

# POSITIVE DELTA ASSET MANAGEMENT LLC

3600 Wilshire Boulevard  
Suite 1510  
Los Angeles, California 90010  
(213) 388-3638 / (213) 388-3736

Our firm's name is Positive Delta Asset Management LLC, and we are an SEC registered investment adviser headquartered at the following address with the following phone numbers:

Positive Delta Asset Management LLC  
3600 Wilshire Boulevard  
Suite 1510  
Los Angeles, California 90010  
(213) 388-3638 / (213) 388-3736

This address is also our mailing and contact address, and the following individuals may be contacted for inquiries:

- Donald Kim. Chief Executive Officer;
- Andi Kim, CFA. Chief Investment Officer;
- Harry Kim. General Counsel.

Our website is: [www.positivedelta.com](http://www.positivedelta.com).

The date of this brochure is: March 28th, 2011. As a matter of disclosure, although we are an SEC registered investment adviser, the term "registered investment adviser" does not imply a certain level of skill or training. We do request, however, that you refer to Part 2B, Item 2 (Educational Background and Business Experience) to garner information about our management team and the individuals who currently have a fiduciary responsibility to manage your assets.

We are required by the Securities and Exchange Commission to provide the following paragraph in this brochure pursuant to Securities and Exchange Commission rule 204-3(b):

**This brochure provides information about the qualifications and business practices of Positive Delta Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at (213) 388-3638 and/or [info@positivedelta.com](mailto:info@positivedelta.com). The information in this brochure has not been approved or verified by the United States Securities Exchange Commission or by any state security authority.**

Additional information about Positive Delta Asset Management LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2. MATERIAL CHANGES

The following are material changes to our firm since the last annual update of our brochure, which occurred on March 30, 2010. As a matter of note, and as required by the SEC, we are discussing only material changes.

Our firm was acquired in its entirety by SQK Holdings LLC. As a result, our firm name changed from "GB Positive Delta Asset Management LLC" to "Positive Delta Asset Management LLC." SQK Holdings LLC is a Delaware LLC whose managers are Donald Kim and Harry Kim. Our new address is listed on the cover page of this brochure.

The former Chief Executive and Chief Investment Officer, Andi Kim, who also founded the firm in 2005, is now the Chief Investment Officer. The new Chief Executive Officer is Donald Kim, and the General Counsel is Harry Kim. Andi, Donald and Harry form the firm's three member Investment Committee.

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#### ITEM 4. ADVISORY BUSINESS

Founded in 2005, Positive Delta Asset Management LLC is an SEC registered investment advisory firm. Our principal owners are SQK Holdings LLC and Andi Kim.

Our firm's investment style is global macro, considered an alternative investment on most investment platforms. We are considered a specialist firm with quantitative strategies designed to preserve assets in declining markets while building them in rising ones. We utilize a blend of strategic and tactical asset allocation across equities, fixed income, commodities, currencies and real estate, and employ proprietary correlation models across existing and prospective holdings to reduce and diversify client asset accordingly.

We currently offer two global macro hedge strategies to individual and institutional accounts, one unleveraged and the other leveraged by a factor of no more than two times (2x). Our unleveraged strategy is our Global Alpha strategy, and our leveraged strategy is Global Alpha *Ultra*.

Our strategies are deployed through separately managed accounts ("SMAs"), and custody of all clients' assets remain with the custodian firm. This provides our clients with full transparency to all portfolio holdings and investment decisions we make at any given time. We believe this is important to our clients, as it fosters a more trusting relationship, and enables them to monitor and maintain greater visibility into how our investment techniques are applied to their portfolios. This also offers our clients a degree of control not experienced with private hedge funds or mutual funds, as account statements remain under our clients' names. Since it would be quite difficult, although not impossible, for the average investor to replicate our global macro quantitative correlation models, and since it would be even harder for one to duplicate our management's collective acumen, we gladly share this transparency.

