



# COLLINS CAPITAL

---

## **Collins Capital Investments, LLC** **Form ADV Part 2A – Disclosure Brochure**

**As of March 29, 2011**

This Brochure (the “Brochure”), dated March 29, 2011, provides information about the qualifications and business practices of Collins Capital Investments, LLC (“Collins Capital” or the “Advisor”). If you have any questions about the contents of this Brochure, please contact us at (305) 666-3319. The information in this Brochure 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 Collins Capital is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

As required, this Brochure has been filed with the SEC. Collins Capital is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act.”) Such registration does not imply any certain level of skill or training.

Collins Capital has a website at [www.collinscap.com](http://www.collinscap.com).

## Item 2      Material Changes

On July 28, 2010, the SEC published amendments to Form ADV which amend the disclosure document that registered investment advisers provide to clients, as required by SEC rules. This Brochure of Collins Capital is a new document prepared according to the SEC's new requirements and rules. As such, this document is materially different in structure and requires certain new information that Collins Capital's previous brochure (as Form ADV, Part II), dated as of July 13, 2010, did not require. A portion of the information in this Brochure represents a change from that in the prior brochure, but solely as a result of such SEC amendments. These changes occur in virtually every Item in this Part 2A.

Beginning in 2012, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. Collins Capital will also reference the date of the last annual update of its Brochure.

In the past the Advisor has offered or delivered information about its qualifications and business practices to clients at least annually. Pursuant to the new SEC rules, the Advisor will continue to ensure that clients receive a summary of any material changes to this and subsequent Brochures, within 120 days of the close of its December 31<sup>st</sup> fiscal year.

As necessary, Collins Capital may provide other disclosure information about material changes to its business. Collins Capital will provide clients with a new Brochure as necessary, based on material changes or new information, at any time, without charge.

A copy of the current Brochure may be requested by contacting Investor Services at (305) 666-3319 or [investorservices@collinscap.com](mailto:investorservices@collinscap.com).

## Item 3 Table of Contents

Item 2	Material Changes .....	ii
Item 3	Table of Contents .....	iii
Item 4	Advisory Business .....	1
Item 5	Fees and Compensation .....	2
Item 6	Performance-Based Fees and Side-By-Side Management.....	4
Item 7	Types of Clients .....	5
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss .....	5
Item 9	Disciplinary Information .....	7
Item 10	Other Financial Industry Activities and Affiliations .....	7
Item 11	Code of Ethics.....	7
Item 12	Brokerage Practices.....	8
Item 13	Review of Accounts .....	8
Item 14	Client Referrals and Other Compensation .....	9
Item 15	Custody .....	9
Item 16	Investment Discretion .....	9
Item 17	Voting Client Securities .....	10
Item 18	Financial Information.....	10

## Item 4      Advisory Business

Collins Capital (“Collins Capital” or the “Advisor”), and its related predecessor firms, has acted as an investment advisor since 1995. Collins Capital commenced operations on January 1, 2007 as the successor entity to Collins Capital Advisors Inc. The principal owner of Collins Capital is Dorothy C. Weaver.

Our business is providing investment advisory services to a variety of private investment vehicles, including the funds identified below (the “Funds”). The Funds are our sole investment advisory clients.

The Funds employ a “multi-manager” investment approach, whereby each Fund’s assets are allocated among various unaffiliated investment managers (“Investment Managers”) who in turn invest the assets within private investment fund structures or discretionary investment accounts (the “Portfolio Funds”). (The Funds are commonly known as “funds of funds”, by reason of their investing in Portfolio Funds.). Each Fund invests (either directly, or indirectly through another related Fund) the substantial portion of their assets in certain affiliated conduit vehicles, or “master funds”, which we also manage (the “Master Funds”), which then make direct investments in the Portfolio Funds. (Accordingly, references herein to a Fund investing in a Portfolio Fund shall include such Fund’s indirect investment in such Portfolio Fund through its direct investment in the Master Funds.)

