

Item 1. – Cover Page

Dorchester Capital Advisors International, LLC Part 2A of Form ADV The Brochure

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This brochure provides information about the qualifications and business practices of Dorchester Capital Advisors International, LLC (“Dorchester” or the “Advisor”). If you have any questions about the contents of this brochure, please contact us at (310) 402-5090. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about the Advisor is also available on the SEC’s website at: www.adviserinfo.sec.gov.

In this brochure, Dorchester refers to itself and certain affiliates as registered investment advisers. This means that Dorchester and the relevant affiliates are registered as investment advisers under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). Advisers Act registration does not and should not be read to imply a certain level of skill or training.

Item 2. - Material Changes

On July 28, 2010, the SEC published “Amendments to Form ADV,” which amends the disclosure document that the Advisor provides to clients as required by SEC rules. This brochure is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that Dorchester’s previous brochure did not require.

In the future, this item will discuss only specific material changes are made to this brochure. This item will also reference the date for the last annual update of the Advisor’s brochure.

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Item 4. - Advisory Business

Dorchester Capital Advisors International, LLC (the “Advisor” or “Dorchester”) is the investment manager to two Cayman Islands companies: Dorchester Capital International, Ltd. (“DCI”) and Dorchester Capital International Select Opportunities, Ltd. (“Dorchester Select”). Each of DCI and Dorchester Select are referred to individually as a “Fund” and, collectively, as the “Funds.”

In its capacity as the investment manager of each Fund, the Advisor is responsible for implementing each Fund’s investment objectives and strategies under the broad oversight of each Fund’s board of directors.

The investment objective of DCI is to generate attractive, risk-adjusted returns through a market cycle with a focus on capital preservation. Dorchester Select's investment objective is to generate attractive, risk-adjusted returns through a market cycle with a focus on capital appreciation. Dorchester Select invests substantially all of its assets in a domestic fund with the same investment objective ("Select Onshore Fund") managed by Dorchester Capital Advisors, LLC, an affiliate of the Advisor and a registered investment adviser ("DCA"). Any reference herein to the investment activities of Dorchester Select means its direct activities, if any, and its indirect investments through the Select Onshore Fund. Each Fund seeks to achieve its investment objectives by investing in a diversified group of separate accounts and private funds ("Investment Funds") sponsored by investment managers ("Underlying Managers") that employ a variety of investment strategies that Dorchester believes offer attractive rates of return over time. The strategies include long/short and primarily long only investment strategies, event driven and special situations investment strategies, distressed and value debt securities investment strategies, relative value investment strategies and trading investment strategies. Dorchester may cause the Funds to invest in Investment Funds directly or may cause the Funds to purchase interests or shares of Investment Funds (including private equity funds) from a current investor through a secondary market transaction.

Each Fund may also invest in short-term interest bearing investments, including, without limitation, United States government obligations, certificates of deposit, money market accounts, mutual funds, hedge fund indices and interest-bearing accounts located at commercial banks and/or registered broker-dealers, and other investment instruments that may hedge perceived directional exposure. Each Fund may also invest in shares, interests or units of the other Fund or funds sponsored by a Dorchester affiliate ("Affiliated Funds"). No investment manager, general partner or adviser of such a fund will receive any management fees, incentive allocation or performance fees from a Fund's investment in the fund (including in connection with Dorchester Select's investment in the Select Onshore Fund).

The Advisor tailors its advisory services to the specific objectives of each Fund. It does not tailor its investment advice to the investment objectives or specific needs of any investor in a Fund.

The Advisor was founded in 2004 and is primarily owned by Mark Steven Zucker and Michael Halpern. Messrs. Zucker and Halpern are managing members and co-Chief Investment Officers ("CIOs") of the Advisor. As of March 1, 2011, the Advisor managed \$206.4 million on a discretionary basis on behalf of the two Funds. Dorchester does not manage any assets on a non-discretionary basis.

Item 5. - Fees and Compensation

For its services as investment manager, the Advisor is entitled to receive both management fees and performance fees with respect to each Fund. Each Fund's management fees are payable quarterly in advance and are generally computed as a percentage of the net asset value of each applicable series of shares of the relevant Fund. DCI's management fees range from 1-2% per annum, depending upon the tranche of shares. Dorchester Select's management fees range from 1-1.5% per annum, depending upon the tranche of shares. The annual performance fee for both DCI and Dorchester Select ranges from 0-5%, depending upon the tranche of shares.

The fees charged to a Fund are described in more detail in that Fund's offering documents.

The management fees with respect to each Fund, which are payable quarterly in advance, are generally computed as a percentage of the net asset value of each series of shares of that Fund. Investors that redeem all or a portion of their investment in a Fund other than at the end of a quarter will be rebated an appropriate portion of the management fee with respect to the amount redeemed by such investor. Management fees are also pro-rated for partial periods.

As noted above, Fund management fees are paid in advance, and are based on the net asset value of each series of a Fund's shares as of the first day of each quarter. Generally, Dorchester requests a conservative amount of the quarterly management fee in the first week of the quarter (roughly 75% of the quarter's expected management fee). The applicable Fund's administrator/custodian makes the payment. Once the prior quarter numbers are finalized, Dorchester requests the balance of the management fee from the applicable Fund administrator/custodian, adjusting for new investments, if any. The Advisor reconciles its internal management fees and the amounts calculated by the applicable Fund administrator on a monthly basis, with any differences being included in the next quarterly payment.