Our firm mission is to bring hedge fund strategies to the individual investor, with full transparency, trust and performance. Historically, global macro hedge strategies were mainly offered by private hedge funds with limited transparency and relatively high minimum investment amounts of one million dollars (US\$1,000,000). Our strategies are fully transparent to clients, as custody of client assets remain with the custodial firm, and our minimum investment amount is one hundred thousand dollars (US\$100,000). Our investment decisions are executed with full transparency to the client, as they are able to see every position and trade in real time through their custodian account.

We may introduce a third strategy in the third quarter of 2011, provided that the rationale continues to exist for such strategy, and such strategy is approved by our Investment Committee.

The manner in which our services are tailored to clients is that we view our strategies as complementary to the more traditional and relatively aggressive styles of most financial advisers, who rely mainly on the equity markets and use the S&P 500 as their benchmark. Since our strategies offer a quantitative approach to hedging market risk across asset classes, with a balance between strategic and tactical asset allocation, we recommend that a given portion of any client's overall portfolio be invested with our strategies. If the client is an individual, this portion is generally determined by a discussion with the client regarding our hedge strategies with respect to the client's risk tolerances and an analysis of the client's overall portfolio. If the client is an institution, we may not have complete visibility into the client's overall portfolio, and thereby would deploy our strategies accordingly.

Our clients are free to impose any restrictions they deem necessary regarding their assets and how we manage them. As an example, if they wish for us to deploy our strategies over a given time frame, a one year period versus a three month period, as an example, we are equipped to accommodate them.

As of December 31<sup>st</sup>, 2010, we managed approximately fifty million dollars (US\$50,000,000) on a non-discretionary basis, and five million, four hundred thousand dollars (US\$5,400,000) on a discretionary basis. The non-discretionary portion of assets consist of assets managed by an institution to whom we provide periodic purchase and sell signals originating from our proprietary models.

Our performance data is prepared in accordance with Global Investment Performance Standards (GIPS), and we have retained an internationally recognized firm for verification and examination of our firm policies, procedures and performance data to confirm our compliance with GIPS.

## ITEM 5. FEES AND COMPENSATION

Our fees are calculated as follows:

1. Percentage Basis: Two percent of discretionary assets managed (2.0%),

OR

2. Profit Basis: Twenty percent of profits, based on a high-water mark. This option is available to Qualified Purchasers only.

Our fees are negotiable at the discretion of the Investment Committee.

Our fees are deducted from clients' assets if they select this method of billing, or we bill clients directly if they prefer this option. We bill clients or deduct fees on a monthly basis if clients choose to have their fees charged on a percentage basis, or quarterly if they opt for a Profit Basis.

When we deploy our strategies by purchasing or selling securities, the transaction cost is charged by the brokerage/custodian firm to the client. Clients should look at Item 12. "Brokerage Practices," which discusses this relationship in greater detail.

Our clients do not pay fees in advance, nor do we encourage this practice for any client. Our clients have the option to purchase our investment strategies through the distribution platforms of ING Financial Partners, Inc. and Cetera Financial Group, Inc. and its subsidiaries, including Financial Network Investment Corporation, Multi-Financial Securities Corporation and PrimeVest Financial Services, Inc.

## ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

At the client's option, and only for Qualified Purchasers, the firm can charge a performance-based fee of 20.0% of profits rather than our standard 2.0% of assets under management. This performance-based fee is calculated quarterly based on a high-water mark.

Since we may potentially receive higher fees from accounts with our performance-based fee structure than from those accounts that pay an asset-based fee, we may have an incentive to direct the best investment ideas to the account that pays a performance-based fee, or to allocate or sequence trades in favor of the performance fee account. To manage these potential conflicts, all accounts within each of our strategies are managed to the strategy's model portfolio, thereby eliminating this conflict of interest.

## ITEM 7. TYPES OF CLIENTS

Our clients consist of individuals, high net worth individuals, and institutions. Our minimum investment amount per account is one hundred thousand dollars (US\$100,000), which we may waive at the discretion of our Investment Committee.

## ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK LOSS

Although it is understood that investing in securities involves risk of loss that clients should be prepared to bear, our strategies seek to mitigate investment risk by selecting investments that are quantifiably less correlated with each other, and with their overall portfolio. The investments are allocated across a diverse spectrum of assets, including equities, fixed income, commodities, currencies and real estate. Furthermore, these investments are allocated proportionately (approximately sixty-seven percent to thirty-three percent) between strategic and tactical allocations, meaning about two-thirds of our exposure is longer term (over one year), and one-third is shorter term (less than one year). Our strategic exposure is driven primarily by global macro fundamentals, while our tactical exposure is driven more by momentum, fundamental analysis and, to a lesser extent, technical analysis.

Our methods of analysis and investment strategies used in managing our clients' assets are based on the principles of finance. We believe that our asset allocation policy outlined above, combined with market timing, security selection and other criteria are the key contributing factors to portfolio performance.

Our strategies do not involve frequent trading of securities, as we are not a high frequency trading firm, nor do we adhere to the doctrine that frequent trading results in higher performance. On the contrary, our trades are done with relative infrequency, and only when our models provide an indication to do so. Once this occurs, our Investment Committee confers, and endorses the trade for execution.

The material risks involved with the types of securities we invest in, which mainly consist of exchange traded funds ("ETFs"), are label, liquidity, tracking error, spread, tax and counterparty. To mitigate label risk, we review the individual securities held by each ETF in our strategy to ensure our desired exposure to a particular asset class is maintained. To mitigate liquidity risk, we review trailing trading volumes of both the funds and their main holdings. We will not invest in thinly traded ETFs or the ETFs which hold thinly traded securities as core holdings. Tracking error risk is not pertinent to us, as we do not track indices; we want exposure, not replication of existing indices. Spread risk is virtually nonexistent for us, as we execute trades with relative infrequency. Since the ETFs in our strategies hold securities and not commodities, our clients are not taxed at the higher rate for "collectibles," applicable to, for example, ETFs holding the physical commodity of gold. We avoid counterparty risk by not investing in exchange traded notes.

The following is more information regarding our two strategies, Global Alpha and Global Alpha Ultra. As mentioned, our Global Alpha Ultra strategy is leveraged by a factor of no more than two times (2x).

Our strategies, Global Alpha and Global Alpha Ultra, allocate at least 50% of a client's portfolio to a growth-oriented, long-term Strategic Asset Allocation ("SAA") strategy, reflecting our view on overall market direction as influenced by macroeconomic trends and structural changes. This strategy is classified as a global macro strategy, and takes both long and short exposures in stocks, bonds, currencies, commodities, and other investment vehicles, primarily through individual stocks or ETFs. The remainder of the portfolio is allocated to a shorter-term Tactical Asset Allocation ("TAA")

strategy. This strategy uses quantitative techniques in order to accommodate investor sentiment, and can be categorized as a relative value arbitrage strategy.

The two components of the overall portfolio, SAA and TAA, exhibit very low correlations to each other, ensuring portfolio diversification at a strategy level, along with low correlations among the individual positions. The beta of the portfolio is managed actively by integrating the TAA with the SAA, making it possible to dynamically adjust the net market exposure of the portfolio while concurrently enhancing performance. By utilizing this portfolio construction method, our strategies have outperformed the S&P 500 index and other global macro indices since inception.

We maintain our commitment to the systematic decision making process, from strategy formulation to portfolio construction, to implementation and allocation adjustments. Efforts to minimize transaction costs augment our competitiveness in the industry by aligning our clients' interests with our own. Our strategies are fully transparent to our clients, as custody of client assets remain with the custodian.

Variance/covariance value at risk, also called parametric value at risk, is used by to monitor risk. Theoretical basis of value at risk calculation is modern portfolio theory, and take into account the correlations between risk factors. Also, value at risk is a common consistent measure of financial risk across different positions and risk factors expressed in value terms, so it is possible to directly compare the risks across different asset classes with different characteristics.

We use the value at risk to set the overall risk target and position limits by determining adequate capital allocation for our strategies. Overall value at risk is calculated daily to manage the market risk. If changes in correlation or market volatility result in the breach of value at risk limits, we adjust position sizes in the TAA component in order to moderate the risk to the predetermined level.

