



Firm Brochure

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This brochure provides information about the qualifications and business practices of Private Wealth Partners, LLC and its relying adviser, Blue Water Life Science Advisors, LLC. Private Wealth Partners and its relying adviser may be referred to collectively herein as “the Adviser.” If you have any questions about the contents of this brochure, please contact us at 415-464-2113 or by email at dwong@pwpart.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about the Adviser also is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number known as a CRD number. Our firm’s CRD number is 133802.

Private Wealth Partners, LLC and Blue Water Life Science Advisors, LLC may refer to ourselves as “registered investment advisers.” Registration of an investment adviser with the SEC or with any state securities authority does not imply any level of skill or training.

Important Note about this Brochure

This Brochure is not:

- ***An offer or agreement to provide advisory services to any person;***
- ***An offer to sell interests (or a solicitation of an offer to purchase interests) in the Fund (as defined below);***
- ***An offer to enter into any separately managed account;***
- ***A complete discussion of the features, risks or conflicts associated with any fund, account, or advisory service.***

As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), the Adviser provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in the Fund, together with other relevant governing documents, such as the Fund’s offering or private placement memorandum or an account agreement for an account prior to, or in connection with, such persons’ investment. Additionally, this Brochure is available through the SEC’s Investment Adviser Public Disclosure website.

Although this publicly available Brochure describes investment advisory services and products of the Adviser, persons who receive this Brochure (whether or not from the Adviser) should be aware that it is designed solely to provide information about the Adviser as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant governing documents. More complete information about the Fund, an account or other investments is included in relevant governing documents, certain of which may be provided to current and eligible prospective investors only by the Adviser. To the extent that there is any conflict between discussions herein and similar or related discussions in any governing documents, the relevant governing documents shall govern and control.

Item 2 Material Changes

This updated Brochure reflects the addition of Blue Water Life Science Advisors, LLC (“Blue Water”) as a relying adviser of Private Wealth Partners, LLC and describes additional activities and conflicts associated with Blue Water’s business of advising a private fund.

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Item 4 Advisory Business

Private Wealth Partners, LLC (“Private Wealth Partners”) is a SEC-registered investment adviser with its principal place of business located in California. Private Wealth Partners began conducting business in 2005. William F. Dagley is the principal owner of Private Wealth Partners. Blue Water Life Science Advisors, LLC (“Blue Water”) is the general partner of the Fund (defined below) and provides investment advisory services to the Fund. Blue Water began conducting business in 2017. Nathaniel Cornell is the Managing Member of Blue Water. Private Wealth Partners and Blue Water are together filing a single Form ADV in reliance on the position expressed in the January 18, 2012 Response of the Office of Investment Adviser Regulation, Division of Investment Management to the American Bar Association, Business Law Section. Blue Water is identified as a relying adviser on Section 1.B, Schedule D, of Private Wealth Partner’s Form ADV, Part 1.

Private Wealth Partners and Blue Water Life are referred to collectively herein as “the Adviser”, “our firm”, “we” or “us”.

The Adviser provides the following advisory services to our clients:

INVESTMENT SUPERVISORY SERVICES ("ISS") SELECTION AND MONITORING OF THIRD-PARTY MONEY MANAGERS

INVESTMENT SUPERVISORY SERVICES ("ISS")

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client’s individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

Additionally, Blue Water serves as general partner to the Blue Water Life Science Fund, LP (the “Fund”) and manages the Fund’s investment advisory activities. Private Wealth Partners provides certain administrative services to the Fund.

We manage advisory accounts and the Fund on a discretionary basis. Account supervision is guided by the client's stated objectives (*e.g.*, maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Clients may also place limitations on selling certain securities in their portfolios or deem certain securities as non-discretionary.

The terms of the investment advisory services to be provided to the Fund, including any specific investment guidelines or restrictions, are set forth in the Fund’s operating agreement, limited partnership agreement, offering documents and other relevant materials (“Governing Documents”). Investment advisory services will be provided directly to the Fund and not individually to the investors in the Fund.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities

- Securities traded over-the-counter
- Foreign issuers
- Securities issued by public life science companies
- Warrants
- Corporate debt securities (other than commercial paper)
- Municipal securities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Options contracts on commodities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Other

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

The Adviser also offers investment management services to certain clients who hold a significant amount of publicly traded stock to assist them in earning premium income from writing covered call options. To mitigate the risks associated with the covered call writing strategy, the publicly traded stock held by such a client cannot be:

- a) Restricted from trading on a recognized stock exchange;
- b) Pledged or loaned out; or
- c) Managed or be part of a portfolio that is managed by another investment advisor on a discretionary basis.

SELECTION AND MONITORING OF THIRD-PARTY MONEY MANAGERS

We also offer advisory management services to certain clients through our Selection and Monitoring of Third-Party Money Managers programs (hereinafter, "Programs").

Our firm provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established. This asset allocation strategy is drafted into the Client Investment Guidelines ("CIG").

Based on the client's individual circumstances and needs (as exhibited in the client's CIG), we will then perform management searches of various unaffiliated investment advisers to identify which investment adviser's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client, and the investment philosophy of the selected registered investment adviser. Clients should refer to the selected investment adviser's Firm Brochure or other disclosure document for a full description of the services offered. We are available to meet with clients on a regular basis, or as determined by the client, to review the

account.

Once we determine the most suitable investment adviser(s) for the client, we provide the selected adviser(s) with the client's CIG. The adviser(s) then creates and manages the client's portfolio based on the client's individual needs as exhibited in the CIG.

We monitor the performance of the selected registered investment adviser(s). If we determine that a certain selected investment adviser(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's CIG, we may suggest that the client contract with a different investment adviser and/or program sponsor. Under this scenario, our firm assists the client in selecting a new investment adviser and/or program. However, any move to a new investment adviser and/or program is solely at the discretion of the client.

AMOUNT OF MANAGED ASSETS

As of March 31, 2017, we were actively managing \$732,748,164 of clients' assets on a discretionary basis and \$1,881,375 on a non-discretionary basis. Total assets under management were \$734,629,539.

