

BROCHURE OF

Private Wealth Group, LLC

A Delaware limited liability company registered with the Securities and Exchange Commission as an Investment Adviser (CRD # 128560)

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THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF PRIVATE WEALTH GROUP, LLC. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT (813) 226-1900 OR INVESTORRELATIONS@PRIVATEWEALTHGROUP.COM.

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The date of this Brochure is:

March 30, 2012

The delivery of this Brochure at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above. This Brochure will supersede all other such documents containing information about our Firm.

Item 2.

Material Changes

There have been no material changes since our last Annual Amendment dated March 30, 2011.

Item 3.

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I. **Part 2A – FIRM BROCHURE**

Item 4. **Advisory Business:**

(A) **Operational and Organizational Information:** Private Wealth Group, LLC (“PWG”), a Delaware limited liability company, is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”), and it is also a registered commodity pool operator. PWG is the investment adviser to PWG Prime, LP, a Limited Partnership organized under the Delaware Revised Uniform Partnership Act, and to PWG Prime, Ltd., a Cayman Islands exempted company (each a “Fund” and collectively the “Funds”). PWG Partners, LLC (the “General Partner”), a Delaware limited liability company, is the general partner of PWG Prime, LP and is responsible for the management of its affairs. PWG and the General Partner are hereinafter referred to as “Firm,” individually or collectively, as appropriate. As stated on the cover page of this Brochure, registration as an investment adviser does not imply a level of skill or training. PWG has been in business since 2002 and PWG Partners, LLC has been in business since 2006. The principal owner of Firm is Stephen F. Segundo.

(B) **Types of Advisory Services Offered:** Firm offers investment advisory services through separately managed accounts, by which Firm provides continuous advice to a client or makes investments for a client based on the individual needs of the client. Firm also provides investment management services to the Funds on a discretionary basis. The Funds were formed to pool investment assets of their investors and invest these assets with various independent investment advisers, commodity trading advisers or commodity pool operators (“Managers”) selected by Firm. In industry parlance, each Fund is a “fund of funds.” Note, however, that Firm has reserved the discretion to make investments directly in addition to investing through Managers. No assurance can be given, however, that separately managed accounts or the Funds will achieve their objectives, and investment results may vary substantially over time and from period to period.

Note: For purposes of this Brochure, “Client” may include separately managed account clients, the Funds, and investors in the Funds. “Investors” refers to investors in the Funds.

Firm holds itself out as specializing in selection of Managers. Please review Firm’s investment guidelines, specified immediately below under “Client Investment Guidelines and Parameters,” and Section 8, “Methods of Analysis, Investment Strategies and Risk of Loss.”

(C) **Client Investment Guidelines and Parameters:** 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. Firm provides discretionary and non-discretionary investment advisory services to all fee paying Client accounts.

The following is a general description of the principal types of trades and investments which Firm currently contemplates engaging in, certain techniques that it may employ, the investment criteria that it plans to

apply, and the guidelines that it has established regarding the composition of its investment portfolio. The following description is merely a summary and you should not assume that any descriptions of specific activities are intended in any way to limit the types of investment activities Firm may undertake:

Separately Managed Accounts: For a separately managed account, Firm provides investment supervisory services through its portfolio management service, giving continuous advice to a Client or making investments for a Client based on the individual needs of the Client. Based on a Client's particular circumstances, Firm develops a Client's personal investment strategy and creates and manages a portfolio based on that strategy. Firm will manage advisory accounts either on a discretionary or non-discretionary basis. Advisory services include among other things, providing advice regarding asset allocation and the selection of investments.

Funds: The Funds were organized to pool investment funds, and to allocate them among a number of Managers selected in each case by Firm. The Funds may offer the advantage of diversification across investment pools that individual investors may not be able to accomplish directly due to minimum initial investment requirements and limitations on the number of partners. In industry parlance, each Fund is a "fund of funds." A fund of funds (or multi-manager fund) is a fund that allocates capital to more than one investment pool or other alternative investment vehicle (or investment manager). The Funds' portfolio represents a professionally-staffed multi-manager fund that may offer value because of the research, Manager selection, due diligence, and on-going monitoring processes performed. Notwithstanding the foregoing, Firm has reserved the discretion to make investments directly, as opposed to through Managers.

- (D) **Wrap Fee Programs:** Firm does not participate in wrap fee programs.
- (E) **Client Assets Under Management:** *(rounded to the nearest \$100,000)*
 - (i) Discretionary: \$130,100,000 as of March 28, 2012.
 - (ii) Non-discretionary: \$7,600,000 as of March 28, 2012.

Item 5. Fees and Compensation:

- (A) **Generally:** All fees are individually negotiated. Circumstances considered when negotiating fees may include, without limitation, customary market rates, specialized guidelines, and other performance/incentive allocation or fee arrangements with the Client.

Management fees for the Funds and for separately managed accounts are calculated based on a percentage of the value of the assets under management (referred to herein as "Management Fees").

In addition, Firm may collect incentive allocations and/or fees based on the performance of investments. Please refer to Item 6, below, for a more detailed description of performance or incentive allocations and/or fees and related conflicts of interest.

- (B) **Payment of Fees:** Management Fees will be deducted from Client accounts periodically as specified in the relevant investment advisory agreement or applicable Fund transaction document.

Separately Managed Accounts: The annual fee for portfolio management services typically will be 1.00% of the Client's assets under management. Clients will be charged quarterly in advance based upon the market value of the Client's account at the end of the previous quarter. Clients are requested to refer to the applicable investment advisory agreement for complete information on the fee arrangement.

Funds: The basic fee schedule for Firm's services is a fixed monthly Management Fee equal to 0.083% (approximately 1% annually) of assets under management. The Management Fee shall be calculated and payable to Firm monthly in advance based on the calculations of each investor's share of the Fund's net asset value as of the first day of the relevant month. A pro-rata Management Fee shall be charged to investors on any amounts accepted by Firm as investments in the midst of any month. No part of the Management Fee will be refunded in the event that an investor withdraws all or any of the value in the investor's capital account during a month. Management Fees shall be payable with respect to interests of an investor in any side pocket account or any new issues account. Firm, in its sole discretion, may waive or reduce the Management Fee with respect to one or more investors for any period of time, or agree to apply a different Management Fee for that investor (all such arrangements in the form of a rebate or otherwise).

