

**Item 1 Cover Page**

**FORM ADV Part 2A: Firm Brochure**

Attractor Investment Management Inc.  
1325 Fourth Avenue, Suite 1425  
Seattle, WA 98101  
Phone: 206-462-3980  
Fax: 206-462-3985

Date of this Brochure: March 31, 2011

This brochure provides information about the qualifications and business practices of Attractor Investment Management Inc. If you have any questions about the contents of this brochure, please contact us at 206-462-3980. 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. Attractor Investment Management Inc. is registered as an investment adviser with the SEC. Registration does not imply a certain level of skill or training.

Additional information about Attractor Investment Management Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 Material Changes**

On July 28, 2010, the United States Securities and Exchange Commission (“SEC”) changed the requirements of the disclosure document. This disclosure document, dated March 31, 2011, is prepared according to those new requirements and is materially different in structure. While certain new required disclosure information has been added, there have been no material changes in the firm’s business since the most recently updated Form ADV Part 2 dated March 23, 2010.

Attractor Investment Management Inc. updates the firm brochure annually, or more frequently in the event of certain material changes. In the future, this section will outline and summarize the specific material changes made since the previous update.

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## **Item 4 Advisory Business**

### **The Company**

Attractor Investment Management Inc. (“AIM”) was established in September 16, 1996. AIM is owned 50-50 by Harvey Allison and Gisèle “Gigi” Brisson who are also the persons responsible for its investment decisions.

### **Investment Advisory Services**

AIM provides investment management services on a discretionary basis to three unregistered investment companies: Attractor LP, Attractor QP LP, and Attractor Institutional LP (the “Client Funds”). The Client Funds are offered on a private placement basis to accredited or qualified investors. The investment objective of each of the Client Funds is to generate wealth through investments in the equities of high technology companies. Generally, the Client Funds are invested in parallel (i.e. each of the Client Funds acquires the same investments as the other Client Funds pro rata based upon their respective capital), however AIM has discretion to cause the Client Funds to invest in a disproportionate manner. In making its investment decisions for the Client Funds, AIM does not consider the broader investment objectives, risk tolerance or overall financial condition or liquidity needs of the investors in the Client Funds. AIM considers only the objective and limitations set forth in the limited partnership agreement and placement memorandum of each of the Client Funds.

### **Assets under Management**

As of February 4, 2011, AIM managed \$230.2 million in client assets on a discretionary basis. Currently, AIM does not manage any assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

Each of the Client Funds pays AIM a management fee at the annual rate of 1.5% of the aggregate capital account balances of its limited partners up to \$100 million and 1.0% of the aggregate capital account balances of its limited partners in excess of \$100 million. The capital account balances of the limited partners of Attractor QP and Attractor LP are aggregated for purposes of determining the management fee due to AIM.

AIM’s management fees are paid quarterly in advance based on the aggregate capital account balances of the limited partners in the Client Funds determined as of the close of the preceding quarter, adjusted for any capital contributions accepted as of the commencement of the current quarter. AIM’s fees are deducted directly from Client Funds which deduction is reflected in the value of a limited partner’s capital account balance. In the event that AIM’s management of a Client Fund is terminated at any time other than at the end of a quarter, AIM will refund such Client Fund the unearned portion of the management fee (without interest).

The general partner of the Client Funds may agree to reduce or eliminate the management fee or performance allocation with respect to any limited partner. AIM has agreed to honor such fee reduction or elimination, and exclude such investors’ capital balances from the aggregate capital balance used to compute the management fee. Currently, the general partner of each of the

Client Funds has agreed to eliminate the management fee and performance allocation for the general partner, AIM's personnel and their immediate family members.

In addition to the management fee, limited partners in the Client Funds are also be subject to a performance allocation equal to 20% of new net profits (after payment of any accrued but unpaid management fees and expenses) determined after recoupment of any losses that have been carried forward, payable to Attractor Ventures LLC, the general partner ("General Partner") of each Client Fund and an affiliate of AIM. The performance allocation may be paid on unrealized gains which may subsequently never be realized.

AIM protects investors by preventing the payment of a performance allocation on current gains until prior losses have been recouped. The performance fee is charged quarterly in arrears and finalized at the end of a performance period. Generally, the performance allocation is charged as of the first anniversary of a limited partner's admission to the Client Fund and thereafter as of the close of each fiscal year of the Client Fund (or as of any other date on which the limited partner makes a withdrawal representing at least half of his capital account balance).

