

# W e i s s

*Multi-Strategy Advisers LLC*

## **Form ADV, Part 2A**

**June 23, 2016**

This brochure provides information about the qualifications and business practices of Weiss Multi-Strategy Advisers LLC, an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at [investorrelations@gweiss.com](mailto:investorrelations@gweiss.com).

This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Additional information about the Adviser also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Unless otherwise noted in this document, words or phrases defined in the Glossary of Terms prepared by the SEC in its instructions for completing Form ADV will have the same meaning in this document.

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## Item 2      Material Changes

Weiss Multi-Strategy Advisers LLC (“Weiss” or the “Adviser”) filed its last annual update to this brochure on March 30, 2016. Following is a summary of material changes to the brochure since that date:

- The Adviser’s IPO allocation policy and procedures have been amended and clarified.

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**General Description of Advisory Firm**

- A. *Describe your advisory firm, including how long you have been in business. Identify your principal owners.*

Weiss Multi-Strategy Advisers LLC (the “Adviser”) is an affiliate of George Weiss Associates, Inc. (together, with their affiliates and predecessors, the “Firm”). George A. Weiss, the Chairman and Chief Executive Officer of the Firm, founded George Weiss Associates, Inc., formerly an SEC and NASD registered broker/dealer, in 1978. The original business was built around brokerage and trading, especially in domestic utility company names on behalf of institutional investors. In 1986, the Firm entered the hedge fund business.

In the mid-1990s, the Firm initiated a proprietary investment operation. For the better part of a decade, the Firm focused increasingly on managing the capital of its principals and it wound down the hedge fund business. This proprietary endeavor proved successful and facilitated a substantial expansion of the enterprise. The Firm was reorganized in 2005 and the Adviser was created as the investment advisory entity which would manage the Firm’s private investment funds, managed accounts and proprietary capital. The Adviser became registered as an investment adviser with the SEC in March 2010 and registered as a commodity pool operator with the CFTC and NFA in January 2013.

The Adviser is majority-owned by GWA, LLC, a Connecticut limited liability company. GWA, LLC, in turn, is majority-owned by Weiss Family Interests LLC, which is majority-owned by various Weiss family trusts. A substantial number of the Adviser’s employees also own minority interests in GWA, LLC.

**Description of Advisory Services (including any specializations)**

- B. *Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.*

The Adviser acts as a discretionary investment adviser to a number of private investment funds organized by the Adviser, an open-end mutual fund and a number of managed accounts owned by institutional investors over which it exercises sole investment discretion. On behalf of its clients, the Adviser invests and trades in a wide range of U.S. and non U.S. equities, fixed income securities, convertibles, options, other derivatives such as swaps, credit default protection and contracts for differences, futures, debt instruments and other types of financial instruments. In connection with its client’s trading, the Adviser employs short-selling techniques and may utilize leverage and/or make margin purchases. There are generally no restrictions on the Adviser’s use of leverage or borrowing, other than those

which may be imposed by applicable statutes and regulations or by the owner of a separately managed account.

### **Availability of Tailored Services for Individual Clients**

C. *Explain whether (and if so how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.*

The Adviser does not tailor its advisory services to the individual needs of clients. Its accounts, however, may have specific investment objectives or use varying investment strategies. By way of background, the Adviser's clients fall into the following categories:

1. Weiss traditional private investment funds:  
Weiss Multi-Strategy Partners LLC; Weiss Multi-Strategy Partners (Cayman) Ltd.;  
Weiss Insurance Partners (Cayman) Ltd.
2. separately managed accounts for institutional investors
3. proprietary capital
4. charitable accounts, including the Say Yes Charitable Account.
5. alternative balanced risk products, including private investment funds and an open-end mutual fund.

#### Client types 1, 2 and 3:

The Adviser generally conducts the investment trading program for the private investment funds, the separately managed accounts and the proprietary capital account in a similar manner. Investors in the separately managed accounts have also placed certain restrictions on the strategies, securities and types of securities in which they invest. In addition, the Firm's proprietary capital also may be invested in unseasoned "incubator strategies" or sub-strategies that may or may not mature into strategies suitable for the other client types. It may also invest in certain ancillary strategies that the Adviser does not believe appropriate for trading for its other clients due to their risk profile. The inflows and outflows of capital will also differ for each client, which may result in different investment activity among the private investment funds, the separately managed accounts and the proprietary capital account. The performance of the private investment funds, the separately managed accounts and the proprietary capital account may not be similar due to the above factors and due to the fact that the respective clients may use different leverage.

#### Client type 4:

The Adviser also manages two accounts for charitable organizations founded by George Weiss that have a different investment strategy and portfolio manager than that of the other clients. One of the accounts, the Say Yes Charitable Account, receives U.S. IPOs attributable to the trading by the proprietary capital account.

#### Client type 5:

The alternative balanced risk products utilize an actively managed strategy that seeks to provide exposure to an equity, debt and a multi-strategy long/short portfolio using a balanced risk allocation methodology. This approach combines a conventional risk parity investment approach (i.e., a “long only” portfolio consisting of traditional risk parity exposures) with a diversified, multi-strategy investment approach (i.e., an “alpha” portfolio). The Adviser aims to structure the portfolio on a risk-weighted basis, an allocation model that stresses each asset portfolio’s contribution to risk rather than specific dollar amounts or expected returns. The risk parity approach will seek to balance risk across asset classes through long-only exposures primarily to equities and debt. The alpha portfolio, on the other hand, consists of a top-down risk-weighted allocation to a long/short portfolio (subject to a maximum allocation constraint on the alpha portfolio), which combines sector-specific equity long/short, credit and cross asset strategies. The inflows and outflows of capital will also differ for each of these clients, which may result in different investment activity among the product offerings. The performance of these clients may not be similar due to the above factors and due to the fact that different risk balance thresholds may be used for each product. Different leverage factors may also be used among products which will also cause returns to differ.

