

**Uniform Application for Investment Adviser Registration****Part II - Page 1**

Name of Investment Adviser: <b>MicroCapital LLC</b>					
Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone Number:
167 Old Post Road 3rd Floor	Southport	CT	06890	(203)	319-8208

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.**  
The information has not been approved or verified by any governmental authority.

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(Schedules A, B, C, D, and E are included with Part 1 of this Form, for the use of regulatory bodies, and are not distributed to clients.)

**Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

**Form ADV**  
**Part II – Page 2**

**Applicant:**  
MicroCapital LLC

**SEC File Number:**  
801-64981

**Date:**  
5/28/2009

**Definitions for Part II**

Related person - Any officer, director or partner of application or any person directly or indirectly controlling, controlled by, or under common control with the application, including any non-clerical, non-ministerial employee.

Investment Supervisory Services - Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

1. A. Advisory Services and Fees (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)
- Applicant:
- |  |         |
|--|---------|
| <input checked="" type="checkbox"/> (1) Provides investment supervisory services .....   | 100 %   |
| <input type="checkbox"/> (2) Manages investment advisory accounts not involving investment supervisory services .....  | _____ % |
| <input type="checkbox"/> (3) Furnishes investment advice through consultations not included in either service described above .....  | _____ % |
| <input type="checkbox"/> (4) Issues periodicals about securities by subscription .....   | _____ % |
| <input type="checkbox"/> (5) Issues special reports about securities not included in any service described above .....   | _____ % |
| <input type="checkbox"/> (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities ..... | _____ % |
| <input type="checkbox"/> (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities .....   | _____ % |
| <input type="checkbox"/> (8) Provides a timing service .....   | _____ % |
| <input type="checkbox"/> (9) Furnishes advice about securities in any manner not described above .....   | _____ % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

- B. Does Applicant call any of the services it checked above financial planning or some similar term? ..... Yes ☐ No ☒

C. Applicant offers investment advisory services for: (check all that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges                                     | <input type="checkbox"/> (5) Commissions       |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees)       | <input checked="" type="checkbox"/> (6) Other  |

- D. For each checked box in A above, described on Schedule F:
- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
  - application's basic fee schedule, how fees are charged and whether its fees are negotiable
  - when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. **Type of Clients** - Applicant generally provides investment advice to: (check those that apply)

- |  |   |
|--|---|
| <input type="checkbox"/> A. Individuals                      | <input type="checkbox"/> E. Trusts, estates, or charitable organizations                    |
| <input type="checkbox"/> B. Banks or thrift institutions     | <input type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies             | <input checked="" type="checkbox"/> G. Other (describe on Schedule F)                       |
| <input type="checkbox"/> D. Pension and profit sharing plans |   |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> A. Equity Securities  | <input type="checkbox"/> H. United States government securities      |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                                |  |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter                        | <input type="checkbox"/> I. Options contracts on:                    |
| <input checked="" type="checkbox"/> (3) foreign issuers   | <input checked="" type="checkbox"/> (1) securities                   |
|   | <input type="checkbox"/> (2) commodities                             |
| <input checked="" type="checkbox"/> B. Warrants   |  |
|   | <input type="checkbox"/> J. Futures contracts on:                    |
| <input checked="" type="checkbox"/> C. Corporate debt securities<br>(other than commercial paper) | <input type="checkbox"/> (1) tangibles                               |
|   | <input type="checkbox"/> (2) intangibles                             |
| <input type="checkbox"/> D. Commercial paper  | <input type="checkbox"/> K. Interests in partnerships investing in:  |
| <input type="checkbox"/> E. Certificates of deposit   | <input type="checkbox"/> (1) real estate                             |
| <input type="checkbox"/> F. Municipal securities  | <input type="checkbox"/> (2) oil and gas interests                   |
|   | <input type="checkbox"/> (3) other (explain on Schedule F)           |
| <input type="checkbox"/> G. Investment company securities:  | <input checked="" type="checkbox"/> L. Other (explain on Schedule F) |
| <input type="checkbox"/> (1) variable life insurance  |  |
| <input type="checkbox"/> (2) variable annuities   |  |
| <input type="checkbox"/> (3) mutual fund shares   |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Charting    | (4) <input checked="" type="checkbox"/> Cyclical           |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |  |