- (C) **Additional Fees and Expenses:** The Funds shall reimburse Firm and/or its affiliates for all organizational and initial offering expenses of the Funds, including, but not limited to, legal and accounting fees, printing and mailing expenses and government filing fees (including blue sky filing fees). The Funds will reimburse Firm and/or its affiliates for 1/60 of the total organizational and initial offering expenses each month over a period of 60 months from the date the Funds commenced operations. The Funds shall pay or reimburse Firm and/or its affiliates for: (i) all expenses incurred in connection with the ongoing offer and sale of interests, including, but not limited to, marketing expenses, documentation of performance and the admission of Investors; (ii) all operating expenses of the Funds such as tax preparation fees, governmental fees and taxes, administrator fees, communications with Investors, and ongoing legal, accounting, auditing, bookkeeping, consulting and other professional fees and expenses; (iii) all Fund research, due diligence on Managers and investment related costs and expenses (e.g., attending conferences; travel; expenses related to the acquisition of information needed to evaluate, select and monitor Managers and markets; custodial fees); and (iv) all fees and other expenses incurred in connection with the investigation, prosecution or defense of any claims, assertion of rights or pursuit of remedies, by or against the Funds, including, without limitation, professional and other advisory and consulting expenses and travel expenses, and whether or not pursuant to bankruptcy or other legal proceedings, or participation in informal committees of creditors or other security holders of an issuer.

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

All fees paid to Firm for investment advisory services are separate and distinct from the fees and expenses charged by Managers to their investors. These fees and expenses are described in each Manager's offering memorandum, private placement memorandum, subscription agreement and/or prospectus. These fees will generally include a management fee and incentive fee, other expenses, and a possible distribution fee. If the Manager also imposes sales charges, a Client may pay an initial, deferred, or ongoing sales charge. A Client may be able to invest in a hedge fund and/or private placement investment directly, without the services of Firm. In that case, the Client would not receive the services provided by Firm which are designed, among other things, to assist the Client in determining which vehicle or vehicles are most appropriate to such Client's financial condition and objectives.

- (D) **Fees Paid in Advance:** For the Funds, the Management Fee is generally payable monthly *in advance*. For a separately managed account, Management Fees are calculated and deducted as specified in the relevant investment advisory agreement, typically quarterly *in advance*.

Termination of Services:

Separately Managed Accounts: A Client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. In the event no written notice of termination is received from the Client, closure of all accounts serves as notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The Client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

Funds: Investors may withdraw a minimum of \$25,000 on the last day of any quarter and at such other times as Firm may determine in its sole discretion (each such date shall be referred to herein as a "Withdrawal Date") upon at least 65 days' prior written notice. Partial withdrawals may not be made if they would reduce an Investor's capital account balance to below \$1,000,000, unless authorized by Firm. An Investor may not withdraw any of the amounts in its capital account that are attributable to illiquid investments held in a side pocket account until such time that the investment (or the proceeds thereof) is reallocated to the Investor's capital account. Additional restrictions may apply with respect to side pocket accounts.

- (E) **Additional Compensation of Supervised Persons:** No supervised person accepts compensation for the sale of securities or other investment products.

- (i) This practice presents a conflict of interest and gives Firm or its supervised persons an incentive to recommend investment products based on the compensation received, rather than on a particular Client's needs. Firm endeavors to disclose herein all conflicts of interest which could impair the rendering of unbiased and objective advice. Lower fees for comparable services may be available from other sources. **N/A**

- (ii) All Clients have the option to purchase investment products that Firm recommends through other brokers or agents that are not affiliated with Firm and/or not used by Firm. **N/A**
- (iii) If commissions provide more than 50% of Firm's revenue or compensation, disclose: **N/A**
- (iv) Firm does/does not reduce advisory fees to offset the commissions and/or markups that it receives, as follows: **N/A**

Item 6.

Performance Based Fees and Side-by-Side Management:

Funds: In addition to the Management Fee, Firm is compensated for its investment management services through an incentive allocation and/or fee, also known as a performance-based allocation and/or fee ("Performance Fee"). Under this arrangement, a Client will be charged a fee contingent upon the performance within the Client's account. Clients who reside in the United States and who are charged Performance Fees are required to be qualified clients as defined under the Investment Advisers Act of 1940 ("Advisers Act"). The Performance Fee will be tied to the capital appreciation within the account as evaluated at the end of each applicable period. The Performance Fee will be payable quarterly, in arrears. Firm shall also receive the Performance Fee upon any withdrawal by an investor, whether voluntary or involuntary, and upon dissolution of a Fund. However, the Performance Fee shall not include any change in the value of an illiquid investment held in a side pocket account, until such illiquid investment (or the proceeds thereof) is reallocated from the side pocket account to the capital accounts of participating Clients. The Performance Fee will be calculated at 10% of profits, subject to a high water mark calculation, on a quarterly basis. Firm, in its sole discretion, may waive or reduce the Performance Fee with respect to any investor for any period of time, or agree to modify the Performance Fee for that investor. Firm may, in its discretion, reallocate a portion of the Performance Fee to certain investors. The Managers in which the Funds invest may be entitled to performance compensation based on the appreciation (usually including unrealized appreciation) in the value of the respective Fund's account with the Manager.

Separately Managed Accounts: Firm does not charge a Performance Fee on Client assets held in separately managed accounts.

Generally: In order for Firm to receive a Performance Fee, Firm must achieve capital appreciation within the account. Firm will charge Performance Fees in adherence to a high water mark, which means that no Performance Fee will be earned unless the performance exceeds the previously achieved high water mark where Performance Fees were charged. The high water mark will be used in order to prevent a scenario whereby Firm could receive a Performance Fee merely for recouping prior losses. A full description of the entire fee arrangement will be disclosed in each Fund's private placement memorandum. Fees generally are deducted directly from the Client's account, as specified in the relevant Fund documents. Firm's receipt of Performance Fees is intended to align Firm's interests with those of Firm's Clients and to provide Firm with a greater incentive to manage assets well. The nature

of the Performance Fee, however, creates a potential conflict of interest among Firm, its associated persons, and Clients.

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 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 Firm's compensation is based in part on the unrealized appreciation of securities or instruments for which market quotations are not readily available, 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 Firm values any such securities or instruments, it has a conflict of interest as Firm will receive higher Management Fees and Performance Fees if it gives such securities and instruments higher valuations. Firm does not represent that the amount of the Performance Fees or the manner of calculating the Performance Fees is consistent with other performance related fees charged by other investment advisers under the same or similar circumstances. The Performance Fees charged by 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 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, 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, 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, Firm may receive greater fees if the investment generates a positive return. Notwithstanding the foregoing, Firm does not favor accounts that pay Performance Fees.

Item 7. Types of Clients:

Firm's Clients are separately managed accounts and private investment funds whose investors are individuals, pension and profit sharing plans, trusts, estates, charitable organizations, insurance companies, hedge funds and other private placement investments, corporations, and other business entities. The minimum investment in the Funds is \$1,000,000 and the minimum subsequent investment is \$25,000. However, in each case, Firm has discretion to accept lesser amounts. There is no specific minimum investment required for a separately managed account.

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

(A) Methods of Analysis and Investment Strategies:

General: The following description is merely a summary, and you should not assume that any descriptions of the specific activities in which Firm may engage are intended in any way to limit the types of investment activities which Firm may undertake or the allocation of Client capital among such investments. Firm reserves the right to alter any investment policy or strategy as deemed appropriate from time to time in its

discretion without obtaining prior Client approval.

