

SG Capital Management

415 North LaSalle St. Suite 401

Chicago, IL 60654

312-923-0150

312-923-0059 (Fax)

This brochure provides information about the qualification and business practices of SG Capital Management. If you have any questions about the contents of this brochure, please contact Nicolette Rudman at 312-923-0150, or by email at nikki@cedarstreetfunds.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about SG Capital Management is available on the SEC's website at www.adviserinfo.sec.gov.

March 21, 2011

Material Changes

Annual Update

SG Capital Management LLC is providing this information as part of our annual updating amendment which contains material changes from our last annual update. This section discusses only material changes since the last annual update which most recently occurred on March 25, 2010.

Material Changes since the Last Update

The Securities and Exchange Commission adopted amendments to Part 2 of Form ADV effective October 2010. The newly revised Part 2 consists of Part 2A (the "Brochure") and Part 2B (the "Brochure Supplement"). Each update of the Brochure must now include a summary of all material changes since the last annual update.

This Brochure, dated March 21, 2011, is materially different in structure and contains certain new information that our previous brochure did not require.

As a result of our role as General Partner on various pooled vehicles SG Capital is deemed to have custody of advisory clients' cash or bank accounts and securities. While this is not a change in our business, this is a new disclosure requirement. *For additional information, please see the Custody section found on Page 13.*

Full Brochure Availability

The Firm Brochure for SG Capital Management is available by contacting Nicolette Rudman at 312-923-0150, or by emailing nikki@cedarstreetfunds.com.

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Advisory Business

Firm Description

SG Capital Management, LLC is the management company that invests the assets for both the Cedar Street Fund (Class A and B) and the Cedar Street Offshore Fund (Class A and C). We began managing long only portfolios (separate accounts) for clients in May 2007. SG Capital is organized under the laws of the State of Delaware and is domiciled in Chicago, Illinois. We officially began operating in April of 2002. The Cedar Street Offshore Fund began its investment activities in May of 2002 and the Cedar Street Onshore Fund began in July of 2002. The market neutral strategy began as Class B for the onshore fund in June 2006 and Class C for the offshore fund in December 2007. In addition, SG Capital Management also manages separate accounts and provides equity research to a large mutual fund organization.

Principal Owners

Ken Grossman and Glen Schneider each own 50% of SG Capital Management, LLC.

Types of Advisory Services

Our primary line of business is discretionary investment management. We manage our hedge funds and separately managed accounts at an equal rate, with no account taking precedence over another.

Our secondary line of business is to provide research to a US long only Mutual Fund. Dictations and write-ups of our fundamental and valuation analysis are provided for a fee, paid monthly, which can be adjusted based on how valuable the Mutual Fund finds the research service to be. It's reasonable to assume that this Mutual Fund will invest in some of the issues that we have provided research on and that the names they do invest in could also be in SG Capital portfolios. We have no control over buy and sell decisions for this particular Mutual Fund and SG Capital client portfolio decisions are made independent of those made by the Mutual Fund.

Client Assets

As of December 31, 2010, we were actively managing \$107,282,132 in assets on a discretionary basis.

Fees and Compensation

Description

The Cedar Street Fund LP and the Cedar Street Offshore Fund, Ltd pay SG Capital a calendar quarterly management fee in arrears at the annual rate of 1.5% of the aggregate assets under management.

We have separate accounts under management in which fee terms may differ from the funds. These accounts pay us a quarterly management fee in arrears, generally at the annual rate of 1.5% of the aggregate assets under management.

We do have a side letter for the hedge fund strategy that follows this fee scale: Management fee is 1.5% for assets under \$25 million, 1.3% for assets \$25 million to \$50 million and 1.1% for assets greater than \$50 million.

The "Long Only" strategy accounts pay the advisor a quarterly management fee in arrears at the annual rate of 1.5% of the aggregate assets under management. (1.0% for accounts managed prior to 2011).

All fees are negotiable.

Fee Billing

Our fees are billed quarterly in arrears, based upon assets under management at the end of the quarter.

Other Fees

SG Capital provides research to a US long only Mutual Fund for a fee, paid monthly, which can be adjusted based on how valuable the Mutual Fund finds the research service to be.

