
PART 2A OF FORM ADV: FIRM BROCHURE

CUMBERLAND ASSOCIATES LLC

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This brochure provides information about the qualifications and business practices of Cumberland Associates LLC ("Cumberland"). If you have any questions about the contents of this brochure, please contact us at (212) 536-9700. 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.

Cumberland is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Cumberland also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

Cumberland is required under certain rules promulgated under the Investment Advisers Act of 1940, as amended (the "Advisers Act") to amend and update its Form ADV, including this brochure, on an annual basis. In connection with the preparation of its annual updating amendment, Cumberland is required to identify and discuss any material changes made to this brochure since the last annual update. There have been no material changes since March 23, 2012, the date of Cumberland's last brochure.

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Item 4 Advisory Business

A. General Description of Advisory Firm

Cumberland Associates LLC ("Cumberland"), a New York limited liability company, commenced operations in 1970. Cumberland is managed by a Management Committee which consists of a single managing member, Andrew M. Wallach, who is also the Chief Executive Officer. The professional staff of Cumberland consists of a portfolio manager and a senior securities analyst, both of whom are members of Cumberland, two research consultants, a research analyst, a controller and a general counsel/chief compliance officer. The principal owner of Cumberland is Andrew M. Wallach.

B. Description of Advisory Services

Cumberland acts as the discretionary investment advisor to three private investment vehicles, Cumberland Partners, Cumberland Benchmarked Partners, L.P., and LongView Partners B, L.P., each of which are New York limited partnerships (collectively, the "Cumberland Partnerships") and to a separately managed account, Cumber International S.A., a British Virgin Islands limited liability and unlimited duration company ("Cumber International", and together with the Cumberland Partnerships, the "Cumberland Clients"). In addition, Cumberland has in the past and may in the future serve as discretionary investment adviser to additional clients who open separately managed, non-commingled, accounts.

Cumberland functions exclusively as an investment manager to the Cumberland Clients and conducts no other active business. Pursuant to an investment management agreement with each of the Cumberland Clients, Cumberland manages the Cumberland Clients' portfolios in accordance with the stated policies of each Cumberland Client, makes investment decisions on behalf of each Cumberland Client, and places purchase and sale orders for portfolio transactions on behalf of each Cumberland Client.

As used herein, the term "client" generally refers to each Cumberland Client.

C. Availability of Customized Services for Individual Clients

Cumberland's investment decisions and advice with respect to each Cumberland Client are subject to each Cumberland Client's investment objectives and guidelines, as set forth in its offering documents.

D. Assets Under Management

Cumberland managed, on a discretionary basis, approximately \$135.1 million of assets invested in the Cumberland Clients as of December 31, 2012, of which approximately \$121.1 million were client assets. Cumberland does not manage any client assets on a non-discretionary basis.

Item 5 Fees and Compensation

A. Advisory Fees and Compensation

Cumberland is compensated through the payment of a management fee by each of the Cumberland Clients, as described below.

In addition, Cumberland or the general partner of each of the Cumberland Partnerships receives, subject to certain restrictions, a performance fee or performance allocation based on the net appreciation of the assets of each Cumberland Client, as described below.

Management Fees

With respect to the Cumberland Partnerships, Cumberland is paid, quarterly in arrears, a management fee of 1.25% (annualized) of the value of the aggregate amount of the capital accounts of the limited partners of each Cumberland Partnership. Cumberland deducts this fee from the assets of each Cumberland Partnership at the end of each quarter.

With respect to Cumberland International, Cumberland is paid, quarterly in arrears, a management fee of 1.0% (annualized) of the net asset value of each class of shares of Cumberland International, payable at the end of each quarter. In addition, Cumberland receives a portion of the advisory fee paid by Cumberland International to WW Management Limited, the management adviser to Cumberland International.

The brokerage expenses incurred by each Cumberland Client in connection with the purchase and sale of securities are borne by investors. See "Item 12 – Brokerage Practices" for a description of Cumberland's brokerage practices.