Item 5 Fees and Compensation

PORTFOLIO MANAGEMENT SERVICES FEES

Clients other than the Fund

Our annual fees for Portfolio Management Services are based upon a percentage of assets under management and generally range from 1.25% to 0.4%. Our fees are negotiable and vary between clients, but typically we charge an annual fee based on a percentage of assets under management according to the following schedules.

a) For Equity or Balanced accounts:

| <u>Annual Fee Rate</u> | <u>Assets under Management</u> |
|------------------------|--------------------------------|
| 1.25% | First \$2,000,000 |
| 0.90% | Next \$3,000,000 |
| 0.60% | Next \$5,000,000 |
| 0.50% | Next \$15,000,000 |
| 0.40% | Balance |

b) For Fixed Income accounts:

| <u>Annual Fee Rate</u> | <u>Assets under Management</u> |
|------------------------|--------------------------------|
| 0.40% | First \$10,000,000 |
| 0.25% | Above \$10,000,000 |

The Fund

The Fund pays a monthly management fee equal to 1/12 of 1.00% (1.00%) annually based on the aggregate capital account and Side Pocket (as defined in the Fund's Governing Documents).

Payment of Fees: Clients other than the Fund are billed quarterly in arrears based on the market value of assets in the portfolio at the close of market on the last day of the calendar quarter. Clients may select to have the fees debited directly from their account, or billed separately. The Fund pays its management fee on a monthly basis in advance of the first day of each calendar month. To the extent an investor is permitted to withdraw mid-month following the Lock-Up period (as defined in the Fund's Governing Documents), the investor will receive a pro-rated refund of any portion of the Management Fee paid in advance by that investor. If an investor is permitted to withdraw during the Lock-Up period, such investor will not receive a refund of any portion of the Management Fee.

Minimum Size: A minimum of **\$1,000,000** of assets under management is required for portfolio

management services to clients other than the Fund. This minimum account size may be negotiable under certain circumstances. The Adviser may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee. With respect to the Fund, each investor must initially invest at least \$500,000 in the Fund. The Adviser may waive the above minimums at its discretion.

Limited Negotiability of Advisory Fees: Although the Adviser has established the fee schedule(s) above, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and reports to be provided, among other factors. The specific annual fee schedule will be identified in the contract between the adviser and each client.

Discounts not generally available to our advisory clients may be offered to family members and friends of associated persons of our firm.

As noted above, the Advisor offers investment management services to certain clients who hold a significant amount of publicly traded stock to assist them in earning premium income from writing covered call options. For these services, the Adviser will be paid a fee based on a percentage of the gross premiums (premiums before brokerage commissions) earned for the client. The fee percentage is negotiable.

The Adviser may, in its sole discretion, agree to waive or reduce the management fee for particular investors in the Fund, including with respect to affiliates of the Adviser. In addition, at the discretion of the Adviser, certain investors may enter into side letter agreements with the Adviser that may provide for different terms and conditions than those set forth in the limited partnership agreement for the Fund, including, but not limited to, reduced fees.

SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS FEES

The Adviser's fee for this service does not include the independent investment adviser's fee for that entity's advisory/management services. The independent investment adviser's management fee is disclosed in the independent investment adviser's Firm Brochure or other disclosure document.

Our annual fee for the Manager Selection Program is charged as a percentage of assets under management, according to the following schedule:

| <u>Annual Fee Rate</u> | <u>Assets under Management</u> |
|-------------------------------|---------------------------------------|
| 0.40% | First \$10,000,000 |
| 0.25% | Above \$10,000,000 |

ADDITIONAL GENERAL INFORMATION ON FEES AND EXPENSES

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, fees are paid in arrears for services provided. Upon termination of any account, any accrued and unearned fees will be promptly billed. In calculating a client's fees on termination, we will pro rate the fees outstanding according to the number of days remaining from the end of the last billing period to the date of termination.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to the

Adviser's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

Mutual Fund Fees: All fees paid to The Adviser for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and in some cases a distribution and/or servicing fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm, which are designed, among other purposes, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives.

Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additional Fees and Expenses –

Clients other than the Fund. In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians of their assets and by broker-dealers, including, but not limited to, any transaction charges imposed by a broker-dealer through which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) below for additional information.

The Fund. In addition to the management fee, the Fund will pay its own organizational expenses. Additionally, the Fund will bear the expenses of administering its own business, including, without limitation, auditing, accounting (including third-party accounting services) and tax preparation fees and expenses; ongoing legal and bookkeeping expenses; reasonable due diligence expenses such as background checks, travel and other such costs; commissions and other transaction costs relating to the purchase, sale, or retention of the Fund's portfolio investments; insurance expenses; technology expenses including, but not limited to, risk management systems; custodial fees; administrator expenses (including middle/back office services); governmental fees and taxes; the legal and accounting costs incurred in connection with an audit of its tax return (if any); interest other borrowings; legal fees and costs in connection with the preparation of and filing of Form PF (if any); the expenses of offering and selling interests in the Fund; and all costs, fees and expenses of the Fund relating to investors meetings and the preparation and mailing of reports to investors and/or relating to Fund governance activities (such as obtaining investors' consent).

Administrative Fees: The Fund will pay Private Wealth Partners a fee for certain administrative services and will also pay an unaffiliated service provider a fee for certain administrative services..

ERISA Accounts: The Adviser may manage accounts of employee benefit plans, such as corporate pension, profit sharing and money purchase pension plans, that are subject to the fiduciary responsibility provisions of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and of plans, such as individual retirement accounts ("IRAs") and Keogh plans, that are subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") (collectively, "Plans"). When the Adviser manages assets of Plans, it will be subject to the prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Code, which provisions, among other things, might affect the manner in which the Adviser may be compensated by such accounts. Further, with respect to Plans that are subject to ERISA, the Adviser also will be subject to ERISA fiduciary

responsibility, reporting and disclosure, and bonding rules. To the extent the Adviser is managing any such Plan accounts, it intends to comply with all applicable provisions of ERISA and the Code. In addition, certain issuers of securities and other investment products may limit the ability of Plans to invest in them, which may affect the composition of the portfolios of Plan accounts and result in a variance between the investments of Plan accounts and the investments of non-Plan accounts that otherwise might have similar mandates.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar, higher or lower fees.

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

As noted above, the Adviser offers investment management services to clients who hold a significant amount of publicly traded stock to assist them in earning premium income from writing covered call options. For these services, the Adviser will be paid a fee based on a percentage of the gross premiums (premiums before brokerage commissions) earned for the client. This performance-based fee could present conflicts of interest in that the Adviser could have an incentive to favor these client accounts. However, because the strategy does not permit such an option to be written on a security that is part of a portfolio that is managed by the Adviser or another investment adviser in another client's account on a discretionary basis, the Adviser believes that this potential conflict of interest is sufficiently-mitigated and limited in practical effect.