B. The main sources of information applicant uses include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input type="checkbox"/> Timing services   |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities   | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the<br>Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases   |
| (4) <input type="checkbox"/> Corporate rating services                        | (8) <input type="checkbox"/> Other (explain on Schedule F)   |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |  |  |
|--|--|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions  |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input type="checkbox"/> Option writing, including covered options,<br>uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)                 |  |
| (4) <input checked="" type="checkbox"/> Short sales  | (7) <input type="checkbox"/> Other (explain on Schedule F)   |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

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**Applicant:**  
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**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? .....

Yes ☒ No ☐

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

**7. Other Business Activities. (check those that apply)**

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.  
(For each checked box describe the other activities, including the time spend on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations. (check those that apply)**

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |  |  |
|--|--|
| <input type="checkbox"/> (1) broker-dealer   | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm  |
| <input type="checkbox"/> (3) other investment adviser  | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? ..... Yes ☐ No ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

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MicroCapital LLC

**SEC File Number:**  
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**Date:**  
5/28/2009

**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or brought from a brokerage customer
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☐ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.) Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account?.....

Yes  
☒

No  
☐

(If yes, describe on Schedule F.)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. For reviews, include their frequency, different levels, and triggering factors. For reviewers, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

All accounts are generally reviewed daily by Ian Ellis. Account reviews focus on each account's strategy and evaluate all securities using fundamental, technical and quantitative analysis.

The Pricing, Allocation and Risk Committee (the "PARC") meets quarterly to review all matters related to pricing, allocation and risk management for all accounts.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

MicroCapital LLC (the "Adviser") will provide quarterly reports to clients which discuss general account performance. Adviser will also provide investors in its private investment funds with monthly performance reports, quarterly statements, and an annual report, containing financial statements and a statement of each investor's capital account as of the end of each fiscal year. From time to time, some investors may request and receive additional information from the Adviser.

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

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**Applicant:**  
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**Date:**  
5/28/2009

**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- |   | Yes                                 | No                       |
|---|-------------------------------------|--------------------------|
| (1) securities to be bought or sold? .....              | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold?..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used?.....                   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid?.....                         | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients?..... Yes ☒ No ☐

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |   |                              |  |
|---|------------------------------|--|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? .....  | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year or schedule G, if applicant:**

- has custody of client funds or securities: or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet?..... Yes ☐ No ☒