The performance fee for each Fund is computed by charging, as of the end of each fiscal year, a percentage of the net profits (including unrealized gains) allocated to each series of shares of that Fund, subject to a loss carry-forward provision (or "high water mark"). An investor redeems shares other than as of the end of a fiscal year will be charged a performance fee, if applicable and subject to the high water mark, on the amount redeemed as of the effective date of the redemption. The performance fee is only earned at the end of the year, or when crystallized by a redemption during the year.

Different classes or tranches of shares within a Fund may pay different management fees or performance fees. Fund-level management fees and performance fees may be reduced or waived in certain circumstances, including with respect to investments (1) by a Fund in another Fund or in a fund managed by a Dorchester affiliate or (2) by members, officers and/or employees of Dorchester or its affiliates.

Although fees are generally not negotiable, the Advisor may cause a Fund to enter into separate agreements with certain Fund investors that provide for fee terms that are different than those generally applicable to investors in that class or tranche of shares of a Fund.

Each Fund may also invest in shares, interests or units of the other Fund or Affiliated Funds. No Dorchester affiliate that serves as investment manager, general partner or adviser of such fund will receive any management fees, incentive allocation or performance fees from a Fund's investment in the fund (including in connection with Dorchester Select's investment in the Select Onshore Fund).

The Funds purchase interests in Investment Funds and, therefore, investors in the Funds are paying multiple layers of fees. Investors in a Fund pay a management fee and performance fee to Dorchester and, indirectly through the Fund's investments in Investment Funds, pay an additional management fee and/or performance fee or allocation to the Underlying Managers.

Each Fund bears its transaction (e.g., brokerage commissions), administrative, custody, legal (including blue sky compliance), technology costs and expenses associated with the research and monitoring of Fund investments, insurance expenses (including a portion of the D&O and E&O policies covering the Advisor and its personnel), tax preparation, accounting and audit expenses, directors fees and any expenses for services that the Fund shareholders require the Advisor to obtain. The Advisor is reimbursed for any of such expenses it bears on a Fund's behalf. In addition to a Fund's direct expenses, each Fund, as an investor in Investment Funds, indirectly bears its own *pro rata* share of the expenses of those Investment Funds. These indirect expenses may include, without limitation, a Fund's *pro rata* share of an Investment Fund's investment expenses (such as custodial fees and brokerage commissions) and overhead expenses (such as rent, personnel expenses, equipment, supplies, management and consulting fees and similar expenses).

Although a Fund will not pay management fees or performance fees or make an incentive allocation with respect to an investment in the other Fund or an Affiliated Fund, a Fund will bear its *pro rata* share of the expenses of the Fund or Affiliated Fund in which it invests as an investor therein (including in connection with Dorchester Select's investment in the Select Onshore Fund).

A discussion of Dorchester's brokerage policies and procedures is set forth in Item 12, to the extent applicable. These policies are extremely limited, however, because the Funds generally invest in Investment Funds in private transactions and do not use broker/dealers to effect securities transactions.

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

As stated in the Fees and Compensation section above, the Advisor charges Fund investors a performance fee based on a share of capital gains on or capital appreciation of a Fund's assets allocated to each series of shares of a Fund, subject to a high water mark.

The fact that the Advisor is compensated based on performance may create an incentive for the Advisor to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation arrangements.

Dorchester and its affiliates share common employees, including portfolio managers, as discussed in Item 10 below. These portfolio managers make investment decisions for the Funds and for Affiliated Funds. As a result, Dorchester and its affiliates may have an incentive to favor accounts through allocation of investments that pay a higher performance fee or are above or near the applicable "high water mark" over those that pay a lower performance fee or are significantly below the "high water mark." This is because Dorchester or a Dorchester affiliate will not earn a performance-based fee from a Fund or Affiliated Fund, as applicable, unless the performance of that Fund or Affiliated Fund exceeds the applicable high water mark.

In counteracting such incentives, Dorchester and its affiliates has designed and implemented policies and procedures to ensure that all Funds and Affiliated Funds are treated fairly in connection with allocation of investment opportunities, and to prevent any conflict of interest

from influencing allocations of these investment opportunities. In the event that both of the Funds or one or more Funds and an Affiliated Fund purchases or sells interests or shares in the same Investment Fund, it is Dorchester's and its affiliates' general policy to allocate purchase or sale opportunities on a *pro rata* basis to all appropriate Funds and Affiliated Funds. In the case of purchase opportunities, this determination will be made by reference to the approximate net asset value of the appropriate Funds and Affiliated Funds, and, in the case of sales, the approximate net asset value of interests or shares owned by all appropriate Funds and Affiliated Funds.

If an applicable member of management responsible for the Funds' and/or Affiliated Funds' investments, such as a CIO or a member of the Advisor's Investment Committee, believes that an exception should be made to Dorchester's general policy of the *pro rata* allocation of purchase or sale opportunities, that CIO or Investment Committee member will be required to raise such proposed exception before the entire Investment Committee. (The Investment Committee is composed of the two co-CIOs, the Chief Operating Officer and two Directors in Research.) The Investment Committee, as a whole, will then discuss the matter and will only recommend an exception to Dorchester's general policy of *pro rata* allocation if it determines that, under the circumstances, such exception would be in the best interests of the Funds and/or any applicable Affiliated Funds and their investors. The Investment Committee must record any recommendation that is not included within certain enumerated categories of exceptions, in writing, including the basis for such recommendation, and present the same to the Chief Compliance Officer, who will make final written determination with respect to the proposed exception.