Separately Managed Accounts: Firm provides investment supervisory services through its portfolio management service, defined as giving continuous advice to a Client or making investments for a Client based on the individual needs of the Client.

Based on the Client's particular circumstances, Firm develops a Client's personal investment strategy and creates and manages a portfolio based on that strategy. Firm will manage advisory accounts either on a discretionary or non-discretionary basis. Account supervision is guided by the stated objectives of the Client.

Firm will allocate the Client's assets among various investments taking into consideration the overall objectives of the Client. Firm will generally create a portfolio consisting of various investments and may subdivide the portfolio, in part, among other investment advisers, including hedge funds and other private placement investments. Firm may include various investments within Client portfolios, depending on Client needs, such as (but not limited to) individual equities, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual funds, exchange traded funds, United States government securities, and option contracts on securities.

Firm may perform a management search of various independent Managers (investment advisers, commodity trading advisers or commodity pool operators, as previously defined) who will manage specific portions of the Client's portfolio, on behalf of the Client. Firm will determine which Manager(s) is appropriate for the Client based on the individual needs and circumstances of the Client. Factors considered in making this determination include the sum of investments relative to the total dollar value of the Client's advisory portfolio, the Client's stated risk tolerance, the Client's prior experience with investments, the Client's opinion of the recommended Manager(s), and the investment philosophy of the Manager(s).

For those Client accounts for which Firm utilizes Managers, Firm will allocate the Client's assets to/from the Manager, taking into consideration the Client's personal investment objectives.

The Manager may use money market mutual funds to sweep unused cash balances until they can be appropriately invested. The Client should refer to the Manager's Form ADV disclosure document (or other disclosure brochure in lieu of the Form ADV disclosure document) for information regarding the practices of that Manager.

Where Firm engages a Manager on behalf of the Client, Firm will provide the Client with a copy of the Manager's Form ADV disclosure document (or other disclosure brochure in lieu of the Form ADV disclosure document) and privacy statement. However, Firm considers itself the Client's primary contact and requests it convey all communications to/from the Manager.

Firm will continuously monitor the Manager, on behalf of the Client. Firm will provide reports to the Client at periodic intervals, as determined by the Client, reviewing the performance of the Manager.

If Firm has discretion over the Client's portfolio and believes that a particular Manager is performing inadequately, or if Firm believes that a different Manager is more suitable for a Client's particular needs, then Firm may transfer the appropriate portion of the Client's account to a different Manager.

If Firm does not have discretion over the Client's portfolio, Firm may suggest transferring assets and may assist the Client in selecting a new Manager. However, any move to a new Manager is solely at the discretion of the Client.

Managers will be selected on the basis of any or all of the following criteria:

- The quality and experience level of the investment team;
- The performance history of the investments;
- The industry sectors utilized;
- The track record of the managers;
- The investment objectives;
- The management styles and philosophies, and;
- The Manager's fee structures.

Portfolio weighting among Managers (which may include private investment funds and mutual funds and strategies with a focus on various market sectors) will be determined by each Client's individual needs and circumstances.

Clients should understand that investing in private investment funds may include additional degrees of risk. Private investment funds are not registered investment companies under the Investment Company Act of 1940. As such, they are not regulated in the same manner, nor are they subject to the same requirements, as investment companies such as mutual funds.

In addition, private investment funds are not traded on any public market or exchange. As such, the valuation of private investment funds may not always be easily determinable. Private investment funds are not generally considered liquid investments.

Clients will have the opportunity to place reasonable restrictions on the types of investments that will be made on the Client's behalf. Clients will retain individual ownership of all securities.

As noted above, Firm may, when appropriate for the needs of the Client, recommend the use of option writing or may implement such usage based on Firm's discretionary authority. Because this investment strategy involves certain additional degrees of risk, it will only be used, or recommended, if Firm does not have discretion, when consistent with the

Client's stated tolerance for risk.

Funds: Whether through Managers or direct investments, the assets of the Funds may be invested in a wide variety of securities, commodities and other 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, asset-backed securities, limited partnership or limited liability company interests, mutual fund shares, closed-end investment funds, options, warrants, commodities, futures contracts, currencies (including forward contracts thereon), precious metals, derivative products of all types (including interest rate and currency derivatives, forward contracts and structured/indexed securities), monetary instruments and cash and cash equivalents.

Firm believes that a properly-diversified portfolio should include a significant allocation to alternative investment strategies, defined by Firm as those strategies employing sophisticated techniques to moderate volatility, enhance return and capitalize on anomalies and other market opportunities unavailable to traditional managers due to restrictions on their trading practices and on the asset classes in which they invest. In addition to investing in equity and fixed-income markets, alternative investment Managers may employ their advanced trading, hedging and arbitrage strategies in currencies, commodities, futures, options and other derivatives, and often in combinations thereof. These Managers are not typically measured by their performance relative to benchmark indices, but rather by their ability to generate absolute returns regardless of the direction of the underlying markets in which they invest. Exposure to these alternative strategies is essential to providing attractive risk-adjusted returns for the total client portfolio while meaningfully dampening overall portfolio volatility. The Funds were created to provide such exposure.

Firm seeks to invest the Funds' assets with a core team of established leaders in the alternative investment community – those that truly represent excellence in each Manager's respective discipline. Additionally, Firm may seek to identify and invest with emerging and developing Managers that Firm believes have potential to become new leaders in their respective specialties, and whose investment programs are complementary to those of the core portfolio without adding undue risk.

In its multi-manager approach, the Funds deploy capital among specialist Managers that Firm believes have exemplary track records in their respective strategies. Although each Manager's returns may vary somewhat from month to month, as short-term economic and market factors affect the outcome of the Manager's individual investment strategy, the Funds seek to provide relatively consistent returns by diversifying allocations among investment strategies that have low correlation to one another as well as to the broader markets in which they invest. In order to further reduce risk, the types of Managers in which the Funds invest typically rely on different performance drivers, often exploiting different phenomena in different markets and over different time frames. As a result, Firm expects the Funds to provide attractive, equity-like returns in various market conditions, with substantially less volatility than the equity markets themselves.

The Funds generally invest in Managers with significant minimum investment requirements (typically from \$500,000 to \$5 million or more for each individual strategy). Therefore, a very large investment would otherwise be required to achieve the level of diversification offered by the Funds. Many of the Managers with which the Funds invest are either closed to new investors, difficult to access, or not broadly known or marketed. The above factors combine to make replication of the Funds' portfolios extremely difficult, if not impossible, by most outside investors.