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
MicroCapital LLC	801-64981	5/28/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: MicroCapital LLC		IRS Empl. Ident. No.: 13-4103993
Item of Form (identify)	Answer	
Item 1.D	<p><u><b>SERVICES AND FEES</b></u></p> <p>MicroCapital LLC ("MicroCapital", or, the "Adviser") provides investment supervisory services to two private investment funds: MicroCapital Fund LP ("MicroCapital LP"), a Delaware limited partnership, and MicroCapital Fund Ltd. ("MicroCapital Ltd."), a Cayman Islands exempted company. MicroCapital LP and MicroCapital Ltd. are herein referred to as the "Funds." The Adviser also advises one separately managed account. Terms not otherwise defined herein have the meanings ascribed to them in the current offering memoranda for the Funds (the "Offering Memoranda").</p> <p>Both MicroCapital LP and MicroCapital Ltd. 's objectives are to seek maximum capital appreciation by purchasing at attractive valuations the securities of public companies that the Adviser believes have sound long-term prospects for growth, with a particular focus on the microcap sector, and to a lesser extent, the small cap sector.</p> <p>MicroCapital serves as both the General Partner and Investment Manager of MicroCapital LP, as the Investment Manager of MicroCapital Ltd and as Investment Manager to a separately managed account.</p> <p><b>Fees:</b></p> <p>MicroCapital LP:</p> <ul style="list-style-type: none"> <li>-monthly management fee of 1/12 of 2.00% (2.00% per annum) of the Net Asset Value of the LP Units of the investor, payable monthly as of the first day of each month, in advance.</li> <li>-incentive allocation of 20% of the full increase in the Net Asset Value of the LP Units of the investor since the investor's investment or the last annual incentive allocation, subject to a "high water mark," and payable annually. The incentive allocation may be calculated separately as to PIPE investments, or New Issue investments.</li> </ul> <p>The monthly management fee and annual incentive allocation may be waived in their entirety or reduced at the discretion of the General Partner.</p> <p>The management fee and annual incentive allocation are not refundable. Investors may withdraw from MicroCapital LP annually each March 31<sup>st</sup> upon 60 days prior written notice, however, there is a one year restriction with respect to investments made on or after April 1 ,2007, i.e., investments can not be withdrawn until at least one year after the investment was made.</p> <p>MicroCapital Ltd.:</p> <ul style="list-style-type: none"> <li>-monthly management fee of 1/12 of 2.00% (2.00% per annum) of the Net Asset Value of the fund, payable monthly as of the first day of each month, in advance.</li> <li>-incentive fee of 20% of the full increase in the Net Asset Value of each Shareholder's shares since the Shareholder's investment or the last annual incentive fee, subject to a "high water mark", and payable quarterly.</li> </ul> <p>The monthly management fee and annual incentive fee may be waived in their entirety or reduced at the discretion of the Adviser.</p> <p>The management fee and annual incentive fee are not refundable. Shareholders may withdraw from MicroCapital Ltd. annually each March 31<sup>st</sup> upon 60 days prior written notice, however, there is a one year restriction with respect to investments made on or after April 1 ,2007, i.e., investments can not be withdrawn until at least one year after the investment was made.</p>	
Item 1.D,		

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
MicroCapital LLC	801-64981	5/28/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: MicroCapital LLC		IRS Empl. Ident. No.: 13-4103993
Item of Form (identify)	Answer	
(continued)	<p>Please see the Offering Memoranda for complete description of the Funds' redemption and fee terms. Investors should specifically note that they may be unable to fully terminate their participation in a Fund if underlying investments are illiquid, such as PIPE investments.</p> <p>The separately managed account contains fees and withdrawal provisions that are negotiated with the client directly.</p>	
Item 2	As noted above, the Adviser serves as investment manager to MicroCapital LP, MicroCapital Ltd. and a separately managed account. The Adviser may in the future serve as investment manager to other private funds, or separate accounts.	
Item 3L	The Adviser may offer advice regarding investment in securities of private companies or privately placed securities of public companies (PIPES).	
Item 5	Advisory persons associated with Adviser must, at a minimum, possess the following: a college degree and/or appropriate business experience and all required licenses and examinations.	
Item 6	<p>Name: Ian P. Ellis  Year of birth: 1963  Education: University of Oxford, honors degree in philosophy, politics and economics  Background: MicroCapital LLC, President, August 2000 – present  Archery Capital, Portfolio Manager, November 1996 – August 2000</p> <p>Name: Timothy Creutz, CFA  Year of birth: 1974  Education: Boston College, Carroll School of Management, BS Economics, 1996  Background: MicroCapital LLC, Vice President and Assistant Portfolio Manager,  April, 2002 - present</p>	
Item 9	As more fully set forth in the Offering Memoranda, the Adviser and/or Ian Ellis may also raise capital, or act as a consultant for, or have an interest in, private or public companies in which the Funds may invest. In addition, Ian Ellis and other employees of the Adviser have substantial personal positions in the Funds. However, the Adviser does not enter into principal transactions with the Funds and does not effect cross transactions between the Funds. Additionally, the Adviser and its personnel may have conflicts in allocating their time and services among various duties, and will devote such time as it deems appropriate to perform its duties as set forth in the applicable governing documents for each Fund.	
Item 9 (cont)	<b>Code of Ethics:</b>	



