
Brochure

Masters Capital Management, LLC

March 25, 2013

This brochure provides information about the qualifications and business practices of Masters Capital Management, LLC (the “Adviser”), 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 404-364-2021. This information has not been approved or verified by the SEC or by any state securities authority.

Additional information about the Adviser is also available on the SEC’s website at www.adviserinfo.sec.gov.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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Item 4. Advisory Business

The Adviser is an investment adviser with its principal place of business in Atlanta, Georgia. The Adviser commenced operations as an investment adviser on December 31, 1998 and has been registered with the SEC since January 3, 2006. The Adviser operates as the successor of Masters Capital Investments, LLC and Masters Capital Management, Inc. which commenced operations on September 16, 1994. Michael W. Masters is the Managing Member and majority principal owner of the Adviser.

The Adviser provides discretionary investment advisory services and management services to Marlin Fund, Limited Partnership, Marlin Fund II, Limited Partnership, Marlin Fund III, Limited Partnership and Marlin Fund Offshore, LDC, pooled investment vehicles intended for sophisticated investors and institutional investors (the "Funds").

The Adviser provides advice to the Funds based on specific investment objectives and strategies. The Adviser does not tailor advisory services to the individual needs of investors in the Funds (collectively, "Investors"). Investors may not impose restrictions on investing in certain securities or certain types of securities.

As of December 31, 2012, the Adviser had approximately \$236,027,703 regulatory assets under management, all on a discretionary basis.

Item 5. Fees and Compensation

The Funds pay the Adviser investment management fees each quarter in advance in amounts ranging from 1.0% to 2.0% per annum based on the value of the net assets of the respective Fund on the first day of the quarter (the "Management Fee"). The Management Fee will be prorated and charged at the time of contribution if investments are made to a Fund during a quarter. Pre-paid fees will be refunded based on the number of days remaining in the quarter if a withdrawal or redemption is made before the end of a quarter. The Adviser receives the Management Fee each quarter by instructing the Funds' administrator to deduct the Management Fee from the Funds' accounts.

The Adviser may also be paid or allocated performance-based compensation, which is compensation that is based on a share of capital gains on or capital appreciation of the assets of a Fund. The compensation rate ranges from 0% to 30% depending on the extent to which the performance of the assets exceeds the LIBOR return and is subject to a loss carryforward provision.

The Adviser may waive or reduce the Management Fees and/or performance-based compensation for certain Investors of certain Funds.

Funds may also be subject to other expenses such as legal, compliance, administrator, audit and accounting expenses (including third party accounting services); investment expenses such as commissions, research fees and expenses (including research-related travel); interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; bank service fees; Fund-related insurance costs; and any other expenses related to the purchase, sale or transmittal of assets. Fund assets may be invested in other pooled investment vehicles. In these cases, the Funds will bear their pro rata share of the underlying fund's operating and other expenses including, in addition to those listed above: sales expenses, legal expenses; internal and external accounting, audit and tax preparation expenses; and organizational expenses. Fund assets may also be invested in money market mutual funds, ETFs or other registered investment companies. In these cases, the Funds will bear their pro rata share of the investment management fee and other fees of the underlying fund, which are in addition to the Management Fee paid to the Adviser. In addition, the Funds will incur brokerage and other transaction costs. Please refer to Item 12 of this Brochure for a discussion of the Adviser's brokerage practices.

Item 6. Performance-Based Fees and Side-by-Side Management

The Adviser and its investment personnel provide investment management services to multiple Funds. The Adviser is entitled to be paid performance-based compensation by the Funds. In addition, the Adviser's investment personnel are typically compensated on a basis that includes a performance-based component. The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple Funds, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all Funds with substantially similar investment objectives are treated equitably. The performance of similarly managed Funds is also regularly compared to determine whether there are any unexplained significant discrepancies.