With respect to the Cumberland Partnerships, the general partner of each Cumberland Partnership receives a performance-based allocation calculated on a percentage, ranging from 15% to 25%, of the net capital appreciation allocated to the capital accounts of limited partners in each Cumberland Partnership (excluding special limited partners) for each calendar year, payable at the end of each year, which in some cases must exceed an annual hurdle amount. Net capital appreciation generally includes both realized gains and losses and unrealized appreciation and depreciation of securities held in a Cumberland Partnership portfolio. Generally any net capital depreciation in a fiscal year allocated to any limited partner is carried forward so that no incentive allocation is charged to such limited partner unless the losses have been recouped, subject to certain adjustments.

With respect to Cumberland International, Cumberland receives incentive fees ranging from 15% to 20% of the net realized and unrealized appreciation in the net asset value of each class of shares of Cumberland International. An incentive fee is only paid with respect to the net realized and unrealized appreciation in the net asset value of a series of shares (before any accruals for incentive fees and after adjusting for any increase in the net asset value of a series due to the issuance of new shares of such series during the applicable period) in excess of the "prior high net asset value" of such series of shares. The "prior high net asset value" of a series of

shares is the net asset value of that series immediately after the payment of a year-end incentive fee with respect to such series. The prior high net asset value of a series will be reduced pro rata for interim-year redemptions of shares of such series.

B. Additional Fees and Expenses

Each Cumberland Client bears the legal, audit and tax expenses attributable to it, any fee paid to a third-party administrator, interest, brokerage commissions, taxes, bank charges, any termination and winding-up expenses or extraordinary expenses, including, but not limited to, legal and other expenses incurred by a Cumberland Client in defending any threatened, pending or completed action, suit or proceeding.

C. Additional Compensation and Conflicts of Interest.

Neither Cumberland nor any of its supervised persons accepts compensation (*e.g.*, brokerage commissions) for the sale of securities or other investment products.

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

Cumberland and its affiliates accept either a performance-based allocation or a performance-based fee from every client. As a result, Cumberland and its affiliates do not face the conflicts of interest that may arise when an investment adviser accepts performance-based compensation from some clients, but not from other clients.

Item 7 Types of Clients

Cumberland provides investment advice to the Cumberland Clients, described above.

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

A. Methods of Analysis and Investment Strategies

The descriptions set forth in this brochure of specific advisory services that Cumberland offers to clients, and investment strategies pursued and investments made by Cumberland on behalf of its clients, should not be understood to limit in any way Cumberland's investment activities. Cumberland may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that Cumberland considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies Cumberland pursues are speculative and entail substantial risks. Investors in the Cumberland Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

Cumberland uses a fundamentally driven research process engaging in various methodologies, including analysis of company financial statements and meeting with officers and representatives of companies to which the assets of a Cumberland Client may be allocated. In addition, Cumberland strives to form proprietary insights into the portfolio companies of the Cumberland Clients by conducting fundamental research on such companies and their competitors and suppliers. Cumberland seeks capital appreciation for the Cumberland Clients by (i) investing primarily in companies domiciled in the United States that Cumberland believes are undervalued or that otherwise possess characteristics presenting the opportunity for substantial appreciation and (ii) selling short securities that Cumberland believes are overvalued or that otherwise possess characteristics that may result in substantial depreciation.

Cumberland, on behalf of the Cumberland Clients, invests primarily in publicly held securities, although a portion of each of the Cumberland Clients' net assets may be invested in non-publicly traded securities. The Cumberland Clients have no fixed policy with respect to the kinds of securities in which they may invest. Emphasis is placed on investments in common stocks, convertible debentures, convertible preferred stocks, other securities or securities combinations having equity characteristics, including warrants for or rights to purchase equity securities, and combinations of debt securities and securities having equity characteristics.