In addition, clients will pay fees in addition to the management fees described above. This can include among other things, commissions and custodial fees. *For more information on SG Capital's Brokerage Practices, please refer to Page 11.*

Performance-Based Fees & Side-by-Side Management

Sharing of Capital Gains or Capital Appreciation

The Funds pay the advisor 20% of any "Net New Profits" (high water mark) in each share as of any calendar quarter. The advisor may, in its sole discretion, rebate this fee for affiliates, family members or its principals and employees and / or certain strategic investors.

Additionally separate accounts pay the advisor 20% of any "Net New Profits" (high water mark) annually.

Types of Clients

Description

SG Capital Management LLC provides portfolio management services to the following types of clients:

- High net worth individuals
- Banking or thrift institutions
- Investment companies (including mutual funds)
- Pension and profit sharing plans (other than plan participants)
- Other pooled investment vehicles (e.g., hedge funds)
- Charitable organizations
- Corporations or other businesses not listed above
- State or municipal government entities

Account Minimums

The minimum investment per shareholder in the funds is \$250,000.00 U.S. but the directors may waive this minimum at their absolute discretion. The Directors, at their discretion, may also increase the minimum investment required and may reject the subscription of any subscriber for any reason.

For separately managed accounts the adviser has higher minimums.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Our investment process is bottom up, fundamental analysis. We focus on earnings and select stocks based on whether we think they might beat estimates and raise guidance (long) or miss estimates and lower guidance (short). The process begins with our database of detailed notes on US small cap companies. We monitor approximately 300-400 companies on a continuous basis. We talk to 7-8 companies per day, via conference calls, stock conference meetings or meetings in our office. The research team asks questions of company management on various opportunities and risks within their industry to understand what drives their business and profitability. We review Analysts' models to determine differences between the firm's analysis and Street expectations. Additionally, trade checks are made with competitors, customers and suppliers to corroborate the firm's findings. It is also important to understand the shareholder base and valuation is critical before a position can be initiated. If actionable, then a 1-2%

position is taken as an initial buy (or short). We build the position into the earnings release where we put on a full position, the size based on our level of conviction.

Three questions must be answered by each member of the investment team prior to initiating a position.

1. What is the valuation of the stock (expensive or inexpensive) and why?
2. Where might profit assumptions be inaccurate?
3. What is the shareholder base? Risk management is critical; with position sizing and any appropriate hedges determined throughout the holding period.

Another critical element to our decision making process is the follow up with the companies we own in the portfolio. Once we establish a position, we continually update our research by speaking with management and cycling back through our trade checks. Once the company reports earnings, we wind down the position. Occasionally, we can identify an additional catalyst and may maintain a position longer term. Usually, we take our profit or eliminate mistakes and move on.

All investments involve risks, including the loss of principal invested which clients should be prepared to bear. Past performance does not guarantee future results or success.

Investment Strategies

- Small capitalization focus.
- Bottom up, fundamental analysis seeking companies that will beat/miss Wall Street expectations.
- Event driven- majority of volatility in small caps follows the earnings reports.
- Concentrated portfolio of 30-50 names.
- Low standard deviation, low beta and returns non-correlated to the market.
- Same philosophy and process of fundamental stock selection across all funds.

The Fund invests in companies that are inexpensive (expensive) where current business conditions have been incorrectly interpreted by consensus thought. Long or short positions will be established based on our analysis of companies through rigorous research and discussions with company managements, competitors, suppliers, customers and Wall Street analysts. The preponderance of holdings will be in equities; however long put and call option contracts will be used to protect capital from loss.

The preponderance of equities will be in small cap stocks; however, mid/large cap securities may be used opportunistically or for hedging purposes. Wall Street underfollows (poorly follows) smaller size companies, managements are more accessible and business lines are more focused allowing us to uncover misperceptions about a company's prospects. It is these inaccuracies in terms of financial assumptions and future growth opportunities that can lead to excellent long and short ideas.

Once an equity has been identified, the due diligence process begins. Valuation metrics; gathering financial and company data to test analysts' assumptions; interviewing management

and doing trade checks with company suppliers, customers and competitors are integral to the process. We need to identify a near term catalyst that will drive the stock price in the desired direction.

