

Part 2A of Form ADV: Firm Brochure

Item 1: Cover Page

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This brochure provides information about the qualifications and business practices of GREYBULL Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 404-815-8772. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about GREYBULL Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Material changes have been made to the Firm's brochure since the last annual update (3/30/12).

The changes in "Item 4: Advisory Business" are generally related to the amount of client assets managed.

The changes in "Item 12: Brokerage Practices" are generally related to allocation methodologies and client directed brokerage.

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Item 4: Advisory Business

GREYBULL Partners, LLC (hereinafter “we, us, Firm”) provides investment management services and we have been in business since 2003.

We generally may offer investment advice on a variety of securities including without limitation the following: equity securities, equity-linked securities, mutual fund shares, limited partnership interests, membership interests, fixed-income securities, notes, debentures, convertible securities, depositary receipts, related rights, options (including without limitation, listed and over-the-counter options and the writing of options, whether or not covered), warrants, other securities, and commodities, futures contracts, forward contracts, swaps, options on the foregoing, other derivative instruments and hybrid instruments, and other instruments and investments, in each case of every kind and character, traded on United States and non-United States markets (including over-the-counter markets) and exchanges.

We generally will not advise or act for clients in legal proceedings, including class actions or bankruptcies, involving securities purchased or held in clients’ accounts. Commercially reasonable efforts are used to transmit copies of class action notices we receive to the client or the client’s designee and we will not be responsible for reasonable delays in transmission.

The Firm is owned 25% by Westchester Limited, LLC and 75% by Peloton, LLC. Westchester Limited, LLC also owns approximately 87% of EARNEST Partners, LLC, (“Affiliate”) an affiliated registered investment advisor. Paul E. Viera indirectly owns more than 25% of the Firm through Peloton, LLC.

The amount of client assets managed as of December 31, 2012:

Discretionary basis:	\$3,840,127
Non-discretionary basis:	\$ <u>0</u>
Total:	<u>\$3,840,127</u>

Item 5: Fees and Compensation

Our standard fee schedule consists of a monthly fee equal to 1/12th of 1% of the market value of the assets under management at the end of each month, plus an annual incentive fee equal to 20% of the new capital appreciation and profits earned at the end of a calendar year. Such appreciation and profits must exceed the previous year-end's net asset value. Fees are charged in arrears. The fee is generally due and payable within 15 days after the end of the applicable monthly or annual period. Clients may authorize us to invoice their custodian directly for the payment of fees, simultaneously sending a copy of the invoice to client, or authorize us to invoice the client directly for the payment of fees. Fees are generally subject to change with 90 days prior notice to the client. Clients are generally permitted to terminate their contracts with us upon written notice to the Firm provided at some reasonable time (normally 30 days) prior to the effective date of the termination. If the investment advisory agreement is terminated, all fees due to us will be prorated to the date of termination.

The investment advisory fees a client pays to the Firm may be subject to negotiation, and may be higher or lower than the fees we charge other clients, depending on the extent of the services provided to those clients and the cost of those services, and may be higher or lower than the cost of similar services offered by other investment advisors. Factors we may consider in negotiating fees may include the amount and/or complexity of services required, the type of assets under management, the types of investment guidelines and restrictions imposed upon the management of the accounts, the amount of assets under management, the expectation for the amount of assets to grow rapidly, our prior relationship with the client, whether we are acting in a discretionary or non-discretionary capacity, the extent of reporting or other administrative services required, the level of due diligence we provide, and various competitive factors. In addition to the foregoing, there may be specialized investment strategies with individualized fee arrangements in place as well as historical fee schedules with long-standing clients that may differ from those applicable to new client relationships. The specific fee arrangements applicable to any particular client are set forth in the Client Agreement. If there is a conflict between the preceding statements and the Client Agreement, the Client Agreement will control.

The fees due to us cover only the investment management services we provide and do not include costs associated with gaining access to restricted foreign markets (e.g. China, India, etc.), brokerage commissions, mark-ups and mark-downs, dealer spreads or other costs associated with the purchase and sale of securities, custodian fees, interest, taxes, or other account expenses. Also, each fund (e.g. mutual fund, exchange traded fund, etc.) in which the client may invest also bears its own investment advisory fees and other expenses which are disclosed in each fund's prospectus.

Clients will also incur brokerage and other transaction costs. Item 12 of this brochure discusses brokerage practices.

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

The Firm may agree to negotiate performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) with some clients. We manage accounts that are charged a performance-based fee as well as accounts that are charged another type of fee, such as an asset-based fee.

Side-by-side management of accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an asset-based fee, may create conflicts of interest because we have an incentive to favor accounts for which we receive a performance-based fee. The conflicts relate to, among other things, the allocation of investment opportunities and the aggregation and allocation of transactions.

Policies and procedures have been implemented that we believe are reasonably designed to mitigate and manage the conflicts that arise from side-by-side management. Specifically, we manage client accounts to model portfolios that are approved by our investment committees, seek best execution with respect to all securities transactions, and aggregate and then allocate securities transactions to client accounts in a manner that we believe to be fair and equitable.

Item 7: Types of Clients

The Firm generally provides investment advice to hedge funds, but may provide investment advice to any or all of the following types of clients: individuals, high net worth individuals, banks or thrift institutions, investment companies (including mutual funds), other pooled investment vehicles, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or other business entities, sovereign wealth funds, federal government entities, and state or municipal government entities. However, actual client composition is subject to change based on market conditions, business plan and other factors.

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

The Firm generally uses a variety of analysis methods including without limitation fundamental, technical, and cyclical analysis in formulating investment advice or managing assets, with our information coming from a variety of sources including without limitation financial newspapers and magazines; inspections of corporate activities; research materials prepared by others; corporate rating systems; annual reports, prospectuses and filings with the SEC; and company press releases.

The investment strategies we use in formulating investment advice or managing assets primarily includes long term purchases (securities held at least a year) and short term purchases (securities sold within a year), but from time-to-time may also include trading (securities sold within 30 days). Additionally, as described below, some investment strategies may also include short sales, margin transactions or other uses of leverage, and option writing, including covered options, uncovered options or spreading strategies.

Depending on the sophistication and risk tolerance of a client, we may implement an alternative investment strategy (“Alternative Strategies”), including without limitation, an equity market neutral strategy or a fixed income absolute return strategy. Alternative Strategies may present special risks, including without limitation, higher fees, volatile performance, heightened risk of loss, use of leverage, and are not suitable for all of our clients. As a result, Alternative Strategies will be offered only to those clients for whom they are reasonably determined to be suitable.

Investing in securities involves risk of loss (including the risk of absolute loss) that clients should be prepared to bear. Investment should be made only after consulting with independent, qualified sources of accounting, investment, legal, tax and other advice. The information contained in this brochure cannot disclose every potential risk associated with an investment strategy, or all of the risks applicable to a particular client’s portfolio. Rather, it is a general description of the nature and risks of the strategies and securities that clients may include in their investment guidelines for their portfolio. Clients should not include these strategies and securities in their guidelines for their portfolio unless they understand the risks of these strategies and securities that they permit the Firm to purchase on their behalf. Clients should also be satisfied that such securities are suitable for their portfolio in light of their circumstances, their investment objectives and their financial situation. In addition, clients of the Firm’s pooled investment vehicles should review the prospectuses, offering memorandums and constituent documents for additional information about risks associated with those products. Certain risks of investing in securities and in using the Firm may include, but are not limited to, the following:

Certain Risks

- The risk that stock prices will fall significantly over short or extended periods of time.
 - Historically, the equity market has moved in cycles, and the value of securities may fluctuate significantly from day-to-day.

- Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a significant decline in response.
- The percentage of the client's investment portfolio assets invested in individual securities and in various regions, countries, states, industries and sectors will vary from time-to-time depending on our perception of investment opportunities. Investments in particular securities, regions, countries, states, industries or sectors may be more volatile than the overall stock market. Consequently, a higher percentage of holdings in a particular security, industry or sector may have the potential for greater impact on the performance of the client's investment portfolio.
- Smaller companies may have limited product lines, markets, or financial resources or they may depend on a few key employees. The securities of smaller companies may trade less frequently and in smaller volume than more widely held securities and the prices of these securities may fluctuate significantly more sharply than those of larger companies. Although mid-cap companies are larger than smaller companies, they may be subject to many of the same risks.
- The risk that equity securities purchased at prices below what is believed to be their fundamental value may not increase to reflect that fundamental value or that their fundamental value may have been overestimated or that it may take a substantial period of time to realize that value.
- Investing in foreign companies poses significant additional risks since political and economic events unique to a country or region will affect those markets and their issuers.
 - In addition, investments in foreign companies are generally denominated in a foreign currency, the value of which may be influenced by currency exchange rates and exchange control regulations.
 - Changes in the value of a currency compared to the U.S. dollar may significantly affect (positively or negatively) the value of a security. These currency movements may occur separately from, and in response to, events that do not otherwise affect the value of the security in the issuer's home country.
- Investing in companies located or doing business in emerging market countries poses significant additional risks. An "emerging market" country is any country determined to have an emerging market economy, considering factors such as the country's credit rating, its political and economic stability and the development of its financial and capital markets. Typically, emerging markets are in countries that are in the process of industrialization, with lower gross national products than more developed countries.
 - Investments in emerging market securities are considered speculative and subject to significantly heightened risks in addition to the significant general risks of investing in non-U.S. securities.

- Unlike more established markets, emerging markets may have governments that are significantly less stable, markets that are significantly less liquid and economies that are significantly less developed.
 - Emerging market securities may be subject to smaller market capitalization of securities markets, which may suffer periods of significant relative illiquidity; significant price volatility; restrictions on foreign investment; and possible restrictions on repatriation of investment income and capital.
 - Foreign investors may be required to register the proceeds of sales, and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization or creation of government monopolies.
 - The currencies of emerging market countries may experience significant declines against the U.S. dollar, and devaluation may occur subsequent to investments in these currencies.
 - Inflation and rapid fluctuations in inflation rates have had, and may continue to have, significant negative effects on the economies and securities markets of certain emerging market countries.
 - Emerging markets may also be adversely impacted by regional and global conflicts and terrorism and war, including actions that are contrary to the interests of the U.S.
- The risk related to investments in fixed income securities in general and the daily fluctuations (including significant fluctuations) in the fixed income securities markets which may be based on many factors, including fluctuations in interest rates, the quality of the instruments in the client's investment portfolio, national and international economic conditions, and general market conditions.
 - The risk that the issuer or guarantor of a fixed income security or counterparty to the transactions in a client's investment portfolio will be unable or unwilling to make timely principal and/or interest payments, or otherwise will be unable or unwilling to honor its financial obligations. If the issuer, guarantor, or counterparty fails to pay interest, the income in a client's investment portfolio may be significantly reduced. If the issuer, guarantor, or counterparty fails to repay principal, the value of that security and of the client's investment portfolio may be significantly reduced. The client's investment portfolio may be subject to credit risk to the extent that it invests in fixed income securities or engages in other transactions, such as securities loans, which involve a promise by a third party to honor an obligation to the client's investment portfolio. The credit quality of securities may deteriorate rapidly, which may impair the client's portfolio liquidity and cause significant value deterioration.
 - The price of a fixed income security is dependent upon interest rates. Therefore, the total return of the client's investment portfolio, when investing a significant portion of its assets in fixed income securities, will vary significantly in response to changes in interest rates. A rise

in interest rates will generally cause the value of fixed income securities to decrease. The reverse is also true. Consequently, there is the possibility that the value of the investment in fixed income securities in a client's investment portfolio may fall significantly because fixed income securities generally fall in value when interest rates rise. Changes in interest rates may have a significant effect on the client's investment portfolio holding a significant portion of its assets in fixed income securities with long-term maturities. The longer the term of a fixed income instrument, the more sensitive it will be to fluctuations in value due to interest rate changes.

- Maturity risk is another factor which can significantly affect the value of the fixed income securities holdings in a client's investment portfolio. In general, the longer the maturity of a fixed income instrument, the higher its yield and the greater its sensitivity to changes in interest rates. Conversely, the shorter the maturity, the lower the yield but the greater the price stability.
- Fixed income securities are generally rated by Nationally Recognized Statistical Rating Organizations ("NRSROs"). Fixed income securities rated BBB by Standard & Poor's[®] Rating Services ("S&P") or Fitch Investors Service, Inc. ("Fitch") and Baa by Moody's Investor Services, Inc. ("Moody's") are considered investment-grade securities, but are somewhat riskier than higher rated investment grade obligations because they are regarded as having only an adequate capacity to pay principal and interest, and are considered to lack outstanding investment characteristics and may be speculative. Fixed income securities with lower ratings are subject to higher credit risk and may be subject to significantly greater fluctuations in value than that of higher rated fixed income securities.
- Fixed income securities rated below Baa by Moody's and BBB by S&P or Fitch are considered speculative in nature and may be subject to certain significant risks with respect to the issuing entity and to significantly greater market fluctuations than higher-rated fixed income securities. Lower-rated fixed income securities are usually issued by companies without long track records of sales and earnings, or by companies with questionable credit strength. These fixed income securities are considered "below investment-grade" or "junk bonds." The market for these fixed income securities may be significantly less liquid than that of higher-rated fixed income securities and adverse conditions could make it extremely difficult at times to sell certain securities or could result in significantly lower prices. These risks can significantly reduce the value of the client's investment portfolio and the income it earns.
- The percentage of the client's investment portfolio assets invested in individual securities and in various regions, countries, states, industries and sectors will vary from time to time depending on our perception of investment opportunities. Investments in particular securities, regions, countries, states, industries or sectors may be more volatile than the overall fixed income securities market. Consequently, a higher percentage of holdings in a particular security, industry or sector may have the potential for greater impact on the performance of the client's investment portfolio.