The Cumberland Clients from time to time may invest in non-U.S. securities. The Cumberland Clients may purchase or sell put and call options on both individual securities and market indices for the primary purpose of hedging its investment positions. The Cumberland Clients will from time to time, as part of their respective investment strategies, engage in short sales of securities.

Cumberland focuses on intense, "bottom-up" research of companies domiciled predominately in the United States. Cumberland's investment professionals seek out securities that Cumberland believes are significantly mispriced on an earnings per share, cash flow, and/or private market value basis. Cumberland believes that value and growth valuation concepts are reconcilable, and we primarily seek to quantify the reasonable current value of businesses based on future net cash flows, discounted at an appropriate cost of capital. This eclectic definition of value enables Cumberland to adapt to different market and business cycles, and to a wide range

of industries and capitalization sizes. Generally, Cumberland seeks situations - both long and short - which have not only a large differential between market price and our appraised value, but also some form of catalyst for optimization of market price and, therefore, shareholder value. As the focal point of our process, Cumberland tries to form proprietary insights into our investments through fundamental research on our portfolio companies, their competitors and suppliers.

Cumberland targets a net long exposure of 25% - 65%. Historically, Cumberland has operated with little or no leverage. A portion of the portfolios of the Cumberland Clients is currently also invested in non-U.S. companies or in distressed high-yield bonds and other securities that are capable of producing equity-like returns.

Cumberland looks for opportunity across all capitalization tiers but focuses most heavily on companies with equity capitalizations between \$1 billion and \$25 billion. Although our portfolio includes many large capitalization stocks which meet our valuation criteria, we have historically found the most "discovery value" and appreciation potential among the small and mid-capitalization tiers. Cumberland runs a diversified portfolio, which allows us to take advantage of outstanding small and medium capitalization opportunities while controlling fundamental and liquidity risks.

Cumberland focuses on long-term analysis and appreciation potential. We believe that part of Cumberland's comparative advantage lies in analyzing and valuing businesses within a deep contextual framework and over an extended time frame. At the same time, we pay attention to the overall level of market valuation, technical factors, and other short-term issues which could affect our positions. A further benefit of Cumberland's long-term orientation is that historically the great majority of our appreciation has come in the form of either unrealized gains or long-term capital gains. In periods of high market volatility, a higher proportion of our realized gains may be short-term.

B. Risk of Loss

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by Cumberland. These risk factors include only those risks Cumberland believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by Cumberland.

Investing in Non-U.S. Securities. The Cumberland Clients may invest a portion of their respective portfolios in securities and other assets of issuers located outside the United States. In addition to business uncertainties, such investments may be affected by political, social and economic uncertainty affecting a country or region. Many financial markets are not as developed or as efficient as those in the United States, and as a result, liquidity may be reduced and price volatility may be higher. The legal and regulatory environment may also be different, particularly as to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information in respect of such non-U.S. issuers.

The Cumberland Clients may be subject to additional risks, which include possible adverse political and economic developments, possible seizure or nationalization of non-U.S. deposits and possible adoption of governmental restrictions which might adversely affect the payment of principal and interest to investors located outside the country of the issuer, whether from currency blockage or otherwise. Furthermore, some of the securities and other assets may be subject to brokerage taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Income received by the Cumberland Clients from sources within some countries may be reduced by withholding and other taxes imposed by such countries. Any such taxes paid by a Cumberland Client will reduce such fund's net income or return from investments.

Currency Exchange Exposure. The Cumberland Clients may invest in securities and other assets denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. dollar. The Cumberland Clients, however, value their respective securities and other assets in U.S. dollars. The Cumberland Clients may or may not seek to hedge their non-U.S. currency exposure by entering into currency hedging transactions, such as treasury locks, forward contracts, futures contracts and cross-currency swaps. There can be no guarantee that securities and other assets suitable for hedging currency or market shifts will be available at the time when a Cumberland Client wishes to use them, or that hedging techniques employed by the Cumberland Clients will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all.