Blue Water will generally receive an allocation or carried interest ("Performance Allocation") equal to twenty percent (20%) of the net profit allocated to each Fund investor's capital account at the end of each fiscal year. Blue Water may, in its sole discretion, waive the Performance Allocation with respect to one or more Fund investors. The Performance Allocation may create an incentive for Blue Water to cause the Fund to make investments that are riskier or more speculative investments than would be the case if it did not receive a Performance Allocation. The Performance Allocation also could present conflicts of interest in that the Adviser could have an incentive to favor the Fund over other client accounts. To mitigate these conflicts, the Adviser's policies and procedures seek to provide that investment decisions are made in accordance with the fiduciary duties owed to clients and investors, without consideration of the Adviser's other interests or those of its personnel.

Valuation of Portfolio Investments: Should the Fund invest in securities for which there is no market or should the Adviser determine that a market price or quotation does not fairly represent the value of a security, valuation will be determined in good faith by the Adviser. In certain cases, the Adviser's compensation may be reduced if the Adviser determines to write-down the value of a portfolio investment, creating a disincentive for the Adviser to do so. The Adviser has in valuation policies and procedures that are intended to mitigate this conflict.

Item 7 Types of Clients

The Adviser provides advisory services to the following types of clients:

- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above
- A private fund (the Fund)

Investors in the Fund must generally be sophisticated individuals or entities who are “accredited investors” within the meaning of Rule 506 of Regulation D under the Securities Act and “qualified clients” within the meaning of Rule 205-3 under the Investment Advisers Act of 1940, as amended.

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

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the security.

Risks for all forms of analysis. Our methods of security analysis rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class, and/or
- we try to manage taxable accounts in a tax efficient manner.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell. Many of our clients ask us to be tax efficient.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. Short term transactions occur during periods of excess market volatility.

Trading. We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings. Market volatility creates shorter-term opportunities.

Short sales. We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold.

On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

Margin transactions. We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

Option writing. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on a security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price. Covered call writing is one of our more common option strategies.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

Life Sciences Securities. The Fund seeks to invest in 10-15 publicly traded life science companies. Through fundamental research, the Adviser seeks to identify companies that the Adviser believes will improve diagnoses, research and clinical outcomes.

MATERIAL RISKS OF INVESTMENT STRATEGIES AND METHODS OF ANALYSIS

General. Although the Adviser works diligently to preserve clients' capital and achieve preservation and growth of client wealth, investing in securities by its nature involves risk of loss that clients should be prepared to bear. The possibility of a total or partial loss of client capital exists, and prospective clients and investors should not invest unless they can readily bear the consequences of such loss.

No Assurance of Returns; Past Performance Results. There can be no assurance that a client portfolio will perform well or achieve its investment objectives. Past performance is not indicative of future results. Similarly, the historical performance of any underlying manager is not a guarantee or prediction of the future performance of its Portfolio Funds.

Limited Operating History. Each of the Fund and Blue Water is newly formed and therefore does not

have any operating history upon which Fund investors can evaluate the performance of the Fund. The past performance of the members of Blue Water is not an indication of the future success of the Fund. There can be no assurance that the Fund will achieve investment objective or that its investment strategies will be successful.

Reliance on Key Personnel. While Kenneth Siebel, Peter Maier, William Dagley and Nathaniel Cornell have significant depth and experience in investing, and specifically in private fund investing, the loss of Mr. Siebel, Mr. Maier, Mr. Dagley or Mr. Cornell, or other personnel, could adversely impact the Adviser's ability to successfully implement investment strategies.

Reliance on Portfolio Fund Management. The Adviser may invest clients in Portfolio Funds and through separate accounts managed by underlying managers that will generally be unrelated to the Adviser. Returns could be substantially adversely affected by the unfavorable performance of one or more such Portfolio Funds or separate accounts.

Availability of Suitable Opportunities. The success of a client portfolio as a whole depends on the ability of the Adviser or its subsidiaries to identify and invest in underlying funds or other investments that meet the desired investment criteria. The identification of an attractive security or fund does not ensure that a client will be able to invest capital in the particular security or fund, given the high level of investor demand some securities or funds receive.

Due Diligence Errors. It is possible that the Adviser may miss or misinterpret information during its due diligence. The Adviser has established procedures to mitigate this risk, but there is no assurance they will be successful in any particular situation. An underlying manager could be engaged in wrongdoing that is not uncovered by the due diligence process.

General Risks Relating to Portfolio Managers, Other Financial Intermediaries and Counterparties. In connection with investments in Portfolio Funds, clients will be dependent upon underlying managers, which will have custody and control of client assets invested in such underlying managers' Portfolio Funds. The failure of an underlying manager or financial intermediary to fulfill its obligations may have a material adverse effect on the related investment and overall performance. If any underlying manager, any other financial intermediary, or any of such underlying manager's or financial intermediary's counterparties becomes insolvent or files for bankruptcy, a client could suffer losses and its financial performance could be materially and adversely affected. In addition, such insolvency or bankruptcy could undermine access to assets on a temporary or permanent basis and result in a partial or complete loss of the related investments.

Non-U.S. Investments. It is anticipated that where appropriate the Adviser may invest clients directly or indirectly in investments outside the United States. Any investment in a foreign country involves risks not found in the domestic securities market, including the following: the risk of economic and financial instability in the foreign country, which in some cases may include a collapse in credit markets, stock prices, currencies and/or consumer spending; the risk of adverse social and political developments, including expropriation, nationalization, confiscation without fair compensation, political and social instability and war; the risk that the foreign country may impose restrictions on the repatriation of investment income or capital or on the ability of foreign persons to invest in certain types of companies, assets or securities; risks related to the possible lack of availability of sufficient financial information as a result of corporate governance, accounting, auditing and financial disclosure standards that differ, in some cases significantly, from those in the United States; risks related to foreign laws and legal systems, which are likely to differ from those of the United States, including in particular the laws with respect to the rights of investors, which may not be as

comprehensive or well developed as those in the United States, and the procedures for the judicial or other enforcement of such rights, which may not be as effective as in the United States; risks related to the fact that some investments may be denominated in foreign currencies and therefore will be subject to fluctuations in exchange rates; and risks related to applicable tax laws and regulations and tax treaties, which are likely to vary from country to country and may be less well developed than those in the United States, possibly resulting in retroactive taxation and an unanticipated local tax liability.