### **Wrap Fee Programs**

- D. *If you participate in wrap fee programs by providing portfolio management services, (1) described the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.*

The Adviser does not participate in wrap fee programs.

### **Client Assets Under Management**

- E. *If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date “as of” which you calculated the amounts.*

As of December 31, 2015, the Adviser managed approximately \$1,364,191,057 in net assets on a discretionary basis and did not manage assets on a non-discretionary basis. This amount includes notionally funded assets with respect to separately managed accounts.

**Advisory Fees and Compensation**

- A. *Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.*

Please refer to the appropriate Confidential Private Offering Memorandum, Confidential Explanatory Memorandum, Prospectus or Investment Management Agreement for information relating to our fee schedule.

**Payment of Fees**

- B. *Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.*

The fees for each Weiss private investment fund are verified by the funds' administrator which transfers the fees from the fund to the Adviser. Separately managed accounts are invoiced for fees incurred or inform the Adviser as to the amount of the fee which is verified by the Adviser. The Firm's proprietary capital does not pay fees. The charitable accounts do not pay fees for management of their respective managed accounts.

Management fees are paid quarterly in arrears, except for the open-end mutual fund, which is monthly in arrears. Incentive allocations, if any, are made at year-end and upon redemptions, except for the separately managed accounts. Redemption fees, if applicable, are paid upon redemptions. With respect to separately managed accounts, most of any incentive fee is paid after the end of the year or quarter (depending on the account).

**Other Fees and Expenses**

- C. *Describe other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section (s) of your brochure that discuss brokerage.*

Each client is responsible for all its own ongoing operational expenses relating to the client, including administrator fees, legal, tax preparation and audit expenses, certain insurance costs (including D&O and E&O insurance), all investment expenses such as commissions, research and consulting fees, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, fees for transaction-based order management and execution systems, bank service fees, fees or expenses associated with insuring its assets, organizational expenses and any other reasonable expenses related to the purchase, sale or transmittal of client assets. Each client is also indirectly responsible for the fees and expenses paid by unaffiliated investment vehicles in which they may invest. The Charitable Accounts pay for investment-related expenses, but do not pay other operational expenses.

Please refer to Item 12 for information about brokerage.

**Prepayment of Fees**

- D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.*

Clients do not pay applicable fees in advance.

**Additional Compensation and Conflicts of Interest**

- E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose that fact.*

Neither the Adviser nor its supervised persons accept such compensation.

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

*If you or any of your supervised persons accepts performance-based fees—that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle)—disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.*

The Adviser and its investment personnel, including investment personnel that share in performance-based compensation, manage client accounts that are charged both performance-based compensation and an asset-based fee. Some accounts only pay an asset-based fee. In addition, certain client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. The Charitable Accounts do not pay fees with respect to their separately managed accounts. When the Adviser and its investment personnel manage more than one client account, a potential exists for one client account to be favored over another client account. The Adviser and its investment personnel have a greater incentive to favor client accounts that pay the Adviser (and indirectly the investment personnel) performance-based compensation or higher fees, or that result in the Adviser receiving greater overall compensation.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, except as described otherwise in this Form ADV Part 2A, the Adviser's procedures relating to the allocation of investment opportunities require that similarly managed accounts generally participate in appropriate investment opportunities on a pro rata or other equitable basis, taking into account the respective leverage targets of the clients and the existing under-weighting or over-weighting of positions in such client accounts. This is achieved through an automatic portfolio allocation system in which any "overrides" are subject to review by the Adviser's compliance department. To the extent orders are aggregated, the client orders are price-averaged. Finally, except as described otherwise in this Form ADV Part 2A, the Adviser's procedures also require the objective allocation for limited opportunities (such as private placements) to ensure fair and equitable allocation among accounts entitled to participate in such opportunities in accordance with their offering documents or investment management agreements. These areas are monitored by the Adviser's compliance department.

Existing accounts that are eligible to participate in FINRA-regulated initial public offerings of securities of companies organized under U.S. law ("U.S. IPOs") include Weiss Multi-Strategy Partners LLC, Weiss Insurance Partners (Cayman) Ltd., Weiss Alpha Balanced Risk

Fund LLC, Weiss Alternative Balanced Risk Fund, and the charitable account for Say Yes to Education Inc. (“Say Yes Charitable Account”). Each eligible client account (other than the Say Yes Charitable Account) will be allocated a percentage of U.S. IPOs based upon a pre-determined IPO trade allocation. The pre-determined IPO trade allocation will be calculated by taking the allocated capital amount for each client account (other than the Say Yes Charitable Account and the charitable account for the Say Yes to Education Foundation<sup>1</sup> (“Say No Charitable Account”)) divided by the total allocated capital amount for all client accounts (other than the Charitable Accounts). Allocated capital in client accounts is adjusted periodically by the Allocation Committee following certain investment actions, including, but not limited to, subscriptions and redemptions. The pre-determined IPO trade allocation is updated to reflect these adjustments to allocated capital.

The current separately managed accounts for institutional investors, and OGI Associates LLC, do not receive shares of U.S. IPOs. The amount of U.S. IPOs that, based on allocated capital, are attributable to the separately managed accounts for institutional investors will be allocated to the eligible client accounts (other than the Say Yes Charitable Account) in proportion to their pre-determined IPO trade allocation of that issue. The amount of U.S. IPOs that, based on allocated capital, are attributable to OGI Associates LLC will be donated to Say Yes Charitable Account. The Say Yes Charitable account receives no other allocation of U.S. IPOs. This IPO allocation policy results in certain client accounts receiving less U.S. IPO allocations than if the share of U.S. IPOs attributable to OGI Associates LLC was distributed proportionally amongst the accounts eligible to participate in U.S. IPO allocations. Similarly, clients should understand that the Say Yes Charitable Account receives more U.S. IPO allocations than other accounts because it is receiving the benefit of the allocation that would otherwise be attributable to the OGI Associates LLC account. The Say No Charitable account is ineligible to receive U.S. IPOs and is not included in the calculation or allocation of U.S. IPO shares.