The Advisor has developed different allocation policies with respect to purchases of Investment Fund interests in secondary market transactions, as described in Item 10 below.

Item 7. - Types of Clients

Dorchester is the investment manager of the Funds pursuant to an investment management agreement with each Fund. *See* Item 4, above.

Each investor in Dorchester Select generally must be (1) an "accredited investor," as defined in Regulation D under the U.S. Securities Act of 1933, as amended ("1933 Act"), (2) a "qualified purchaser" under the U.S. Investment Company Act of 1940, as amended ("1940 Act"), and the rules thereunder, and (3) if a "United States person" as defined in the U.S. Internal Revenue Code of 1986, as amended ("Code"), be exempt from U.S. income taxation under the Code.

Each investor in DCI that is a "United States person" (as defined in the Code) must be (1) an accredited investor, as defined in Regulation D under the 1933 Act, (2) a qualified purchaser or "knowledgeable employee" under the 1940 Act and the rules thereunder, and (3) exempt from U.S. income taxation under the Code. Each other investor in DCI must not be a "U.S. person," as defined in Regulation S under the 1933 Act, or a "United States person" as defined in the Code, and must be a "Non-United States person" as defined in Rule 4.7 under the U.S. Commodity Exchange Act ("CEA").

Each Fund also has a minimum required investment amount of between \$1,000,000 and \$2,000,000. An investor in a Fund generally may not effect a partial redemption of its shares if, after such redemption, the net asset value of its investment in such Fund would be less than the minimum investment amount described above. The foregoing investment minimums may be waived or modified in the sole discretion of the applicable Fund's board of directors.

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

The Advisor's Investment Process begins with Strategy Selection, followed by Manager Sourcing, Manager Selection, Portfolio Management and Portfolio Construction. Risk Management is integrated into every level of Dorchester's Investment Process.

Dorchester's Investment Process begins with Strategy Selection, narrowing down the number of Underlying Managers Dorchester needs to evaluate. Dorchester focuses primarily in four hedge fund strategies broadly defined: Relative Value, Event Driven & Special Situations, Long/Short Equity, and Distressed & Value Debt. Generally, the Advisor prefers strategies with low correlation to the stock market that can deliver absolute returns. Generally, the Advisor likes "bottoms up" strategies where returns are derived from a fundamental assessment of a company's balance sheet, cash flow statements and earnings growth.

The second stage of Dorchester's Investment Process is Manager Sourcing. The Advisor's broad experience within various parts of the investment management industry provides a large network from which it can source and cross reference many of its investment ideas. Dorchester's Research Team's expertise comes from a variety of backgrounds including Wall Street investment banking, research and trading, private equity, institutional investment and hedge fund management. Dorchester's team includes professionals who have built relationships over more than 20 years each in their respective disciplines. Michael Halpern and Mark Zucker, the Advisor's Managing Members and co-CIOs, both previously founded and ran their own hedge funds. David Mann, the Advisor's Chief Operating Officer, worked at Goldman Sachs for more than twelve years, where he headed up their Prime Brokerage business in Asia and their Fund Administration business in the Cayman Islands. These backgrounds provide many relationships and references.

The next step of Dorchester's Investment Process is Manager Selection. Dorchester seeks out Underlying Managers who have demonstrated an ability to earn positive returns in both up and down markets. Dorchester generally prefers mid-sized Investment Funds that are nimble enough to move fast, small enough to exploit inefficient markets and large enough to have appropriate infrastructure. Dorchester ultimately invests with Underlying Managers who have built an organization with talented people and an investment process that emphasizes original research, independent thinking and risk management. Specifically, Dorchester prefers Underlying Managers who: have demonstrated investment experience, have long term orientation and a fundamental bias, have a disciplined investment process, have a relationship with Wall Street, have a stable investor base, provide high quality client service, commit to their back office, have consistent valuation procedures, and use an independent administrator.

The next stage of Dorchester's Investment Process is Portfolio Management.

Dorchester's process emphasizes both a "top down" and "bottom up" decision model. The "top down" approach focuses on Dorchester's view of current market conditions including geography, asset class, strategies, liquidity, and risk premiums, all of which guide Dorchester's Strategy Selection. The "bottom up" approach focuses on (1) allocating capital to a diversified Underlying Manager pool within a strategy, and (2) allocating more capital to those Underlying Managers Dorchester expects to generate more attractive risk adjusted returns. The ultimate goal of Dorchester's Portfolio Management process is to create a fund of funds within risk guidelines that is composed of uncorrelated Underlying Managers with attractive return potential.

Dorchester's Portfolio Construction process involves three particular areas: Strategy Allocation, Manager Allocation, and Manager Monitoring.