- There is the risk that the average life of a fixed income security will be significantly extended through a slowing of principal payments (extension risk).
- A borrower is more likely to prepay a loan which bears a relatively high rate of interest. This means that in times of declining interest rates, some higher yielding securities might be converted to cash, and the Firm may be forced to purchase instruments with lower interest rates when the cash is used to purchase additional securities. The increased likelihood of prepayment when interest rates decline also limits market price appreciation of most mortgage-backed and asset-backed securities at a time when the prices of most fixed-income securities rise. Bonds with differing underlying average prepayment rates can and will have different sensitivities to interest rate changes on their prepayment response. In addition, a fixed-income security may be subject to redemption at the option of the issuer. If a fixed-income security held by a client's portfolio is called for redemption, such client's portfolio will be required to permit the issuer to redeem the security, which could have an adverse effect on the client's portfolio.
- There is the risk of using leverage. Such leverage may be obtained through various means.
 - The use of short-term margin borrowings may result in certain significant additional risks. For example, should the securities pledged to a broker to secure a margin account decline in value, the broker may issue a "margin call" pursuant to which additional funds would have to be deposited with the broker or the pledged securities would be subject to mandatory liquidation to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the assets pledged to a broker as margin, the Firm might not be able to liquidate the client's investment portfolio assets quickly enough to pay off the margin debt and the client's investment portfolio may therefore suffer additional significant losses as a result.
 - Borrowing money to purchase a security may provide the client's investment portfolio with the opportunity for greater capital appreciation but at the same time will significantly increase the risk of loss with respect to the security. Although borrowing money increases returns if returns on the incremental investments purchased with the borrowed funds exceed the borrowing costs for such funds, the use of leverage decreases returns if returns earned on such incremental investments are less than the costs of such borrowings.
- There is the risk in selling securities short. Selling securities short inherently involves leverage because the short sale of a security may involve the sale of a security not owned by the seller. The seller may borrow the security for delivery at the time of the short sale. If the seller borrows the security, the seller must then buy the security at a later date in order to replace the shares borrowed. If the price of the security at such later date is lower than that at the date of the short sale, the seller realizes a profit; if the price of the security has risen, however, the seller realizes a loss. Selling a security short which is borrowed exposes the seller to unlimited risk with respect to the security due to the lack of an upper limit on the price to which a security can rise.

- There is the risk that growing competition may limit the Firm's ability to take advantage of trading opportunities in rapidly changing markets.
- The Firm is dependent on the services of a limited number of persons, and if the services of such key persons were to become unavailable, it could have a significant negative impact on the client's portfolio.
- The Firm may manage other accounts and it will remain free to manage additional accounts, including its own account, in the future. The Firm may vary the investment strategies employed on behalf of the client's account from those used for its other managed accounts. No assurance is given that the results of the trading by the Firm will be similar to that of other accounts concurrently managed by the Firm. It is possible that such accounts and any additional accounts managed by the Firm in the future may compete with the client's account for the same or similar positions in the markets.
- Actual and potential conflicts of interest exist in the structure and operations of the Firm. There is the risk that the Firm has failed to properly identify all of the conflicts or that it will fail to do so in the future. To the extent that the Firm does properly identify the conflicts, there is the risk that it will fail to appropriately remove or mitigate the conflicts. Additionally, to the extent that the Firm does appropriately seek to remove or mitigate those conflicts, there is the risk that one or more employees may violate the Firm's policies and procedures to remove or mitigate those conflicts.
- The Firm's trading activities may be made on the basis of short-term market considerations. The portfolio turnover rate may be significant, potentially involving substantial brokerage commissions, related transaction fees and expenses and financing charges. In addition, frequent trading is likely to result in short-term capital gains tax treatment.
- The Firm generally will follow a policy of seeking to diversify the client's portfolio among a number of positions. The Firm, however, may depart from such policy from time to time and may acquire for the client's portfolio a few, relatively large positions in relation to the client's portfolio. Consequently, a loss in any such position could result in a proportionately higher reduction in the client's portfolio than if the client's portfolio had been spread among a wider number of positions.
- There is volatility risk. Securities prices are highly volatile. Price movements for securities are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the psychological emotions of the market place. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument markets, and such intervention (as well as other factors) may cause these markets to move rapidly. The client's portfolio may be adversely affected by deteriorations in the financial markets and economic conditions throughout the world, some of which may magnify the risks described herein and have other adverse effects. Deteriorations in

economic and financial market conditions, and uncertainty regarding economic markets generally, could result in declines in the market values of potential investments or declines in market values. Such declines could lead to losses and diminished investment opportunities for the client's portfolio, could prevent the client's portfolio from successfully meeting its investment objectives or could require the client's portfolio to dispose of investments at a loss while such unfavorable market conditions prevail. While such market conditions persist, the client's portfolio will also be subject to heightened risks associated with the potential failure of brokers, counterparties and exchanges, as well as increased systemic risks associated with the potential failure of one or more systemically important institutions.

- Actual and perceived accounting irregularities may cause dramatic price declines in the securities of companies reporting such irregularities or which are the subject of rumors of accounting irregularities.
- Common stock and similar equity securities generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if and to the extent declared by the governing body of the issuer out of income or other assets available after making interest, dividend and any other required payments on more senior securities of the issuer.
- Bonds and similar fixed-income securities generally are either secured or unsecured. Although secured bonds entitle holders to an interest in the assets of the issuer that are pledged as collateral for the bonds, the proceeds from the sale of such collateral may not fully repay the creditors in the event of a default. Holders of unsecured bonds represent the most junior position of an issuer's creditors.
- The market value of securities in general, and particularly the market value of fixed-income securities, tend to be highly sensitive to fluctuations in interest rates. Interest rate increases generally will increase the interest carrying costs of leverage arrangements, including borrowed funds and securities.
- Duration is a measure of systematic risk based upon a bond's price sensitivity to interest rate changes. The client's portfolio will fluctuate over a range and could at times be significantly higher or lower than any or all fixed-income indices at some time.
- Convexity is a measure of the change in duration of a fixed-income instrument resulting from an interest rate change. The client's portfolio could sometimes exhibit a negative convexity (that prices decline faster when interest rates rise than prices rise when interest rates decline) while at other times it could exhibit a positive convexity (that prices rise faster when interest rates decline than prices fall when interest rates rise).
- The client's portfolio will be subject to credit and market risks. Investments in fixed-rate and floating rate mortgage-backed and asset-backed fixed-income securities will entail normal credit risks such as the risk of non-payment of principal and interest on the security, and market risks such as the risk that interest rates and other factors will cause the value of a

security to decline. Many issuers or servicers of mortgage-backed securities guarantee timely payments of interest and principal on the securities, whether or not payments are made when due on the underlying obligations. This kind of guarantee generally increases the quality of a security, but does not mean that the security's market value and yield will not decline. Like other fixed-income investments, the value of a fixed rate mortgage-backed and asset-backed security may tend to rise when interest rates fall, and fall when interest rates rise. The value of fixed-income securities also may change based upon the markets perception of the creditworthiness of the organization which issues or guarantees them.

- There are certain risks associated specifically with collateralized mortgage obligations ("CMOs"). CMOs issued by private entities are not U.S. Government securities and are not guaranteed by any government agency, although the securities underlying a CMO may be subject to a guarantee. Therefore, if the collateral securing the CMO, as well as any third party credit support or guarantees, is insufficient to make payment the holder of a CMO could sustain a loss.
- Trading in certain securities and derivatives takes place primarily in over-the-counter markets consisting of groups of dealer firms that are typically major securities firms. Because the market for certain securities and derivatives is a dealer market, rather than an auction market, no single obtainable price for a given instrument prevails at any given time. Not all dealers maintain markets in all securities at all times. The bid-asked spread for certain securities may be significantly wider than for other instruments. There is no limitation on the daily price moves of these instruments and a dealer is not required to continue to make markets in such instruments. There have been periods during which dealers have refused to quote prices or have quoted prices with an unusually wide spread between the bid and asked price. By its nature, the market for certain securities is a very specialized market and investors in it have been predominantly financial institutions. The market for certain securities, while growing in volume, may pose liquidity problems as certain securities trade infrequently or only in small amounts. The limited size of the market for certain securities may cause prices to be unduly influenced by traders who take and trade large positions. The Firm may have difficulty disposing of certain securities because there may be a thin trading market for such securities.
- Credit card receivables are generally unsecured, and the debtors are entitled to the protection of a number of state and federal consumer credit laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. In addition, some issuers of automobile receivables permit the servicer to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related automobile receivables.
- The Firm will engage in over-the-counter ("OTC") transactions. In general, there is less governmental regulation and supervision in the OTC markets than of transactions entered into on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. The client's

portfolio will therefore be exposed to greater risk of loss through default than if the Firm confined its trading to regulated exchanges.