Firm does not intend to commit capital to an investment strategy or vehicle unless most, if not all, of the following objective criteria are met at the time of the investment. The Manager generally must:

- Have established an outstanding investment performance record and have a wealth of experience in portfolio management in general, and in executing its current strategy in particular;
- Be dedicated to and focused exclusively on an investment strategy that is clearly defined;
- Place a strong emphasis on risk management;
- Have a reasonable amount of capital under management but be strictly committed to the efficient execution of the investment strategy, prioritizing returns over growth in assets;
- Have an organizational infrastructure sufficiently developed in light of its resources and place a strong emphasis on excellence in back office operations;
- Have performance compensation, if charged, that is subject to a "high water mark" provision requiring the restoration of any losses before the investment manager becomes entitled to its performance compensation;
- Have its annual financial statements audited by a recognized independent public accounting firm;
- Be advised by a recognized independent law firm; and
- Be well-respected in the investment community and have an excellent reputation that can be verified through references from accountants, law firms, investors and other third parties.

Firm believes that emerging and developing managers often require additional points of consideration. Specifically, when evaluating such managers, Firm favors those that:

- Have extensive prior experience and institutional-quality risk controls; and
- Have a corporate culture in which each individual on the management team is expected to have a substantial portion of his or her personal financial assets at stake in the strategy, with

a significant portion of his or her income based on the performance of such strategy.

Only after completion of the due diligence process will Firm make a final investment decision. Moreover, as Firm believes that due diligence is an ongoing process, both Managers with whom the Funds are invested and those Managers that are candidates for future investment are regularly monitored for adherence to the foregoing.

The above criteria reflect general principles of Firm and thus, it is possible that some of the Managers will not meet all of such criteria.

Strategies of the Managers: Firm believes that a methodical approach to asset allocation is critical to delivering consistent returns within acceptable volatility parameters. Therefore, Firm regularly evaluates and monitors the portfolio for deviations from expected return patterns at both the individual Manager and total portfolio levels. Analysis may include quantitative factors such as portfolio and Manager performance relative to appropriate alternative investment universes and sub-universes, Manager correlation to various benchmark indices and cross-correlation among Managers. As well, Firm analyzes qualitative factors such as overall strategy weightings in light of current and expected market conditions to optimize expected portfolio results. Although Firm may invest with Managers representing any type of style or strategy, Firm tends to favor investment strategies in which the risks are more clearly identifiable, and can be readily managed through proper asset allocation. Firm tends to avoid strategies that appear to involve too much risk and may have the ability to create unnecessary volatility at the total portfolio level. The investment strategies Firm tends to generally favor include the following:

Equity Long/Short: This directional strategy involves investing on both the long and short side of the equity market to reduce volatility and enhance returns. Strategies may be based on both quantitative and fundamental factors; and, portfolio exposure may be achieved using equities, options, futures or combinations thereof. Some Managers may be opportunistic and not restricted to a specific directional bias, while others have requirements to maintain a certain minimum net directional exposure. Additionally, Managers may have broad mandates, or may be focused on specific geographic regions, market capitalization ranges or market sectors.

Equity Market Neutral: This strategy is designed to exploit equity market inefficiencies and usually involves being simultaneously long and short in matched equity portfolios within a geographic region. Portfolio neutrality may be measured in beta or currency terms, or both. Well-designed portfolios typically control for industry, sector, market capitalization and other exposures. Leverage is often used to enhance returns; but, liquidity concerns typically limit this strategy to the major developed markets around the world.

Event-Driven: Managers in this area exploit opportunities created by significant corporate events such as spin-offs, mergers and acquisitions, industry consolidations, liquidations, reorganizations, recapitalizations and share buybacks, bankruptcies, distressed situations and other extraordinary corporate transactions. Event-driven trading involves

attempting to assess the potential outcome of a particular transaction as well as determining the optimal time at which to commit capital to it. The uncertainty about the outcome of these events creates investment opportunities for Managers who can correctly anticipate these outcomes. As such, event-driven investing includes distressed securities, value-with-a-catalyst and special situations investing. Some event-driven Managers utilize a core strategy; while, others opportunistically make investments across different types of events. Instruments include long and short common and preferred stocks, as well as debt securities, warrants, stubs and options. Event-driven Managers may also utilize derivatives such as index put options or put option spreads, to leverage returns and to hedge out interest rate and market risk. Event-driven Managers do not rely on market direction for results and have low to moderate expected volatility.

Global Macro: Global macro Managers may carry long and short positions in any of the world's major capital or derivative markets. These positions reflect their view on overall market direction as influenced by major economic trends and events. The portfolios of these Managers may include stocks, bonds, currencies, and commodities in both cash and derivative formats. Managers may use highly opportunistic investment strategies, investing on both the long and short side of the markets. The portfolios may be highly leveraged and are typically invested globally in both developed and emerging markets. Due to the broad reach of this strategy, allocations to global macro Managers have the potential to reduce overall portfolio volatility, and further to reduce portfolio correlation to the traditional markets.

Managed Futures: Managers employing this strategy trade in the listed financial and commodity futures markets around the world, and may also trade in the global currency markets. While most Managers apply their individual disciplines to the markets using a systematic approach, a small subset use a discretionary approach. The systematic approach tends to use price and market-specific information in determining investment decisions; while, the discretionary approach adds to this by incorporating broader economic and political fundamentals. Most Managers trade a diversified range of markets and contracts and seek to identify trends in each. Differences in strategies include time horizons, asset allocation, contract selection, contract weighting, the treatment of short-term market "noise," and the use of leverage.

Multi-Strategy: Managers using a multi-strategy approach have developed the capability to effectively employ more than one of the strategies listed herein. Many also utilize advanced asset allocation models to optimize strategy weightings in the portfolio, and hedge overlays to reduce volatility.

Relative Value Arbitrage: Managers in this area make investments that derive returns from the relationship between two related securities rather than from the direction of a specific market. Generally, Managers take offsetting long and short positions in similar or related securities when their values, which are mathematically or fundamentally interrelated, are temporarily decoupled. Profits are derived when the skewed relationship between the securities valuations returns to normal. Relative value arbitrage Managers may engage in one or more of the following: statistical arbitrage, capital structure arbitrage, convertible arbitrage,

structured discount convertibles (Regulation D securities) arbitrage, fixed income arbitrage, pairs trading, and options and warrants trading.

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

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

Concentration of Investments: Firm does not limit the amount of assets that may be invested in a single Manager, company, security, country, industry, sector or asset class, and Firm does not subject Client portfolios to any formal policies regarding diversification. The concentration of portfolios in any one Manager, issuer, industry or country would subject the portfolios to a greater degree of risk with respect to the failure of one or a few issuers, or with respect to economic downturns in relation to such industry, country or region. Although Firm seeks to obtain some diversification by investing with a number of different Managers, it is possible that several Managers, or Firm, may take substantial positions in the same security or group of securities at the same time. Thus, there is the risk that one of the strategies or techniques may have a disproportionate share of a portfolio's assets.