To the extent unhedged, the value of the Cumberland Clients' positions in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which the Cumberland Client makes investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the Cumberland Clients' securities and other assets in their local markets and may result in a loss to the Cumberland Client. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the Cumberland Clients' non-U.S. dollar investments.

Call Options. The Cumberland Clients may incur risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

Put Options. The Cumberland Clients may incur risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Other Derivative Instruments. The Cumberland Clients may enter into swaps and other derivative instruments, such as credit derivatives. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk, and operations risk. In addition, the Cumberland Clients may, in the future, take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. Special risks may apply in the future that cannot be determined at this time. The regulatory and tax environment for derivative instruments in which the Cumberland Clients may participate is evolving, and changes in the regulation or taxation of such securities and other assets may have a material adverse effect on the Cumberland Clients.

Short Sales. Short selling involves selling securities which are not owned by the short seller, and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the seller to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which a Cumberland Client engages in short sales will depend upon such fund's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Cumberland Client of buying those securities to cover the short position. There can be no assurance that a Cumberland Client will be able to maintain the ability to borrow securities sold short. In such cases, the Cumberland Client can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Leverage. Leverage may be a component to the Cumberland Clients' investment strategies. The use of leverage will, in many instances, enable the Cumberland Clients to achieve a higher rate of return than would be otherwise possible. Generally, with respect to each overall Cumberland Client, Cumberland generally will seek an inverse correlation between the amount of leverage to be employed by each Cumberland Client and the estimated long-term volatility of such Cumberland Client. The Cumberland Clients' perception of any strategy's volatility is expected to change from time to time and the market for leverage is expected to be dynamic. Accordingly, the amount, kinds and pricing of leverage utilized with respect to such

strategy will also change. An inability of a Cumberland Client to obtain a desired amount of leverage, however, may limit such Cumberland Client's overall investment exposure and/or inhibit inverse correlation, thereby reducing such Cumberland Client's performance. Leverage may take the form of, without limitation, any of the securities and other assets described herein, including derivative instruments which are inherently leveraged and trading in products with embedded leverage such as options, short sales, swaps and forwards. The instruments and borrowings utilized by a Cumberland Client to leverage investments may be collateralized by such Cumberland Client's portfolio. Accordingly, the Cumberland Clients may pledge their securities and other assets in order to borrow additional funds or otherwise obtain leverage for investment or other purposes. The amount of borrowings which any Cumberland Client may have outstanding at any time may be substantial in relation to its capital.

The use of leverage will allow the Cumberland Clients to borrow in order to make additional investments, thereby increasing their exposure to assets, such that its total assets are greater than their respective capital and any capital commitments. The use of leverage will magnify the volatility of changes in the value of the investments of the Cumberland Clients. Accordingly, any event which adversely affects the value of an investment would be magnified to the extent the investment is leveraged. The cumulative effect of the use of leverage by a Cumberland Client in a market that moves adversely to its investments could result in substantial losses to such Cumberland Client, which would be greater than if the Cumberland Client were not leveraged.

While leverage increases the buying power of the Cumberland Clients and presents opportunities for increasing total returns, it has the effect of potentially increasing losses as well. For example, funds borrowed for leveraging will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on each Cumberland Client's portfolio. Leverage will increase the investment return of the Cumberland Client if an investment purchased with or utilizing leverage earns a greater return than the cost to the Cumberland Client of such leverage. The use of leverage will decrease the investment return if the Cumberland Client fails to recover the cost of such leverage.

Margin. In general, the anticipated use of margin borrowings and other borrowings based on the market value of the portfolio and derivatives which require the Cumberland Clients to post margin results in certain additional risks to the Cumberland Clients. For example, should the securities and other assets pledged to brokers to secure a Cumberland Client's margin account decline in value, the Cumberland Client could be subject to a "margin call", pursuant to which such Cumberland Client must either deposit additional funds or securities and other assets with the broker or suffer mandatory liquidation of the pledged securities and other assets to compensate for the decline in value. In the event of a sudden drop in the value of a Cumberland Client's portfolio, such Cumberland Client might not be able to liquidate securities and other assets quickly enough to satisfy its margin requirements.