We determine the current shareholder base and optimally look to be long stocks with large short interest positions and short companies with low short interest and momentum (growth oriented) investors in their shareholder base.

An overlay to this entire process is implementing strict risk management disciplines to manage against loss.

Risk of Loss

Our general philosophy is that the risk we like to take is on our individual stocks, which we have thoroughly researched through our due diligence process. With that backdrop, we have specific limits as to the amount of market risk and sector exposure we are willing to take by strategy. The market neutral runs at -15% to +15% net equivalent share exposure and the directional at -10% to +50%. In both strategies, we don't let any particular sector become more than 15% net equivalent share. These exposure limits are reviewed daily and monitored via detailed reports provided to us by our Prime Broker.

In addition to the overall market and sector limits we impose on ourselves, we believe our bottom-up, short term strategy is unique and also limits risk. First, because we are short term focused, we are able to use option hedges on individual names relatively inexpensively vs. strategies that have a longer term holding period. Second, we are sensitive to valuations and sentiment (almost contrarian in some respects), which helps us eliminate the risk of being in crowded shorts (short squeeze risk with too many on the short side) or momentum stocks on the long side. Third, we try to isolate specific events and tend to scale into positions which limit the maximum exposure risk in a specific name to short periods of time.

Pair trades to manage sector, industry or specific data points are employed as part of our strategy on an opportunistic basis. As a last resort, we will use ETF hedges temporarily to make sure our net exposures are within acceptable ranges.

SG Capital Management is committed to managing risk, however, investing in securities involves risk of loss that clients should be prepared to bear. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Disciplinary Information

Legal and Disciplinary

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. Neither our firm nor our management personnel have reportable events to disclose.

Other Financial Industry Activities and Affiliations

Material Relationships or Arrangements with Financial Industry

SG Capital Management LLC is also registered with Cayman Monetary Authority and the Luxembourg Monetary Authority.

We are the general partner and investment manager for both the Cedar Street Fund (Class A and B) and the Cedar Street Offshore Fund (Class A and C).

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

Code of Ethics

We have adopted a Code of Ethics which sets forth the highest ethical and fiduciary standards required of all employees that includes compliance with applicable federal securities laws. We understand we are fiduciaries to our clients and have a duty to always place the interests of our clients first.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transaction reports as well as initial and annual securities holdings reports that must be submitted by all employees. Our Code of Ethics also requires prior approval of any acquisition in a private placement or initial public offering. Additional restrictions are in place to ensure clients are not disadvantaged through trading activities of firm employees. Our code also provides for oversight, enforcement and recordkeeping provisions. The code further includes our policy prohibiting the use of material non-public information.

A copy of our Code of Ethics is available to clients and prospective clients by contacting Nicolette Rudman at 312-923-0150, or by emailing nikki@cedarstreetfunds.com.

Recommend Securities with Material Financial Interest

SG Capital Management and its General Partners are the Investment Advisors to the Cedar Street Fund LP and the Cedar Street Offshore Fund Ltd. SG Capital Management and its General Partner solicit investors to invest in both funds.

Invest in Same Securities Recommended to Clients

The employees of SG Capital Management and its General Partners may from time to time own positions in securities it recommends and or invests in for the funds and its clients; however, we have strict employee trading rules including 5 day black-out periods and approval processes. We will provide our code of ethics to clients and prospects on request. Additionally, the firm has a compliance manual and a Chief Compliance Officer.

Personal Trading Policies

Employees are prohibited from executing a securities transaction on a day during which any portfolio has a pending buy or sell order in the same or an equivalent security until that order is executed or withdrawn. Investment personnel (portfolio managers, analysts, traders) are prohibited from buying or selling a security within five calendar days before or after a portfolio that they manage trades in the same or an equivalent security.

Employees may not sell any security short which is held long by any portfolio managed by SG Capital. Employees may not write naked call options or buy naked put options on a security owned by any portfolio managed by SG Capital.

Brokerage Practices

Selecting Brokerage Firms

We use specific trading firms which must be on our approved broker list, and individuals within those firms that have demonstrated a competence in trading our stocks. Certain criteria is used to determine which trading firms, based on best execution, are included on the approved broker list. These criteria include, but are not limited to quality of services provided, cost of services provided, price improvement statistics from the internet, commissions charged and value of research provided.