- The Firm may seek to employ various risk management techniques designed in an attempt to manage the risk of the client's portfolio versus one or more benchmark indices. A substantial risk remains, nonetheless, that such techniques will not always be possible to implement and when possible will not always be effective in managing such risk.
- It may not always be possible to execute a buy or sell order at the desired price or at the desired time or to liquidate an open position due to market conditions or otherwise. It is also possible that a governmental authority may suspend or restrict trading or order the immediate settlement of a particular trade or in particular securities or allow trading for liquidation purposes only.
- Substantial additional regulation on the financial markets may be imposed. Although it is not possible to predict what, if any, regulatory changes will in fact be imposed on the markets, any such regulations could significantly restrict the Firm's access to such markets. Any such regulations might also impair the liquidity of the markets.
- Institutions, such as brokers and dealers, may encounter financial difficulties that impair the operating capabilities of the Firm. The Firm will attempt to limit its transactions to well-capitalized and established brokers and dealers in an effort to mitigate such risks.
- The client's portfolio may be subject to the risk of the inability of counterparties to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes, which could subject the client's portfolio to substantial losses. In an effort to mitigate such risks, the Firm will attempt to limit transactions to counterparties which are established, well-capitalized and creditworthy.
- There is significant risk in using options which may result in the loss of a portion of or all of the principal investment, and/or funds in excess of the principal investment. There are special risks associated with uncovered option writing which expose the investor to significant loss. The potential loss of uncovered call writing is unlimited. As with writing uncovered calls, the risk of writing uncovered put options is substantial. For combination writing, where an investor writes both a put and a call on the same underlying instrument, the potential risk is unlimited.
- It is possible that legislative, administrative or judicial changes may occur which may alter, either prospectively or retroactively, any one or more of the risks.
- The Firm may engage in trading on non-U.S. exchanges and markets. Trading on such exchanges and markets involves certain risks not applicable to trading on U.S. exchanges and is frequently less regulated. For example, certain of such exchanges may not provide the same assurances of the integrity (financial and otherwise) of the marketplace and its participants as do U.S. exchanges. There also may be less regulatory oversight and supervision by the exchanges themselves over transactions and participants in such

transactions on such exchanges. Some non-U.S. exchanges, in contrast to U.S. exchanges, are "principals' markets" in which performance is the responsibility only of the individual member with whom the trader has dealt and is not the responsibility of an exchange or clearing association. Furthermore, trading on certain non-U.S. exchanges may be conducted in such a manner that all participants are not afforded an equal opportunity to execute certain trades and may also be subject to a variety of political influences and the possibility of direct governmental intervention. Certain markets and exchanges in non-U.S. countries have different clearance and settlement procedures than U.S. markets for trades and transactions and in certain markets, there have been times when settlement procedures have been unable to keep pace with the volume of transactions, thereby making it difficult to conduct such transactions. Any difficulty with clearance or settlement procedures may expose the client's portfolio to losses. Such trading activities on non-U.S. markets would also be subject to the risk of fluctuations in the exchange rate between the local currency and the U.S. dollar and to the possibility of exchange controls.

- The Firm intends to trade in securities of non-U.S. issuers traded outside of the United States. In addition to currency exchange risks, such trading requires consideration of certain other risks not typically associated with investing in securities of U.S. issuers. There may be less publicly available information regarding issuers located in certain countries. In addition, certain countries may have no laws or regulations prohibiting insider trading. Furthermore, if the accounting standards in a non-U.S. country do not require as much detail as U.S. standards, it may be harder for the Firm to analyze the financial condition of an issuer located in such country. The economies of certain countries often do not compare favorably with the economy of the United States with respect to such issues as growth of gross national product, reinvestment of capital, resources and balance of payments position. Certain of such economies may rely heavily on particular industries or foreign capital and are more vulnerable to diplomatic developments, the imposition of economic sanctions against a particular country or countries, changes in international trading patterns, trade barriers and other protectionist or retaliatory measures. Investments in non-U.S. markets also may be adversely affected by governmental actions such as the imposition of capital controls, nationalization of companies or industries, expropriation of assets or the imposition of punitive taxes. In addition, the governments of certain countries may prohibit or impose substantial restrictions on foreign investing in their capital markets or in certain industries. Any such action could severely affect security prices, impair the Firm's abilities to purchase or sell non-U.S. securities or otherwise adversely affect the client's portfolio. Other non-U.S. market risks include difficulties in pricing securities, difficulties in enforcing favorable legal judgments in non-U.S. courts, and political and social instability. Legal remedies available to investors in certain countries may be less extensive than those available to investors in the United States or other countries.
- There is the risk that any or all of the Firm's processes and procedures including without limitation investment processes, research, risk controls, people, and tools and methodologies may fail and/or cease to work resulting in a significant loss in the client's portfolio.
- There is the risk that any or all of the Firm's vendors and/or service providers upon which it relies including without limitation research and data providers, pricing vendors, index

providers, and NRSROs and other rating agencies may provide the Firm with inaccurate information and/or services or fail to provide the Firm with information and/or services. Any or all of which may result in a significant loss in the client's portfolio.

- There is the risk that the Firm has not identified all of its risks and that it may fail to do so in the future. To the extent the Firm does accurately identify its risks, there is the risk that it may fail to appropriately mitigate those risks. Additionally, to the extent that the Firm does appropriately seek to mitigate those risks, there is the risk that one or more employees may violate the Firm's policies and procedures to mitigate those risks. Any or all of which may result in a significant loss in the client's portfolio.
- There is investment style risk. Different investment styles tend to shift in and out of favor depending upon market and economic conditions and investor sentiment. The client's portfolio may outperform or underperform other accounts that invest in similar asset classes but employ different investment styles.
- There is liquidity risk. A client's portfolio may make investments that may be illiquid or that are not publicly traded and/or for which no market is currently available or that may become less liquid in response to market developments or adverse investor perceptions. Additionally, a client's portfolio may invest in private funds that place limitations on being able to redeem their capital account balances or withdraw their interests, and there will be no active secondary market for the interests. Moreover, investors may not, directly or indirectly, sell, assign, encumber, mortgage, transfer, or otherwise dispose of, voluntarily or involuntarily, any portion of their interests without the private fund's consent, which may be granted or withheld in its sole discretion.
- There is management risk which is the risk that a strategy used by the Firm may fail to produce the intended results for a client's portfolio, including the risk that the entire amount invested may be lost. There is no guarantee that the investment objective of the client's portfolio will actually be achieved and investment results of the client's portfolio may vary substantially over time.
- There is market risk which is the risk that the value of the securities in which a client's portfolio invests may go up or down in response to the prospects of individual companies, particular industry sectors or governments and/or general economic conditions.
- There are legal, tax and regulatory risks. The Firm is subject to legal, tax and regulatory oversight, including by the SEC and similar regulators. As a result, certain of the Firm's activities and transactions in respect of the client's portfolio may be restricted. Similarly, there have been recent legislative, tax and regulatory changes and proposed changes that may apply to the activities of the Firm that may require material adjustments to the business and operations of, or have other material adverse effects on, the client's portfolio. Any rules, regulations and other changes, and any uncertainty in respect of their implementation, may result in increased costs, reduced profit margins and reduced investment and trading opportunities, all of which may negatively impact the performance of the client's portfolio.