- Strategy Allocation: Depending on how Dorchester views the relative attractiveness of each strategy, Dorchester allocates to those it feels provide the most attractive market opportunities.
- Manager Allocation: Dorchester allocates to Underlying Managers who will: (1) provide incremental return to a Fund's portfolio without meaningfully increasing risk, (2) reduce a Fund's drawdown risk without meaningfully harming return, or (3) that have attractive reward/risk characteristics with little to no correlation to the applicable Fund's portfolio.
- Manager Monitoring: Dorchester's Research Team monitors existing Underlying Managers to ensure that the applicable Fund's investment objectives are being met and limits adhered to. This includes monthly conference calls and at least one yearly on-site visit. In addition, Dorchester runs monthly proprietary quantitative models to assess changes in manager risks, covariance among all Underlying Managers and a Fund's portfolio, and individual Underlying Manager risk and return profiles.

Dorchester integrates Risk Management into every step of its Investment Process. Risk Management controls are embedded throughout Dorchester's organization:

- The Investment Committee oversees Risk Management at the Strategy Selection, Asset Allocation and Manager Selection level.
- The Research Team oversees Risk Management at the portfolio and Investment Fund and Underlying Manager level. If Dorchester is unable to achieve an adequate level of risk control through asset diversification, Dorchester is willing to "mind the gap" with separate accounts or an options overlay (although Dorchester would always prefer to "fill the gap" with an Underlying Manager because Underlying Managers provide an "alpha" component). The Associate in charge of Risk Management oversees Dorchester's separate account and options overlay programs.
- The Chief Operating Officer oversees Risk Management at the Underlying Manager due diligence level as it relates to back office operations.

- The Chief Compliance Officer oversees Risk Management at the Advisor's level by monitoring and ensuring Dorchester's operational, reporting, accounting, client service and marketing efforts adhere to the highest of professional industry standards.

All investing involves a risk of loss, including loss of principal invested. There are certain risks involved in the strategy pursued by the Advisor for the Funds. Certain of these risks are described below. A potential investor in a Fund, however, will be provided with offering documents that contain a more fulsome discussion of the risks involved in such an investment and the applicable Fund's investment activities.

Investment Strategies. The success of the Advisor's strategies depends on its ability to select and allocate among individual Investment Funds and other investments. Success also depends on each Underlying Manager's ability to select individual securities, to correctly interpret market data, predict future market movements and otherwise implement its investment strategy. The Advisor will actively allocate and reallocate assets among various Investment Funds and investment strategies. No assurance can be given that the investment strategies to be used by the Advisor or the Underlying Managers of the Investment Funds will be successful under all or any market conditions.

Multiple Investment Managers. Because the Funds invest in Investment Funds managed by unaffiliated Underlying Managers who make their trading decisions independently, it is theoretically possible that one or more of such Underlying Managers may, at any time, take investment positions that are opposite of positions taken by other Underlying Managers. It is also possible that the Underlying Managers selected by the Advisor may on occasion be competing with each other for similar positions at the same time. Also, a particular Underlying Manager may take positions for its other clients that are opposite to positions taken for an Investment Fund selected by the Advisor.

Multiple Layers of Fees and Expenses. The Funds invest a substantial portion of their assets in Investment Funds. While providing investors with diversification, this multi-manager approach also exposes investors to several layers of fees, incentive allocations and expenses. In addition to the fees paid to the Advisor, each Investment Fund may charge a management fee, an incentive allocation and/or a performance fee and may incur expenses. It is expected that Investment Funds' management fees will generally be 1% to 2% and the incentive allocations and/or performance fees will generally be 15% to 25%. These fees and expenses reduce the returns generated by a Fund and, in the aggregate, may be higher than fees charged by investment funds with a single manager. The returns realized by Fund investors may be substantially less than the returns the investors would realize from engaging in the same activities directly, if they were able to make such investments directly without investing in a Fund.

Access to Information from Underlying Managers. The Advisor may request information from each Underlying Manager regarding the Underlying Manager's historical performance and investment strategy. The Advisor may also request detailed portfolio information on a continuing basis from each Underlying Manager retained on behalf of a Fund. However, Dorchester may not always be provided with such information because certain of this information may be considered proprietary information by the particular Underlying Manager. This lack of access to information

may make it more difficult for Dorchester to select, allocate among, evaluate and monitor Underlying Managers and their Investment Funds.

Limited Ability to Verify Valuation Information. The value of a Fund's investment in an Investment Fund will generally be determined in accordance with the valuation policies of the Investment Fund and its Underlying Manager. Such valuations will generally be calculated by the Investment Fund, the Underlying Manager or its agent, not by the Fund, any Fund administrator or the Advisor. A Fund, as an investor in an Investment Fund, has only limited access to the portfolio holdings of such Investment Fund and, thus, the Fund and the Advisor may have a limited ability or no ability to independently verify the valuation information provided by the Investment Fund and Underlying Manager.

Liquidity Risk. Investments in Investment Funds will generally be illiquid, and could be subject to lock-up periods, withdrawal penalties or other restrictions on redemption. Additionally, an Investment Fund's investments may at any given time be illiquid such that either no market exists for them or they are restricted as to their transferability under applicable laws. Thus, the sale of these investments may be made at substantial discounts, delayed or impossible. This may result in a reduced ability or an inability of a Fund to redeem its investment from an Investment Fund, even when the Fund otherwise might have the right to do so under the terms of the Investment Fund's governing documents. Unexpected events could make a Fund's investments even more illiquid than anticipated at the time of investment, potentially affecting the ability of investors to redeem from a Fund. Such illiquidity makes an investment in a Fund inappropriate for an investor that would need immediate liquidity.