In determining the value of a security that is not readily marketable (a "Private Investment") solely for the purpose of calculating the management fee prior to the occurrence of a recognition event (defined below), the value of the Private Investment will be the lower of its fair market value or its cost. If, following the occurrence of a recognition event, the security remains in the Client Funds' portfolios, the security will be treated as a marketable security for all purposes from the date of the recognition event and will be valued at its fair market value. A performance allocation shall be due upon the occurrence of recognition event, if the difference between the sales proceeds (in the case of a sale) or the fair market value (in the case of another Recognition Event) exceeds the original cost of the Private Investment. A "recognition event" is an event in which the Private Investment becomes marketable, because it is sold, exchanged for marketable securities, distributed in kind to the investors or other events have occurred that will permit the Client Funds to make unrestricted public resales of the security or an event in which the issuer of the Private Investment discontinues operations or commences insolvency proceedings.

### **Other Fees and Expenses**

Investors who invest in a Client Fund through their IRAs may incur certain charges imposed by their custodians. Such charges are exclusive of and in addition to AIM's management fees, and AIM does not receive any portion of such fees and costs.

### **Additional Compensation**

Neither AIM nor its employees accept compensation from any person for the sale of securities or other investment products.

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

AIM does not receive performance compensation from the Client Funds. However, as described in Item 5 above, Attractor Ventures LLC, the Client Funds' General Partner and AIM's affiliate, is entitled to receive a performance allocation from each of the Client Funds.

Side-by-side management refers to the practice of managing accounts that are charged asset-based fees and at the same time or “side-by-side” managing accounts that are charged a performance-based fee. The receipt of performance-based fees from some accounts but not others creates a conflict of interest in that an adviser could potentially receive higher fees from accounts with a performance-based fee arrangement and may direct trade allocations accordingly. As each of the Client Funds has the same fee structure, such a conflict does not arise for AIM in its management of the Client Funds.

## **Item 7 Types of Clients**

AIM’s clients are unregistered investment companies. AIM imposes no minimum account size on the Client Funds. Investors in the Client Funds are required to make an initial capital contribution of \$1 million, which amount may be waived by the Client Funds’ General Partner. In addition to making a minimum capital contribution, a new investor in any of the Client Funds will need to be:

- 1) An “accredited investor” by either having a minimum net worth of more than \$1 million (excluding the primary residence) or by having an annual income over \$200,000 (\$300,000, if joint) for each the past two years, and
- 2) A “qualified client” by having a minimum net worth of more than \$1.5 million or by investing a minimum of \$750,000 in the Client Funds.

In addition, a new investor in Attractor QP LP must also be a “qualified purchaser” by having not less \$5 million in investments for individuals or not less than \$25 million in investments for entities.

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

### **Methods of Analysis**

AIM uses a fundamental method of analysis to make its security selections. AIM’s main sources of information are: attending industry trade shows and conferences; meetings with company management; speaking with industry experts; reading a company’s SEC filings and press releases; reading analyst coverage reports; and testing the company’s products.

### **Investment Strategy**

AIM believes that superior research, focusing on high tech investments, will give rise to a concentrated investment portfolio that will achieve superior returns over the long-term.

While searching for the best high tech investment opportunities, AIM may discover companies with poor long-term prospects and an overvalued stock in which case AIM may cause the Client Funds to engage in short sales, although short sales are not the focus of AIM’s research activities.

## **Risk of Loss**

Investing in securities involves risk of loss that all investors should be prepared to bear. No assurance can be given that an investor's investment in a Client Fund will generate any income or will appreciate in value.

**Research** AIM relies heavily on its own research talent. AIM's investment selection is based on its own original fundamental research and analysis and on its own independent network of industry experts and consultants. Although AIM intends to evaluate information and data and to seek independent corroboration when appropriate and reasonably available, AIM will not be in a position to confirm the completeness, genuineness or accuracy of all such information and data.

**Concentration** AIM's fundamental investment strategy places emphasis on technology related companies. AIM selections for the Client Funds' portfolios will consist of a small number of companies focused on technology rather than many companies over various industries. Security prices in the technology sector have been and will likely continue to be highly volatile. The issuers of these securities may include young companies with less actively traded securities that are more speculative than those of more established companies.

Technology companies are characterized by competition and rapid technological developments that may make a company's products or services obsolete in a short period of time. A company's ability to compete effectively may depend on its ability to prevent others from using its technology. Patent and other intellectual property protections may involve legal uncertainties. Due to these and other factors, investments in the technology sector may be considered speculative and may drop sharply in response to adverse research and development, marketing, regulatory or securities market events which may result in a corresponding drop in the value of an investor's interest in a Client Fund.

**Short Sales** Short sales involve unlimited loss potential as the market price of securities sold short may continuously increase. Under adverse market conditions, AIM may not be able to meet short sale delivery obligations with the existing available cash and may need to sell other securities to raise capital to meet short sale obligations at time when conditions are unfavorable to sell such securities.

**Private Investments** Prior to June 2008, the Client Funds' invested in Private Investments and the limited partners who were invested in the Client Funds at the time a Private Investment was made were required to participate in the Private Investment. Private Investments are illiquid, which delays the complete distribution to a withdrawing Client Fund investor who has an interest in the remaining Private Investments.