Research and Soft Dollars

We utilize soft dollars for research and brokerage services within the meaning of Section 28(e) of the Securities Exchange Act of 1934. We manage the commission sharing pool as payment on a discretionary basis to sell side brokerage coverage, as it relates to equity research services they provide. These services include but are not limited to: company visits, investor conferences, broker research and analyst conference calls.

Third party vendors are also paid out of the commission pool. All payments are authorized by principles and maintained internally, as well as with our soft dollar service provider, Plazma.

To the extent we receive research, sell side firms bring in company management teams or provide us with one-on-one meetings with company management teams at conferences. We use some of the commission dollars generated (as stated above) to pay for these services. When we use client brokerage commissions to obtain these services, we receive a benefit to the extent that we do not have to obtain these services ourselves or compensate third-parties with our own money for the delivery of such services. Therefore, such use of client brokerage commissions results in a conflict of interest, because we have an incentive to direct client brokerage to those brokers who provide research and services we utilize, even if these brokers do not offer the best price or commission rates for our clients. We address this conflict through the use of price limits on trade orders and our policy of ensuring all commissions fall within our pre-determined guidelines of \$0.01 - \$0.05 per share.

Research received is used for all accounts under management and all accounts are used to generate commissions to pay for these services.

Each month we evaluate each service provider and the amount of research value they have provided to determine what the appropriate level of commission should be as a percent of the overall commission dollars available. Most of the firms' executions are done on electronic platforms where commissions paid are low.

Order Aggregation

All trades are done in aggregate with appropriate percentages applied to all portfolios. All trades are allocated at the end of the day and allocated in the same manner so that no client is shown preference.

Review of Accounts

Periodic Reviews

All portfolios are reviewed daily and intra-day. This is done to ensure adherence to our stated limits and risk management. Our prime broker provides daily risk and portfolio reports. Principals of the firm review these reports each day.

Regular Reports

We provide monthly Net Asset Value and Rate of Return to clients, all net of fees. If requested we can provide reports on a more frequent basis. On request we can provide position reports.

Client Referrals and Other Compensation

Third Party Solicitors

SG Capital does have relationships with third party marketing firms or registered broker dealers in Europe where it pays a percentage of the fees generated on clients gained through their efforts.

Our firm may pay referral fees to independent persons or firms ("Solicitors") in the United States 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.

Custody

Account Statements

Client assets are maintained with a qualified custodian. Separately managed account clients receive account statements from the qualified custodian at least quarterly. The statements received directly from the custodian are the official record of your account. Clients invested in the onshore/offshore hedge funds receive statements at least quarterly from SG Capital or Caledonian, respectively. Clients invested in both the onshore and offshore hedge funds receive audited financial statements annually as described below.

Financial Statements

Annual financial statements for the pooled investment vehicles are prepared by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board ("PCAOB") and distributed to all limited partners within 120 days of fiscal year-end.

Investment Discretion

Discretionary Authority for Trading

Clients give us discretionary authority when they sign an agreement with our firm. Our discretionary authority includes the ability to do the following without contacting the client:

- Determine securities and the amounts to be bought or sold.
- Determine the broker-dealer to be used and the commission rates paid. Currently, there are no client limitations to this discretionary authority.

Voting Client Securities

Proxy Voting

It is the responsibility of the firm to submit and retain proxy votes. We will vote proxies in the best interests of our clients which we believe in general, will be with management's recommendations. Any deviation to this will be documented. 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 we voted proxies. A copy of our complete proxy voting policies and procedures can be obtained by contacting Nicolette Rudman by telephone 312-923-0150 or email at nikki@cedarstreetfunds.com. Clients may request, in writing, information on how proxies for his/her shares were voted by contacting Nicolette Rudman.

Financial Information

Prepayment of Fees

SG Capital does not require or solicit prepayment of more than \$1,200 in fees six months or more in advance.

Financial Condition

We have no financial condition reasonably likely to impair our ability to meet contractual commitments to clients.

Bankruptcy

SG Capital Management LLC has not been the subject of a bankruptcy petition at any time during the past ten years.