- There are environmental risks and risks related to natural disasters. Investments in or relating to real estate assets may be subject to numerous statutes, rules and regulations relating to environmental protection. Certain statutes, rules and regulations might require that investments address prior environmental contamination, including soil and groundwater contamination, which results from the spillage of fuel, hazardous materials or other pollutants. Under various environmental statutes, rules and regulations, a current or previous owner or operator of real property may be liable for noncompliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. These laws often impose liability, whether or not the owner or operator knew of or was responsible for the presence of hazardous materials. The presence of these hazardous materials on a property could also result in personal injury or property damage or similar claims by private parties. The client's portfolio may be exposed to substantial risk of loss from environmental claims arising in respect of real estate acquired with environmental problems, and the loss may exceed the value of such investment. Furthermore, changes in environmental laws or in the environmental condition of an asset may create liabilities that did not exist at the time of acquisition of an investment and that could not have been foreseen.
- There is real estate industry risk. The real estate industry is particularly sensitive to economic downturns. The values of securities of companies in the real estate industry may go through cycles of relative under-performance and out-performance in comparison to equity securities markets in general. Additionally there are risks related to general and local economic conditions which may include: possible lack of availability of mortgage financing, variations in rental income, neighborhood values or the appeal of property to tenants; interest rates; overbuilding; extended vacancies of properties; increases in competition, property taxes and operating expenses; and changes in zoning laws.
- There is risk related to model portfolio allocations and rebalancing. Allocations of the client's portfolio assets may, from time to time, be out of balance with the client's portfolio model portfolio allocations for extended periods of time or at all times due to various factors, such as fluctuations in, and variations among, the performance of the investment products and/or securities to which the assets are allocated and reliance on estimates in connection with the determination of percentage allocations. Any rebalancing by the Firm of the client's portfolio assets may have an adverse effect on the performance of the client's portfolio assets. For example, the client's portfolio assets may be allocated away from one or more over-performing investment product and/or security and allocated to one or more under-performing investment product and/or security. In addition, the achievement of any intended rebalancing may be limited by several factors, including the use of estimates of the net asset values of the investment products, and in the case of investments in investment products that are pooled investment vehicles, restrictions on additional investments in and redemptions from such investment products.
- There is hedging risk. Hedging techniques could involve a variety of derivatives, including futures contracts, exchange-listed and over-the-counter put and call options on securities, financial indices, forward foreign currency contracts, and various interest rate transactions (collectively, "hedging instruments"). To the extent the Firm utilizes hedging techniques in

respect of a client's portfolio, hedging techniques involve risks different than those of underlying investments. In particular, the variable degree of correlation between price movements of hedging instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of the positions of a client's portfolio. In addition, certain hedging instruments and markets may not be liquid in all circumstances. As a result, in volatile markets, a client's portfolio may not be able to close out a transaction in certain of these instruments without incurring losses substantially greater than the initial deposit. Although the contemplated use of these instruments is intended to minimize the risk of loss due to a decline in the value of the hedged position, at the same time they tend to limit any potential gain which might result from an increase in the value of such position. The ability of a client's portfolio to hedge successfully will depend on the ability of the Firm to predict pertinent market movements, which cannot be assured.

- There is geographic risk. Concentration of the investments of a client's portfolio in issuers located in a particular country or region will subject a client's portfolio, to a greater extent than if investments were less concentrated, to the risks of adverse securities markets, exchange rates and social, political, regulatory or economic events which may occur in that country or region.
- There is risk related to limited assets. A client's portfolio may at any time and from time to time have limited assets, which may limit the Firm's ability to trade in certain instruments that typically require minimum account balances and/or lot sizes for investment. A client's portfolio may be limited with respect to the investment strategies it is able to employ and may be unable to diversify across investment strategies or instruments.
- There are restricted investments risks. Restricted securities are securities that may not be sold to the public without an effective registration statement under the U.S. Securities Act of 1933, as amended, or, if they are unregistered, may be sold only in a privately negotiated transaction or pursuant to an exemption from registration. To the extent a client's portfolio invests in restricted securities, these restrictions could prevent a client's portfolio from promptly liquidating unfavorable positions and subject such client's portfolio to substantial losses.
- There is tax-managed investment risk. To the extent a client's portfolio is tax-managed, because the Firm balances investment considerations and tax considerations, the pre-tax performance of a tax-managed client's portfolio may be lower than the performance of similar client portfolios that are not tax-managed. Even though tax-managed strategies are being used, they may not reduce the amount of taxable income and capital gains to which a client's portfolio may become subject.
- There is timing of implementation risk. The Firm gives no warranty as to the timing of the investment of the client's portfolio assets generally and/or any changes to the client's portfolio over time and from time to time (including in respect of asset allocation and investments), the performance or profitability of the client's portfolio or any part thereof, nor any guarantee that any investment objectives, expectations or targets with respect to the

client's portfolio will be achieved, including without limitation, any risk control, risk management or return objectives, expectations or targets.

- There is limited information risk. The Firm will consider allocations for the client's portfolio utilizing information made available to it; however, the Firm may not generally have access to all information. Therefore, the Firm will generally not be able to review potential investments for the client's portfolio with the benefit of information held by others and not made available to it.
- To the extent a client's portfolio invests in IPOs/new issues, there is IPO/new issues risk which is the risk that the market value of IPO/new issue shares held in a client's portfolio will fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares available for trading, and limited information about the issuer. The purchase of IPO/new issue shares may involve high transaction costs. IPO/new issue shares are subject to market risk and liquidity risk.
- There may be preferred stock, convertible securities and warrants risks. The value of preferred stocks, convertible securities and warrants will vary with the movements in the equity market and the performance of the underlying common stock, in particular. Their value is also affected by adverse issuer or market information.
- There is real estate investment trust ("REIT") risk. REITs whose underlying properties are concentrated in a particular industry or geographic region are also subject to risks affecting such industries and regions. The securities of REITs involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements because of interest rate changes, economic conditions and other factors. Securities of such issuers may lack sufficient market liquidity to enable the client's portfolio to effect sales at an advantageous time or without a substantial drop in price.
- There is mortgage-backed and/or other asset-backed risk. Mortgage-related and other asset backed securities are subject to certain additional risks, including "extension risk" (i.e., in periods of rising interest rates, issuers may pay principal later than expected) and "prepayment risk" (i.e., in periods of declining interest rates, issuers may pay principal more quickly than expected, causing a client's portfolio to reinvest proceeds at lower prevailing interest rates). Mortgage-backed securities offered by non-governmental issuers are subject to other risks as well, including failures of private insurers to meet their obligations and unexpectedly high rates of default on the mortgages backing the securities. Other asset-backed securities are subject to risks similar to those associated with mortgage-backed securities, as well as risks associated with the nature and servicing of the assets backing the securities.
- There are municipal securities risks. Municipal securities risks include the ability of the issuer to repay the obligation, the relative lack of information about certain issuers of municipal securities, and the possibility of future legislative changes which could affect the market for and value of municipal securities. The risk that any proposed or actual changes in income tax rates or the tax exempt status of interest income from municipal securities can

significantly affect the demand for and supply, liquidity and marketability of municipal securities. Such changes may affect a client's portfolio asset value and ability to acquire and dispose of municipal securities at desirable yield and price levels.