Certain strategies and investments implemented by the Investment Funds may be highly volatile and involve a significant degree of risk. The following risks are intended only to highlight certain key risks in the Investments Funds' investments and strategies; the list below is not exhaustive.

Risk Management Control Issues. Underlying Managers to the Investment Funds may use proprietary investment strategies that are not fully disclosed to the Advisor. These strategies may involve risks under certain market conditions that have not been anticipated by the Underlying Managers to the Investment Funds. The Advisor's inability to control the frequency, quantity or quality of information obtained from Investment Funds regarding their investment portfolios may make it difficult or impossible for the Advisor to implement its risk management strategies as intended. There can be no assurance or guarantee that a Fund investment will be profitable even if the Advisor is able to implement its risk management strategies as intended.

Leverage. Certain Investment Funds will seek to enhance returns through the use of leverage, which can be described as exposure to changes in price at a ratio greater than 1:1 in reference to the amount invested. Leverage magnifies both the favorable and unfavorable effects of price movements in the investments made by an Investment Fund, all of which may subject a Fund to substantial risk of loss.

Short Selling. Some of the Investment Funds will engage in short selling, both as part of their general investment strategy and for hedging purposes. Short selling involves selling

securities that are not owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows an Investment Fund to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. However, since the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities would result in a loss upon such repurchase. An Investment Fund's obligations under its securities loans will be marked to market daily and collateralized by that Investment Fund's assets held at the broker, including its cash balance and its long securities positions. Because securities loans must be marked to market daily, there may be periods when the securities loan must be settled prematurely, and a substantial loss would occur.

Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short selling exposes an Investment Fund (and thus a Fund) to unlimited risk with respect to that security due to the lack of an upper limit on the price to which an instrument can rise.

Equity Securities. The value of the equity securities held by the Investment Funds are subject to market risk, including changes in economic conditions, growth rates, profits, interest rates and the market's perception of these securities. The value of a Fund's investment in an Investment Fund will increase and decrease, reflecting fluctuations in the value of the underlying securities held by the Investment Fund.

Debt and Other Income Securities. Many of the Investment Funds will invest in fixed-income and adjustable-rate securities. Income securities are subject to interest rate, market and credit risk. Interest rate risk relates to changes in a security's value as a result of changes in interest rates generally. Even though such instruments are investments that may promise a stable stream of income, the prices of such securities are generally inversely affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations. In general, the values of fixed income securities increase when prevailing interest rates fall and decrease when interest rates rise. Because of the resetting of interest rates, adjustable rate securities are less likely than non-adjustable rate securities of comparable quality and maturity to increase or decrease significantly in value when market interest rates fall or rise, respectively. Market risk relates to the changes in the risk or perceived risk of an issuer, country or region. Credit risk relates to the ability of the issuer to make payments of principal and interest. The values of income securities may be affected by changes in the credit rating or financial condition of the issuing entities. Income securities denominated in non-U.S. currencies are also subject to the risk of a decline in the value of the denominating currency relative to the U.S. dollar.

The debt securities in which the Investment Funds may invest are not necessarily required to satisfy any minimum credit rating standard and may include instruments that are considered to be of relatively poor standing and have predominantly speculative characteristics with respect to capacity to pay interest and repay principal. The Investment Funds may invest in bonds rated lower than investment grade, which may be considered speculative. The Investment Funds may also invest a substantial portion of their assets in high-risk instruments that are low rated or unrated.

Convertible Securities. Some of the Investment Funds will invest in convertible securities (“Convertibles”), which are generally debt securities or preferred stocks that may be converted into common stock. Convertibles typically pay current income as either interest (debt security convertibles) or dividends (preferred stocks). A Convertible’s value usually reflects both the stream of current income payments and the value of the underlying common stock. The market value of a Convertible performs like that of a regular debt security; that is, if market interest rates rise, the value of a Convertible usually falls. Since it is convertible into common stock, the Convertible generally has the same types of market and issuer risk as the underlying common stock. Convertibles that are debt securities are also subject to the normal risks associated with debt securities, such as interest rate risks, credit spread expansion and ultimately default risk, as discussed below. Convertibles are also prone to liquidity risk, as demand can dry up periodically, and bid/ask spreads on bonds can widen significantly.

An issuer may be more likely to fail to make regular payments on a Convertible than on its other debt because other debt securities may have a prior claim on the issuer’s assets, particularly if the Convertible is preferred stock. However, Convertibles usually have a claim prior to the issuer’s common stock.

Derivatives. Certain Investment Funds may invest in derivatives. Derivatives are financial contracts whose values depend on, or are derived from, the value of an underlying asset, reference rate or index. Investment Funds may use derivatives for any number of purposes including, among other things, as a substitute for taking a position in the underlying asset or as part of a strategy designed to reduce or increase exposure to other risks, such as interest rate or currency risk. An Investment Fund’s use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks described elsewhere in this section, such as interest rate risk, market risk and credit risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. If an Investment Fund invests in a derivative instrument, it could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that an Investment Fund will engage in these transactions to reduce exposure to other risks when that would be beneficial.