## ITEM 9. DISCIPLINARY INFORMATION

No member of our firm has been involved in any legal or disciplinary event that is material to a client or a prospective client.

## ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Our firm is also registered with the Commodity Futures Trading Commission, ("CFTC") as a Commodity Trading Advisor ("CTA") and Commodity Pool Operator ("CPO"), and all members of management are registered or have an application pending to register as associated persons.

## ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

We have adopted a Code of Ethics for all employees of the firm in line with the CFA Institute's Centre for Financial Market Integrity Asset Manager Code of Professional Conduct describing our responsibilities to our clients and our high standards of business conduct, fiduciary duty to our clients, and rules surrounding personal securities trading by our employees.

We will provide a copy of our code of ethics to any client or prospective client upon request.

Our clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the firm's General Counsel, Mr. Harry Kim, at (213) 388-3638.

## ITEM 12. BROKERAGE PRACTICES

Although we trade relatively infrequently when deploying our strategies or rebalancing asset allocation - rarely more than six times (6x) per year for a client's account - we understand it is important to our clients for us to utilize broker-dealers with the most efficient execution and best value.

We utilize broker-dealers with esteemed and established advisory trading platforms, and with basket trading and trade allocation functionality, at no charge to our clients. We do not pay for any outside research, nor do we utilize broker-dealers who charge greater than the industry norm.

## ITEM 13. REVIEW OF ACCOUNTS

Client accounts are monitored by our Chief Investment Officer on a daily basis for consistency with client objectives and restrictions. We also perform reviews of each client account on a monthly basis. In these reviews, every position in each client account is compared to the weights in the appropriate investment strategy model, after which we issue monthly written reports to our clients. These reports contain the security positions in their portfolio, investment results, and statistical data related to the client's account, among other relevant information. Our clients are also free to view their holdings at their leisure online through the custodian firm web portal.

## ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Our firm may enter into agreements with broker-dealers, investment advisers or consultants that are referred to as Solicitor's Agreements. We pay a percentage of the management fee and/or performance-based fee collected from the client to a referring broker-dealer, investment adviser or consultant. Clients under these agreements will not be charged fees higher than the standard fees described in Item 5. (See Item 5 for a discussion of Fees and Compensation.). We currently have solicitor's agreements with ING Financial Partners, Inc. and Cetera Financial Group, Inc. and its subsidiaries, including Financial Network Investment Corporation, Multi-Financial Securities Corporation and PrimeVest Financial Services, Inc., among others.

## ITEM 15. CUSTODY

We do not provide custodial services to our clients, as client assets are held with banks or registered broker-dealers that are "qualified custodians." Clients will receive statements directly from the qualified custodians at least on a quarterly basis. We urge clients to carefully review those statements and compare the custodial records to the reports that we provide them. The information in our reports may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

## ITEM 16. INVESTMENT DISCRETION

Since we accept discretionary authority to manage the assets in the client's account, we strictly observe and monitor the investment limitations and restrictions outlined in each client's investment management agreement.



#### ITEM 17. VOTING CLIENT SECURITIES

We do not have authority to vote client securities. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent, or from us. Clients are free to contact us with any questions about a particular solicitation at our firm address and phone number.

#### ITEM 18. FINANCIAL INFORMATION

Since our firm does not solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we are not required to provide a balance sheet for our most recent fiscal year. We also do not have any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients. No member of our management team has been the subject of a bankruptcy petition at any time during the past ten years.

#### ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable, since we are SEC registered.

# BROCHURE SUPPLEMENT

## ITEM 1. COVER PAGE

Andi Kim, our Chief Investment Officer, Donald Kim, our Chief Executive Officer and Harry Kim, our General Counsel, are our supervised persons. Our firm's name is Positive Delta Asset Management LLC, located at 3600 Wilshire Boulevard, Suite 1510, Los Angeles, California 90010. Our telephone numbers are (213) 388-3638 and (213) 388-3736. The date of this brochure supplement is March 28<sup>th</sup>, 2011.