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<sup>1</sup> The Say Yes to Education Foundation changed its name to the Weiss Family Foundation on December 30, 2015.

Item 7      Types of Clients

*Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If the Adviser has any requirements for opening or maintaining an account, such as minimum account size, disclose the requirements.*

The Adviser's clients consist of private investment funds, an open-end mutual fund, separately managed accounts for institutional investors, charitable organizations and entities affiliated with the Adviser.

With respect to any client that is a pooled investment vehicle and separately managed accounts for institutional investors, any initial and additional subscription minimums are disclosed in the offering memorandum or Prospectus for the pooled investment vehicle or the investment management agreement for the separately managed account. There is no account minimum for the charitable organizations whose accounts the Adviser manages. The foregoing amounts can be waived by the Adviser.

**Methods of Analysis and Investment Strategies**

- A. *Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.*

The Adviser generally employs a multi-strategy approach. The Manager employs a number of distinct and well-differentiated investment strategies for each client in an effort to achieve its desired performance. These strategies may be characterized by sector focus, geographic definition, event orientation or some other dominant characteristic. The strategies employed and the allocation among them will vary over time. The common attribute of most strategies is a “long/short” investment approach whereby securities of varying description are held long and sold short. For the most part, each of the strategies employed will be managed by a dedicated investment team employed by the Adviser.

The Adviser’s investment personnel are organized by investment strategy, and each investment strategy is headed by a portfolio manager who is assisted by one or more analysts or traders. The Adviser’s Capital Allocation Committee determines allocations of capital to each investment strategy. Specific stock selections for a strategy are made by the portfolio manager and the team assigned to the strategy. The strategies used by the Adviser generally fall within three categories: equity market neutral, fundamental long/short equity and cross asset. Equity market neutral is a fundamental trading strategy which attempts to capitalize on short term market volatility and is generally characterized by mean reversion. The fundamental long/short equity strategies are bottom up fundamental investing strategies which traditionally perform best in trending markets or markets characterized by momentum. The cross asset strategies include, among other strategies, the firm’s new credit strategies, and other strategies that are not purely equity or that contain multiple asset classes. Fund diversification is sought by allocating assets broadly across investment style and strategy. Market neutral strategies tend to be long and short specific stocks, whereas fundamental long/short equity strategies have a tendency to be long stock and short a combination of stock, ETFs and futures. Options may be employed in all strategies to establish risk positions or hedge exposures.

The Adviser generally seeks to produce returns over the long term with moderate volatility and a low correlation to the familiar market cycle of relevant indices. The Adviser also strives to preserve capital in markets during periods when the index measures decline. There can be no assurance that the Adviser will achieve such objectives.

The allocation among the strategies is determined by the Adviser. The capacity of each strategy and the long term performance attributes weigh heavily in the capital allocation process. Over shorter periods of time, incremental changes to the portfolio weights would be typical; substantial changes would most likely be either a function of a new strategy being incorporated in the client portfolio or a defensive response to adverse market action.

The diversification among strategies, the expertise of the investment teams, and the constraints on market exposure are intended to produce returns on more of an absolute basis with reduced downside risk over the long term. The Adviser, therefore, intends to apply

leverage to the overall portfolio in order to exploit this relationship and potentially enhance the returns.

The Adviser's balanced risk products operate differently. They utilize an actively managed strategy that seeks to provide exposure to equity, debt and a multi-strategy long/short portfolio using a balanced risk allocation methodology. This approach combines a conventional risk parity investment approach (i.e., a "long only" portfolio consisting of traditional risk parity exposures) with a diversified, multi-strategy investment approach (i.e., an "alpha" portfolio). The Adviser aims to structure the portfolio on a risk-weighted basis, an allocation model that stresses each asset portfolio's contribution to risk rather than specific dollar amounts or expected returns. The risk parity approach will seek to balance risk across asset classes through long-only exposures primarily to equities and debt. The alpha portfolio, on the other hand, consists of a top-down risk-weighted allocation to a long/short portfolio (subject to a maximum allocation constraint on the alpha portfolio), which combines sector-specific equity long/short, credit and cross asset strategies.

In connection with its cash management operations, the Adviser may invest in unaffiliated investment vehicles in managing clients' cash assets. Clients will indirectly be subject to the fees and expenses paid by unaffiliated investment vehicles in which the Adviser invests.

Clients may lend its securities to generate additional income.

Investing in securities involves risk of loss that clients should be prepared to bear.

#### **Material Risks (Including Significant, or Unusual Risks) Relating to Investment Strategies**

- B. *For each significant investment strategy or method of analysis the Adviser uses, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If the Adviser's primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.*

Investment and Trading Risks. All investments risk the loss of capital. The Adviser believes that its investment program and research techniques moderate this risk through a careful selection of securities and other financial instruments. No guarantee or representation is made that the Adviser's program will be successful. The Adviser's investment program may utilize investment techniques such as leverage, margin transactions, swaps (including, but not limited to, equity, interest rate and credit default swaps), contracts for differences, short sales, futures, forward and option contracts and other derivative instruments, which can increase the adverse impact of market moves to which the client may be subject. The Adviser has been given very broad investment parameters and maintains a flexible investment program. Therefore, clients may make investments in the future that may be subject to risks in addition to those described in Section B and C.

Hedging Strategies May be Imperfect. The Adviser may utilize financial instruments both for investment purposes and risk management purposes. The success of the Adviser's hedging strategy will be subject to the Adviser's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and

the performance of the investments in the portfolio being hedged. The success of the Adviser's hedging strategy will also be subject to the Adviser's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner. While the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the client than if it had not engaged in any such hedging transactions. Please note that the Adviser is not required to attempt to hedge portfolio positions for clients and, for a variety of reasons, the Adviser may not seek to establish a correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent a client from achieving the intended hedge or expose the client to risk of loss. Furthermore, the Adviser may not anticipate a particular risk so as to hedge against it. While hedging strategies may be employed for a client, it is impossible for the Adviser to eliminate risk.