Collins Capital’s investment advisory services include the selection, monitoring and management of the Funds’ Portfolio Fund investments, as we deem appropriate, with the objective of furthering the particular investment objective and strategy of each Fund. A full description of each Fund’s investment objective and strategy is set forth in such Fund’s Private Offering Memorandum or Explanatory Memorandum, as applicable, which is provided to prospective investors. Equity interests in each Fund are offered solely to a limited number of qualified institutional and individual investors.

The Advisor currently serves as the general partner (and thereby as investment advisor) of a number of domestic private investment partnerships (all Delaware limited partnerships, each a “Partnership”), including:

- Collins Capital Master Fund I, LP (“Master Fund I”),
- Collins Capital Master Fund II, LP (“Master Fund II”, and together with Master Fund I, the “Master Funds”);
- Collins Capital Diversified Fund I, LP;
- Collins Capital Diversified Fund II, LP;
- Collins Capital Low Volatility Performance Fund I, LP;
- Collins Capital Low Volatility Performance Fund II, LP;

- Collins Capital Long/Short Equity Fund II, LP;
- Collins Capital Credit Opportunity Fund, LP;
- Collins Capital Alpha Fund I, LP;
- Collins Capital Liquid Trading Fund, LP;
- Collins Capital Select Fund, LP;
- QHS Fund, LP.

Collins Capital also serves as investment advisor to the following British Virgin Islands business companies (each, an "Offshore Fund"):

- Collins Capital Diversified Offshore Fund I, Ltd;
- Collins Capital Diversified Offshore Fund II, Ltd;
- Collins Capital Low Volatility Performance Fund II, Ltd;
- Collins Capital Low Volatility Institutional Fund, Ltd.

All of the Partnerships and the Offshore Funds are each herein referred to as a "Fund", and collectively as the "Funds".

The rights and obligations of the Advisor with respect to each Partnership are set forth in the limited partnership agreement of the Partnership entered into by the Advisor and the limited partners (i.e., investors) of the Partnership. The rights and obligations of the Advisor with respect to the Offshore Funds are set forth in an investment advisory agreement between the Advisor and the Funds.

The Advisor may add additional investment vehicles or funds as clients, terminate relationships with Funds or revise certain provisions of Funds.

As of February 28, 2011, Collins Capital managed approximately \$562.7 million of client assets on a discretionary basis.

## **Item 5      Fees and Compensation**

### **THE PARTNERSHIPS - INCENTIVE ALLOCATION AND MANAGEMENT FEE**

With respect to each Partnership, for each fiscal year (including a partial year) the Advisor is entitled to receive an Incentive Allocation from the limited partner's account equal to five percent (5%) of the total amount of net profits allocated to such limited partner for such year. In the case of withdrawals during a fiscal year, an Incentive Allocation may be made with respect to the capital withdrawn as if the withdrawal date were the end of a fiscal year. All Incentive Allocations are subject to a "high-water mark" provision, whereby any prior losses allocated to the partner must be recouped before the Advisor may receive an additional Incentive Allocation from the partner.

As compensation for its services, the Advisor also receives a quarterly Management Fee from each limited partner's account at a rate of 1.25% of Partnership net assets per year. Such fee will be payable quarterly in arrears at the end of each calendar quarter and will be computed on the basis of the amount of each limited partner's capital account as of the last business day of each month during the quarter.

The Advisor has the right, as it deems appropriate, to reduce, waive or eliminate all or any part of the Incentive Allocation or Management Fee chargeable to a partner, provided doing so will not increase fees to any other partner.

#### THE OFFSHORE FUNDS - INCENTIVE FEE AND MANAGEMENT FEE

For each fiscal year (including a partial year) with respect to all shares, the Advisor is entitled to receive an Incentive Fee from each Offshore Fund in an amount equal to five percent (5%) of the amount, if any, by which the net asset value attributed to each such share at the end of the year or on the date of redemption exceeded the highest net asset value of such share (the "Prior High NAV"). The Prior High NAV will be calculated as of the following dates: (i) the beginning of the fiscal year; (ii) the beginning of any preceding fiscal year at which such share was issued and outstanding; or (iii) the subscription date for such share. The use of a Prior High NAV is intended to effectively require the recovery of any depreciation in net asset value as to an investor's shares in any and all prior years before an Incentive Fee may be earned on such shares for a particular year. The Incentive Fee will be calculated separately with respect to each outstanding share series and will be determined as of the last business day of each fiscal year and, in the case of interim redemptions, as of the effective redemption date.