Item 9 Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Cumberland's advisory business or the integrity of Cumberland's management.

Item 10 Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration Status

Cumberland and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status

Cumberland and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisers or associated persons of the foregoing entities.

C. Material Relationships or Arrangements with Industry Participants

Cumberland does not have any material relationships or arrangements with industry participants.

D. Material Conflicts of Interest Relating to Other Investment Advisers

Cumberland does not recommend or select other investment advisers for its clients.

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

A. Code of Ethics

Cumberland strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, Cumberland has adopted a Code of Ethics (the "Code of Ethics"). The Code of Ethics, among other things, requires Cumberland employees (i) to comply with federal securities laws, (ii) to report their personal securities transactions to Cumberland's Chief Compliance Officer periodically (and requires the Chief Compliance Officer to review such transactions), and (iii) to report all violations of its provisions promptly to the Chief Compliance Officer.

Cumberland will provide a copy of the Code of Ethics to any client upon request.

B. Securities in which Cumberland or a Related Person Has a Material Financial Interest

Cumberland may determine that it would be in the best interests of certain clients to transfer a security from one client to another (each such transfer, a "Cross Trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the clients, or to reduce transaction costs that may arise in an open market transaction. If Cumberland decides to engage in a Cross Trade, Cumberland will determine that the trade is in the best interests of each client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those clients.

Cumberland generally executes Cross Trades with the assistance of a broker-dealer. Alternatively, a Cross Trade between two clients may occur as an "internal cross", where Cumberland instructs the custodian for the clients to book the transaction at the price determined in accordance with Cumberland's valuation policy. If Cumberland effects an internal cross, Cumberland will not receive any fee in connection with the completion of the transaction.

To the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in a client by Cumberland or its personnel, Cumberland will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be considered on behalf of investors and approved or disapproved by (i) an advisory board comprised of representatives of investors in the clients or (ii) a committee consisting of one or more persons selected by Cumberland (or its affiliate), and any valuation approved by such a committee will be determined by an independent third party that has appropriate experience in providing such valuations.

C. Investing in Securities that Cumberland or a Related Person Recommends to Clients

Cumberland members and employees are not permitted to purchase and sell securities for their personal accounts unless they adhere to certain restrictions set forth in the Code of Ethics and in Cumberland's Compliance Policies and Procedures Manual (the "Manual"). These restrictions are summarized below.

Cumberland employees must, prior to purchasing or selling any security (other than U.S. government securities or shares issued by registered open-end investment companies) above a certain threshold dollar amount or number, obtain written pre-clearance of the proposed transaction from Cumberland's Chief Compliance Officer, his designee, or a managing member. This policy applies to accounts held in the employee's name and to any account in which an employee has a beneficial interest, including accounts maintained for a financial dependent.

Additional restrictions apply when an employee seeks to purchase or sell for a personal account a security held by a Cumberland Client. In general, transactions for a personal account in securities that are being purchased or sold contemporaneously on behalf of a Cumberland Client are not permitted; the Manual provides that pre-clearance will not be granted to purchase or sell the same security that was purchased or sold by a Cumberland Client until the third day following the Cumberland Client transaction, and then provided that Cumberland is not engaged in an active trading program with respect to that security. Employees are prohibited from entering a "stop loss" order in any personal account in any security which is also purchased, sold or held by a Cumberland Client. Employees are also prohibited from short selling any security in a personal account which at the time is also held "long" in any Cumberland Client.

Cumberland's internal controls, as set forth in the Manual, further provide that employees are prohibited from "front-running," from "intermarket front-running" and from engaging in short-selling when they are aware that a Cumberland Client is about to sell a particular security. Any violation of the prohibition against front-running constitutes grounds for immediate dismissal from Cumberland.