This brochure supplement provides information about Andi Kim, Donald Kim and Harry Kim that supplements the Positive Delta Asset Management LLC brochure. You should have received a copy of that brochure. Please contact us if you did not receive Positive Delta Asset Management LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Andi Kim, Donald Kim and Harry Kim is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2. EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Andi Kim, CFA, *Chief Investment Officer*. (46). Andi is the firm's Chief Investment Officer and portfolio manager, and a member of the firm's Investment Committee. Andi attended Seoul National University, and received his M.B.A. in finance and B.S. in Information Systems and Decision Science from the Craig School of Business at California State University, Fresno in 1993. He is currently an associate editor of [International Journal of Business](#), a CFA charterholder, and a member of [American Mensa](#). Prior to joining the firm, he was a portfolio manager with Kuvera Capital Management from 2003 to 2005, where his investment strategies led Kuvera to become one of the co-managers of the RQSI/Access Emerging CTA Index (ECI), a \$200 million fund managed by a select group of CTA's. Prior to Kuvera, Andi was a portfolio manager with Premier Trading Group, a San Francisco based hedge fund. Andi also spent six years as a portfolio manager and proprietary trader at LG Investment & Securities.

Donald Kim, *Chief Executive Officer*. (45). Donald is the firm's Chief Executive Officer and a member of the firm's Investment Committee. He graduated from the University of California at Berkeley, attended Yale School of Management and is an alumnus of Phillips Academy. Prior to joining the firm, he founded Gemstone, a corporate advisory, consulting and investing firm. Prior to Gemstone, he was Vice President of Corporate Banking at Far East National Bank, a subsidiary of Bank SinoPac of Taiwan, and Director of Far East Capital Corporation, the bank's specialized Small Business Investment Company, where he participated in senior debt, mezzanine, bridge and equity financings. Previous to this he was an investment banker with Libra Investments, Inc., now Caltius, Inc., where he transacted private placements of subordinated debt, securitizations and management buyouts in the middle market. He was also with the Internal Audit Staff of General Electric Capital Corporation and General Electric International, performing reviews worldwide across a variety of company divisions, including Mergers & Acquisitions, Investments, Plastics, Lighting and Real Estate. Donald holds the following securities licenses: Series 65, Series 63.

Harry Kim, *General Counsel*. (47). Harry is the firm's General Counsel and a member of the firm's Investment Committee. He is also the corporate and securities partner at Lee Anav Chung LLP, a law firm based in Los Angeles, California. He is a graduate of New York University School of Law, and Harvard College. Harry is originally from New York City, where he graduated from Stuyvesant High

School and was a National Merit Scholar. Harry was formerly associated with K&R Law Group LLP (formerly Konowiecki & Rank) (1999-2004); Mitchell, Silberberg & Knupp LLP (1996-99); McCutchen, Doyle, Brown & Enersen (now Bingham McCutchen LLP) (1994-96); and Sullivan & Cromwell (1991-94) (Los Angeles). Harry has over 19 years of experience in corporate and securities matters, and has significant expertise in formation of corporations, limited partnerships and limited liability companies; mergers and acquisitions, including asset and stock transactions; private securities offerings; and compliance with SEC reporting requirements. Harry holds the following securities license: Series 65.

### ITEM 3. DISCIPLINARY INFORMATION

No member of our firm has been involved in any legal or disciplinary event that is material to a client or a prospective client.

### ITEM 4. OTHER BUSINESS ACTIVITIES

No supervised person is actively engaged in any investment-related business or occupation outside of the firm.

### ITEM 5. ADDITIONAL COMPENSATION

No supervised person receives any economic benefit for providing advisory services from any person who is not a client of the firm.

### ITEM 6. SUPERVISION

Andi Kim is supervised by Donald Kim, the firm's Chief Executive Officer, and Harry Kim, the firm's General Counsel. Donald and Harry can be reached at (213) 388-3638. Donald and Harry monitor Andi's advice to clients by continual communication via email, telephone and in person, and with weekly management and Investment Committee meetings discussing existing client communication and client business development efforts.

### ITEM 7. REQUIREMENTS FOR STATE REGISTERED ADVISERS

Not applicable.