**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
MicroCapital LLC	801-64981	5/28/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: MicroCapital LLC		IRS Empl. Ident. No.: 13-4103993
Item of Form (identify)	Answer	
	<p>With respect to standards of professional conduct, a Code of Ethics (the "Code") has been adopted by the Adviser in order to comply with Rule 204A-1 (the "Rule") under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The Rule requires every investment adviser registered with the Securities and Exchange Commission to adopt and enforce a written code of ethics applicable to its supervised persons. The Rule was designed to prevent fraud by reinforcing fiduciary principles that must govern the conduct of advisory firms and their personnel. The Code contains provisions reminding employees of their obligations to clients as well as provisions setting forth a prohibition on certain personal securities transactions and reporting of personal securities holdings. In order to ensure that the Adviser's employees are made aware of its standards, the Rule requires the Adviser to obtain (and keep) a written acknowledgement from each employee confirming that he or she received a copy of the Code and any amendments. The Adviser has also adopted a Compliance Manual which sets forth policies and procedures related to proxy voting, conflicts of interest, best execution, allocation and aggregation of orders, trade errors and soft dollar usage, among other items, all of which are consistent with the fiduciary duty owed by the Adviser to its clients.</p> <p>The Adviser will provide a copy of the Code to any investor or prospective investor who so requests it by contacting Ian Ellis at 203 319-8208. The Adviser will also provide a copy of its proxy voting policy and records of proxy voting to any investor who so requests it.</p>	
Item 10	<p>The minimum investment in MicroCapital LP and MicroCapital Ltd. is \$1,000,000, subject to waiver by the General Partner, or Board of Directors, respectively. See the Offering Memoranda for additional information. Separate account minimums are separately negotiated with each client.</p>	
Item 12	<p>Adviser will have full discretionary authority over investment decisions for the Funds, including making the following determinations without obtaining the consent of the investors before the transactions are effected:</p> <ul style="list-style-type: none"> <li>· the securities that are to be bought or sold;</li> <li>· the total amount of the securities to be bought or sold;</li> <li>· the brokers through which securities are to be bought or sold; and</li> <li>· the commission rates paid.</li> </ul> <p><b>Execution Quality</b></p> <p>As more fully set forth in the Offering Memoranda, it is the policy of MicroCapital to always seek to obtain best execution for its clients. "Best Execution" means seeking the best available price so that a client's total cost or proceeds are the most favorable under the circumstances. Cost includes the "all in" costs of the trade or proceeds, which include, but are not limited to, market impact, opportunity cost, and negotiated commission rate. Neither the lowest commission rate nor the most expeditious execution necessarily correlates to the best trade.</p> <p>In selecting a broker for any transaction or series of transactions, MicroCapital does not adhere to any rigid formula, but weighs a combination of factors that it deems relevant, including:</p>	
Item 12 (continued)	<ul style="list-style-type: none"> <li>• Net price,</li> <li>• Reputation,</li> <li>• Financial strength and integrity,</li> </ul>	