Investments in Securities and Other Assets Believed to Be Undervalued: Firm may invest with Managers that invest in undervalued securities. The identification of such investment opportunities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While such investments offer the opportunities for above-average capital appreciation, they also involve a high degree of financial risk and can result in substantial losses. Returns generated from a Manager's investments may not adequately compensate for the business and financial risks assumed. Such investments can sometimes include bonds and other fixed income securities, including, without limitation, commercial paper and "higher yielding" (and, therefore, higher risk) debt securities. It is likely that a major economic recession could severely disrupt the market for such investments and severely impact on their value. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such obligations to repay principal and pay interest thereon and increase the incidence of default for such securities. Additionally, there can be no assurance that other investors will ever come to realize the value of some of these investments, and that they will ever increase in price. Furthermore, the Managers may be forced to hold such investments for a substantial period of time before realizing their anticipated value. During this period, a portion of Clients' assets would be committed to the investments made, thus possibly preventing Clients from investing in other opportunities.

Small Companies: Firm may invest with Managers that invest a portion of their assets in small and/or unseasoned companies with small market capitalization (such as spin-offs of large companies). Such companies generally have potential for rapid growth, but they often involve higher risks because they may lack the management experience, financial resources, product diversification and/or competitive strength of larger and/or more established 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, a Manager may have to sell portfolio holdings of such companies 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.

Leverage: When appropriate and subject to applicable regulations, Firm and the Managers may use leverage in their investment program and may use 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. To the extent Firm and the Managers purchase securities with borrowed funds, Clients' assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the investment results of the Clients. If the interest expense on borrowings were to exceed the net return on the investments made with borrowed funds, Firm's use of leverage would result in a lower rate of return than if Firm or the relevant Manager were not leveraged.

If the amount of borrowings that a Client may have outstanding at any one time is large in relation to its capital, fluctuations in the market value of the Client's portfolio will have disproportionately large effects in relation to the 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 value of the portfolio to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the additional monies borrowed fails to cover their cost, the value of the portfolio will generally decline faster than would otherwise be the case.

Certain of Firm's or Managers' trading and investment activities in securities and other financial instruments may be subject to the Federal Reserve Board ("FRB") margin requirements, which are computed each day. At present, the FRB's Regulation T permits a broker to lend no more than 50% of the purchase price of "margin stock" bought by a customer. When the market value of a particular open position changes to a point where the margin on deposit does not satisfy maintenance margin requirements, a "margin call" on the customer is made. If the customer does not deposit additional funds with the broker to meet the margin call within a reasonable time, the customer's position may be closed out. In the event of a precipitous drop in the value of the assets managed by Firm or any Manager, such entity might not be able to liquidate assets quickly enough to pay off the margin debt and might suffer mandatory liquidation of positions in a declining market at relatively low prices, incurring substantial losses. With regard to Fund investments, the Fund, and the Investors personally, will be subject to any margin calls. However, with regard to a separately management account, the Client personally will be subject to any margin calls.

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. Clients 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: Firm and the Managers may sell securities short. Short selling involves the sale of a security that Clients do 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, Clients must borrow securities from a third party lender. 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. Managers and Clients 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: Firm or the Managers may invest 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, currencies or other assets underlying them. Clients 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, currencies or other assets. Accordingly, options on highly volatile securities, currencies or other assets may be more expensive than options on other investments.

Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument or asset 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 or asset 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 or asset at the exercise price.

If a put or call option purchased by Clients were permitted to expire without being sold or exercised, such Clients would lose the entire premium they 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 instrument or asset caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold to such Clients 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 instrument or asset caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold by such Clients 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 instrument or asset above the exercise price of the option. This risk is enhanced if the instrument or asset being sold short is highly volatile and there is a significant outstanding short interest. These conditions exist in the stocks of many companies. The instrument or asset necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing instruments or assets to satisfy the exercise of the call option can itself cause the price of the instruments or assets 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 Clients of all or a substantial portion of their 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.

Hedging Transactions: Investments in financial instruments such as forward contracts, options, commodities and interest rate swaps, caps and floors, and other derivatives are commonly utilized by investment funds to hedge against fluctuations in the relative values of its portfolio positions as a result of changes in currency exchange rates, interest rates and/or the equity markets or sectors thereof. Any hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase. Moreover, it may not be possible for Firm to hedge against a fluctuation at a price sufficient to protect the Clients' assets from the decline in value of the portfolio positions anticipated as a result of such fluctuations. For example, the cost of options is related, in part, to the degree of volatility of the underlying instruments or assets. Accordingly, options on highly volatile instruments or assets may be more expensive than options on other instruments or assets and of limited utility in hedging against fluctuations in their prices.

Firm is not obligated to establish hedges for portfolio positions and may not do so. To the extent that hedging transactions are effected, their success is dependent on Firm's ability to correctly predict movements in the direction of currency and interest rates and the equity markets or sectors thereof.

Investments in Non-U.S. Investments: Although Firm typically invests with Managers who invest primarily through the U.S. securities markets, certain Managers, as well as Firm, also invest and trade a portion of Client assets in non-U.S. securities and other assets (through ADRs and otherwise), 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. Such risks which 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 and other assets often trade in currencies other than the U.S. dollar, and Clients may directly hold foreign currencies and purchase and sell foreign currencies through forward exchange contracts. Changes in currency exchange rates will affect the Clients' portfolio value, the value of dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of the Clients' 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 the Clients' foreign currency holdings. If the Clients enter into forward foreign currency exchange contracts for hedging purposes, they may lose the benefits of advantageous changes in exchange rates. On the other hand, if the Clients enter forward contracts for the purpose of increasing return, they may sustain losses.
- Foreign securities, commodities and other 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 the operations of issuers in such markets.

Futures Contracts: Trading futures and commodities is a highly risky strategy for Clients. Whenever Firm or a Manager purchases a particular future and/or commodity, there is a possibility that it may sustain a total loss in excess of its purchase price. The prices of futures and commodities are, in general, much more volatile than prices of securities. As a result, the risk of loss in trading futures and commodities is substantially greater than in trading those securities. Prices of futures react strongly to the prices of the underlying commodities. The prices of these underlying commodities, in turn, rise and fall based on changes in interest rates, international balances of trade, changes in governments, wars, weather and a host of other factors that are entirely beyond the control of the Firm and that are very difficult (and perhaps impossible) for Firm or the Managers to predict.

Futures Margin Deposit: Firm may invest Client assets with Managers that invest a portion of their assets in futures. Because futures are customarily bought and sold on margin that ranges upward from less than 5% of the value of the position being traded, price fluctuations in futures markets may create profits and losses which are greater than are customary in other forms of investment. Margin is the amount of funds that must be deposited by an investor with his dealer in order to secure his obligation to pay for positions he transacts. The margin maintained must be marked to market daily, requiring additional deposits if the related position reflects a loss, which reduces the equity on deposit

below the required maintenance level. Conversely, if the position reflects a gain above the required maintenance level, such gain may be released to the investor's account at the dealer. Dealers may, at their discretion, increase their minimum margin requirements. While the Funds are liable for margin calls only to the extent of their assets, a large portion of which will be continually maintained with the custodian or broker, separately managed account Clients are liable for all losses incurred, without such limitation.