Emerging Markets. Investing in companies based in emerging markets, which are underdeveloped or developing economies, involves certain considerations not usually associated with investing in companies located in more developed countries, including political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; the small size of the securities markets in emerging markets and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; inconsistencies among local, regional and national laws; and certain government policies that may restrict investment opportunities. A Portfolio Fund or underlying manager may face difficult approval and registration procedures when making or disposing of investments, and, as a foreigner, may be subject to legal or regulatory constraints or prejudices that do not affect local investors. In addition, the reporting standards, practices and disclosure requirements in emerging markets are not equivalent to those in the United States and certain Western European countries and may differ in fundamental ways. Accordingly, less information may be available to investors. Investments in emerging markets could be affected by other factors not present in more developed countries, including lack of uniform accounting, auditing and financial reporting standards, inadequate settlement procedures and potential difficulties in enforcing contractual obligations.

Foreign Exchange Risks. In the case of investments in securities that are not denominated in U.S. dollars, any fluctuation in currency exchange rates will affect the value of such investments and the returns ultimately achieved. In addition, costs may be incurred in connection with conversions between various currencies.

Market Risk

Status of Markets. In recent times, economic markets have experienced a period of unprecedented stress. The availability, unavailability, or hindered operation of external credit markets, equity markets and other economic systems that the Adviser and investments may depend upon to achieve objectives may have a significant negative impact on private fund operations and profitability. There can be no assurance that such markets and economic systems will be available or will be available as anticipated or needed for investments or for private funds to operate successfully.

Economic Conditions. Any investment activity may be adversely affected by general international or domestic economic or market conditions. A downturn or contraction in the economy or capital markets, or in certain industry or geographical regions thereof, may prevent investors from meeting investment objectives by restricting the availability of suitable investment opportunities. In addition, such a downturn could result in the diminution or loss in value of a client's investment. Unexpected volatility or illiquidity in the markets in which clients or Portfolio Funds hold positions or in which direct investments are held could impair their ability to carry out their business or cause them to incur losses.

Suspensions of Trading. Securities, futures and commodities exchanges typically can suspend or limit trading in any instrument traded on the exchange. A suspension could render it impossible for an underlying manager to liquidate positions and expose clients to losses.

Lack of Liquidity. Despite the heavy volume of trading in securities and other financial instruments, the markets for some instruments have limited liquidity and depth or may in the future experience periods of limited liquidity and depth. This lack of liquidity could be a disadvantage to the Portfolio Funds or the Fund, both in the realization of the prices that are quoted and in the execution of orders at desired prices. Accordingly, the Portfolio Funds or the Fund may be required to hold investments for a longer period of time than desired or may be required to mark down the value of investments that are subject to such limited liquidity. In addition, it is likely that a portion of a client's portfolio will be illiquid.

Strategy Risk

Concentration of Investments. The Fund will generally have a moderately-focused investment portfolio which, in light of investment considerations, market risks and other factors, the Adviser believes will provide the best opportunity for attractive risk-adjusted returns in the value of the Fund's assets. Although the Adviser intends to target certain position limits and other investment limits, the Partnership Agreement does not formally limit the amount of the Fund's assets that may be invested in a single company, security, country, region, industry, sector or asset class, and the General Partner does not subject the portfolio to any formal policies regarding diversification. The concentration of the Fund's portfolio in any manner described above would subject the Fund to a greater degree of risk with respect to the failure of one or a few investments, or with respect to economic downturns in relation to an individual country, region, industry or sector.

Inadvertent Concentration. A number of Portfolio Funds may have overlapping strategies and could accumulate large positions in the same or related securities. The Adviser's ability to avoid such concentration would depend on its ability to reallocate capital among existing or new Portfolio Funds, which might not be feasible for several months until withdrawals and contributions are permitted by the Portfolio Funds.

Leverage. It is anticipated that certain Portfolio Funds and the Fund certain Portfolio Funds and the Fund will use leverage in their investing, which would increase the potential for loss as well as transaction expenses.

Short Selling. Some Portfolio Funds and the Fund may sell securities short, which exposes the seller to theoretically unlimited risk due to the lack of an upper limit on the price to which the security may rise. Short selling also involves the sale of borrowed stock, so that if the stock loan is called, the short seller may be forced to repurchase the stock at a loss. In addition, short selling carries the risk of failure to perform by the counterparty to the transaction or the risk that the counterparty will default on its obligations.

Non-Marketable Securities. Some Portfolio Funds may invest in non-marketable securities, which are generally difficult to liquidate and price.

Derivatives. Various Portfolio Funds and the Fund may use derivatives, such as options, futures and swaps. Substantial risks are also involved in borrowing and lending against derivatives. Derivatives prices can be volatile, market movements are difficult to predict and financing sources and related interest rates are subject to rapid change. One or more markets may move against the derivatives positions held by a Portfolio Fund or the Fund, thereby causing substantial losses. Many derivatives are traded in over-the-counter ("OTC") transactions between private parties. These derivatives are subject to additional risks, such as the credit risk of the counterparty to the instrument, and are less liquid than exchange-traded derivatives since they often can only be closed out with the other party to the

transaction. Certain derivatives are subject to mandatory central clearing and exchange trading. Central clearing and exchange trading are intended to reduce counterparty credit risk and increase liquidity, but does not make transactions in cleared or exchange-traded derivatives risk-free. Many unforeseeable events, such as government policies, can have significant effects on interest and exchange rates, which in turn can have large and sudden effects on prices of derivative instruments.

Futures. Some Portfolio Funds and the Fund may take positions in commodity futures contracts. Commodity futures prices can be highly volatile. Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the trader. Like other leveraged investments, a futures transaction may result in losses in excess of the amount invested.

Hedging and Other Trading Strategies. The decision as to when and to what extent to hedge or follow other trading strategies depends on many factors. There can be no assurance that hedging or other trading strategies will be available or effective or that the performance of the hedge will correspond appropriately to that of the assets hedged.

Fixed Income Securities. Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer, the rate of inflation, and general market liquidity (*i.e.*, market risk). In addition, MBS and ABS may also be subject to call risk and extension risk. For example, homeowners have the option to prepay their mortgages. Therefore, the duration of a security backed by home mortgages can either shorten (*i.e.*, call risk) or lengthen (*i.e.*, extension risk).