**Schedule F of  
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**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
MicroCapital LLC	801-64981	5/28/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: MicroCapital LLC		IRS Empl. Ident. No.: 13-4103993
Item of Form (identify)	Answer	
	<ul style="list-style-type: none"> <li>• Efficiency of execution and broker error resolution,</li> <li>• Special execution capabilities,</li> <li>• Block trading and block positioning capabilities,</li> <li>• Willingness to execute related or unrelated difficult transactions in the future,</li> <li>• The availability of stocks to borrow for short trades, and</li> <li>• Other matters involved the receipt of brokerage services generally.</li> </ul> <p>While MicroCapital generally seeks reasonably competitive commission rates, it does not necessarily pay the lowest spread or commission available. The PARC reviews all trading for best execution and brokerage issues on a quarterly basis.</p> <p><b>Soft Dollars</b></p> <p>Subject to obtaining best execution, MicroCapital may receive research products and services from brokers in exchange for placing client transactions with such brokers. All services received by MicroCapital under soft dollar arrangements will fall within the safe harbor of Section 28(e) of the Exchange Act.</p> <p>MicroCapital may pay a brokerage commission in excess of that which another broker-dealer might charge for effecting the same transaction in recognition of the value of these research services. In such case, however, MicroCapital determines in good faith that such commission is reasonable in relation to the value of brokerage, research, other services and soft dollar relationships provided by such broker-dealer, viewed in terms of either the specific transaction or MicroCapital's overall responsibilities to the portfolios over which MicroCapital exercises investment authority. All transactions for which soft dollar credits are to be generated must be executed on an agency basis involving commissions (as currently interpreted by the SEC) and must involve the purchase or sale of securities (i.e., no commodities or futures). The Section 28(e) safe harbor is not available where transactions are effected on a principal basis (except for certain "riskless principal" transactions in NASDAQ equity securities and any other similar transactions that may in the future qualify pursuant to regulatory actions or interpretations), with a markup or markdown paid to the broker-dealer.</p> <p>The research product or service obtained for soft dollars must be "provided by" a broker-dealer. To satisfy this standard in the context of research or services supplied by other than the executing broker, the broker must assume a direct obligation to purchase the product or services from the third party vendor without regard to the manner, amount, and timing of any compensation received by the broker from MicroCapital or its clients. Soft dollar transactions will not be consummated involving third party vendors unless the broker has entered into a written agreement with the vendor that makes clear that the broker is solely responsible for any payments due as a result of the services delivered under the agreement. In any event, all vendors of products or services will be instructed to send the related invoices to the paying broker rather than to MicroCapital.</p> <p><b>Expenditure Guidelines</b></p> <p>MicroCapital may pay for the following categories of products and services using soft dollar credits: (i) proprietary research services and (ii) newswires and data feeds.</p> <p><b>Prime Brokerage</b></p> <p>The Adviser may utilize the services of a prime broker, and in such a situation, a substantial amount of the brokerage of the private investment fund clients and of other advisory clients may be effected through the prime broker. Through this arrangement, the prime broker will provide certain recordkeeping services and perform the following functions, among others: (1) arrange for the receipt and delivery of securities bought, sold, borrowed, and lent; (2) make and receive payments for securities; (3) maintain custody of cash and securities; (4) deliver cash to the Fund's bank</p>	
Item 12 (continued)		