- There is sovereign debt risk. Not all of the securities that are issued by sovereign governments or political subdivisions, agencies or instrumentalities thereof will have the explicit full faith and credit support of the relevant government. Any failure by any such government to provide such support could result in losses to a client's portfolio.
- There is U.S. government securities risk. The U.S. government may not provide financial support to U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. U.S. government securities issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and the Federal Home Loan Banks chartered or sponsored by Acts of Congress are not backed by the full faith and credit of the United States. It is possible that these issuers will not have the funds to meet their payment obligations in the future.
- There is risk related to the failure of brokers, counterparties and exchanges. A client's portfolio will be exposed to the credit risk of the counterparties with which, or the brokers, dealers and exchanges through which, it deals, whether it engages in exchange-traded or off-exchange transactions. A client's portfolio may be subject to risk of loss of its assets on deposit with a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of the client's portfolio, or the bankruptcy of an exchange clearing house. In the case of a bankruptcy of the counterparties with which, or the brokers, dealers and exchanges through which, the client's portfolio deals, the client's portfolio might not be able to recover any of its assets held, or amounts owed, by such person, even property specifically traceable to the client's portfolio, and, to the extent such assets or amounts are recoverable, the client's portfolio might only be able to recover a portion of such amounts. Further, even if the client's portfolio is able to recover a portion of such assets or amounts, such recovery could take a significant period of time.
- There are the risks of derivative investments. Certain clients' portfolios may invest in derivative instruments including, without limitation, options, futures, options on futures, forwards, swaps, interest rate caps and floors and collars. To the extent a client's portfolio invests in these types of derivative instruments through OTC transactions, there may be less governmental regulation and supervision of the OTC markets than of transactions entered into on organized exchanges. Investments in derivative instruments may be for both hedging and non-hedging purposes (that is, to seek to increase total return), although suitable derivative instruments may not always be available to the Firm for these purposes. Losses in a client's portfolio from investments in derivative instruments can result from a lack of correlation between changes in the value of derivative instruments and the portfolio assets (if any) being hedged, the potential illiquidity of the markets for derivative instruments, the failure of the counterparty to perform its contractual obligations, or the risks arising from margin requirements and related leverage factors associated with such transactions. Losses may also arise if a client's portfolio receives cash collateral under the transaction and some

or all of that collateral is invested in the market. To the extent that cash collateral is so invested, such collateral will be subject to market depreciation or appreciation, and a client's portfolio may be responsible for any loss that might result from its investment of the counterparty's cash collateral. The use of these management techniques also involves the risk of loss if the Firm is incorrect in its expectation of the timing or level of fluctuations in securities prices or interest rates. Investments in derivative instruments may be harder to value, subject to greater volatility and more likely subject to changes in tax treatment than other investments. For these reasons, the Firm's attempts to hedge portfolio risks through the use of derivative instruments may not be successful, and the Firm may choose not to hedge certain portfolio risks. Investing for non-hedging purposes is considered a speculative practice and presents even greater risk of loss.

- There is commodity sector risk. To the extent that there is exposure to the commodities markets, it may subject a client's portfolio to greater volatility than investments in other sectors. The commodity sector may be affected by changes in overall market movements, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. The prices of energy, industrial metals, precious metals, and agriculture and livestock sector commodities may fluctuate widely due to factors such as changes in value, supply and demand and governmental regulatory policies.
- There is inflation protected securities ("IPS") risk. To the extent a client's portfolio invests in IPS, the value of IPS generally fluctuates in response to changes in real interest rates, which are in turn tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increased at a faster rate than inflation, real interest rates might rise, leading to a decrease in the value of IPS. The market for IPS may be less developed or liquid, and more volatile, than certain other securities markets. In addition, the value of Treasury Inflation-Protected Securities ("TIPS") generally fluctuates in response to inflationary concerns. As inflationary expectations increase, TIPS will become more attractive, because they protect future interest payments against inflation. Conversely, client's portfolio that invests in inflation protected securities will be subject to the risk that prices throughout the economy may decline over time, resulting in "deflation". If this occurs, the principal and income of inflation-protected fixed income securities held by a client's portfolio would likely decline in price, which could result in losses for the client's portfolio. Further, there can be no assurance the various consumer price indices used in connection with IPS will accurately measure the real rate of inflation in the prices of goods and services, which may affect the value of IPS.
- The foregoing list of risks does not purport to be a complete explanation of the risks involved with respect to investing in securities or with respect to the Firm.

Item 9: Disciplinary Information

No disciplinary information to report.

Item 10: Other Financial Industry Activities and Affiliations

The Firm is owned 25% by Westchester Limited, LLC and 75% by Peloton, LLC. Westchester Limited, LLC also owns approximately 87% of EARNEST Partners, LLC, (“Affiliate”) an affiliated registered investment advisor. We generally offer investment advice on equity and fixed income securities to hedge funds and EARNEST Partners, LLC generally offers investment advice on equity and fixed income securities to separately managed accounts, registered investment companies, and other pooled investment vehicles.

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

The Firm has adopted a code of ethics which is reasonably designed to address potential conflicts of interest and prevent prohibited acts. Our code works in conjunction with our insider trading policy (together, the “Policy”). Among other things, we forbid any officer, member or employee of the Firm (“Related Persons”) from trading, either personally or on behalf of others, on material non-public information or communicating material non-public information to others in violation of the law (i.e., insider trading). The Policy includes procedures requiring Related Persons to report their personal securities transactions to the Chief Compliance Officer on a periodic basis. Related Persons may trade in any security that is not currently owned or currently under consideration by the Firm or its Affiliate for their client accounts, but must obtain prior written approval for Initial Public Offerings and Private Placements. If an equity security is owned or currently under consideration by the investment team, the Related Persons may trade in the equity security if (1) prior written approval is obtained, (2) the Firm or its Affiliate have not traded that security within the last 7 days and are not expected to trade in that security in the next 7 days and (3) if the security is included in a model that is traded by a wrap program that is advised by the Firm or its Affiliate, we or our Affiliate have not established or revised the model(s) in the last 7 days and are not expected to establish or revise the model(s) in the next 7 days with respect to the security. If the Firm or its Affiliate has traded the equity security or expects to trade the security, the Related Person may elect to take the de minimis exemption so long as the transaction meets the following requirements: (1) 5,000 shares or fewer are to be traded; (2) the issuer in question has a market capitalization greater than \$1.0 billion at time of trade; and (3) prior written approval is obtained. As an additional requirement under the de minimis exemption, the Related Person is required to hold the equity security for 30 days from the original trade date before entering into another transaction in the same security. Generally, there are no restrictions on open-end mutual fund transactions by Related Persons; however, any mutual fund that the Firm or an Affiliate advises or sub-advises, are placed on the restricted list and require prior written approval to trade. Additionally, the Related Person may not trade the mutual fund again for at least 30 days. Bond issues of at least \$25 million and that are on the restricted list may be purchased by Related Persons, with prior written approval, in amounts of up to \$100 thousand per month. We believe that our Policy is reasonably designed to prevent prohibited acts and address potential conflicts of interest between our Related Persons and clients. However, clients should be aware that no set of rules can possibly anticipate or relieve all potential conflicts.

A copy of our code of ethics will be provided to any client or prospective client upon written request.