High Yield Debt; Distressed Debt. High yield bonds (commonly known as "junk bonds"), distressed debt instruments, and other debt securities in which Portfolio Funds may invest will typically be junior to the obligations of companies to senior creditors, trade creditors, and employees. The lower rating of high yield debt reflects a greater possibility that adverse changes in the financial condition of the issuer or in general economic, financial, competitive, regulatory, or other conditions may impair the ability of the issuer to make payments of principal and interest. High yield debt securities have historically experienced greater default rates than investment grade securities. The ability of holders of high yield debt to influence a company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors. Adverse changes in economic conditions or developments regarding an individual issuer are more likely to cause price volatility and weaken the capacity of the issuers of high-yield debt securities to make principal and interest payments than issuers of higher grade debt securities. In addition, the market for lower grade debt securities may be thinner and less active than for higher grade debt securities, and thus less liquid because, among other reasons, certain investors, due to their investment mandates, are precluded from owning such securities. This could result in a Portfolio Fund being unable to sell such securities for an extended period of time, if at all.

Public Equity Securities. The Fund, Portfolio Funds and underlying managers may invest long and short in publicly traded equity securities. In general, stock values fluctuate in response to the activities of individual companies and in response to general market and economic conditions. Accordingly, the value of the stocks and other securities and instruments may decline over short or extended periods. The stock markets tend to be cyclical, with periods when stock prices generally rise and periods when stock prices generally decline. The volatility of equity securities means that the value of an investment may increase or decrease.

Small Capitalization Companies. The Fund, Portfolio Funds and underlying managers may invest in securities of small capitalization companies and recently organized companies and, conversely, the Fund or Portfolio Funds may establish significant short positions in such securities. Historically, such securities have been more volatile in price than those of larger, capitalized, more established companies and pose greater investment risks. Small capitalization companies may require substantial additional capital or borrowings. There is often less publicly available information concerning such companies, and their equity securities are often traded over-the-counter or on regional exchanges and may be less liquid than companies traded on a national exchange. Investments in small capitalization companies may also be more difficult to value than other types of securities. Investments in companies with limited or no operating histories are more speculative and entail greater risk than do investments in companies with an established operating record.

Growth Stock Risk. Certain Portfolio Funds or underlying managers invest in “growth” stocks. Securities of growth companies may be more volatile since such companies usually invest a high portion of earnings in their business, and they may lack the dividends of value stocks that can cushion stock prices in a falling market. In addition, earnings disappointments often lead to sharply falling prices because investors buy growth stocks in anticipation of superior earnings growth.

Value Stock Risk. Certain Portfolio Funds or underlying managers invest in “value” stocks. A particular risk of a value approach is that some holdings may not recover and provide the capital growth anticipated or that a stock judged to be undervalued may actually be appropriately priced. Further, because the prices of value-oriented securities tend to correlate more closely with economic cycles than growth-oriented securities, they generally are more sensitive to changing economic conditions, such as changes in interest rates, corporate earnings, and industrial production. The market may not favor value-oriented stocks and may not favor equities at all. During those periods, relative performance may suffer.

Equity/Global Hedge. The Equity/Global Hedge strategy primarily involves investments in publicly traded equity instruments generally in developed countries. This strategy involves identifying securities that are mispriced relative to related securities, groups of securities, or the overall market. The strategy may rely on the use of derivatives, leverage and a number of assumptions about the intrinsic value of publicly traded equity instruments. There can be no assurance that such assumptions will prove to be correct or that the strategy will be implemented correctly.

Real Estate Investing. A portion of capital may be allocated to Portfolio Funds and/or direct investments concentrating in real estate investments. While real estate investing presents the potential for significant capital appreciation, such investments also involve a high degree of risk, including a significant degree of financial, operating, illiquidity, and competitive risk. Frequently, such funds structure their investments with the use of leverage. While the use of leverage will enhance the returns on a successful investment, a leveraged capital structure will be subject to increased exposure to extreme economic conditions, such as a significant rise in interest rates, or a severe downturn in the economy, enhancing the risk of loss entailed in the investment.

Energy and Timber Investments. A portion of capital may be allocated to Portfolio Funds concentrating in energy, timber or other real asset situations. Such investments are likely to be subject to the same or similar risks described in the preceding paragraph.

Buyouts/Growth Capital. Buyout and growth capital funds frequently structure their investments with the use of leverage. While the use of leverage may enhance the returns on a successful investment, a

company with a leveraged capital structure will be subject to increased exposure to changing economic conditions, such as a significant rise in interest rates, or a downturn in the economy or the company's industry, enhancing the risk of loss entailed in the investment.

Venture Capital. While venture capital investing presents the potential for significant capital appreciation, such investments also involve a high degree of risk. It is anticipated that the portfolio companies of these funds will confront a significant degree of financial, operating, illiquidity, and competitive risk. In addition, many of these companies, due to their limited revenues and history of operating losses, may need to rely on their ability to fund continuing operations via the private and public capital markets. Such continued funding may be curtailed as a result of a variety of factors which may include, but would not be limited to, rising interest rates, downturns in the economy or deterioration in the condition of the company or its industry.

Distressed and Special Situations. While an investment in a distressed company (in distressed financial condition, including reorganized companies emerging from bankruptcy) can produce above average returns if the company is successful in its "turn around," significant risk exists that a turnaround effort will not be successful and that all or a significant portion of the capital invested in such situations may be lost. "Special situation" investments are opportunistic in nature. It is difficult to project the nature of the special situations and how many commitments will be made to them. Such investments are likely to involve significant risks and illiquidity, and any returns from these investments will be subject to substantial uncertainty.

Limited Liquidity. There is no public market for interests in private funds, including the Fund, and it is not expected that a public market will develop. There will also be substantial restrictions upon the transferability of interests, including the requirement in a partnership agreement that most transfers be approved by the General Partner (with respect to the Fund, Blue Water). There are also other contractual restrictions and restrictions imposed by applicable federal securities laws and the laws and the regulations of other jurisdictions, which may require an indefinite holding period with respect to private fund interests. A purchase of an interest in a private fund should be considered only by persons financially able to maintain their investment and who can afford a loss of all or a substantial part of such investment. In addition, investors who invest through an offshore fund should be aware that an interest in the offshore fund may be less attractive to other investors that are not foreign or tax-exempt entities in the United States, and therefore an interest in an offshore fund may be even less liquid than a direct investment interest in an onshore fund. There is no assurance that any distribution will be made or that fund investments will be successful. Many recommended private funds have lock-up provisions that prohibit an investor from withdrawing money for a certain period of time, for example 12 to 24 months or significantly longer. Some of these investments require advance notice should an investor seek a full or partial redemption, while other investments last until the fund ends. In addition, payment of a full cash redemption sometimes takes time.