Option Transactions. The purchase or sale of an option by an Investment Fund involves the payment or receipt of a premium payment and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument does not change price in the manner expected, so that the option expires worthless and the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security or other instrument in excess of the premium payment received.

OTC Transactions. Certain Investment Funds may invest in derivative instruments that are not traded on organized exchanges and, as such, are not standardized. These transactions are known as over-the-counter (“OTC”) transactions. In general, there is less governmental

regulation and supervision in the OTC markets than of transactions entered into on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. This exposes an Investment Fund to the risks that a counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract. In addition, an Investment Fund will be subject to the risk of the inability of counterparties to perform with respect to transactions, whether due to insolvency, bankruptcy, governmental prohibition or other causes, which could subject the Investment Fund, and thus the investing Fund, to losses.

Futures Contracts and Options on Futures Contracts. In entering into futures contracts and options on futures contracts, there is a credit risk that a counterparty will not be able to meet its obligations to an Investment Fund. The counterparty for futures contracts and options on futures contracts traded in the United States and on most foreign futures exchanges is the clearinghouse associated with such exchange. In general, clearinghouses are backed by the corporate members of the clearinghouse who are required to share any financial burden resulting from the non-performance by one of its members and, as such, should significantly reduce this credit risk. In cases where the clearinghouse is not backed by the clearing members (*i.e.*, some foreign exchanges), it is normally backed by a consortium of banks or other financial institutions. There can be no assurance that any counterparty, clearing member or clearinghouse will be able to meet its obligations to an Investment Fund.

In addition, under the CEA, futures commission merchants are required to maintain customers' assets on a segregated basis. If an Investment Fund engages in futures and options contract trading and the futures commission merchants with whom the Investment Fund maintains accounts fail to so segregate the Investment Fund's assets or are not required to do so, the Investment Fund will be subject to a risk of loss in the event of the bankruptcy of any of its futures commission merchants. Even where customers' funds are properly segregated, an Investment Fund might be able to recover only a *pro rata* share of its property pursuant to a distribution of a bankrupt futures commission merchant's assets.

Non-U.S. Investments. Investment in non-U.S. issuers or securities principally traded outside the United States may involve certain special risks due to economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities. Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive, accounting reporting and disclosure requirements than domestic issuers. The securities of some foreign governments and companies and foreign securities markets are less liquid and at times more volatile than comparable U.S. securities and securities markets. The foregoing risks associated with non-U.S. investments are even greater in emerging markets.

Non-U.S. Exchanges and Markets. An Investment Fund may engage in trading on non-U.S. exchanges and markets. Trading on such exchanges and markets may involve certain risks not applicable to trading on U.S. exchanges and is frequently less regulated. For example, certain

of those exchanges may not provide the same assurances of the integrity (financial and otherwise) of the marketplace and its participants, as do U.S. exchanges. There also may be less regulatory oversight and supervision by the exchanges themselves over transactions and participants in such transactions on those exchanges. Some non-U.S. exchanges, in contrast to U.S. exchanges, are “principals’ markets” in which performance is the responsibility only of the individual member with whom the trader has dealt and is not the responsibility of an exchange or clearing association. Furthermore, trading on certain non-U.S. exchanges may be conducted in such a manner that all participants are not afforded an equal opportunity to execute certain trades and may also be subject to a variety of political influences and the possibility of direct government intervention. Investment in non-U.S. markets is also subject to the risk of fluctuations in the exchange rate between the local currency and the dollar and to the possibility of exchange controls. Foreign brokerage commissions and other fees are also generally higher than in the United States.

Currency. The value of an Investment Fund’s assets may be affected favorably or unfavorably by the changes in currency rates and exchange control regulations. Some currency exchange costs may be incurred when an Investment Fund changes investments from one country to another. Currency exchange rates may fluctuate significantly over short periods of time. They generally are determined by the forces of supply and demand in the respective markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors, as seen from an international perspective. Currency exchange rates can also be affected unpredictably by intervention by governments or central banks (or the failure to intervene) or by currency controls or political developments.

Item 9. - Disciplinary Information

The Advisor and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to an investor’s evaluation of Dorchester or its personnel.

Item 10. - Other Financial Industry Activities and Affiliations

Dorchester Private Equity Management, LLC (“DPEM”), an affiliate of the Advisor, serves as the general partner to five Delaware limited partnerships and two Cayman Islands limited partnerships. Certain of these investment vehicles invest, directly or in the secondary market, in private equity funds (including, without limitation, buyout funds, mezzanine funds, hedge funds and venture capital funds) and individual private equity investments, while others (the “Secondaries Funds”) invest in interests in existing hedge funds in secondary market transactions.

DCA, an affiliate of the Advisor and a registered investment adviser, is the investment manager to four Delaware limited partnerships: Dorchester Capital Partners, L.P., the Select Onshore Fund, Dorchester Capital Lakeside, L.P. and Dorchester Capital Partners Global, L.P. As noted above, Dorchester Select invests substantially all of its assets in the Select Onshore Fund.

The Advisor, DCA and DPEM share common offices and share all of the same employees, including portfolio managers.

Neither DCA nor DPEM receives fees or incentive allocations from the Funds.