In addition, the Adviser's procedures relating to the allocation of investment opportunities require that similarly managed Funds participate in investment opportunities pro rata based on asset size, unless otherwise prohibited, as determined at the beginning of each month. All orders are aggregated and then allocated through the Adviser's order management system where buy allocation parameters are set and sell allocations are based on positions held. In addition, the Adviser evaluates the need to rebalance positions based on changes in the Funds' investments on a monthly basis. Finally, the Adviser's procedures also require the objective allocation for limited opportunities (such as initial public offerings and private placements) to ensure fair and equitable allocation among the Funds. These areas are monitored by the Adviser's Chief Compliance Officer.

Item 7. Types of Clients

The Adviser's clients are the Funds. The initial and additional subscription minimums for Investors are disclosed in each Fund's offering memorandum.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

The Adviser utilizes a variety of methods and strategies to make investment decisions and recommendations. The methods of analysis include fundamental research, charting analysis, cyclical analysis as well as use of market and trading information sources and industry and non-industry information contacts to develop market intelligence.

The Adviser's investment philosophy allows a wide variation in investment selections for Funds. The Adviser will invest in many sectors of stock markets regardless of industry type, capitalization, or whether the underlying company is engaged in cyclical or growth business. The philosophy would be best described as opportunistic, rather than fitting neatly into one of the fund industry categories, such as growth or value. However, the investment methodology necessitates a general focus on equities with reasonable daily trading liquidity.

In addition, with congruent risk control parameters, the Adviser can concentrate investments in specific industry groups, buy or sell short those securities, and use leverage to increase or decrease overall stock market position exposure. The Adviser will additionally seek to diversify negative unsystematic risk from the portfolio while trading securities in the portfolio as the investment parameters of those specific positions dictate.

These methods, strategies and investments involve risk of loss to Funds, and Investors must be prepared to bear the loss of their entire investment.

Event-Driven Investing Risk. Due to the inherently speculative nature of event-driven investing, the results may fluctuate from period to period and are not expected to correlate with the direction of the equity markets. Accordingly, the results a particular period will not necessarily be indicative of results which may be expected in future periods.

Hedging. There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser's investment portfolios than if the Adviser did not engage in any such hedging transactions.

Leverage. The Funds may utilize leverage through margin borrowing and through certain financial transactions. Leverage increases the volatility of the returns to Investors.

Portfolio Turnover. The investment strategy of the Funds may involve frequent trading and, as a result, turnover and brokerage commission expenses of the Funds may significantly exceed those of other investment entities of comparable size.

Short-Term Market Timing: The Adviser engages in a short-term market timing investment strategy wherein the Adviser attempts to anticipate the market price of a stock before the stock's price reacts to market forces by analyzing macroeconomic and market trends, and then sells the stock shortly after the stock's price is influenced by market movements.

Short Selling Risk. The Adviser's investment program includes a significant amount of short selling. Short selling transactions expose the Adviser to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Adviser in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Adviser might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received.

Lack of Diversification. The Funds may not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, the Funds are subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments.

Issuer-Specific Changes. Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value.

Equity Securities. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

Security Futures and Options. In connection with the use of futures contracts and options, there may be an imperfect correlation between the change in market value of a security and the prices of the futures contracts and options in the Funds' accounts. In addition, the Adviser's investments in security futures and options may encounter a lack of a liquid secondary market for a futures contract and the resulting inability to close a futures position prior to its maturity date.

Corporate Debt Obligations. The Adviser may invest in corporate debt obligations, including commercial paper. Corporate debt obligations are subject to the risk of an issuer's inability to meet principal and

interest payments on the obligations. The Adviser may intend to actively expose the Funds to credit risk. However, there can be no guarantee that the Funds will be successful in making the right selections and thus fully mitigate the impact of credit risk changes on the Funds.

Investment in Private Equity Securities. The Funds may invest in other investment funds or private equity securities. Investments in private, unlisted and unquoted securities entail special risks not associated with investments in public companies. These potentially include lack of regulatory review and disclosure requirements; reliance upon key management; uncertainty of ability to raise additional capital if and when required; and lack of operating and trading history. These investments could also create unrelated business taxable income in certain circumstances.