**Leverage.** The Adviser may leverage securities positions by borrowing funds and securities from securities broker-dealers, banks or others. The Adviser may also leverage a client's investment returns with options, swaps, short sales, forwards and other derivative contracts. Leverage increases both the possibilities for profit and the risk of loss on securities positions. The amount of a client's borrowings and the interest rates on those borrowings, which may fluctuate from time to time, will have a marked effect on its results and could result in a substantial loss to the client, which would be greater than if the client were not leveraged. Clients have no alternative credit facility which could be used to finance their portfolios in the absence of financing from broker/dealers. As a result, clients could be forced to liquidate their portfolios on short notice and at distressed prices.

In an unsettled credit environment, the Adviser may find it difficult or impossible to obtain leverage for clients. Since leveraging its assets is often a part of the investment strategy, in such event the Adviser may find it difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, may result in the Adviser being forced to unwind positions quickly and at prices below what the Adviser deems to be fair value for the positions.

**Transaction Costs.** The conduct of the client's investment activities involves a high level of trading, and the turnover of its portfolio in the aggregate may generate substantial transaction costs. These costs must be borne by the client regardless of the profitability of the client's investment activities.

**Short Sales.** The Adviser engages in short selling on behalf of its clients. Possible losses from short sales differ from the exposure to losses that could be incurred from a purchase of a security, because losses from short sales may be unlimited, whereas losses from purchases can equal only the total amount invested.

**Lending of Portfolio Securities.** The Adviser may lend client's portfolio securities for the purpose of realizing additional income. A risk in lending securities is the possible delay in receiving additional collateral or in the recovery of the securities or possible loss of rights in the collateral if the borrower should fail financially.

**Offsetting Positions.** The Adviser's various portfolio managers may make investment decisions wholly independently of one another and may at times hold economically offsetting positions. To the extent that the portfolio managers do, in fact, hold such positions, the client may not achieve any gain from such investments despite incurring expenses, such as

transaction fees.

Please refer to the applicable Confidential Private Offering Memorandum, Confidential Explanatory Memorandum or Prospectus (as applicable) for a more complete description of the risks associated with an investment in a Weiss private investment fund.

**Risks Associated With Types of Securities that are Primarily Recommended (Including Significant, or Unusual Risks)**

*C. If the Adviser recommends primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.*

**Illiquidity of Investments and In-Kind Distributions.** The Adviser may invest in securities that are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such securities tend to be volatile, and the Adviser may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of freely tradable, liquid securities. Restricted securities sell at a price lower than similar securities that are not subject to restrictions on resale. Further, if a substantial number of investors in a client were to redeem and the client did not have a sufficient amount of cash or liquid securities, the client might have to meet such redemptions through distributions of illiquid securities or instruments directly to investors in a client or to a liquidating trust or liquidating account.

**Debt Securities.** The Adviser may invest in debt securities which are unrated by a recognized credit-rating agency or below investment grade and which are subject to greater risk of loss of principal and interest than higher-rated debt securities. The Adviser may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Adviser may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. Clients will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, which can make it difficult to precisely and accurately calculate discounting spreads for valuing financial instruments.

**Currency Risks.** Investments that are denominated in currencies other than the U.S. dollar are subject to the risk that the value of the particular currency will change in relation to one or more other currencies. As a result, clients could realize a net loss on an investment, even if there were a gain on the underlying investment before currency losses were taken into account. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Adviser may seek to hedge these risks by investing in currencies, currency futures contracts and options on currency futures contracts, forward currency contracts, options, swaps, swaptions, or any combination thereof (whether or not exchange

traded), but there can be no assurance that such strategies will be implemented or, if implemented, will be effective.

Commodity Trading Risks Generally. The Adviser may invest in commodity forward contracts, futures contracts (including financial futures), and other commodity interests or swaps. Trading in commodity interests may involve substantial risks. Commodity markets are highly volatile. The low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. There is no assurance that a liquid secondary market will exist for commodity futures contracts or options purchased or sold, and the Adviser may be required to maintain a position until exercise or expiration, which could result in losses. Many commodity exchanges limit the amount of fluctuation permitted in contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit. Contract prices could move to the daily limit for several consecutive trading days permitting little or no trading, thereby preventing prompt liquidation of commodity interest positions and potentially subjecting clients to substantial losses. Investing in commodities and forward or futures contracts is a highly specialized investment activity entailing greater than ordinary investment risk.

Derivative Instruments. To the extent that the Adviser invests in swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions or, in certain circumstances, non-U.S. securities, clients take a credit risk with regard to parties with whom they trade and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. To the extent that client securities and other assets deposited with custodians or brokers are not clearly identified as being assets (directly or indirectly) of the client, there may be practical or time problems associated with enforcing the client's rights to its assets in the case of an insolvency of any such party.

Investing in Non-U.S. Securities. Investments in securities of issuers (including non-U.S. governments) and securities denominated or whose prices are quoted in non-U.S. currencies pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability) as well as a range of other potential risks which could include, expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers and non-U.S. issuers may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. issuers. Transaction costs of investing in non-U.S. securities markets are generally higher than in the U.S. There is generally less government supervision and regulation of exchanges, brokers and issuers than there is in the United States. Clients might have greater difficulty taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with increased volume of transactions, thereby potentially creating substantial delays and settlement failures that could adversely affect clients' performance. Non-U.S. markets may

have less protective custody rules than those in the U.S., which could result in losses with respect to non-U.S. securities owned by client but custodied with a non-U.S. custodian. Such losses might not have occurred if such securities were custodied in the U.S.

Please refer to the applicable Confidential Private Offering Memorandum, Confidential Explanatory Memorandum or Prospectus (as applicable) for a more complete description of the risks associated with an investment in a Weiss investment fund.