Illiquid Investments. Investments in certain Portfolio Funds, including private equity and real assets, will be illiquid entailing a high degree of risk. An investor in an illiquid Portfolio Fund may be expected to hold its investment in the Portfolio Fund for the entire life of the Portfolio Fund, which is typically seven to ten years or more. The underlying investments of a Portfolio Fund, at any given time, may consist of significant amounts of securities and other financial instruments that are very thinly traded, or for which no market exists, or which are restricted as to their transferability under U.S. federal or state or non-United States securities laws. In some cases, Portfolio Funds may also be prohibited by contract from selling such securities for a period of time. In other cases, the types of investments made by Portfolio Funds may require a substantial length of time to liquidate.

Consequently, there is a significant risk that the Portfolio Funds will be unable to realize their investment objectives by sale or other disposition of portfolio company securities at attractive prices, or will otherwise be unable to complete any exit strategy with respect to their portfolio companies. These risks can be further increased by changes in the financial condition or business prospects of the portfolio companies, changes in economic conditions and changes in law. A Portfolio Fund may distribute its investments “in kind”, which may be composed of illiquid securities. The Portfolio Funds may in turn make in-kind distributions of these investments. There can be no assurance that clients or investors would be able to dispose of these investments or that the value of these investments, as determined by the underlying Portfolio Fund, will ultimately be realized.

Portfolio Funds and Manager Risk

Unregistered Funds. The Portfolio Funds and the Fund that may be recommended by the Adviser are private limited partnerships or similar structures sold in private placements, and are not registered investment companies under the Investment Company Act of 1940. Some of the underlying managers may not be registered as investment advisers under federal or state law. Consequently, clients will not be entitled to certain of the protections of the federal securities laws.

Possible Misconduct by underlying managers. Because certain clients invest through underlying managers or private funds that are separate from the Adviser and over which the Adviser does not have physical custody or control, an underlying manager could divert or abscond with a client’s assets, fail to follow its stated investment strategies, issue false reports or engage in other misconduct.

Effect of Carried Interest. The existence of a carried interest payable to the Portfolio Fund Managers may create an incentive for such Portfolio Fund Managers to make riskier or more speculative investments on behalf of their Portfolio Funds than would be the case in the absence of this arrangement.

Key Principals of the Portfolio Fund Managers. Portfolio Fund Managers are likely to be dependent on the services of one or a few key individuals. The loss for any reason of the services of a key individual could impair a Portfolio Fund’s ability to achieve its investment objective.

Increase in Managed Assets. The Adviser may invest with underlying managers who are experiencing a significant increase in the assets they manage, which may impair their ability to generate returns on a par with their historical results. In addition, an underlying manager faced with a significant increase in assets to invest may divert from stated strategies into strategies or markets with which it may have little or no experience. This could result in losses to the Portfolio Fund and, thus, the client.

New Strategies. Strategies used by certain Portfolio Funds and the Fund may not have been in use during periods of major market stress, disruption or decline. As a result, it is not known how these strategies will perform in these periods.

Tax Considerations. The Adviser endeavors to furnish tax information as soon as practicable following the end of each year. However, in order to furnish such tax information, we must first receive corresponding tax information from all Portfolio Funds and other investments. Clients may require to file extensions for any given year, particularly as a results of illiquid investments. The tax liability with respect to income and gains of a Portfolio Fund for a year may exceed the cash withdrawn by or distributed to the investor in respect of such year. Investing in private funds may involve complex tax issues for particular clients. The Adviser is not a tax accounting adviser, and in some situations clients

may need to consult their own tax advisors.

Please also refer to disclosures elsewhere in this Brochure. Specific risks with respect to specific investments can be found in the Fund's Governing Documents, Private Placement Memoranda or other disclosure documents relating to those investments.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Private Realty Investments, Inc. ("PRII"):

Peter K. Maier is a beneficial owner of PRII. PRII's primary business is to serve as an operating company for Peter Maier, who serves as Trustee to a number of client accounts. Peter Maier is paid a trustee fee by the client for these services. Mr. Maier assigns the trustee fees to PRII.

The Adviser does not receive any portion of the trustee fees nor are clients required to use Mr. Maier as a trustee to their trusts. Clients are free to choose their own trustees.

Mr. Maier does not devote a substantial amount of time to PRII.

MSB Real Property Fund V, LLC ("MSB"):

Peter K. Maier serves on the board of directors of MSB and MSB REIT V, Inc ("MSB REIT"), which invests only in commercial real estate. Mr. Maier is paid an annual fee for his board of director services. The current investment advisor of MSB and MSB REIT is Buchanan Street Partners, LP. Mr. Maier has no beneficial or financial interest with the current investment advisor. Apart from attending periodic board meetings, Mr. Maier does not devote a substantial amount of his time to this partnership.

The Adviser does not receive any fees from any of the MSB Funds, and does not invest client accounts in the MSB funds.

Glenwood Partners II LP ("Glenwood"):

Kenneth F Siebel is a general partner of Glenwood Partners II LP. Mr. Siebel has a beneficial interest in Glenwood. Mr. Siebel does not devote substantial amount of time to this partnership. The partnership is invested in private investments. Clients are not solicited to invest in Glenwood.

Bitterroot Springs Partners, LP ("Bitterroot"):

Kenneth F Siebel is a general partner of Bitterroot Springs Partners LP. Mr. Siebel has a beneficial interest in Bitterroot. Mr. Siebel does not devote substantial amount of time to this partnership. The partnership is invested in private investments. Clients are not solicited to invest in Bitterroot.

Blue Water

As noted above, Blue Water is a relying adviser of Private Wealth Partners. Blue Water is the general partner and investment adviser to the Fund. Blue Water has retained Private Wealth Partners to provide certain administrative services to the Fund. Mr. Cornell serves as both the managing member of Blue Water and a principal of Private Wealth Partners, which creates a conflict of interest and an incentive to engage Private Wealth Partners to provide these services. Private Wealth Partners has established trading and allocation procedures that are intended to ensure that any potential conflict of interest between the

Fund and other are addressed before any investment or trading decisions are made.