Non-U.S. Securities. Investing in securities of foreign governments and companies that are generally denominated in currencies other than the U.S. dollar involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of United States issuers. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than are generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Currency Risks. The Funds' investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. 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.

Item 9. Disciplinary Information

The Adviser and its management have not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction.

Item 10. Other Financial Industry Activities and Affiliations

The Adviser is not registered nor does it have an application pending to register as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Each Fund for which the Adviser or its related person serves as general partner or investment manager has and may in the future enter into agreements, or "side letters," with certain prospective or existing Investors whereby such Investors may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum for the respective Fund. For example, such terms and conditions may provide for special rights to make future investments in the Fund, other investment vehicles or managed accounts; special withdrawal or redemption rights relating to frequency or notice; a waiver or rebate in fees or withdrawal or redemption penalties to be paid by the Investor and/or other terms; rights to receive reports from the Fund on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Fund and such Investors. The modifications are solely at the discretion of the Fund and may, among other things, be based on the size of the Investor's investment in the Fund or affiliated investment entity, an agreement by an Investor to maintain such investment in the Fund for a significant period of time, or other similar commitment by an Investor to the Fund.

Masters Capital Ventures, LLC ("MCV"), an investment holding company originally wholly owned by the Adviser, spun out of the Adviser on January 1, 2006. The ownership structure of MCV is the same as that of the Adviser. MCV is a minority owner of Five Paces Ventures Management, LLC which serves as

the general partner of Five Paces Ventures, LP ("Five Paces"), a venture capital partnership in which both the Adviser and Funds have an investment. As a minority owner of Five Paces Ventures Management, LLC, MCV receives a portion of the carry, if any, from Five Paces, including with respect to the Funds' investment in Five Paces. MCV is also a minority owner (holding the largest ownership stake) of Masters Capital Nanotechnology, LLC which serves as the general partner of Masters Capital Nanotechnology Fund, LP, a venture capital partnership.

The Adviser and its supervised persons, employees and related parties are each a minority owner (and collectively represent a majority ownership interest) of Masters Capital Health Ventures, LLC ("MCHV"). MCHV is a minority owner of Celtaxsys, Inc., a company in which some of the Funds have an investment and on whose board Mr. Masters sits.

In addition, Partnership Financial Consulting, LLC ("PFC") provides administrative services to both the Adviser and some of the Funds. As such, PFC is compensated by both the Adviser and the Funds and may, in certain limited circumstances, have conflicting responsibilities to the Adviser and the Funds. It should also be noted that a principal of PFC serves as the Adviser's Chief Financial Officer ("CFO") and Chief Compliance Officer. As a result, although both the Adviser and Funds believe the use of PFC provides them with comparable services at comparable rates as could be obtained through other administrators, the Adviser's and Funds' use of PFC presents a potential conflict of interest given PFC's affiliation with the CFO and Chief Compliance Officer of the Adviser. Further, the Adviser and Funds may face a potential conflict of interest with regard to any decision to terminate PFC because of the affiliation.

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

The Adviser has adopted a Code of Ethics (the "Code") that obligates the Adviser and its access persons to put the interests of the Adviser's Funds before their own interests and to act honestly and fairly in all respects in their dealings with Funds or their investors. All of the Adviser's personnel are also required to comply with applicable federal securities laws. Investors or prospective Investors may obtain a copy of the Code by contacting Michelle Dobbins, Chief Compliance Officer by email at mdobbins@masterscapital.com or by telephone at 404-364-2019. See below for further provisions of the Code as they relate to the preclearance and reporting of securities transactions by access persons.

The Adviser, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its access persons have invested or seek to invest on behalf of Funds. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a Fund. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to ensure that the Adviser is meeting its obligations to the Funds and its investors and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the Funds, or using such information for the Funds' benefit.