Item 9      Disciplinary Information

*If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.*

Not applicable.

## Item 10 Other Financial Industry Activities and Affiliations

### **Broker-Dealer Registration Status**

- A. *If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.*

Some of our management persons are registered representatives of our affiliated broker-dealer, Weiss Multi-Strategy Funds LLC.

### **Commodities-Related Registration**

- B. *If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.*

The Adviser is registered with the CFTC and NFA as a commodity pool operator. A number of our management persons are registered with the CFTC and NFA as principals and/or associated persons.

### **Material Relationships or Arrangements with Industry Participants**

- C. *Describe any relationship or arrangement that is material to your advisory business or its clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.*

- *broker-dealer, municipal securities dealer, or government securities dealer or broker*
- *investment company or other pooled investment vehicle*
- *other investment adviser or financial planner*
- *futures commission merchant, commodity pool operator, or commodity trading advisor*
- *banking or thrift institution*
- *accountant or accounting firm*
- *lawyer or law firm*
- *insurance company or agency*
- *pension consultant*
- *real estate broker or dealer*
- *sponsor or syndicator of limited partnerships*

The Adviser is the Manager of Weiss Multi-Strategy Partners LLC. An affiliate of the Adviser, Weiss Financial Solutions LLC (an investment adviser exempt from registration with the SEC) is the Manager of Weiss Alpha Balanced Risk Fund LLC. Employees of the Adviser serve as directors of Weiss Multi-Strategy Partners (Cayman) Ltd., Weiss Insurance Partners (Cayman) Ltd. and Weiss Alpha Balanced Risk Fund (Cayman) Ltd. Each of these private investment funds was organized by the Adviser, and the rights, obligations and terms

of compensation with respect to these clients vis a vis the Adviser were not negotiated at arm's length. This creates a conflict of interest in that the Adviser has an incentive to implement fund terms which favor the Adviser to the detriment of the fund (and its respective investors). The conflict of interest created by a non-arm's length negotiation is addressed through a full and thorough disclosure to investors in these funds of the fund terms in the Confidential Private Offering Memorandum or Confidential Explanatory Memorandum (as applicable), including any material conflicts of interests. Additionally, the "market" should serve to address this conflict of interest, since investors will choose to invest in competitor private investment funds instead of the Weiss funds should the fund terms favor the Adviser more than competing products.

The Adviser has an affiliated broker-dealer, Weiss Multi-Strategy Funds LLC, which solicits investors for the Weiss private investment funds. This creates a potential conflict of interest because Weiss Multi-Strategy Funds LLC has an interest in recommending the Weiss private investment funds to potential investors due to their affiliation. To address this potential conflict of interest, Weiss Multi-Strategy Funds LLC discloses to potential investors and investors in the Weiss private investment funds that it is an affiliate of the Adviser and has been retained by the Adviser to provide placement services on behalf of the funds.

**Code of Ethics**

- A. *If you are an SEC registered adviser, briefly describe its code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of its code of ethics to any client or prospective client upon request.*

The Adviser's Code of Ethics is based on the principle that the Adviser owes a fiduciary duty to its clients and must place their interests before its own except as otherwise disclosed to them. The Adviser's Code of Ethics addresses subjects such as personal securities transactions by the Adviser's employees and certain affiliates, political contributions and outside business activities.

With certain exceptions, each employee is required to disclose in writing securities positions which such employee and certain of his or her relatives own or have investment discretion over and obtain preclearance from the Adviser's Compliance Department for trades. With certain exceptions, short term trading (the purchase and sale of a security within 90 days) is prohibited, and a trade requiring preclearance generally will not be approved if the Adviser traded the security on the day of the employee's preclearance request or within two business days prior thereto. Initial public offerings and private placements may not be acquired by an employee without the approval of the Compliance Department.

Other subjects covered by the Adviser's Compliance Procedures include treatment of confidential information, conflicts of interest and insider trading.

Investors may obtain a complete copy of the Code of Ethics by contacting the Adviser.

**Client Transactions in Securities where Adviser has a Material Financial Interest**

- B. *If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address the conflicts that arise.*

The Adviser or its related persons, as principal, generally has the power to buy securities from (or sells securities to) its clients for which the Adviser acts as investment adviser.

This power can create a conflict of interest because the Adviser or related person may have an incentive to buy securities from (or sell securities to) clients based on its own financial interests, rather than solely the interests of a client.

With respect to principal transactions, the Adviser will disclose to the client in writing before the completion of the transaction the capacity in which the Adviser is acting with respect to this arrangement, and obtain the client's consent to such transaction as required by Section

206(3) of the Advisers Act.

The Adviser will address this conflict of interest, in the case of principal transactions, by seeking the consent to the transaction and its terms from an independent investor representative (in the case of the Weiss private investment funds) and from the client (in the case of separately managed accounts). In the case of cross trades that do not constitute principal transactions (for example, rebalances among client accounts), the Adviser has implemented standard procedures in identifying and pricing securities to be crossed, and these transactions require review and approval by the Chief Compliance Officer.