The Management Committee reserves the right to prevent employee purchases or sales of a security for any reason it deems appropriate. In the event that the firm's procedures and policies are not complied with, the Management Committee may break the applicable trade and charge the employee with all relevant costs relating to the applicable transaction. In addition, employees will face sanctions for failure to obtain written pre-clearance approval prior to engaging in any securities transaction in a personal account, including in some instances disgorgement of any profits associated with the trade and prohibitions on personal trading for a period of time. Successive violations will result in more significant sanctions, including possible termination of employment. The Management Committee also reserves the right to require the disgorgement of any profits from a transaction deemed after the event to conflict with client interests.

D. Conflicts of Interest Created by Contemporaneous Trading.

Cumberland manages investments on behalf of a number of clients. Certain clients have investment programs that are similar to or overlap and may, therefore, participate with each other in investments. It is the policy of Cumberland to allocate investment opportunities among all clients fairly, to the extent practical and in accordance with each client's applicable investment strategies, over a period of time. Cumberland will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any client solely because Cumberland purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any client if, in its reasonable

opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the client.

If Cumberland determines that the purchase or sale of a security is appropriate with regard to more than one client, Cumberland may, but is not obligated to, purchase or sell such a security on behalf of such clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating client will receive the average price, with transaction costs generally allocated *pro rata* based on the size of each client's participation in the order (or allocation in the event of a partial fill) as determined by Cumberland. In the event of a partial fill, allocations may be modified on a basis that Cumberland deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by Cumberland. As a result, certain trades in the same security for one client (including a client in which Cumberland and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another client, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

Item 12 Brokerage Practices

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

When selecting brokers and dealers, Cumberland will generally seek the best combination of brokerage expenses, research services, and execution quality. Cumberland is not required to, and may not, select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers.

When determining the reasonableness of broker-dealer compensation, Cumberland will consider, among other factors, the execution, settlement and error correction capabilities of the broker or dealer; the research the broker or dealer provides; the broker or dealer's willingness to commit capital; the broker or dealer's reliability, responsiveness, reputation and financial stability; and the broker or dealer's capacity to provide securities to borrow for short sales. Cumberland's portfolio managers, management committee members, and Chief Compliance Officer or his designee, periodically reviews the performance of brokers and dealers used by Cumberland.

Research and Other Soft Dollar Benefits

Cumberland has entered into arrangements with broker-dealers and research firms that allow Cumberland to use brokerage commissions incurred by the Cumberland Clients to pay for investment research. The research Cumberland receives in exchange for soft dollars includes both proprietary research (created or developed by a broker-dealer) as well as research created or developed by a third party. Cumberland does not use soft dollars to pay for goods or services other than investment research. Because the soft dollar benefits Cumberland receives consist of investment research that benefits all clients without distinction, Cumberland does not seek to allocate soft dollar benefits to client accounts in proportion to the soft dollar credits each client account generates.

The use of brokerage commissions incurred by clients to pay for research and brokerage services to be used by Cumberland creates incentives that result in conflicts of interest between investment advisers such as Cumberland and the entities they are investing on behalf of. For example, Cumberland may have an incentive to select or recommend a broker based on Cumberland's interest in receiving research, rather than on a clients' interest in receiving the most favorable execution. Cumberland may also have an incentive to make frequent trades in order to earn soft dollar credits which can be applied to obtain investment research. By using brokerage commissions incurred by the Cumberland Clients to obtain research, Cumberland, like other investment managers, receives a benefit because it does not have to produce or pay for the research received.

Brokerage for Client Referrals

Neither Cumberland nor any related person receives client referrals from any broker-dealer or third party. However, as discussed above, subject to best execution,

Cumberland may consider, among other things, capital introduction and marketing assistance with respect to investors in the Cumberland Clients in selecting or recommending broker-dealers for the Cumberland Clients.