**Schedule F of  
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MicroCapital LLC	801-64981	5/28/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: MicroCapital LLC		IRS Empl. Ident. No.: 13-4103993
Item of Form (identify)	Answer	
	<p>accounts; and (5) tender securities in connection with tender offers, exchange offers, mergers, or other corporate reorganization. Adviser may also cause its private investment fund and other advisory clients to pay for custodial and related services either in cash or by allocating a portion of their securities transactions to the prime broker.</p> <p><b>Aggregation and Allocation of Orders</b> Adviser will perform investment management services for various clients. Adviser may, in its sole discretion, aggregate purchases or sales of any security, instrument or obligation effected for client accounts with purchases or sales, as the case may be, of the same security, instrument or obligation effected on the same day for the accounts of one or more of Adviser's other clients. Although such concurrent aggregations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they will be effected only when Adviser believes that to do so will be in the best interest of the affected accounts. When transactions are so aggregated, (a) the actual prices applicable to the aggregated transaction will be averaged, and each client account participating in the aggregated transaction will be deemed to have purchased or sold its share of the security, instrument or obligation involved at that average price and (b) all transaction costs incurred in effecting the aggregated transaction shall be shared on a pro rata basis among all accounts participating in such aggregated transaction, except to the extent that certain broker-dealers that also furnish custody services may impose minimum transaction charges applicable to some of the participating accounts. When such concurrent aggregations occur, the objective will be to allocate the executions in a manner that is deemed equitable to the accounts involved.</p> <p>Regarding allocation policy, the Adviser generally will use a <i>pro rata</i> methodology in making allocations. This means, to the extent practicable and subject to rounding for odd-lot amounts, an allocation of the trade at issue is made based on the relative assets under management of each Fund or separately managed account which is to receive an allocation of a particular trade. A pro rata allocation may not be possible with an allocation of an IPO trade. In all cases, the Adviser will make a fair and equitable allocation among accounts.</p> <p>The PARC reviews issues related to aggregation and allocation of orders at its quarterly meeting.</p> <p><b><u>Privacy Policy</u></b> Maintaining the confidentiality of client personal financial information is very important to Adviser. To provide clients with superior service, Adviser may collect several types of nonpublic personal information about clients, including:</p> <ul style="list-style-type: none"> <li>• Information from forms that clients may fill out and send to Adviser in connection with investment in a private investment fund (<i>such as name, address, and social security number</i>).</li> <li>• Information a client may give Adviser orally</li> <li>• Information about the amount clients have invested in a private investment fund (such as initial investment and any additions to and withdrawals from a capital account).</li> <li>• Information about any bank account clients may use for transfers between a bank account and a capital account of a private investment fund.</li> </ul> <p>Adviser does not sell or disclose client personal information to anyone except as permitted or required by law. For example, Adviser may share information collected about its clients with Adviser's independent auditors in the course of the annual audit of a private investment fund in which clients have an investment. Adviser may share this information with Adviser's legal counsel as we deem appropriate and with regulators. Additionally, a copy of client's tax Form K-1 is</p>	
ADDENDUM		
ADDENDUM (cont)		

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
MicroCapital LLC	801-64981	5/28/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: MicroCapital LLC		IRS Empl. Ident. No.: 13-4103993
Item of Form (identify)	Answer	
	<p>included in a private investment fund's tax return filed with the Internal Revenue Service. Finally, Adviser may disclose information about clients at the client's request (<i>for example, by sending duplicate account statements to someone designated by the client</i>), or as otherwise permitted or required by law.</p> <p>Within Adviser, access to information about clients is restricted to those employees who need to know the information to service client accounts. Adviser employees are trained to follow our procedures to protect client privacy and are instructed to access information about clients only when they have a business reason to obtain it.</p> <p>Adviser reserves the right to change its privacy policy in the future, but Adviser will not disclose client nonpublic personal information as required or permitted by law without giving the client an opportunity to instruct Adviser not to.</p> <p><b><u>Proxy voting policy</u></b></p> <p>Generally, and except to the extent that a client otherwise instructs Adviser in writing, Adviser will vote (by proxy or otherwise) in all matters for which a shareholder vote is solicited by, or with respect to, issuers of securities beneficially held in client accounts. Each proxy issue will be considered individually in order that the Adviser may consider what would be in the client's best interest. In general, the Adviser will vote proxies in accordance with management's recommendations as to routine matters, such as election of a board of directors and selection of auditors. Each non-routine matter will be evaluated by the Adviser on a case-by-case basis and voted in the best interests of clients. Situations in which there is a conflict of interest between the client's interests and the Adviser's interest will be referred to the PARC for consideration, and an outside third party may be brought in to resolve such a conflict.</p>	

