to such solicitors, in accordance with the Advisers Act. The Firm may engage underwriters, brokers, dealers or finders to assist in the offering of interests in the Partnership. Except for commissions on brokerage transactions (which will be paid by clients), the Firm will pay (and will not charge clients) fees and commissions that may be payable to any such brokers or finders for assisting in the offering or sale of interests in the Partnership.

Item 15. Custody:

The Firm is considered to have "custody" for limited purposes under the Advisers Act because it typically deducts its Management Fees automatically from client funds held by third party custodians. In accordance with best practices, however, the Firm is independent from those third party custodians. Unless the client is notified otherwise, their account custodians send to them account statements at least quarterly, and usually monthly. Clients are urged to carefully review every account statement they may receive from the Firm and from their broker-dealer or other custodian of their funds and securities. In the event that the Firm send a separate statement or report, then Clients are urged to compare such statements or reports with those they receive from their custodians.

Item 16. Investment Discretion:

The Firm has discretionary investment authority over client assets that are managed by the Firm.

Item 17. Voting Client Securities – Proxy Policy:

- (A) **The Partnership:** The Firm monitors corporate actions of those securities it has purchased on behalf of its clients. Receipt of proxy materials is logged into a proxy control sheet. Proxy votes will generally be submitted electronically but may be submitted by mail. A record of the proxy votes cast will be made and retained by the Firm. Clients can obtain information on how the proxies were voted and a detailed description of the Firm's policies and procedures regarding proxy voting by requesting such information from the Chief Compliance Officer.

The Firm understands and appreciates the importance of proxy voting. To the extent that the Firm has discretion to vote the proxies of its advisory clients, the Firm will vote any such proxies in the best interests of clients and in accordance with the policies of its proxy voting provider and the procedures outlined below.

In evaluating how to vote a proxy, the Firm will first determine whether there is a conflict of interest related to the proxy in question between the Firm and its clients. This examination will include (but will not be limited to) an evaluation of whether the Firm (or any affiliate of the Firm) has any relationship with the company (or an affiliate of the company) to which the proxy relates outside an investment in such company by a client of the Firm. If a conflict is identified and deemed "material" by the Firm, on a Proxy Voting Committee organized by the Firm, the Firm will determine whether voting in accordance with these proxy voting guidelines is in the best interests of affected clients (which may include utilizing an independent third party to vote such proxies). With respect to material conflicts, the Firm will determine whether it is appropriate to disclose the conflict to affected clients and give clients the opportunity to vote the proxies in question themselves, if applicable.

- (B) **Separately Managed Accounts:** The Firm's general policy is to not vote proxies on behalf of separately managed accounts, unless specifically negotiated and set forth in the individual investment management agreement. In the absence of such an agreement whereby the Firm does not vote proxies, it is the responsibility of each such client to vote all proxies for securities held in the separate account. Separately managed account clients will receive

proxies directly from their respective custodians. In the presence of an investment management agreement by which the Firm is assigned proxy voting authority for a separately managed account, the Firm will notify the custodian that the Firm is authorized to vote all proxies for securities in such client's portfolio and instruct the custodian to forward to the Firm a copy of all proxies relating to shares held in the account. The Firm will vote all proxies in a prudent manner and solely in the interest of such client. In addition, the Firm will not act upon notices pertaining to class actions, but will forward such notices to the client. If a proxy is received after the termination of the advisory services by a client, then the proxy will not be voted, but will be forwarded directly to the former client.

Item 18. Financial Information:

- (A) The Firm does not require or solicit prepayment of any fees six months or more in advance.
- (B) To the best of our knowledge, there exists no financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients.
- (C) The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19. Requirements for State Registered Advisers: N/A