Commodity Trading Risk in Non-U.S. Markets: Firm and the Managers may make commodity investments in non-U.S. markets. In addition to the general risks of commodity trading discussed above, Clients face special risks particular to non-U.S. markets. Non-U.S. commodity markets may have greater risk potential than United States markets. Unlike trading on U.S. commodity exchanges, trading on non-U.S. commodity exchanges may not be regulated by a regulatory body comparable to the Commodity Futures Trading Commission. For example, some non-U.S. exchanges are principal markets so that no common clearing facility exists and a trader may look only to the broker for performance of the contract. In addition, any profits that a Client might realize in trading could be eliminated by adverse changes in the relevant currency exchange rate, or the Client could incur losses as a result of those changes. Transactions on non-U.S. exchanges may include both commodities that are traded on U.S. exchanges and those that are not.

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

Item 9. Disciplinary Information:

Legal and disciplinary events in which Firm or any supervised persons have been involved that are material to a Client's or prospective client's evaluation of Firm's advisory business or management are listed below (see response after each event).

- (A) A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which Firm or a management person:
- (i) Was convicted of, or pled guilty or nolo contendere ("no contest") to: (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses. **N/A**
 - (ii) Is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses. **N/A**
 - (iii) Was found to have been involved in a violation of an investment-related statute or regulation. **N/A**
 - (iv) Was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a

management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order. **N/A**

(B) An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which Firm or a management person:

(i) Was found to have caused an investment-related business to lose its authorization to do business. **N/A**

(ii) Was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority:

a. Denying, suspending, or revoking the authorization of Firm or a management person to act in an investment-related business. **N/A**

b. Barring or suspending Firm's or a management person's association with an investment-related business. **N/A**

c. Otherwise significantly limiting Firm's or a management person's investment-related activities. **N/A**

d. Imposing a civil money penalty of more than \$2,500 on Firm or a management person. **N/A**

(C) A self-regulatory organization (SRO) proceeding in which Firm or a management person:

(i) Was found to have caused an investment-related business to lose its authorization to do business. **N/A**

(ii) Was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500. **N/A**

Item 10. Other Financial Industry Activities and Affiliations:

(A) Firm has no existing or pending affiliations with a broker-dealer or a registered representative of a broker-dealer. **N/A**

(B) PWG is a registered commodity pool operator (CPO). Stephen F. Segundo, William H. Coverley and Michael M. Anderson, each a member of Firm, are principals of PWG Partners II, LLC, a CPO. Firm has no existing or pending affiliations with a Futures Commission Merchant (FCM) or Commodity Trading Advisor (CTA).

(C) 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). *In addition to the Funds discussed at Item 4 and Item 8, principals of Firm are involved with management of PWG Partners II, LLC, as described in Item 10.(C)(iv) below. A conflict of interest is created with Clients because Firm has an incentive to recommend that Clients invest in affiliates of Firm, thereby increasing the compensation received by Firm and/or its principals. Firm addresses such conflicts of interest by honoring its obligation to act in the best interests of Clients and by disclosing such conflicts of interest to Clients.*
- (iii) Other investment adviser or financial planner. **N/A except as discussed at Item 4 and Item 8.**
- (iv) Futures commission merchant, commodity pool operator, or commodity trading advisor. *PWG Partners II, LLC was formed as a separate CPO for the exclusive purpose of launching and managing one or more private investment funds investing solely in managed futures. Its first offering, PWG Managed Futures, LLC, is a multi-advisor commodity pool allocating to a select group of recognized leaders in the managed futures industry. The principals of PWG Partners II, LLC are Stephen F. Segundo (Managing Member), William H. Coverley (Member) and Michael M. Anderson (Member). A conflict of interest is created with Clients because Firm has an incentive to recommend that Clients invest in affiliates of Firm, thereby increasing the compensation received by Firm and/or its principals. In addition, a portion of the principals’ time will be dedicated to activities other than those of Firm. Firm addresses such conflicts of interest by honoring its obligation to act in the best interests of Clients and by disclosing such conflicts of interest to Clients.*
- (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) Firm recommends or selects other investment advisers for Clients: *Please refer to Item 4., Item 8., Item 10.(C)(ii) and Item 10.(C)(iv) above.*

Item 11. Code of Ethics, 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 Firm; (3) observe Firm's personal trading policies so as to avoid conflicts of interests between 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 Firm's chief compliance officer and that personnel who violate the Code of Ethics are subject to sanctions by Firm, up to and including termination.

Participation or Interest in Client Transactions: Firm recognizes that the personal securities transactions of its employees demand the application of a high code of ethics, and 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, Firm believes that if investment goals are similar for Clients and for employees of Firm, it is logical and even desirable that there be common ownership of some securities. Firm and its related persons may invest their personal assets in the Funds. Therefore, in order to address conflicts of interest, 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, 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 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 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. Records will be maintained of all securities bought and sold by associated persons and related persons.

Additionally, the Code of Ethics sets forth Firm's policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary duties that 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 Firm and its Affiliates: Neither 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, 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: Firm has internal controls in place to prevent trade errors from occurring. On those occasions when such an error nonetheless occurs, Firm will use reasonable efforts to correct the error. If the error cannot be corrected, Firm does not intend to make any adjustment, regardless of whether the error works to the benefit or detriment of the Client. 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: Firm has adopted a privacy policy that explains the manner in which 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, 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 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 Funds; and
- Information about any bank accounts Clients may use for transfers to or from separately managed accounts.

Firm does not sell or rent Client information. 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 Firm can provide such Clients with quality products and superior service; and to protect and administer its Clients' records, accounts and funds. 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, Firm may share nonpublic personal information in the following situations:

- To service providers in connection with the administration and servicing of Firm; this may include attorneys, accountants,

auditors and other professionals. Firm may also share information in connection with the servicing or processing of Fund 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 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:

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

Firm maintains safeguards that comply with federal standards to protect Client information. 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 Firm shares Client information must agree to follow appropriate standards of security and confidentiality. Firm's privacy policy applies to both current and former Clients. Firm may disclose nonpublic personal information about a former Client to the same extent as for a current Client.

Changes to Privacy Policy:

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

Opt Out Provision: Please be advised that Clients have the right to "opt out" of the information sharing as set forth above.