### **Investing in Securities Recommended to Clients**

*C. If you or your related persons invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflict of interest it presents and generally how you address the conflicts that arise in connection with personal trading.*

In addition to investing in securities for the Adviser's unaffiliated clients, the Adviser's investment personnel also trade for the Adviser's affiliate OGI Associates LLC, as well as a charitable account for which George Weiss serves as trustee and founder (collectively referred to as "Inside Capital"). In addition, the Adviser's employees may conduct personal trading in securities also traded by client accounts. These practices present a conflict where, because of the information an Adviser has, the Adviser or its related persons are in a position to trade in a manner that could adversely affect clients (e.g., place their own trades before or after client trades are executed in order to benefit from any price movements due to the clients' trades). In addition to affecting the Adviser's or its related person's objectivity, these practices by the Adviser or its related persons may also harm clients by adversely affecting the price at which the clients' trades are executed. The Adviser has adopted the following procedures in an effort to minimize such conflicts:

- (1) The Adviser generally conducts its investment trading program for Inside Capital in a similar manner to the trading done for unaffiliated client accounts (subject to their respective investment guidelines), that is, by buying or selling the same securities for Inside Capital at the same time and on the same side as client accounts. Except as otherwise described in this Form ADV Part 2A, the Adviser's procedures relating to the allocation of investment opportunities require that similarly managed accounts generally participate in appropriate investment opportunities on a pro rata or other equitable basis, taking into account the respective leverage targets of the clients and the existing under-weighting or over-weighting of positions in such client accounts. This is achieved through an automatic portfolio allocation system in which any "overrides" are subject to review by the Adviser's compliance department. To the extent orders are aggregated, the client orders are price-averaged. Please note, however, that Inside Capital also may be invested in unseasoned "incubator strategies" or sub-strategies that may or may not mature into strategies suitable for inclusion in client accounts and certain ancillary strategies or sub-strategies that the Adviser does not believe appropriate for trading in client accounts due to their risk profile. The inclusion or exclusion of these strategies in client accounts is reviewed periodically by the Allocation Committee and annually by the

Chief Compliance Officer with the assistance of the Adviser's Chief Operating Officer. Additionally, due to differing inflows and outflows of capital, or differing investment guidelines or objectives of client accounts, client accounts may be periodically be invested, or have offsetting positions, in securities held by Inside Capital. For example, the Adviser may purchase a particular security for a client at a time when the Adviser is selling or establishing a short position in that same security on behalf of another client or Inside Capital. The Adviser mitigates these conflicts through disclosure of them in the Confidential Private Offering Memorandum, Confidential Explanatory Memorandum and/or investment management agreements applicable to the clients, as well as by seeking to manage those transactions in a manner that treats all such clients fairly and equitably over time. The Compliance Department with the assistance of the Risk Department, Allocation Committee and accounting group reviews account performances for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably, and the performance of accounts is also annually compared to determine whether there are any unexplained significant discrepancies.

- (2) With certain exceptions, the Adviser requires each employee to disclose, in writing or electronically, securities positions which such employee and certain of his or her relatives own or have investment discretion over and obtain preclearance from the Adviser's Compliance Department for trades. With certain exceptions, short term trading (the purchase and sale of a security within 90 days) is prohibited, and a trade requiring preclearance generally will not be approved if the Adviser traded the security on the day of the employee's preclearance request or within two business days prior thereto. Initial public offerings and private placements may not be acquired by an employee without the approval of the Compliance Department. In addition, the Adviser's Code prohibits the Adviser or its access persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Compliance Department. All of the Adviser's related persons are required to disclose their securities transactions on a quarterly basis and holdings on an annual basis. All the Adviser's related persons are also required to provide broker confirmations of each transaction in which they engage and an annual certification of such accounts and holdings. Trading in employee accounts will be reviewed by the Compliance Department and compared with transactions for the client accounts and reviewed against the restricted securities list.
- (3) The allocations of capital (equity and borrowed) to the various accounts managed by the Adviser affect the allocation of trades among these pools of money and depends on the judgment of the Adviser. This may be an inherent conflict of interest in that the decision of the Adviser to reduce the leverage of one or more clients or increase the leverage of the Inside Capital or other clients will have the effect of increasing the allocation of specific investments to certain clients (potentially including Inside Capital) or the other clients and away from others. This conflict is managed by disclosing to clients the conflict of interest who agree to the terms of investment, and by allocating capital (equity and borrowed) on a strategy-by-strategy basis, as opposed to a trade-by-trade basis, so that leverage is not adjusted for particular securities transactions.

### **Conflicts of Interest Created by Contemporaneous Trading.**

- D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or a related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.*

The Adviser or a related person from time to time recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that the Adviser or related person buys or sells the same securities for its own account in accordance with the procedures described in C above in order to minimize the conflicts stemming from situations where the contemporaneous trading results in an economic benefit for the Adviser or its related person to the detriment of the client. In addition, the Adviser has adopted the following procedures with respect to trade orders: When it is determined that it would be appropriate for more than one of the investment accounts managed by the Adviser to participate in an investment opportunity, the Adviser will seek to execute orders for all of the participating investment accounts on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments and the investment programs and portfolio positions of the relevant accounts. Orders may be combined for all such accounts. If an order on behalf of more than one account cannot be fully executed, or if an order is not filled at the same price, the order may be allocated on an average price basis. If an order on behalf of more than one account cannot be fully executed under prevailing market conditions, securities may be allocated among the different accounts on a basis that the Adviser considers equitable. Please note that individual situations may occur where one or more accounts could be disadvantaged because of the investment activities conducted by the Adviser or its affiliates for other investment accounts (including Inside Capital).

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

- A. *Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).*

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and error resolution, offering to the Adviser on-line access to computerized data regarding a client's accounts. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser's Best Execution Committee meets regularly to evaluate the broker-dealers used by the Adviser to execute client trades using the foregoing factors. Please note that the Adviser effects client transactions through broker-dealers who employ relatives of employees of the Adviser, including Weiss employees who may select the broker-dealer. The Firm's Best Execution Committee reviews such trading activities to attempt to prevent a situation where the selection of a particular broker-dealer is based on personal or family relationships rather than what is in the best interests of clients.

- 1. Research and Other Soft Dollar Benefits.*** *If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.*

The Adviser receives research or other products or services other than execution from a broker-dealer *and/or* a third party in connection with client securities transactions. This is known as a "soft dollar" relationship. The Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as

custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self regulatory organization such as comparison services, electronic confirms or trade affirmations. During the Adviser's last fiscal year, as a result of client brokerage commissions (or markups or markdowns), the Adviser and/or its related persons acquired products in each of the foregoing categories.