In addition, the Adviser or its access persons may invest in the same securities (or related securities, e.g., warrants, options or futures) that the Adviser recommends to clients. Such practices present a conflict where, because of the information an Adviser has, the Adviser or its access persons are in a position to trade in a manner that could adversely affect the Funds (e.g., place their own trades before or after Fund trades are executed in order to benefit from any price movements due to the Funds' 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 the Funds by adversely affecting the price at which the Funds' trades are executed. The Adviser has adopted the following procedures in an effort to minimize such conflicts: The Adviser requires its access persons to obtain preauthorization for all transactions in their personal accounts with the Portfolio Manager(s) and Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of the Funds. A complete list of securities which do not require preclearance is included in the Adviser's Code of Ethics.

All of the Adviser's access persons are required to disclose their securities transactions on a quarterly basis and holdings on an annual basis. Trading in employee accounts will be reviewed by the Chief Compliance Officer or other designated person to ensure proper preclearance was obtained and to compare such trading with transactions for the Funds.

To the extent that the Adviser or an access person or any of their employees own securities that the Adviser or its access persons also recommends for the Funds, such Funds' proxies will be voted according to predetermined guidelines rather than subject to the Adviser's (or its access person's) discretion. Please refer to Item 17 for further information regarding the Adviser's proxy voting policy and procedures.

The Adviser or a related person from time to time recommends securities or buys or sells securities for the Funds at or about the same time that the Adviser or related person buys or sells the same securities for its own account. 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 Funds, only publicly traded securities which are deemed to be highly liquid will be pre-authorized for purchase by the portfolio manager and Chief Compliance Officer. The sale of securities will not be authorized for personal trading on the same day such securities are traded for the Funds.

Item 12. Brokerage Practices

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, and offering to the Adviser on-line access to computerized data regarding the Funds' 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 Fund 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 Chief Compliance Officer and the Adviser's traders meet at least annually, to evaluate the broker-dealers used by the Adviser to execute Fund trades using the foregoing factors.

The Adviser receives research or other products or services other than execution from various broker-dealers and/or third parties 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.

When the Adviser uses the Funds' commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser's Chief Compliance Officer, trader and portfolio managers meet periodically 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 Funds over which the Adviser exercises investment discretion.

The use of the Funds' 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.

The Adviser may cause Funds 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 the Funds.

During the Adviser's last fiscal year, as a result of Fund brokerage commissions (or markups or markdowns), the Adviser and/or its related persons acquired on-line data research, news and data services, industry research reports, trade execution terminals and exchange fees.

The Adviser has entered into "client commission arrangements" pursuant to which the Adviser may execute transactions through a broker-dealer and request that the broker-dealer allocate a portion of the commissions or commission credits to another firm that provides research and other products to the Adviser. The Adviser excludes from use under these arrangements those products and services that are not eligible under Section 28(e) and applicable regulatory interpretations.

In some instances, the Adviser may obtain a product or service that is used, in part, by the Adviser for Section 28(e) eligible purposes and, in part, for other purposes. In such instances, the Adviser will make a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). Such determination will be made based on the actual use of the product or service by the Adviser's personnel. The proportion of the product or service attributable to assisting the Adviser in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by the Adviser from its own resources. The determination of the appropriate allocation of "mixed use" products and services creates a potential conflict of interest between the Adviser and the Funds.

The Adviser often purchases or sells the same security for all the Funds contemporaneously and using the same executing broker. It is the Adviser's practice, where possible, to aggregate Fund orders for the purchase or sale of the same security submitted contemporaneously for execution using the same executing broker. Such aggregation may enable the Adviser to obtain for the Funds a more favorable price or a better commission rate based upon the volume of a particular transaction. When an aggregated order is completely filled or only partially filled, the Adviser allocates the securities purchased or proceeds of sale pro rata among the participating Funds, based on the assets under management with respect to each Fund or the position held, respectively. 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 Funds will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice.