In addition to the Incentive Fee described above, the Advisor is entitled to receive a Management Fee from each Offshore Fund at the rate of 1.25% per year of the Fund's net assets. The Management Fee is payable monthly in advance on or before the tenth day of each month in an amount based upon the net asset value of the Fund as of the first business day of the month, after any purchases or redemptions of shares as of or prior to such day.

The Advisor has the right as it deems appropriate, to reduce, waive or eliminate all or any part of the Incentive Fee or Management Fee chargeable to a shareholder, provided doing so will not increase fees to any other shareholder.

## THE MASTER FUNDS - ADMINISTRATION FEE

The Advisor is entitled to receive a monthly administration fee from the Master Funds at a rate per annum of 0.25% of their net assets. Such administration fee is intended to compensate the Advisor for paying the fees and expenses of an independent administrator, as well as for providing various additional administrative services to the Funds and the Master Funds.

The Master Funds do not charge the Funds an Incentive Allocation or Management Fee.

## OPERATING COSTS

In addition to the above, each Fund bears all of its own operating costs, including, but not limited to, audit, legal, tax preparation, registration, custodial and other third party professional services, administrative fees and expenses, any applicable taxes, as well as a ratable share of similar charges incurred by the Master Fund including interest expense, if any.

The Fund also bears its ratable share of the expenses of the Portfolio Funds, including, but not limited to, all management and incentive fees/allocations, all trading expenses and transaction costs and any other fees and charges of the Managers.

## ADDITIONAL DISCLOSURE

Prospective investors in each Fund are advised to review in full the Private Offering Memorandum or Explanatory Memorandum, as applicable, of such Fund for additional disclosure regarding the incentive allocation or fee, the administration fee, the management fee, rights of withdrawal or redemption, and other matters pertaining to such Fund.

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

The Incentive Allocation allocable to the Advisor by each Partnership and the Incentive Fee payable to the Advisor by each Offshore Fund, each as described in Item 5 hereof, may be regarded as “performance-based fees” (*i.e.*, fees based on a share of capital gains on, or capital appreciation of, the assets of a client). Performance fees can be characterized as creating an incentive to an investment adviser for speculative investment and thus a potential conflict with the interests of advisory clients.

Since all the Funds are subject to a performance-based fee at basically the same rate, either in the form of an Incentive Allocation or an Incentive Fee, the fact of a

performance-based fee does not create any incentive to the Advisor to favor one client (*i.e.*, a Fund) over another.

## **Item 7        Types of Clients**

The only clients of the Advisor are the Funds. As described in Item 4 above, the Funds are all private investment vehicles, either in the form of Delaware limited partnerships (in the case of the Partnerships) or British Virgin Islands business companies (in the case of the Offshore Funds).

The Advisor does not advise prospective investors as to the appropriateness of investing in the Funds, and the Advisor will not receive any compensation for doing so or for selling interests in the Funds. In no event will the Advisor make recommendations to any person as to the purchase of securities of a Fund or any other security.

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

### **INVESTMENT STRATEGIES**

The Advisor provides investment advisory services with respect to interests in Portfolio Funds. Specifically, the Advisor offers advice to the Funds in connection with the allocation of the Funds' assets among Managers who invest the assets within Portfolio Funds. The investment strategies used to implement Portfolio Fund investments in the Funds may include, but are not limited to, one or more of the following:

- (i) relative value strategies;
- (ii) arbitrage strategies;
- (iii) event driven strategies;
- (iv) equity hedged strategies;
- (v) trading strategies;
- (vi) global opportunistic strategies; and
- (vii) credit strategies.