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

Our firm has adopted a Code of Ethics that sets forth the high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

The Adviser and our personnel owe a duty of loyalty, fairness and good faith towards our clients and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports, which must be submitted by the firm's access persons. Among other provisions, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (*e.g.*, private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping.

The Adviser's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are instructed that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to dwong@pwpart.com, or by calling us at 415 464 2113.

The Adviser and individuals associated with our firm are prohibited from engaging in principal transactions.

The Adviser and individuals associated with our firm are prohibited from engaging in agency cross transactions with client accounts or the Fund.

To the extent that the adviser receives an allocation of limited investment opportunities (such as initial public offerings and private placements) of a type and quantity that are suitable for client portfolios, the Adviser will allocate to such clients in a way that is equitable over time (see Item 12 for additional information).

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies), which may also be recommended to a client.

It is the express policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts or the Fund.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price, and transaction costs will be shared equally and on a *pro rata* basis. In the instances where there is a partial fill of a particular aggregated order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the *pro rata* allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the express policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
8. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
9. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
10. Any individual who violates any of the above restrictions may be subject to termination.

Conflicts of interest. The adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The Adviser reviews the performance of similarly managed accounts and regularly compares the performance of our client accounts to determine whether there are any significant unexplained discrepancies. In addition, the Adviser's procedures relating to the allocation of investments require that similarly managed accounts participate in investment opportunities *pro rata* based on asset size and require that, to the extent orders are aggregated, the client orders are price-averaged. Finally, the Adviser's procedures also require the objective allocation of limited opportunities (such as initial public offerings and private placements) to ensure fair and equitable allocation among accounts. The Adviser may depart from a *pro rata* allocation of these limited offerings under certain conditions such as:

- The investment opportunity may not fit with certain client investment guidelines and risk tolerances, or
- The investment opportunity may be unsuitable for certain client accounts, or

- Insufficient cash availability in a client account.

In the case that the investment opportunity is unsuitable for or does not fit the guidelines or risk tolerances of certain clients, the Adviser may allocate such limited offerings to clients that have a higher risk tolerance. Such allocations are monitored by the Adviser's Chief Compliance Officer.

The Adviser has review procedures to prevent short selling in a client account from interfering and conflicting with long positions in the same securities in a different client account. The adviser does not typically short securities that are held as a long position in different client portfolios. To prevent such an occurrence, the Adviser reviews all the short positions held in a client portfolio on a regular basis and compares these with any long positions held in other client portfolios. Any conflicts are resolved by the Compliance Officer in consultation with the portfolio managers.

Item 12 Brokerage Practices

Factors considered in selecting or recommending broker dealers for client transactions: For discretionary clients, the Adviser requires these clients to provide us with written power of attorney that will allow the Adviser to determine which broker dealer to use and to negotiate the commission costs that will be charged to these clients for these transactions.

The Adviser will endeavor to select those brokers or dealers that will provide the best services at reasonable commission rates. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services that will help the Adviser in providing investment management services to clients. The Adviser may therefore recommend (or decide on) the use of a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected.

Research and soft dollars: Consistent with obtaining best execution for clients, the Adviser may direct brokerage transactions for clients' portfolios to brokers who provide research and execution services to the Adviser and, indirectly, to the Adviser's clients. These services are of the type described in Section 28(e) of the Securities Exchange Act of 1934 and subsequent SEC guidance and are designed to augment our own internal research and investment strategy capabilities. This may be done without prior agreement or understanding by the client (and at our discretion). Research services obtained through the use of client commissions may be developed by brokers to whom brokerage is directed or by third-parties that are compensated by the broker. The Adviser does not attempt to put a specific dollar value on the services rendered or to allocate the relative costs or benefits of those services among clients, believing that the research we receive will help us to fulfill our overall duty to our clients. Broker-dealers we select may be paid commissions for effecting transactions for our clients that exceed the amounts other broker-dealers would have charged for effecting these transactions if the Adviser determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or our overall duty to our discretionary client accounts.

Certain items obtainable with client commissions may not be used exclusively for either execution or research services. The cost of such "mixed-use" products or services will be fairly allocated, and the Adviser makes a good faith effort to determine the percentage of such products or services that may be considered as investment research. The portions of the costs attributable to non-research usage of such products or services are either paid by our firm to the broker-dealer or paid directly by our firm to the vendor in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934.

When the Adviser uses client commissions to obtain research or brokerage services, we receive a benefit to the extent that the Adviser does not have to produce such products internally or compensate third-parties with our own money for the delivery of such services. Therefore, such use of client commissions results in a conflict of interest, because we have an incentive to direct client commissions to those brokers that provide research and services we utilize, even if these brokers do not offer the best price or commission rates for our clients.

The Adviser may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for research services (known as paying-up), resulting in higher transaction costs for clients.

Research and brokerage services obtained by the use of commissions arising from a client's portfolio transactions may be used by the Adviser in its other investment activities, including, for the benefit of other client accounts. The Adviser may not use each particular research service to service each client. As a result, a client may pay brokerage commissions that are used, in part, to purchase research services that are not used to benefit that specific client. The Adviser does not seek to allocate the benefits of research services to client accounts proportionately to the soft dollar credits the accounts generate.

Within our last fiscal year, we have obtained the following products and services with client commissions:

- Bloomberg
- Factset
- Advent - Moxxy
- Strategas research
- Trade the News

Trade aggregation: The Adviser will 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 client 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 may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. The Adviser will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. The Adviser's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with the Adviser or with our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.

- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable the Adviser to seek best execution for, each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of hindsight.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed that identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this *pro rata* allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this *pro rata* allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) The Adviser' client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on the Adviser' records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

Investment Allocation: Investment opportunities may be appropriate for more than one client. The Adviser has implemented policies and procedures to ensure that investment opportunities are allocated equitably over time. Initially, the relevant trader, portfolio manager and, with respect to the Fund, Blue Water will evaluate investment opportunities and jointly decide whether an investment opportunity is appropriate for a client. If the Adviser deems an investment opportunity suitable for more than one client, the opportunity will generally be purchased for both clients on the same day and trades will be executed *pari passu*, with both clients being allocated the same average purchase price.