- (B) If Firm or a related person recommends to Clients, or buys or sells for Client accounts, securities in which Firm or a related person has a material financial interest, describe Firm's practice and discuss the conflicts of interest it presents. Describe generally how Firm addresses conflicts that arise. *Please refer to Item 11.(A).*
- (C) If Firm or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that Firm or a related person recommends to Clients, describe Firm's practice and discuss the conflicts of interest this presents and generally how Firm addresses the conflicts that arise in connection with personal trading. *Please refer to Item 11.(A).*

- (D) If Firm or a related person recommends securities to Clients, or buys or sells securities for Client accounts, at or about the same time that Firm or a related person buys or sells the same securities for Firm's own (or the related person's own) account, describe Firm's practice and discuss the conflicts of interest it presents. Describe generally how Firm addresses conflicts that arise. *Please refer to Item 11.(A).*

Item 12. Brokerage Practices:

- (A) **Selection of Broker-Dealers:** From time to time, Firm may have the discretionary authority to determine the broker dealer to be used or the commission rates to be paid with regard to the Funds. However, separately managed account Clients must direct Firm as to the broker-dealer to be used for their account(s). Once approved by the Client, Firm may have the discretion to determine the price and quantity of the securities to be purchased or sold. For Clients directing the use of a particular broker-dealer, it should be understood that Firm may not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to other Clients.

For Clients in need of brokerage or custodial services, and depending on Client circumstances and needs, Firm may recommend the use of one or more of several broker-dealers, provided such recommendation is consistent with Firm's fiduciary duty. Typically, Firm will recommend Pershing LLC as custodian broker-dealer, with Pershing Advisor Solutions LLC, as introducing broker. Clients should evaluate any custodian broker-dealers independently before opening an account. Firm will consider the broker's ability to provide professional services, Firm's experience with the broker, the broker's reputation, and the broker's quality of execution services and costs of such services, among other factors.

Firm may block trades where possible and when advantageous to Clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple Clients' accounts so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading allows Firm to execute equity trades in a more timely and equitable manner, and may reduce overall commission charges to Clients. Firm can only affect block trades for those Clients who direct the use of the same broker-dealer. Trades for associated persons of Firm may be included in Client block trades. Generally, Firm is not involved in selecting the broker-dealers used by Managers. Factors the Managers (as well as Firm when it recommends a broker-dealer) may consider in selecting or recommending broker-dealers for transactions and determining the reasonableness of their compensation are generally described below:

- (i) **"Soft Dollar" Policy:** *Firm does not utilize soft dollars.* However, Managers may be offered, in addition to research services, other non-monetary benefits by broker-dealers that they may engage to execute securities transactions. These benefits may take the form of special execution capabilities, clearance, settlement, online pricing, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, order of call, online

access to computerized data regarding Managers' accounts, performance measurement data, consultations, economic and market information, portfolio strategy advice, industry and company comments, technical data, recommendations, general reports, efficiency of execution and error resolution, quotation equipment and services, the availability of stocks to borrow for short trades, custody, travel, record keeping and similar services. These other services may also include payment of all or a portion of the Managers' or their affiliates' administrative costs and expenses of operation, such as: office rent; office equipment and supplies; utilities (e.g., electricity, gas, oil, water); taxes; storage; employee salaries, *including, but not limited to*, bonuses, contingent salaries, and any other form of compensation determined by the Managers, and benefits (including medical, dental and worker's compensation insurance); temporary help; recruiting services; newswire and quotation equipment and services (e.g., Reuters, Bloomberg, Bridge, First Call); data processing charges; periodical subscription fees (e.g., The Financial Times, The Wall Street Journal, The New York Times, Investors Business Daily); computer equipment used for brokerage or research purposes (e.g., computers, computer hardware, software, hard drives, monitors, PDAs, LANs) and related technical support, repair and maintenance; television and cable services used for research purposes; telephone and facsimile charges, equipment and installation and maintenance costs (e.g., telephones, telephone lease, telephone and facsimile lines, cellular phones used for business purposes, telephone call recording equipment, headsets, cordless phones, speaker phones, telephone switchboards and monthly and long distance telephone charges); facsimile machines and facsimile rental and repair costs; account record-keeping and related clerical services; printing services; messenger services; postal and courier expenses; car service; expenses incurred in connection with investigating and researching issuers of securities and attending research conferences (e.g., airfare, car rentals, taxi fares, conference fees and related expenses, hotel accommodations and meals); economic consulting services; placement fees and other marketing costs; legal and accounting fees; and other reasonable expenses as determined by the Managers.

The foregoing benefits may be available for use by the Managers in connection with transactions in which Clients will not participate. The availability of these benefits may influence the Managers to select one broker rather than another to perform services for them.

Managers have the option to use "soft dollars" to pay for the research and non-research related services described above. The term "soft dollars" refers to the receipt by an investment adviser of products and services provided by brokers, without any cash payment by the investment adviser, based on the volume of brokerage commission revenues generated from securities transactions executed through those brokers on behalf of the investment adviser's Clients. 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 ("Exchange Act"), 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 investment adviser in the performance of investment decision-making responsibilities. In the event a Manager elects to use its soft dollars for payment of all or a portion of their own or their affiliates' administrative costs and expenses of operation such as office rent, office equipment and supplies, utilities, employee benefits and salaries, newswire and quotation equipment, data processing charges, periodical subscription fees, computer equipment, telephone and facsimile charges and equipment costs, record-keeping services, consulting fees, issuer due diligence expenses, placement fees and other marketing costs, and legal and accounting fees, as more fully described above, such uses of soft dollars are not within the safe harbor afforded by Section 28(e) of the Exchange Act.

The use of brokerage commissions to obtain investment research services and to pay for the administrative costs and expenses of investment advisers or their affiliates creates a conflict of interest between investment advisers and investors because the investors pay for such products and services that are not exclusively for the benefit of investors and that may be primarily or exclusively for the benefit of the investment adviser. To the extent that an investment adviser is able to acquire these products and services without expending its own resources (including management fees paid by investors), such investment adviser's use of soft-dollars would tend to increase its profitability. In addition, the availability of these non-monetary benefits may influence such an investment adviser to select one broker rather than another to perform services for investors. An investment adviser has an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on an investor's interest in receiving the most favorable execution. Moreover, an investment adviser may cause investors to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits.