**Schedule G of  
FORM ADV  
Balance Sheet**

Applicant: MicroCapital LLC	SEC File Number: 801-64981	Date: 5/28/09
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(Answers in Response to Form ADV Part II Item 14.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: MicroCapital LLC	IRS Empl. Ident. No.: 13-4103993
<p style="text-align: center;">Instructions</p> <p>1. The balance sheet must be:</p> <p>A. Prepared in accordance with generally accepted accounting principles</p> <p>B. Audited by an independent public accountant</p> <p>C. Accompanied by a note stating the principles used to prepare it, the basis of included securities, and any other explanations required for clarity.</p>	
2. Securities included at cost should show their market or fair value parenthetically.	
3. Qualifications and any accompanying independent accountant's report must conform to Article 2 of Regulation S-X (17 CFR 210.2-01 et. seq.)	
4. Sole proprietor investment advisers:	
<p>A. Must show investment advisory business assets and liabilities separate from other business and personal assets and liabilities</p> <p>B. May aggregate other business and personal asset and liabilities unless there is an asset deficiency in the total financial position.</p>	

**Complete amended pages in full, circle amended items and file with execution page (page 1).**

Applicant:  MicroCapital LLC	SEC File Number: 801-64981	Date: 5/28/09
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(for sponsors of wrap fee programs)

Name of wrap fee program or programs described in attached brochure:	
1.	<b>Applicability of Schedule.</b> This Schedule must be completed by applicants that are compensated under a wrap fee program for sponsoring, organizing, or administering the program, or for selecting, or providing advice to clients regarding the selection of, other investment advisers in the program ("sponsors"). A wrap fee program is any program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and execution of client transactions.
2.	<b>Use of Schedule.</b> This Schedule sets forth the information the sponsor must include in the wrap fee brochure it is required to deliver or offer to deliver to clients and prospective clients of its wrap fee programs under Rule 204-3 under the federal Advisers Act and similar rules of jurisdictions. The wrap fee brochure prepared in response to this Schedule must be filed with the Commission and the jurisdictions as part of Form ADV by completing the identifying information on this Schedule and attaching the brochure. Brochures should be prepared separately, not on copies of this Schedule. Any wrap fee brochure filed with the Commission as part of an amendment to Form ADV shall contain in the upper right corner of the cover page the sponsors' registration number (801- ).
3.	<b>General Contents of Brochure.</b> Unlike Parts I and II of this form, this Schedule is not organized in "check-the-box" format. These instructions, including the requests for information in Item 7 below, should not be repeated in the brochure. Rather, this Schedule describes minimum disclosures that must be made in the brochure to satisfy the sponsor's duty to disclose all material facts about the sponsor and its wrap fee programs. <b>Nothing in this Schedule relieves the sponsor from any obligation under any provision of the federal Advisers Act or rules thereunder, or other federal or state law to disclose information to its advisory clients or prospective advisory clients not specifically required by this Schedule.</b>
4.	<b>Multiple Sponsors.</b> If two or more persons fall within the definition of "sponsor" in Item 1 above for a single wrap fee program, only one such sponsor need complete the Schedule. The sponsors may choose among themselves the sponsor that will complete the Schedule.
5.	<b>Omission of Inapplicable Information.</b> Any information not specifically required by this Schedule that is included in the brochure should be applicable to clients and prospective clients of the sponsor's wrap fee programs. If the sponsor is required to complete this Schedule with respect to more than one wrap fee program, the sponsor may omit from the brochure furnished to clients and prospective clients of any wrap fee program or programs information required by this Schedule that is not applicable to clients or prospective clients of that wrap fee program or programs. If a sponsor of more than one wrap fee program prepares separate wrap fee brochures for clients of different programs, each brochure must be filed with the Commission and the jurisdictions attached to a separate copy of this Schedule. Each such brochure must state that the sponsor sponsors other wrap fee programs and state how brochures for those programs may be obtained.
6.	<b>Updating.</b> Sponsors are required to file an amendment to the brochure promptly after any information in the brochure becomes materially inaccurate. Amendments may be made by use of a "sticker", i.e., a supplement affixed to the brochure that indicates what information is being added or updated and states the new or revised information, as long as the resulting brochure is readable. Stickers should be dated and should be incorporated into the text of the brochure when the brochure itself is revised.
7.	<p><b>Contents of Brochure.</b> Include in the brochure prepared in response to this Schedule:</p> <p>(a) on the cover page, the sponsor's name, address, telephone number, and the following legend in bold type or some other prominent fashion:</p> <p><b>This brochure provides clients with information about [name of sponsor] and the [name of program or programs] that should be considered before becoming a client of the [name of program or programs]. This information has not been approved or verified by any governmental authority.</b></p> <p>(b) a table of contents reflecting the subject headings in the sponsor's brochure.</p> <p>(c) the amount of the wrap fee charged for each program or, if fees vary according to a schedule established by the sponsor, a table setting forth the fee schedule, whether such fees are negotiable, the portion of the total fee (or the range of such amounts) paid to persons providing advice to clients regarding the purchase or sale of specific securities under the program ("portfolio managers"), and the services provided under each program (including the types of portfolio management services);</p>