## **Item 9 Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of AIM or the integrity of AIM's management. AIM has no legal or disciplinary events to report.

## **Item 10 Other Financial Industry Activities and Affiliation**

AIM is the investment adviser to Attractor LP, Attractor QP LP, and Attractor Institutional LP (the “Client Funds”).

Attractor Ventures LLC is the General Partner of the Client Funds and is owned and managed by the same persons who own and manage AIM. As described in Item 5 above, AIM provides investment advisory services to the Client Funds and receives a management fee for those services, and the General Partner is entitled to receive a performance allocation from the Client Funds (Items 5 and 6 provide more information on the performance allocation). Because the persons who will eventually benefit from the payment of a performance allocation to the General Partner are making AIM’s investment decisions for the Client Funds, the performance allocation to the General Partner may create an incentive for AIM to cause the Client Funds to make investments that are riskier or more speculative than would be the case in the absence of such performance allocation.

Neither AIM nor its management persons has an application pending to register as a broker-dealer, a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of any of those foregoing entities.

AIM does not recommend or select other investment advisors for its clients nor does it have relationships with other investment advisers that are material to its advisory business or clients.

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

AIM has adopted a Code of Ethics for the purpose of instructing its personnel in their ethical obligations and to provide rules for their personal securities transactions.

In addition to stating general ethical principles, the Code of Ethics, is designed to prevent the unlawful use of material non-public information by AIM, or any of their directors, officers or employees (“Access Persons”). The Code also specifies policies and procedures for the reporting of personal securities trading, the reporting ethical violations, and for review and enforcement of the Code.

Copies are available upon request by contacting Lysun Seto at 206-462-3980 or via email at [lysun@attractor.com](mailto:lysun@attractor.com).

### **Personal Trading**

In order to ensure that AIM places the interests of its clients first, the Code requires all Access Persons to obtain AIM’s approval before purchasing or selling any investment (excepting exempted securities, such as ETFs, mutual funds, governmental obligations, and money market type instruments) and requires Access Persons to periodically report to AIM’s Chief Compliance Officer of their personal holdings and transactions of non-exempted securities.



## **Participation in Client Transactions**

AIM and its Access Persons may purchase or sell for themselves similar or different securities as are recommended to the Client Funds and may do so at the same time or at a different time than they are purchased or sold from the Client Funds. Generally, the Client Funds' General Partner buys and sells securities alongside the Client Funds, on the same aggregated order. The trade is allocated by a set formula to bring the Client Funds and General Partner's accounts as close as possible to the same percentage ownership of the security being traded, taking into account their differing capital account balances and making adjustments for expected capital flows.

## **Item 12 Brokerage Practices**

### **Research and other Soft Dollar Benefits**

AIM has the option to use "soft dollars" generated by the Client Funds to pay for the research and non-research related services. The term "soft dollars" refers to the receipt by an investment manager of products and services provided by brokers without any cash payment by the investment manager, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment manager. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment). Section 28(e) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), provides a "safe harbor" to investment managers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to investment decision-making responsibilities. In the event AIM elects to use its soft dollars for payment of all or a portion of AIM's costs and expenses of operations such as supplies, salaries, employee benefits, telephone, postage, transportation, travel, meals and entertainment, office equipment, news wire and data processing charges, legal and accounting fees, office rent and electricity, quotation services and periodical and subscription fees will not be within the safe harbor afforded by Section 28(e).

The use of brokerage commissions to obtain investment research services and to pay for the administrative costs and expenses of AIM creates a conflict of interest between AIM and the Client Funds, because the Client Funds will pay for such products and services that are not exclusively for the benefit of the Client Funds and that may be primarily or exclusively for the benefit of AIM. To the extent that AIM is able to acquire these products and services without expending its own resources (including management fees paid by the Client Funds), AIM's use of "soft-dollars" would tend to increase AIM's profitability. In addition, the availability of these non-monetary benefits may influence AIM to select one broker rather than another to perform services for the Client Funds.

AIM may cause the Client Funds to pay more than the lowest available broker commission and to use commission dollars to obtain investment research and brokerage services if AIM determines in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services provided. Since the Client Funds are managed in parallel, the soft dollar benefits received by AIM are used to service all Client Funds. Currently, the research products, conferences, meetings, and analyst access AIM receives in connection with its

brokerage relationships fall within the soft dollar “safe harbor” afforded by Section 28(e) of the 1934 Act. Eligible research and brokerage services received by AIM include:

- Reports and analysis on companies and industries developed by the brokerage firms and third parties hired by the brokerage firms;
- Invitations to brokerage or industry conferences; and
- Meetings or phone conferences with research analysts and company executives.