When the Adviser uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser's Best Execution Committee meets regularly to review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services. In addition, the amount of commissions generated by a particular strategy may impact the compensation payable by the Adviser to the members of the investment team responsible for the strategy, which may provide an incentive for such members to cause the strategy to generate higher commissions.

The Adviser may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for clients.

Research and brokerage services obtained by the use of commissions arising from a client's portfolio transactions may be used by the Adviser in its other investment activities, including, for the benefit of other client accounts. The Adviser does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

In determining whether to direct client brokerage transactions to particular broker-dealers, the Adviser's Best Execution Committee meets regularly to review and evaluate the soft dollar practices of the Adviser and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer.

**2. Brokerage for Client Referrals.** *If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or*

*third party, disclose this practice and discuss the conflicts of interest it creates.*

From time to time the Adviser may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to the Weiss private investment funds and other client accounts. The Adviser may place client portfolio transactions with firms who have made such recommendations or provided capital introduction opportunities, if the Adviser determines that it is otherwise consistent with seeking best execution. In no event will the Adviser select a broker-dealer as a means of remuneration for recommending the Adviser or any other product managed by the Adviser (or an affiliate) or affording the Adviser with the opportunity to participate in capital introduction programs.

**3. *Directed Brokerage.*** *If you routinely recommend, request or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy.*

The Adviser selects the broker-dealers through which its clients execute transactions. All such trades are subject to best execution.

*If you permit your client to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of client transactions. Explain that directing brokerage may cost clients more money.*

The Adviser does not currently permit clients to select the broker-dealers through which they execute transactions.

## **Order Aggregation**

**B.** *Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.*

The Adviser often purchases or sells the same security for many clients at or near the same time and using the same executing broker. It is the Adviser's practice, where possible, to aggregate client orders for the purchase or sale of the same security submitted at or near the same time for execution using the same executing broker. The Adviser will also aggregate in the same transaction, the same securities for accounts where the Adviser has brokerage discretion. Such aggregation may enable the Adviser to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. When an aggregated order is completely filled, the Adviser allocates the securities purchased or proceeds of sale pro rata based on notionally allocated assets among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to clients. Depending on the investment strategy pursued

and the type of security, this may result in a pro rata allocation to all participating clients.

The Adviser or its related persons may also participate in an aggregated order.

**Frequency and Nature of Review**

- A. *Indicate whether the Adviser periodically reviews client accounts or financial plans. If the Adviser does, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.*

As described with more particularity in Item 4C, the Adviser generally conducts the investment trading program for the Weiss private investment funds, its separately managed accounts and its proprietary capital in a similar manner. Certain members of the Adviser's Capital Allocation Committee monitor the performance and risk characteristics of the Adviser's and its client's portfolios on a daily basis, and discuss related issues, such as the volatility of the portfolio relative to its targeted volatility and, as such, the determination of the portfolio's targeted leverage versus its actual leverage, on an informal basis at least weekly. Based on such discussions, the Capital Allocation Committee meets to allocate and reallocate notional capital (equity plus borrowing) to the portfolio manager of each strategy for potential trading, and to adjust leverage among client accounts, when Members of the Allocation Committee and Risk Manager believe changes are necessary due to portfolio and strategy performance or characteristics, perceived changes in market conditions or anticipated inflows or outflows of capital. As of the date hereof, Members of the Capital Allocation Committee include the Adviser's Chief Executive Officer, President & Chief Investment Officer, Chief Operating Officer, Chief Investment Officer and two of the Adviser's portfolio managers.

The charitable accounts managed by the Adviser have a different investment program and risk and liquidity profile than the other client accounts, and are managed by a different portfolio manager, the Adviser's Chief Executive Officer. He reviews the portfolio frequently, generally daily, in an effort to evaluate available opportunities given the risk and liquidity profile of these accounts.

**Factors Prompting a Non-Periodic Review of Accounts**

- B. *If the Adviser reviews client accounts on other than a periodic basis, describe the factors that trigger a review.*

Please refer to Item 13A above.

**Content and Frequency of Regular Account Reports**

- C. *Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.*

The Adviser makes available to investors in the Weiss private investment funds (1) an

indicative month and year-to-date net performance estimate provided weekly; (2) an indicative or “flash” monthly net performance estimate typically sent shortly after month-end; (3) a monthly report providing performance, AUM, exposure information and various risk characteristics; (4) detailed monthly transparency reports; and (5) the audited financial statements for a fund on an annual basis. Please note that from time to time, the Adviser receives requests from a specific investor for information relating to the fund, either on a one-time or reoccurring basis. The Adviser is willing to consider investor informational requests on a case-by-case basis. In the event that the Adviser provides an investor information he or she requests on a case-by-case basis, either verbally or in writing, the Adviser is willing to provide the same category of information to other investors on an “as requested” basis, though investors will not be notified by the Adviser of specific information requests made by other investors.

For each client that is a separately managed account, the Adviser provides (1) an indicative month and year-to-date net performance estimate provided weekly; (2) an indicative or “flash” monthly net performance estimate typically sent shortly after month-end; and (3) a monthly report providing performance, AUM and various data relating to the portfolio and the Adviser, in addition to any other reports required by the client’s respective investment management agreement.

For each charitable account, the Adviser provides (1) unaudited financial statements on a monthly basis; and (2) a report on trading activities on a monthly basis.

For Weiss Alternative Balanced Risk Fund, which is an open-end mutual fund, the Adviser provides any information reasonably requested by this fund.

The reports described above are in written form (paper or electronic).

## Item 14 Client Referrals and Other Compensation

### **Economic Benefits Received from Non-Clients for Providing Services to Clients**

- A. *If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.*

The Adviser receives certain research or other products or services from broker-dealers through “soft-dollar” arrangements. These “soft-dollar” arrangements create an incentive for the Adviser to select or recommend broker-dealers for trading based on the Adviser’s interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of its clients. Please see Item 12 for further information on the Adviser’s “soft-dollar” practices, including the Adviser’s procedures for addressing conflicts of interest that arise from such practices.