Item 12: Brokerage Practices

From time-to-time, the Firm may (i) purchase securities for one account for which we act as investment advisor from another account for which we act as investment advisor, or (ii) sell securities from one account for which we act as investment advisor to another account for which we act as investment advisor (cross trade), provided such transaction is otherwise permissible by applicable law and client guidelines. Each such transaction will be effected at prices and under circumstances reasonably determined by us to be fair and equitable. We will not act as principal in any transaction with a client, and will not receive any compensation other than our advisory fee in connection with a cross trade.

Generally, we will seek to coordinate trading between accounts, and this may mean that we may trade accounts concurrently.

Our objective in allocating aggregated order trades (including initial public offerings) is to distribute investment opportunities among client accounts in a manner that is fair and equitable, based on the needs and financial objectives of our various clients (including any restrictions or limitations applicable to particular clients). Order aggregation is the process of adding together orders to purchase or sell the same security as one large order.

Our policies regarding allocation of aggregated order trades for equity accounts are as follows:

- Transactions for any client account will not be aggregated if prohibited by the client's guidelines or trading direction.
- Before aggregating orders in a particular case, we must reasonably believe that we will be able to obtain best price and execution for each client participating in the aggregated order. No client is favored over any other in connection with such participation.
- Generally, each client will participate in the order at the average price for all of the transactions and will share transaction costs pro rata based on such client's participation in the transaction.
- Before entering an aggregated order, we will prepare a written statement specifying the participating client accounts and the method of allocating securities, costs, etc., among the participating accounts. The written statement (or order ticket) will indicate the amount (either in dollars, number of securities or percentage of account value) that we will accept for each participating client account.
- If an order must be allocated in a manner that is different from that in the written statement, all clients must receive fair and equitable treatment, and the written rationale for the departure, excluding the use of a rotation method or computer generated random allocation method as an allocation tool for partial fills, must be approved by our Chief Compliance Officer.

- The Firm's books and records will reflect separately for each participating client account the aggregated transactions that have occurred and the securities held for the client.
- We will deposit client funds and securities with custodians and will not hold these assets collectively any longer than is necessary to settle the purchase or sale transaction.
- We do not receive any additional compensation or remuneration as a result of aggregating orders.

Generally, the Firm employs a pro rata method for allocating aggregated trades whereby each client eligible to participate in a particular order receives an allocation based on the current market value of such client's account relative to the total current market value of all participating clients' accounts. In conjunction with the pro rata method, a rotation method or a computer generated random allocation method may be employed as an allocation tool for partial fills.

Our policies regarding allocation of aggregated order trades for fixed income accounts are as follows:

- Transactions for any client will not be aggregated if prohibited by the client's guidelines or trading direction.
- Before aggregating orders in a particular case, we must reasonably believe that we will be able to obtain the best price and execution for each client participating in the aggregated order. No client is favored over any other in connection with such participation.
- The Firm's books and records will reflect separately for each participating client account the aggregated transactions that have occurred and the securities held for the client.
- We do not receive any additional compensation or remuneration as a result of aggregating orders.
- When there is an insufficient quantity of a security to allocate among all clients to whom a trade might otherwise be allocated, it is our policy to allocate the security based on the greatest need as measured by the percent of the portfolio invested in cash, the size of the security relative to the size of the portfolio, and the effect of the security on the overall portfolio structure.

Although we will attempt to enforce the fair and equitable distribution of all client transactions, there is no guarantee that the valuation of individual allocations will be consistently favorable to all clients.

The Firm will be granted the authority by a substantial majority of its clients to determine, without specific consent, the securities to be bought or sold, the amount of those securities, and the brokers or dealers utilized to effect those trades. Any limitations which might be placed on us are "client-specific" and, to the extent that they exist, are delineated in documents appended to or referenced in the Investment Management Agreement between the Firm and the particular

client. For example, clients may instruct us not to invest in particular issuers, or may direct us to execute all or a specified percentage of their trades with specific brokers or dealers.

In selecting brokers to be used in portfolio transactions, our general guiding principle is to seek the best overall execution for each client in each trade, which is a combination of price and execution. With respect to execution, we consider a number of judgmental factors, including, without limitation, the actual handling of the order, the ability of the broker to settle the trade promptly and accurately, the financial standing of the broker, the ability of the broker to position stock to facilitate execution, our past experience with similar trades and other factors that may be unique to a particular order. Recognizing the value of these judgmental factors, we may pay a brokerage commission that is higher than the lowest commission that might otherwise be available for any given trade.

The commission rates paid by our clients with discretionary accounts may be sufficient to allow executing brokers to provide us with a fairly full array of normal research services; information and products (i.e., research). As such, we may not find it necessary to pay higher commission rates specifically for the purpose of obtaining research and receipt of research is not the primary motivation in the selection of brokers. Research received from brokers that are providing best overall execution is viewed as added value.

It is possible that we may pay, or be deemed to have paid, commission rates higher than we could have otherwise paid in order to be assured of continuing to receive research that we consider useful. Such higher commissions would be paid in accordance with Section 28(e) of the Securities Exchange Act of 1934, which requires us to determine in good faith that the commission paid is reasonable in relation to the value of the research provided. This determination may be based either in terms of the particular transaction involved or our overall responsibilities with respect to all accounts over which we exercise discretion. Accordingly, research provided normally benefits many accounts rather than just the one(s) on which the order is being executed, and we may not use all research in connection with the account which paid commissions to the broker providing the research.

The proprietary and third party research we receive includes, without limitation, information on the United States and other world economies; information on specific industries, groups of securities, individual companies, political and other relevant news development affecting markets and specific securities; and technical and quantitative information about markets. Research is received in the form of written reports, telephone contacts, personal meetings, research seminars, and access to computer databases. In some instances, research products or services received by us may also be used for functions that are not research related (i.e., not related to the making of investment decisions). Where a research product or service has a mixed use, we will make a reasonable allocation according to its use and will pay for the non-research function in cash using our own funds. Clients should consider that this allocation determination creates a potential conflict of interest between clients and the Firm.

The Firm does not generally enter into agreements with brokers regarding specific amounts of brokerage because of research provided. We do maintain, however, an internal allocation procedure to identify those brokers who have provided us with research that we consider useful.

These internal guidelines are established by the investment committee to provide direction to our traders, and are based, in part, on the quality and usefulness of the research provided and its value to us on behalf of our clients. The amount of brokerage specifically allocated to any broker will be based, in part, on the cost of such research to the broker, and the amount allocated is generally higher than that which we would pay for the research were we to pay for it in cash using our own funds. When client brokerage commissions are used to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products or services. Clients should consider that there is a potential conflict of interest between their interests in obtaining best execution and our receipt of and payment for research through brokerage allocations as described herein.

As stated above, we generally accept client directions to utilize a specific broker or dealer to execute transactions in the respective client's account in recognition of custodial or other services provided to the client by the broker or dealer. A client who chooses to designate use of a particular broker or dealer should consider whether such designation may result in certain costs or disadvantages to the client, because the client may pay higher commissions and/or receive less favorable prices on some transactions than might otherwise be attainable by us. We will generally seek to utilize "step-outs", when permitted, for clients that direct brokerage in order for them to receive the same execution as clients that do not direct brokerage. A "step-out" trade is where one brokerage firm executes an entire order, and then gives other brokerage firms a credit, or commission, for a specified piece of the trade. Generally, transactions of clients that direct us to execute all or a specified percentage of their trades with specific brokers or dealers but do not permit us to utilize "step-outs" or we are unable to utilize "step-outs" because of the particular markets (e.g. non-U.S. markets generally do not permit the use of "step-outs"), may be executed after the transactions of clients that grant us full discretion in the selection of brokers or dealers or that permit us to utilize "step-outs", but we may execute transactions concurrently.