Certain purchases of Investment Fund and private equity fund interests or shares in secondary market transactions may be appropriate for both the Secondaries Funds and one or more of the Funds and/or Affiliated Funds. In such cases, these opportunities are allocated pursuant to allocation procedures specifically created for such investments. Allocations between the Secondaries Funds will be done *pro rata* based on total capital commitments until the first Secondaries Fund is either fully committed or past its investment period. Allocations to other Funds and Affiliated Funds may be made only if the size (based on purchase price) of the investment is greater than a 3% position in the Secondaries Funds. Also, the maximum allocation that Funds and Affiliated Funds (other than the Secondaries Funds) may take of any individual deal is 25% per fund and 50%, collectively. Additionally, any position taken in a secondary purchase by such a fund (other than a Secondaries Fund) must represent at least a 1% position for that particular fund in order to be considered. The participation of such funds (other than the Secondaries Funds) in secondary market transactions is, among other things, dependent on the cash flow and capacity of the relevant fund. Any deviations to this policy need to be approved in writing by both the Executive Committee (composed of the two co-CIOs and the Chief Operating Officer) and the Chief Compliance Officer.

The Advisor, DCA and DPEM serve as general partner and/or investment manager to several private investment funds and thus maintain nominal capital accounts with respect to such funds. In addition, certain members, officers or employees of the Advisor invest in such funds. These members, officers or employees may pay or make reduced or no fees or allocations in such funds, as applicable.

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

The Advisor has adopted a Code of Ethics (the “Code”) that sets forth standards of conduct expected of advisory personnel and addresses potential conflicts that arise from personal trading by advisory personnel. The Advisor also has policies involving the safeguarding of proprietary and non-public information by Advisor personnel along with restrictions on the use of insider information and the use of non-public information.

Under the Code, employees are required to provide both initial and annual securities holdings reports as well as periodic transactions reports.

In addition, Investment Persons (as defined below) are prohibited from investing in initial public offerings of securities. Under the Code, “Investment Person” means (i) any employee who is involved in making securities recommendations to the Advisor; (ii) any employee of the Advisor who, in connection with his or her regular functions or duties, makes or participates in making recommendations regarding the purchase or sale of securities by a Fund; (iii) any natural person who controls the Advisor and who obtains information concerning recommendations made to a Fund regarding the purchase or sale of securities by the Fund; and (iv) any employee otherwise designated by the Chief Compliance Officer in writing that such person is an Investment Person. The definition of Investment Person is applied so as to include, without limitation, all Dorchester employees that would be “access persons” under the Advisers Act and the rules thereunder

Under the Code, the Advisor's employees and their family members are prohibited from purchasing interests in any Private Fund unless permission is received in advance from the Chief Compliance Officer. Under the Code, a "Private Fund" is defined to include any private investment fund, including a private investment fund that relies on the exclusion from the definition of "investment company" set forth in either Section 3(c)(1) or Section 3(c)(7) of the 1940 Act. Employees and their family members may invest in a Fund only with the prior written approval of the Chief Compliance Officer. Employees and their family members are permitted to own interests in Private Funds if they owned such interests prior to the initial effective date of the Code or prior to becoming employees (or, in the case of family members, prior to the relevant access person becoming an access person). In such cases, Advisor employees and their family members must seek the prior written approval of the Advisor's Chief Compliance Officer prior to redeeming or transferring such interests.

Craig Carlson, the Advisor's Chief Compliance Officer, currently is required to report issues that arise under the Personal Trading Policy to the Advisor's co-CIOs at least annually. Fund investors and prospective investors can obtain a copy of the Code by contacting Dorchester at (310) 402-5090.

As noted above, the Advisor, DCA and DPEM serve as general partner and/or investment manager to several private investment funds and thus maintain nominal capital accounts with respect to such funds. In addition, certain members, officers or employees of the Advisor, DCA and DPEM invest in such funds (including the Funds). These members, officers or employees may pay or make reduced or no fees or allocations in such funds (including the Funds), as applicable. As noted above, investments in "Private Funds," including the Funds, by members, officers or employees of Dorchester or its affiliates requires pre-approval by the Chief Compliance Officer. The Chief Compliance Officer and/or his or her designee periodically reviews the trades of members, officers and employees listed on the quarterly transactions reports in order to monitor any conflicts of interest relating to such persons' investments.

Dorchester does not engage in cross trades whereby the investments of one Fund are sold to one or more other Funds. Dorchester also does not engage in principal transactions with the Funds for its own account. However, from time to time, one Fund or an Affiliated Fund will redeem from an Investment Fund, and another Fund or Affiliated Fund will invest in the same Investment Fund at approximately the same time, and such redemptions and subscriptions may be coordinated with the Underlying Manager in order to, for example, preserve Investment Fund capacity for the Funds and Affiliated Funds, preserve high water marks and/or minimize the need for an Underlying Manager to sell investments to meet redemption requests, if otherwise consistent with the Dorchester's and such affiliate's portfolio management decisions for the affected Funds and Affiliated Funds.

Item 12. - Brokerage Practices

The Advisor is responsible for implementing each Fund's investment objectives and strategies, as set forth in the applicable Fund's offering memorandum.