Directed Brokerage

Cumberland does not recommend, request or require that a client direct Cumberland to execute transactions through a specified broker-dealer.

B. Aggregation of Trades

If Cumberland determines that the purchase or sale of a security is appropriate with regard to multiple clients, Cumberland may, but is not obligated to, purchase or sell such a security on behalf of such clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating client will receive the average price, with transaction costs generally allocated *pro rata* based on the size of each client's participation in the order (or allocation in the event of a partial fill) as determined by Cumberland. In the event of a partial fill, allocations may be modified on a basis that Cumberland deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by Cumberland. As a result, certain trades in the same security for one client (including a client in which Cumberland and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another client, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

Item 13 Review of Accounts

A. Frequency and Nature of Review of Client Accounts or Financial Plans

Cumberland performs various daily, weekly, monthly, quarterly and periodic reviews of each client's portfolio. Such reviews are conducted by the members of the Management Committee, portfolio managers and research associates.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review

A review of a client account may be triggered by any unusual activity or special circumstances.

C. Content and Frequency of Account Reports to Clients

Cumberland generally provides annual audited financial statements for the Cumberland Partnerships to investors within 120 days of the fiscal year end.

Cumberland distributes, on a quarterly basis, a letter to all investors in each of the Cumberland Partnerships. The letter documents the performance of each Cumberland Partnership, provides analysis, and notifies investors of any organizational changes. Upon request, Cumberland will also provide investors with a data sheet which details each Cumberland Partnership's performance (long and short), largest holdings, sector weightings, and net investedness.

Item 14 Client Referrals and Other Compensation

A. Economic Benefits for Providing Services to Clients

Cumberland does not receive economic benefits, such as sales awards or prizes, from non-clients for providing investment advice and other advisory services, provided that Cumberland receives a portion of the advisory fee paid by Cumberland International to WW Management Limited, the management adviser to Cumberland International.

B. Compensation to Non-Supervised Persons for Client Referrals

Except for payments made by Cumberland to former employees in respect of past client referrals, neither Cumberland nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals.

Item 15 Custody

Cumberland is deemed to have custody of funds and securities of the Cumberland Partnerships. These funds and securities are held in accounts maintained with a qualified custodian, in accordance with SEC regulations. Account statements for each Cumberland Partnership are sent by the qualified custodian to Cumberland on a monthly basis.

Item 16 Investment Discretion

Cumberland serves as the investment adviser to each Cumberland Client. Cumberland's investment decisions and advice with respect to each Cumberland Client are subject to each Cumberland Client's investment objectives and guidelines, as set forth in its offering documents. Cumberland has entered into investment advisory agreements with each Cumberland Client, pursuant to which Cumberland has been granted discretionary trading authority with respect to each client.

Item 17 Voting Client Securities

In compliance with Advisers Act Rule 206(4)-6, Cumberland has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "Proxies") in a prudent and diligent manner that will serve the applicable client's best interests and is in line with each client's investment objectives.

Cumberland will generally vote Proxies in favor of routine corporate housekeeping proposals, including the election of directors (where no corporate governance

issues are implicated), selection of auditors, and increases in or reclassifications of common stock, and in accordance with the recommendations of management.

In limited circumstances, Cumberland may refrain from voting Proxies where Cumberland believes that voting would be inappropriate, taking into consideration the cost of voting the Proxies and the anticipated benefit to its clients. Generally, clients may not direct Cumberland's vote in a particular solicitation.

When voting Proxies, conflicts may arise between the interests of the clients on the one hand and Cumberland or its affiliates on the other hand. If the conflict of interest is personal to a portfolio manager, such portfolio manager will abstain from the voting decision. Cumberland may alternatively disclose the conflict of interest to clients and obtain their consent before voting.

Clients may obtain a copy of Cumberland's Proxy voting policies and its Proxy voting record upon request.

Item 18 Financial Information

Cumberland is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.