Certain employees of the Adviser may receive gifts and/or business entertainment benefits from service providers. This presents a conflict of interest in that employees of the Adviser may have an incentive to use the services of such service providers because of the personal benefits received instead of the service provider being the best choice for the Adviser’s clients. This conflict of interest is addressed through policies relating to the same in the Adviser’s Code of Ethics, which addresses subjects such as personal securities transactions by the Adviser’s employees and certain affiliates, and outside business activities. The Best Execution Committee meets to review gift and entertainment activity of the Adviser’s employees on a regular basis.

### **Compensation to Non-Supervised Persons for Client Referrals**

- B. *If you or a related person directly or indirectly compensates any person who is not you or its supervised person for client referrals, describe the arrangement and the compensation.*

In the future, the Adviser may begin to make cash payments to Weiss Multi-Strategy Funds LLC, an affiliated third-party solicitor, for certain client referrals. Where applicable, cash payments for client solicitations will be structured to comply fully with the requirements of Rule 206(4)-3 under the Advisers Act and related SEC staff interpretations.

Item 15 Custody

*If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from the Adviser, your explanation must include a statement urging clients to compare the account statements they receive from the Adviser.*

The Adviser has custody of funds or securities relating to the Weiss private investment funds and proprietary capital. There is no requirement under the Investment Advisers Act of 1940 that a qualified custodian send statements directly to investors in such funds because the funds' audited financial statements are provided to the investors. The Adviser does not have custody of client funds or securities in its separately managed accounts and one of the charitable accounts it manages, nor does it have custody of client funds or securities held by Weiss Alternative Balanced Risk Fund, an open-end mutual fund. With respect to the charitable account over which the Adviser has custody of client funds or securities, qualified custodians send account statements directly to the charitable account, except with respect to securities that are privately offered securities. That charitable account is urged to carefully compare the account statements to those it receives from the Adviser.

## Item 16 Investment Discretion

*If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).*

Prior to assuming full discretion in managing a client's assets, the Adviser enters into an investment management agreement or other agreement that describes the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary client, the Adviser has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held. The Adviser may consider the following factors, among others, in allocating securities among clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is the Adviser's policy to allocate suitable investment opportunities to eligible client accounts on a pari passu basis (based on the assets notionally allocated to each the of each participating account relative to the assets notionally allocated to all participating accounts; that is, taking into account the respective equity and leverage profiles of the accounts), these factors may lead the Adviser to allocate securities to client accounts in varying amounts.

Securities acquired by the Adviser for its clients through a limited offering will be allocated pursuant to the procedures set forth in the Adviser's allocation policy. The policy provides that the Adviser will determine the proposed allocation of limited offering securities after considering the factors described above with respect to general allocations of securities and determining those client accounts eligible to hold such securities. Eligibility will be based on the legal status of the clients and the client's investment objectives and strategies.

The Adviser may effect cross transactions between discretionary client accounts, except as otherwise noted below. Cross transactions enable the Adviser to effect a trade between two clients for the same security at a set price, thereby possibly avoiding an unfavorable price movement that may be created through entrance into the market and saving commission costs for both accounts. Cross transactions include rebalancing transactions that are undertaken so that, after withdrawals or contributions have occurred, the portfolio compositions of similarly managed accounts remain generally similar. The Adviser has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions. Cross transactions between client accounts are not permitted if they would constitute principal trades or trades for which the Adviser or its affiliates are compensated as a broker unless client consent has been obtained based upon written disclosure to the client of the capacity in which the Adviser or its

affiliates will act. In addition, cross transactions are not permitted for benefit plan or other similar accounts that are subject to ERISA.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, the Adviser seeks to ensure that clients are treated fairly and, following error correction, are in the same position they would have been if the error had not occurred. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy.

**Policies and Procedures Relating to Authority to Vote Client Securities**

- A. *If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of the your proxy voting policies and procedures upon request.*

To the extent the Adviser has been delegated proxy voting authority on behalf of its clients, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of its clients. Except with respect to German securities, in voting proxies, the Adviser utilizes the services of a third-party proxy recommendation service, and will vote for or against proposals in accordance with such recommendations unless the investment team which has invested in the relevant security indicates its disagreement with the recommendation. In such cases, the Adviser's proxy committee will review the investment team's contrary recommendation and, and if the proxy committee determines that the investment team's contrary recommendation is reasonable and not subject to a conflict of interest, the proxy will be voted in accordance with the investment team's recommendation. It is not currently anticipated that the Adviser's clients will be permitted to direct their votes in a particular solicitation.

If a material conflict of interest between the Adviser and its clients taken as a whole exists (or if a conflict relating to an ERISA fund is involved), the Adviser will refer the matter to the member representative of certain Weiss funds and the Adviser will vote all accounts in accordance with the member representative's direction. Except in the case of an ERISA fund, the Adviser does not make any judgment relating to a particular client's best interest with respect to voting a particular proxy, but instead votes in the interest of its clients as a group.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a client's proxies by contacting [investorrelations@gweiss.com](mailto:investorrelations@gweiss.com).

**No Authority to Vote Client Securities and Client Receipt of Proxies**

- B. *If the Adviser does not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from the Adviser, and discuss whether (and, if so, how) clients can contact the Adviser with questions about a particular solicitation.*

Not applicable.

Item 18 Financial Information

**Balance Sheet**

- A. *If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.*

Not applicable.

**Financial Conditions and Impairment of Contractual Commitments to Clients**

- B. *If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.*

The Adviser is not aware of any financial conditions that are reasonably likely to impair the Adviser's ability to meet its contractual commitments to clients.

**Bankruptcy Filings**

- C. If the Adviser has been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.

Not applicable.

Item 19 Requirements for State-Registered Advisers

The Adviser is not a State-Registered Adviser.