The Advisor expects to achieve each Fund's investment objectives by investing in a diversified group of Investment Funds managed by Underlying Managers that employ a variety of investment strategies. While the Advisor makes decisions concerning the allocation of assets among the various Investment Funds and Underlying Managers, each Underlying Manager arranges for the placement of buy and sell orders and the execution of portfolio transactions on behalf of the Investment Fund managed by that Underlying Manager. When a Fund invests with an Underlying Manager through a separate account, Dorchester will seek to obtain a report from the Underlying Manager regarding the execution of trades made for the Fund in that account.

If the Advisor were ever called upon to select a broker, it would do so in accordance with its duty to seek best execution for the Funds.

The Advisor does not direct brokerage in the case of investments made with an Underlying Manager through a separate account. No investor in a Fund can direct the Advisor to select a broker for any purpose.

The Advisor has adopted procedures to address the allocation of investment opportunities between or among the Funds and/or Affiliated Funds. The procedures generally require the *pro rata* allocation of investment opportunities between or among the Funds and Affiliated Funds for which the investment opportunity would be appropriate. *See* Item 6, above. The Advisor has developed special allocation policies relating to the allocation of investment opportunities in secondary market purchases of Investment Fund and private equity fund interests or shares. *See* Item 10, above.

Item 13. - Review of Accounts

The Advisor's ongoing risk management process is described in Item 8, above.

In addition, each Fund's portfolio is reviewed by the co-CIOs and the Risk Manager on at least a monthly basis. The review includes an analysis of the diversification of each Fund's assets, including exposure to market and other risks, and a review of the performance of the various Investment Funds and Underlying Managers in which and with which that Fund invests.

The Chief Financial Officer and Controller are responsible for monitoring accounting, administration and regulatory matters relating to the Funds. In addition, certain Funds have engaged an administrator and each Fund's auditor performs interim testing and annual reviews of the Funds, including verification of each Fund's cash flows, position valuations, and accounting.

Monthly performance estimates and capital account statements, written quarterly reports and annual audited reports are furnished to each investor in the Funds.

Item 14. - Client Referrals and Other Compensation

The Advisor has entered into a number of agreements with broker-dealers (each, a "Solicitor") for the purpose of introducing prospective Fund investors to the Advisor. The Advisor pays fees to such Solicitors, which fees generally consist of a portion of the management fees and may include

a portion of the performance fees earned by the Advisor from the investor introduced by the Solicitor.

Item 15. - Custody

As investment manager of the Funds, the Advisor is deemed to have custody of the Funds' assets. All Fund non-Investment Fund securities are held in custody by unaffiliated broker-dealers or banks and many Investment Fund positions are also held in custody by unaffiliated broker-dealers or banks; however the Advisor may have access to Fund accounts since it serves as the investment manager of the Funds and certain of its officers and employees serve on the Funds' boards of directors. Investors will not receive statements from the custodian. Instead, each Fund is subject to an annual audit by independent public accountants and the audited financial statements are distributed to each investor. The audited financial statements of a Fund will be prepared in accordance with U.S. generally accepted accounting principals and distributed to Fund investors within 180 days of such Fund's fiscal year end.

Item 16. - Investment Discretion

The Advisor is responsible for implementing each Fund's investment objectives and strategies, as set forth in the applicable Fund's offering memorandum. The Advisor has full discretionary authority over the investment activities of each Fund pursuant to an investment management agreement with each Fund. Any limitations on the Advisor's discretionary authority with respect to a Fund's investments are set forth in that agreement and/or the Fund's offering memorandum.

Item 17. – Voting Client Securities

Dorchester does not anticipate owning equity securities granting the Funds the right to vote proxies other than interests in the Investment Funds in which the Funds invest. However, should the Funds acquire the right to vote proxies, Dorchester will exercise such voting authority in accordance with the policies and procedures it has adopted governing such voting.

Dorchester generally will vote proxies so as to promote the long-term economic value of the underlying securities held by the Funds. Each proxy proposal will be considered on its own merits, and an independent determination will be made whether to support or oppose management's position. Dorchester believes that the recommendation of management should be given substantial weight, but Dorchester will not support management proposals that Dorchester believes may be detrimental to the underlying value of the Funds' positions.

Dorchester generally characterizes proxy voting issues into three Levels (I, II and III). Proxies are reviewed by the CIO most familiar with the company or fund issuing the proxy. The Level of a proposal will determine the depth of research required by the applicable CIO when deciding how to vote each proxy.

Dorchester will receive and forward each proxy statement to the appropriate CIO to review. The CIO will examine the materials and then decide on how to vote based on the Level of the issue raised by the proxy. The CIO will communicate the decision to the Chief Compliance Officer,

who will then arrange for the votes to be entered. The Chief Compliance Officer may employ a third-party or utilize specialized software to record and transmit proxy votes electronically. The communication between the CIO and the Chief Compliance Officer will be kept in its original form for the period required by the Advisers Act and the rules thereunder. After votes are cast, the Chief Compliance Officer will perform a review to ensure that all proxies received, and for which a voting obligation exists, have been voted.

The Chief Compliance Officer is responsible for administering and overseeing the proxy voting process. An investor may obtain a copy of Dorchester's proxy voting policies as well as information about how the Advisor has voted proxies for the Fund(s) in which that investor is a shareholder by calling (310) 402-5072.

Item 18. - Financial Information

Dorchester is not aware of any financial condition that is expected to affect its ability to manage the Funds.