Item 13. Review of Accounts

The Adviser reviews the Funds' portfolio accounts on a daily basis from an operational perspective, including individual positions and the Fund portfolios as a whole. Individual positions are reviewed to ensure that they remain within the desired investment or trading philosophy relative to the overall market and comprise the desired percentage of the overall portfolio.

Investors receive reports from the Funds pursuant to the terms of each Fund's offering memorandum or as otherwise described in the offering document of the Fund.

Item 14. Client Referrals and Other Compensation

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 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 the Funds. 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.

The Adviser makes cash payments to third-party solicitors for Investor referrals, provided that, to the extent required, each such solicitor has entered into a written agreement with the Adviser pursuant to which the solicitor will provide each prospective Investor with a copy of the Adviser's Form ADV Part 2, and a disclosure document setting forth the terms of the solicitation arrangement, including the nature of the relationship between the solicitor and Adviser and any fees to be paid to the solicitor. Where applicable, cash payments for investor 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

This Item is not applicable.

Item 16. Investment Discretion

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

The Adviser has the authority to determine (i) the securities to be purchased and sold for the Funds (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) and (ii) the amount of securities to be purchased or sold for the Funds. Because of the differences in the Funds' investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among Funds in invested positions and securities held. The Adviser may submit an allocation statement to the trading desk describing the allocation of securities to (or from) Fund accounts for a particular trade/order submitted. The portfolio managers may consider the following factors, among others, in allocating securities among Funds: (i) investment objectives and strategies; (ii) risk profiles; (iii) tax status and restrictions placed on a Fund's portfolio by applicable law; (iv) size of the 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 investment opportunities to eligible Funds on a pro rata basis (based on the value of the assets of each participating Fund relative to value of the assets of all participating accounts), the factors above may lead the Adviser to allocate securities to Funds in varying amounts. Even Funds that are typically managed on a pari passu basis may from time to time receive differing allocations of securities based on total assets of each Fund eligible to invest in the particular investment type (e.g., equities) divided by the total assets of all Funds eligible to invest in the particular investment.

Allocations will be made among Funds eligible to participate in initial public offerings ("IPOs") and secondary offerings on a pro rata basis, except when the Adviser determines in its discretion that a pro rata allocation is not appropriate, which may include a Fund's investment guidelines explicitly prohibiting participation in IPOs or secondary offerings and an Investor's status as a "restricted person" under applicable regulations.

Securities acquired by the Adviser for the Funds 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 Funds eligible to hold such securities. Eligibility will be based on the legal status of the Funds and the Funds' investment objectives and strategies.

The Adviser may effect cross transactions between discretionary Fund accounts, except as otherwise noted below. Cross transactions enable the Adviser to effect a trade between two Funds 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/redemptions or contributions/investments have occurred, the portfolio compositions of similarly managed Funds remain substantially similar. The Adviser has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions. Cross transactions between Funds are not permitted if they would constitute principal trades or trades for which the Adviser or its affiliates are compensated as a broker unless the Funds' consent has been obtained based upon written disclosure to the Funds 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's error correction procedure is to ensure that Funds and Investors are treated fairly. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy.

Item 17. Voting Client Securities

To the extent the Adviser has been delegated proxy voting authority on behalf of the Funds, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that the Adviser votes proxies in the best interests of the Funds. In voting proxies, the Adviser votes in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors and increases in or reclassification in common stock. The Adviser will vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals, the Adviser will determine whether a proposal is in the best interests of the Funds and may take into account the following factors, among others: (i) whether the proposal was recommended by management and the Adviser's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

If a material conflict of interest between the Adviser and a Fund exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the Fund or take some other appropriate action. The Adviser does not make any qualitative judgment regarding the Funds' investments.

Investors of the Funds 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 Michelle Dobbins, Chief Compliance Officer by email at mdobbins@masterscapital.com or by telephone at 404-364-2019.

Item 18. Financial Information

This Item is not applicable.

Item 2. Appendix: Material Changes

The Adviser's most recent Form ADV Part 2A was filed as of March 27, 2012. There have not been any material changes to the Adviser's business activities since that date.