**Schedule H of  
Form ADV  
Page 2**

Applicant:  MicroCapital LLC	SEC File Number: 801-64981	Date: 5/28/09
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- (d) a statement that the program may cost the client more or less than purchasing such services separately and a statement of the factors that bear upon the relative cost of the program (*e.g.*, the cost of the services if provided separately and the trading activity in the client's account);
- (e) if applicable, a statement that the person recommending the program to the client receives compensation as a result of the client's participation in the program, that the amount of this compensation may be more than what the person would receive if the client participated in other programs of the sponsor or paid separately for investment advice, brokerage, and other services, and that the person may therefore have a financial incentive to recommend the wrap fee program over other programs or services;
- (f) a description of the nature of any fees that the client may pay in addition to the wrap fee and the circumstances under which these fees may be paid (including, if applicable, mutual fund expenses and mark-ups, mark-downs, or spreads paid to market makers from whom securities were obtained by the wrap fee broker);
- (g) how the program's portfolio managers are selected and reviewed, the basis upon which portfolio managers are recommended or chosen for particular clients, and the circumstances under which the sponsor will replace or recommend the replacement of the portfolio manager;
- (h) (1) if applicable, a statement to the effect that portfolio manager performance information is not reviewed by the sponsor or a third party and/or that performance information is not calculated on a uniform and consistent basis,  
  
(2) if performance information is reviewed to determine its accuracy, the name of the party who reviews the information and a brief description of the nature of the review,  
  
(3) a reference to any standards (*i.e.*, industry standards or standards used solely by the sponsor) under which performance information may be calculated;
- (i) a description of the information about the client that is communicated by the sponsor to the client's portfolio manager, and how often or under what circumstances the sponsor provides updated information about the client to the portfolio manager;
- (j) any restrictions on the ability of clients to contact and consult with portfolio managers;
- (k) in narrative text, the information required by Items 7 and 8 of Part II of this form and, as applicable to clients of the wrap fee program, the information required by Items 2, 5, 6, 9A and C, 10, 11, 13 and 14 of Part II;
- (l) if any practice or relationship disclosed in response to Item 7, 8, 9A, 9C and 13 of Part II presents a conflict between the interests of the sponsor and those of its clients, explain the nature of any such conflict of interest; and
- (m) if the sponsor or its divisions or employees covered under the same investment adviser registration as the sponsor act as portfolio managers for a wrap fee program described in the brochure, a brief, general description of the investments and investment strategies utilized by those portfolio managers.

**8. Organization and Cross References.** Except for the cover page requirements in Item 7(a) above, information contained in the brochure need not follow the order of the items listed in Item 7. However, the brochure should not be organized in such a manner that important information called by the form is obscured.

Set forth below the page(s) of the brochure on which the various disclosures required by Item 7 are provided.

	Page(s)		Page(s)		Page(s)
Item 7(a)	cover	Item 7(f)		Item 7(j)	
#7(b)		#7(g)		#7(k)	
#7(c)		#7(h)		#7(l)	
#7(d)		#7(i)		#7(m)	
#7(e)					