In accordance with its policies and procedures, the Adviser will consider a number of factors when allocating investment opportunities among clients. For various reasons, the Adviser may determine to purchase an investment that is suitable for more than one client or for only one client. Similarly where an investment is held by more than one client, the Adviser may determine to sell the investment on behalf of one client but not another. The Adviser has in place policies and procedures that require that the Chief Compliance Officer review these allocation decisions.

The Adviser has also put in place procedures to address potential conflicts with respect to trading in investments held by the Fund and one or more other clients. Among other restrictions, the Fund and such other client(s) will not "trade against" one another on any day (e.g., the Fund is not permitted to sell a

security on a day that another client buys that security).

Directed brokerage: Under certain circumstances a client may direct the Adviser to use a specified broker-dealer to execute all or a portion of the client's securities transactions. The Adviser treats the client discretion as a decision by the client to retain, to the extent of the direction, the discretion the Adviser would otherwise have in selecting broker-dealers to effect transactions and in negotiating commissions for the client's account. Although the Adviser attempts to effect transactions in a manner consistent with its policy of seeking best execution, there may be occasions where it is unable to do so, in which case the Adviser will continue to comply with the client's instructions. When the directed broker-dealer is unable to execute a trade, the Adviser will select broker-dealers other than the directed broker-dealer to effect client transactions. Clients who direct the Adviser to use a particular broker-dealer should consider whether such directions may result in certain costs or disadvantages to the client. Such costs may include higher brokerage commissions (because the Adviser is not able to aggregate orders to reduce transaction costs), less favorable execution of transactions, and the potential of exclusion from the client's portfolio of certain foreign ordinary shares and/or small capitalization or illiquid securities due to the inability of the particular broker-dealer in question to provide adequate price and execution of all types of securities transactions. By permitting a client to direct the Adviser to execute the client trades through a specified broker-dealer, the Adviser will make no attempt to negotiate commissions on behalf of the client, and as a result, in some transactions such clients may pay materially disparate commissions depending on their commission arrangements with the specified broker-dealer. The commissions charged to clients that direct the Adviser to execute the client's trades through a specified broker-dealer may in some transactions be materially different to those clients who do not direct the execution of their trades. Clients that direct the Adviser to execute their trades through a specified broker-dealer may also lose the ability to negotiate volume commission discounts on batched transactions that may otherwise be available to other clients of the Adviser.

Conflicts of interest. The Adviser has advisory relationships with current or former senior executive officers of custodial banks and brokers-dealers. The Adviser receives advisory fees from these relationships, and thus a conflict of interest exists relating to the Adviser making custodial recommendations to clients and executing securities transactions on behalf of clients. The Adviser has policies, procedures and practices designed to insulate the relevant decisions from this conflict of interest.

Item 13 Review of Accounts

Frequency and Nature of Reviews: Reviews of client accounts are conducted at least quarterly (typically more frequently) and include a review of asset allocation, equity sector weightings and diversification in comparison to investment guidelines in the client's investment advisory contract or, with respect to the Fund, the Fund's Governing Documents. Blue Water reviews the Fund's portfolio at least quarterly and reviews, among other things, the valuation of the Fund's investments, the accuracy of Fund's net asset value as prepared by the administrator, the accuracy of the performance, and the capital accounts.

Reviewers: With respect to clients other than the Fund, accounts are reviewed by at least one of the senior portfolio managers assigned to each account. Each senior portfolio manager has primary responsibility for approximately 60 to 70 client accounts. Generally, each client account has a second senior portfolio manager familiar with and capable of performing the account. Blue Water reviews the Fund's portfolio.

Reports: Clients will receive from their qualified custodian a monthly account statement. The Adviser provides a quarterly investment appraisal, investment outlook letter and other reports as requested by the client including, but not limited to, portfolio holdings, investment performance and tax information. Such reports may be delivered electronically to the client in accordance with the client's agreement with the Adviser.

Investors in the Fund receive periodic written reports on the Fund's operations that contain information about the value of the Fund's net assets and the Fund's annual financial statements, audited by an independent public accounting firm. Investors also receive additional written communications from the Adviser from time to time discussing its investment views and strategies and the performance of the Fund.

Item 14 Client Referrals and Other Compensation

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by Solicitors are not increased as a result of any referral.

It is the Adviser's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 Custody

The Adviser generally does not provide custodial services to its clients (as discussed below, however, the Adviser may be deemed to have custody of the assets of the Fund). Client assets are held with banks or registered broker-dealers that are “qualified custodians.”

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts for those clients that have given us that authority.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other items. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

One of our partners, Peter Maier acts as trustee to a number of clients, as further disclosed in item 10 under other financial industry activities and affiliates. Under SEC rules, Mr. Maier’s trustee services mean that the Adviser has custody of trust assets. The Adviser is therefore subject to an annual surprise examination by an accountant supervised by the Public Company Accounting Oversight Board (“PCAOB Accountant”). The PCAOB Accountant files a Form ADV-E at the SEC to report its findings in their surprise examination. Form ADV-E can be accessed by following the directions provided on the Cover Page of this Firm Brochure.

The Adviser may also be deemed to have custody of the assets of the Fund by virtue of Blue Water acting as general partner of the Fund. For the Fund, the Adviser will comply with the Custody Rule through the provision, on an annual basis, of audited financial statements to the applicable Funds’ investors.

Investors that do not receive such financial statements timely within 120 days after the relevant Fund’s fiscal year end or who have questions about the financial statements should promptly contact the Adviser using the contact information provided on the cover of this Brochure.

Item 16 Investment Discretion

The Adviser provides investment advisory services on a discretionary basis to clients. Please see Item 4 for a description of any limitations clients may place on the Adviser's discretionary authority.

Prior to assuming full discretion in managing a client's assets, the Adviser enters into an investment advisory agreement with the client (or the limited partnership agreement with respect to the Fund) that sets forth the scope of the Adviser's discretion and which includes a power of attorney.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

We vote proxies for all client accounts; however, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing to not vote proxies in your account.

We will vote proxies in the best interests of its clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. With respect to securities owned by the Fund but not by another client, Blue Water will be responsible for voting proxies. To the extent the Fund and another client own the same security, Private Wealth Partners will be responsible for voting those proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Noreen Coburn by telephone at 415 464 2119, email at ncoburn@pwpart.com, or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact Noreen Coburn as per above.

You can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting Noreen Coburn.

Item 18 Financial Information

The Adviser has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.