By directing us to use a specific broker or dealer, clients who are subject to ERISA confirm and agree with us that they have the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, that the brokerage and other goods and services provided by the broker or dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries, that the amount paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific broker or dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

Generally, fixed income trades are net of commissions. At times it is not practical to execute net transactions, (a principal trade in which the dealer has included his commission), and we will execute a commission trade because the dealer didn't directly or can't own the securities but presented the investment idea to us.

Item 13: Review of Accounts

Client portfolios are monitored by the investment committees and staff for adherence to client guidelines, as well as internal policies regarding risk control, expected excess return and dispersion of return.

Members of the investment committees meet weekly to exchange market views, to discuss investment ideas, and to review strategies for the coming week.

The performance of each client account is reviewed periodically by the investment committees and compared with standard indices and with accounts of like objectives. Each account has a risk level which is consistent with accounts of comparable objectives.

The titles of the supervised persons who conduct the reviews are generally that of Investment Management or higher.

Generally, quarterly or more frequent written statements are provided to clients. Quarterly statements generally include holdings, transactions, and portfolio characteristics. When requested, quarterly performance summaries are provided. Clients are also provided with periodic commentary on our views with respect to the market and a client's respective portfolio.

Item 14: Client Referrals and Other Compensation

From time-to-time, the Firm may enter into solicitation agreements with individuals or entities whereby investment advisory accounts are solicited for us.

Solicitation agreements with solicitors which are not affiliated with the Firm require that the solicitor perform his duties in accordance with the Investment Advisers Act of 1940 and appropriate state regulations and that the solicitor provide each client with our Form ADV Part 2A and 2B Brochure and the solicitor's written disclosure documentation describing: (1) the name of the solicitor and the investment advisor; (2) the nature of the relationship between the solicitor and the Firm; (3) the terms of any compensation; and (4) the effect, if any, on the advisory fee to be paid by the client as differentiated from fees paid by other clients of the Firm.

The compensation a solicitor receives for services under a solicitation agreement is a percentage of the fees we earned and received from clients that choose to use our services as a result of the solicitor's efforts under the solicitation agreement. The fee paid to us by clients will be the same as would have been paid by the client if no compensation had been paid to the solicitor.

Item 15: Custody

The Firm does not participate in the selection of custodians and does not have physical custody of any client's funds and securities, but may be deemed to have custody in these instances:

1. When a client instructs us to send advisory fee invoices directly to the client's custodian. In this instance, client funds and securities are maintained with a qualified custodian (financial institutions customarily providing custodial services) in the client's name or under our name as agent of the client, and we will form a reasonable belief, after due inquiry, that the qualified custodian sends account statements directly to the client. Our due inquiry will include seeking to obtain periodic written confirmation from the custodian(s) that account statements were sent to our clients.

2. When we act as both general partner, managing member, or in a comparable capacity and as investment advisor to the respective limited partnership, limited liability company, or other private fund and the pooled investment vehicle exemption (i.e. it's audited by an accounting firm registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (PCAOB) at least annually and the financial statements are prepared in accordance with generally accepted accounting principles) is not available. In this instance, we will obtain an annual surprise examination of the pooled vehicle by a non-PCAOB accounting firm and form a reasonable belief, after due inquiry, that the qualified custodian sends account statements of the pooled vehicle to investors. Our due inquiry will include seeking to obtain periodic written confirmation from the custodian(s) that account statements were sent to our clients.

3. When we act as both general partner, managing member, or in a comparable capacity and as investment advisor to the respective limited partnership, limited liability company, or other private fund and the pooled investment vehicle exemption (i.e. the fund is audited by an accounting firm registered with, and subject to regular inspection by, the PCAOB at least annually and the financial statements are prepared in accordance with generally accepted accounting principles) is available, we will distribute the audited financial statements to all limited partners (or members or other beneficial owners) within 120 days of the end of the fund's fiscal year. We will obtain a final audit upon liquidation of a pooled vehicle and distribute financial statements to investors promptly after completion of the audit.

Our clients will receive account statements from the broker-dealer, bank or other qualified custodian and should carefully review those statements. Unless clients instruct otherwise, they will also receive account statements from us and are urged to compare our account statements against the account statements received from the qualified custodian.

Item 16: Investment Discretion

The Firm accepts discretionary authority to manage securities accounts on behalf of clients by entering into a written investment management agreement with the client. Any limitations clients may place on this authority are addressed in the investment management agreement and any written client investment policy and/or investment guidelines.

Item 17: Voting Client Securities

The Firm will accept authority to vote client securities. Clients can generally direct us in writing how to vote on their behalf in a particular solicitation. Absent any direction from the client, the following is a summary of our proxy voting policies and procedures:

Proxy Policies

As a general rule, we will vote against actions which would reduce the rights or options of shareholders, reduce shareholder influence over the board of directors and management, reduce the alignment of interests between management and shareholders, or reduce the value of shareholders' investments. A partial list of issues that may require special attention are as follows: classified boards, change of state of incorporation, poison pills, unequal voting rights plans, provisions requiring supermajority approval of a merger, executive severance agreements, and provisions limiting shareholder rights.

In addition, the following will generally be adhered to unless we are instructed otherwise in writing by the Client:

- We will not actively engage in conduct that involves an attempt to change or influence the control of a portfolio company.
- We will not announce our voting intentions or the reasons for a particular vote.
- We will not participate in a proxy solicitation or otherwise seek proxy voting authority from any other portfolio company shareholder.
- We will not act in concert with any other portfolio company shareholders in connection with any proxy issue or other activity involving the control or management of a portfolio company.
- All communications with portfolio companies or fellow shareholders will be for the sole purpose of expressing and discussing our concerns for our Clients' interests and not in an attempt to influence the control of management.

Proxy Procedures

The Firm has designated a Proxy Director. The Proxy Director will consider each issue presented on each portfolio company proxy. The Proxy Director will also use available resources, including proxy evaluation services, to assist in the analysis of proxy issues. Proxy issues presented to the Proxy Director will be voted in accordance with the judgment of the Proxy Director, taking into account the general policies outlined above and the Firm's Proxy Voting Guidelines (currently ISS Taft-Hartley Advisory Services Proxy Voting Guidelines). Therefore, it is possible that actual votes may differ from these general policies and our Proxy

Voting Guidelines. In the case where we believe we have a material conflict of interest with a Client, the Proxy Director will utilize the services of outside third party professionals (currently ISS Taft-Hartley Advisory Services) to assist in its analysis of voting issues and the actual voting of proxies to ensure that a decision to vote the proxies was based on the Client's best interest and was not the product of a conflict of interest. In general, ISS Taft-Hartley Advisory Services Proxy Voting Guidelines are based on a worker-owner view of long-term corporate value and conform to the AFL-CIO proxy voting policy. In the event the services of an outside third party professional are not available in connection with a conflict of interest, we will seek the advice of the Client.

A detailed description of our specific Proxy Voting Guidelines will be furnished upon written request. You may also obtain information about how we have voted with respect to portfolio company securities by calling or writing us at:

GREYBULL Partners
1180 Peachtree Street NE, Suite 2350
Atlanta, GA 30309
404-815-8772

The Firm reserves the right to change these policies and procedures at any time without notice.

Item 18: Financial Information

Not applicable.