### **INVESTMENTS**

Investments by Portfolio Funds may take a broad variety of forms and may include, but are not limited to, equity and fixed-income securities, including those of emerging markets; convertible and hybrid stocks and debt securities; preferred stocks, warrants and options; structured and other synthetic securities and related derivative instruments, such as swaps, forwards, options, futures, caps and floors; other derivatives, including those relating to equity securities, equity indices, interest rate



products, fixed-income products and indices; structured securities; in corporate and government securities, money market instruments, foreign currencies and interests in currencies, such as options, spot and forward contracts; certificates of deposit, banker's acceptances, trust receipts and trade and commercial obligations, loans and loan participations and creditor claims, whether secured or unsecured, and irrespective of ranking, including distressed/bankruptcy debt obligations; and any other instruments or other evidences of indebtedness. A Portfolio Fund may periodically maintain all or a portion of its assets in money market instruments and other cash equivalents and may not be fully invested at all times.

## INVESTMENT ANALYSIS

The Advisor may use research reports, periodicals, industry networks, prime brokers and databases generated from internal and external sources to identify potential Portfolio Funds for investment. Prior to a Fund investing in a Portfolio Fund, the Advisor performs an extensive due diligence review of such Portfolio Fund, which may include, without limitation:

- i. Review of the Portfolio Fund's offering documents, presentation materials and various other reports;
- ii. Analysis of the Portfolio Fund's investment strategy and objectives; risk management policies, procedures and application; Portfolio Fund investment terms and conditions (including fees, withdrawal rights, reporting and other material terms); service providers (including, but not limited to, prime brokers, auditors, attorneys and administrators);
- iii. Analysis of the quality of the Portfolio Fund's management team (which may include, without limitation, interviews with portfolio managers and other members of the management team); detailed reference and third party background checks;
- iv. Analysis of the Portfolio Fund's unaudited performance reports and audited financial statements, including peer comparisons with other Portfolio Funds employing similar investment strategies;
- v. Quantitative Analysis employing a variety of statistical metrics and techniques;
- vi. Assessment of whether a Fund should invest in the Portfolio Fund based on such Fund's investment objectives and current investments.

## RISK FACTORS

Investing in securities always involves the risk of loss that investors should understand and be prepared to bear. The offering memorandum or explanatory

memorandum of each Fund contains a detailed description of the material risks involved in an investment in such Fund. Such description discusses a broad variety of risks, including but not limited to, risks related to the following: (i) the possible speculative nature of a Fund investment; (ii) in certain cases, a limited operating history; (iii) dependence upon senior management; (iv) recent market and economic conditions; (v) use of a multi-manager strategy, including the lack of certain information, incentive compensation arrangements of Managers, limited regulation and institutional risk; (vi) risks relating to the investments and strategies of Portfolio Funds, such as investing in debt or equity securities; investing in foreign issuers, and securities with limited or no liquidity; (vii) risks relating to Managers' investment techniques, including possible portfolio concentration, use of leverage, short selling, use of options and other derivatives; and hedging limitations; (viii) use of a credit facility; (ix) certain conflicts of interest; (x) limited liquidity of a Fund investment; and (xi) certain tax and regulatory matters.

Prospective investors in each Fund are advised to review in full the Private Offering Memorandum or Explanatory Memorandum, as applicable, of such Fund for additional disclosure regarding investment strategies, investments and risk factors.

#### **Item 9      Disciplinary Information**

Collins Capital has had no legal or disciplinary events since its founding.

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

Collins Capital is registered as a commodity pool operator and commodity trading advisor with the Commodity Futures Trading Commission.

As described in item 4, Advisory Business, Collins Capital manages a number of Funds. We do not believe this creates any material conflict of interest.

#### **Item 11      Code of Ethics**

Collins Capital has adopted a Code of Ethics for all supervised persons of the firm, describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions, among others, relating to standards of business conduct, prohibited conduct, privacy of client information, procedures regarding securities transactions by employees, conflicts of interest, training and review and enforcement. As described in Collins Capital's Compliance Manual, all supervised persons must acknowledge that they have read and will abide by the terms of the Code of Ethics.

All of the principals of the Advisor, certain members of their families and certain employees have significant investments in one or more of the Funds. In their view, co-investments align their financial interests with those of investors and are therefore a consistency, rather than a conflict, of interest.