- a. When a Manager uses brokerage commissions (or markups or markdowns) to obtain research or other products or services, the Manager receives a benefit because it does not have to produce or pay for the research, products or services. *Firm does not utilize soft dollars.*
- b. A Manager may have an incentive to select or recommend a broker-dealer based on the interest in receiving the research or other products or services, rather than on investors' (including Firm's) interest in receiving most favorable execution. *Firm does not utilize soft dollars.*

- c. A Manager may cause investors (including Firm) 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). *Firm does not utilize soft dollars.*
- d. Managers may use soft dollar benefits to service all investors or only those investors that paid for the benefits. Managers may or may not seek to allocate soft dollar benefits to investors proportionately. *Firm does not utilize soft dollars.*
- e. The types of products and services Firm or any related persons acquired with Client brokerage commissions (or markups or markdowns) within Firm's last fiscal year were: *Firm does not utilize soft dollars.*
- f. The procedures Firm used during its last fiscal year to direct transactions to a particular broker-dealer in return for soft dollar benefits Firm received were: *Firm does not utilize soft dollars.*

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

- a. Firm does not consider Client or potential client referrals from a broker-dealer or other third party when selecting or recommending broker-dealers. Regarding Managers, a Manager may direct some brokerage business to brokers who refer prospective investors to that Manager. Because such referrals, if any, are likely to benefit such Manager, but will provide an insignificant (if any) benefit to investors in such Manager (including Firm), such Manager will have a conflict of interest with its investors when allocating brokerage business to a broker who has referred investors to such Manager.
- b. The procedures used during the last fiscal year to direct Client transactions to a particular broker-dealer in return for Client referrals were: **N/A.**

(iii) **Directed Brokerage:**

- a. Does Firm recommend, request or require a Client to direct Firm to execute transactions through a specified broker-dealer: *Please refer to Item 12.(A).* Not all investment advisers recommend, request or require Clients to direct brokerage.
- b. Does Firm permit a Client to direct Firm to execute transactions through a specified broker-dealer: *Please refer to Item 12.(A).* Not all investment advisers

recommend, request or require Clients to direct brokerage.

(B) **Aggregation of Orders:** Firm may block trades where possible and when advantageous to Clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple Clients' accounts so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading allows Firm to execute equity trades in a more timely and equitable manner, and may reduce overall commission charges to Clients. Firm can only affect block trades for those Clients who direct the use of the same broker dealer. Firm may aggregate trades for itself or for its associated persons with client trades, providing that the following conditions are met:

- Firm's policies for the aggregation of transactions are hereby fully disclosed in this Brochure and the broker-dealer(s) through which such transactions will be placed; and
- Firm will not aggregate transactions unless it believes that aggregation is consistent with its fiduciary duty to its Clients and is consistent with the terms of Firm's advisory agreement with each Client for which trades are being aggregated; and
- No Client will be favored over any other Client; each Client that participates in an aggregated order will participate at the average share price for all Firm's transactions in a given security on a given business day, with transaction costs shared pro-rata based on each Client's participation in the transaction; and
- Firm will prepare, before entering an aggregated order, a written statement (hereinafter "Allocation Statement") specifying the participating Client accounts and how it intends to allocate the order among those Clients; and
- If the aggregated order is filled in its entirety, it will be allocated among Clients in accordance with the Allocation Statement; if the order is partially filled, it will be allocated pro-rata based on the Allocation Statement. Associated persons of Firm will not participate in partially filled block trades, so as to make all possible trades available to Clients; and
- Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for different allocation is explained in writing and is approved by Firm's chief compliance officer no later than one hour after the opening of the markets on the trading day following the day the order was executed; and
- Firm's books and records will separately reflect, for each Client account, the orders of which are aggregated, the securities held by, and bought and sold for that account; and

- Funds and securities of Clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the Clients' cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for Clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement; and
- Firm will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
- Individual advice and treatment will be accorded to each Client.

Item 13. Review of Accounts:

- (A) While the underlying securities or investments within Client accounts are continuously monitored, these accounts will be reviewed at least quarterly by one or more employees or Members of Firm. All accounts will be reviewed by a senior member of the investment team at least quarterly to determine if the current investment holdings of the account are consistent with the Client's investment objectives. More frequent reviews may be triggered by material changes in variables such as the Client's individual circumstances, or the market, political or economic environment.
- (B) More frequent reviews may be triggered by material changes in variables such as the Client's individual circumstances, or the market, political or economic environment.
- (C) In addition to the monthly and/or quarterly statements and/or confirmations of transactions that separately managed account Clients receive from their respective broker-dealer(s) and/or custodian(s), Firm may provide additional periodic reports as requested. Reports showing performance (unaudited) are sent monthly to the Funds by the qualified custodian and each Manager's respective administrator; and to Investors in the Funds by each Fund's respective administrator. Each Investor in the Funds will receive the following: (i) annual financial statements of the Funds audited by an independent certified public accounting firm; (ii) in the discretion of Firm, a periodic letter, no less frequently than quarterly, from Firm discussing the results of the Funds; (iii) copies of such Investor's Schedule K-1 to such Fund's tax returns (U.S.-based Investors only); and (iv) other reports as determined by Firm in its sole discretion. Additionally, Firm will use its best efforts to provide U.S.-based Fund Investors with GAAP-compliant audited financial statements within 180 days of year end. Separately managed account Clients receive such reports as are agreed upon with the relevant Client. Separately managed account Clients may have access to monthly statements and/or trade confirmations from independent custodians.

Item 14. Client Referrals and Other Compensation:

- (A) Firm does not receive, from any non-Client, any economic benefit associated with advising Clients.

- (B) Firm may enter into arrangements whereby Firm pays to third parties who introduce Clients to Firm a portion of the fees received by Firm from such Clients. Such arrangements are fully disclosed to Clients and are in accordance with, and otherwise comply with, Rule 206(4)-3 under the Advisers Act.

Item 15. Custody:

Client funds and securities are maintained with a qualified custodian. The qualified custodian will send monthly account statements directly to the Funds, and send account statements to separately managed account Clients at least quarterly. The administrator will send monthly account statements to Investors. Account statements should be carefully reviewed. Firm will use its best efforts to provide U.S.-based Fund Investors with GAAP-compliant audited financial statements within 180 days of year end.

Item 16. Investment Discretion:

Firm will manage separately managed accounts either on a discretionary or non-discretionary basis, as indicated in the applicable investment advisory agreement. Firm has discretionary investment authority over the Funds' assets.

Item 17. Voting Client Securities:

- (A) **Funds:** Given that Firm generally recommends investments in vehicles or accounts managed by third parties, such third parties, and not Firm, typically receive and are entitled to vote on proxies in respect of the underlying securities held in such vehicles or accounts.
- (B) **Separately Managed Accounts:** Under the terms of most investment advisory agreements, Firm does not have the authority to vote proxies on behalf of Clients. Clients expressly retain, and Firm is expressly precluded from, the power and authority to vote Client proxies. Clients are responsible for voting their own proxies. However, Firm may provide Clients with consulting assistance regarding proxy issues, as requested.

Item 18. Financial Information:

- (A) Firm solicits prepayment of Management Fees on a monthly basis from the Funds and, typically, on a quarterly basis in from separately managed account Clients. Firm does not solicit prepayment of more than \$1200 in fees per Client six months or more in advance, and thus has not provided a balance sheet according to the specifications of 17 CFR Parts 275 and 279.
- (B) Because Firm has discretionary authority over and/or custody of certain Client funds or securities, Firm has disclosed, as follows, any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients: **None.**
- (C) Firm has not been the subject of a bankruptcy petition during the past ten years.

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