### **Broker Selection**

AIM may select one or more firms to serve as prime broker in order to hold the securities of, and/or execute transactions for the Client Funds. AIM’s selection of a prime broker will be made consistent with AIM’s obligation to obtain best execution of all securities transactions. In addition to custody and execution, a prime broker may provide other core functions (such as reporting, clearing, financing, and securities lending) as well as value added services (such as capital introductions, advanced research and analytics and technology services) to AIM and the Client Funds. AIM will choose which prime broker effects a particular transaction and/or the amount of commission paid by the Client Funds for the trade. AIM may “trade away” from a prime broker for specific trades, executing trades through other brokers in an effort to gain access to greater inventory or better price or execution. In selecting a broker to execute a trade and determining the reasonableness of commissions and mark-ups charged, AIM takes into account the following factors which enhance AIM’s portfolio management capabilities:

- The broker’s ability to promptly and reliably execute transactions at favorable prices;
- The efficiency with which transactions are made, taking into account the size of order and the difficulty of execution;
- The reputation, financial strength, integrity and stability of the broker;
- The broker’s risk in settling a large block of securities;
- The value of research services the broker provides;
- The competitiveness of the broker’s commission rates; and
- The broker’s overall responsiveness.

AIM need not solicit competitive bids and does not have an obligation to seek the lowest available transaction cost; AIM does not necessarily select the broker that charges the lowest commission.

### **Brokerage for Client Referrals**

AIM does not receive referrals from any broker-dealers in exchange for using or otherwise compensating that broker-dealer.

## **Directed Brokerage /Broker Recommendations**

Neither the Client Funds nor their investors may direct the brokerage of the Client Funds. AIM has complete discretion in selecting broker-dealers to execute the Client Funds' transactions.

## **Aggregate Trade Allocations**

In placing its orders to purchase or sell the securities of the Client Funds, AIM generally aggregates the orders from the Client Funds and the General Partner. Occasionally, a trade is made for a Client Fund to address certain conditions specific to that Client Fund such as its cash needs or to lock in gains or losses for tax purposes. Ordinarily in an aggregated trade, the executing broker-dealer will provide an average price that will be allocated to the Client Funds and the General Partner participating in the aggregated trade. Because of prevailing market conditions it may not be possible to execute all shares of an aggregated trade on the same day or at the same price, in which case AIM will allocate the trade among them in an equitable manner as described in "Participation in Client Transactions" of Item 11.

## **Item 13 Review of Accounts**

### **Review**

AIM continuously monitors the investments held in the Client Funds. Significant changes in general market and economic conditions and specific industry and company developments will also trigger a review.

On a monthly basis, AIM's CFO reviews prime broker reports furnished to the Client Funds. Additional review is made on the prime broker reports when there is trading and investment activity.

### **Reporting**

On a quarterly basis, AIM prepares and sends to all investors in each of the Client Funds a quarterly report containing information concerning the respective Client Fund's assets and performance.

On a quarterly basis, the Client Funds' administrator reconciles to the qualified custodian statement and generates capital account statements for the Client Funds' investors. AIM's CFO reviews the allocations prepared by the Client Funds administrator prior to the delivery of the capital account statements.

## **Item 14 Client Referrals and Other Compensation**

AIM is not currently soliciting investors into the Client Funds. AIM does not compensate any person for referring potential investors to AIM or the Client Funds. AIM may refer investors in the Client Funds to various third-parties to provide certain services. Likewise, AIM may receive a referral from a third-party. In either case, no compensation is given or received. All referrals are a professional courtesy.

## **Item 15 Custody**

Attractor Ventures LLC, an affiliate of AIM, serves as the general partner to each of the Client Funds. Because a general partner can control the assets of the Client Funds, it is deemed to have custody over the assets. Because Attractor Ventures LLC has custody, AIM, as its related person, is deemed to have custody of client assets. The assets of each of the Client Funds are maintained in separate custody accounts with their prime broker and primary custodian, Jefferies & Co., Inc.

AIM delivers quarterly capital account statements to each investor in the Client Funds. The assets and capital accounts of the Client Funds are audited annually by an independent an independent public accountant registered with and subject to regular inspection by the Public Company Accounting Oversight Board. Annually, an audited report will be distributed to the investors in the Client Funds. Each Client Fund investor should compare the year-end unaudited capital account statement to the audited year-end capital account statement.

## **Item 16 Investment Discretion**

In each of the investment management agreements between AIM and each of the Client Funds, AIM is granted discretionary authority to manage the Client Funds subject to the restrictions specified in the respective limited partnership agreements and placement memoranda of the Client Funds.

## **Item 17 Voting Client Securities**

AIM does not have proxy voting authority with respect to the securities held in the Client Funds.

## **Item 18 Financial Information**

AIM has not been the subject of a bankruptcy petition at any time during the past ten years. AIM does not have any financial conditions that are reasonably likely impair its ability to meet contractual commitments to the Client Funds.