The Advisor maintains written procedures and other safeguards intended to prevent the improper use of inside information and personal account trading.

Investors or prospective investors in any Fund may request a copy of the firm's Code of Ethics by contacting Investor Services as described in item 2.

## **Item 12      Brokerage Practices**

Collins Capital does not select or recommend broker-dealers for any securities transactions of the Portfolio Funds. All broker-dealers are selected by the Managers for the Portfolio Funds in which the Funds invest. Collins Capital reviews the brokerage selection practices of Managers from time to time as it considers appropriate.

We do select the broker-dealers for placing certain foreign currency and strategy hedging transactions for certain Funds. These transactions generate no "soft dollar" amounts for Collins Capital, and are evaluated annually as part of our best execution review.

## **Item 13      Review of Accounts**

The allocation of the Funds' assets to various Portfolio Funds is reviewed periodically by the Investment Committee of the Advisor. The Investment Committee is comprised of Dorothy C. Weaver, Chief Executive Officer; Michael J. Collins, President; and Kent (Pete) Windhorst, Chief Financial Officer. In addition, reviews involve an examination and analysis of individual Fund strategy and investment activity, macro economic conditions, Portfolio Fund manager performance, and investment objectives and any changes therein, as well as a determination of any appropriate changes in the allocation of the Funds' assets.

These portfolio reviews take place covering varying subject matter on a monthly basis. In addition, the Advisor performs a top down and bottom up review and analysis of all of the Funds and their respective Portfolio Fund managers on a semi-annual basis.

After the end of each month, each investor in a Fund will be provided with unaudited financial information for such period with respect to such Fund's performance and such investor's capital account. After the end of each calendar quarter, each investor in a Fund is also provided an unaudited commodity pool statement for such Fund for the quarter just ended. After the end of each fiscal year, each investor in a

Fund will also be provided with an audited financial statement for such Fund, as well as certain tax reporting information as required.

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

Collins Capital compensates certain parties for referrals of investors in the Funds. Referral fees are negotiated. The client, as a result of such referral compensation arrangement, incurs no additional cost or expense as all referral fees are paid out of amounts otherwise payable to Collins Capital. All such compensation will be fully disclosed to each investor consistent with applicable law.

#### **Item 15      Custody**

Collins Capital complies with the “Custody Rule” provisions under the Advisers Act. Under the Rule, Collins Capital may be deemed to have custody of client (*i.e.*, each Fund) securities by reason of its position as general partner to each of the Partnerships and as investment advisor to the Offshore Funds, and thereby potentially have access to securities of the Portfolio Funds held by such Funds. However, since all securities of each Portfolio Fund are acquired in private offerings, are in uncertificated form and are non-transferable except with Fund Manager consent, under the Custody Rule Collins Capital is not required to maintain an independent custodian. Moreover, since Collins Capital meets the audit requirements of the Custody Rule, it is not subject to certain other provisions of the Rule. All investor account statements are issued by the Fund’s administrator, Strata Funds Services, LLC.

Collins Capital maintains bank accounts with Northern Trust Bank, a qualified custodian. In addition, certain of the Master Funds’ Portfolio Funds are held by an agent of Northern Trust Bank as a custodian, as required per a line of credit agreement.

#### **Item 16      Investment Discretion**

Collins Capital has discretionary investment authority over placing client assets (the Funds’) with various Portfolio Funds. In addition, we have discretionary authority for placing certain Portfolio and Foreign Currency hedging securities transactions as outlined in the respective Offering Memorandum or Explanatory Memorandum of the Fund.

Collins Capital does not have discretionary investment authority over the investments made by any Portfolio Fund. Such discretion is exercised by independent Managers or their agents or affiliates.

**Item 17      Voting Client Securities**

Other than certain money market accounts held at Northern Trust Bank, Collins Capital does not vote any securities held by any Fund. Voting authority is exercised solely by the Managers of Portfolio Funds or their agents.

Investors or prospective investors in any Fund may request a copy of the firm's Proxy Voting Policy and Procedure by contacting Investor Services as described in item 2.

**Item 18      Financial Information**

In certain circumstances, registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Collins Capital has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

\*\*\*