

Argonaut Management LP
Part 2A of Form ADV – Firm Brochure
12/31/11

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ARGONAUT MANAGEMENT LP PART 2A OF FIRM ADV - FIRM BROCHURE

Date of Brochure: 12/31/11

This brochure provides information about the qualifications and business practices of Argonaut Management LP. If you have any questions about the contents of this brochure, please contact us at the above phone number and/or email address. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Argonaut Management LP also is available of the SEC's website at www.adviserinfo.sec.gov.

Argonaut Management LP is a registered investment adviser but that registration does not imply a certain level of skill or training.

The date of this brochure reflects the annual update required by Argonaut Management LP and does not contain any material changes since the last update.

2. Material changes

No material changes since last brochure, which was done as of December 31, 2010.

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4.) Advisory Business

- A)** Argonaut was founded in August 1993 by David Gerstenhaber, offering both on-shore and off-shore global macro and equities products. The focus and strategy of the global macro funds is to generate high, risk controlled returns by investing in currencies, commodities, fixed income instruments and index futures. Analysis of macro-economic data, central bank policy and market expectations are employed to form a top-down view of the world. The portfolio manager then makes asset allocation decisions based upon that view and creates a highly thematic portfolio.

The General Partner of Argonaut Management LP is Argonaut Capital Management Corp and currently David Gerstenhaber and Jarrett Posner both own 25% or more of the firm.

- B)** Argonaut provides investment management services to private investment funds (i.e., hedge funds) directly or through a wholly owned affiliate. The Funds managed include the Argonaut Global Macro Fund, Ltd., the Argonaut Global Equities Partnership, LP, Argonaut Macro Partnership LP, and Argonaut Worldwide Equities Fund Ltd (each a “Fund”, and collectively the “Funds”). From time to time, Argonaut may also act as adviser to managed accounts. In this document, any reference to “Client” means the Funds, their investors and any other advisory client of Argonaut.
- C)** Argonaut does not tailor its investment management services to the individual needs of clients as it provides its services to the Funds, not individuals. As stated above in 4B, Argonaut defines its clients as the Funds.
- D)** Argonaut does not participate in any wrap fee programs.
- E)** As of 12/31/11, 100% of the assets managed by Argonaut are on a discretionary basis. Total net assets managed by Argonaut at 12/31/11 are \$1,450,000,000, regulatory assets as defined in the ADV Form 1 as of 12/31/11 were approximately \$2,532,000,000.

5.) Fees and Compensation

- A)** Argonaut charges investment management fees of 2% per annum of assets under management to each Fund. Argonaut also charges an annual performance fee of 20% of any profits in the Funds. From time to time Argonaut reserves the right to negotiate these fees.
- B)** Argonaut bills the Funds for its fees. The investment management fees are billed to the Funds quarterly in advance. The performance fee is charged annually in arrears.

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- C)** The Funds managed by Argonaut incur a variety of fund related expenses, for example: audit, legal, tax, administrator, custodian, are some but not all expenses that the funds may incur.
- D)** Fees are billed by the Fund and incurred by investors on a monthly basis, monthly in arrears.
- E)** No employee of Argonaut accepts compensation for the sale of securities or other investment products.

6.) Performance –Based Fees and Side – BY – Side Management

As stated in the answer to question #5(A), the investment manager charges annual performance fee to its Funds. The performance fee is charged on the net appreciation of the assets over a stated period of time. There are no conflicts of interests as all accounts are charged the same fees.

7.) Types of clients

We provide investment advice to the following types of clients:

Family Office, Fund of Funds, High Net Worth Individuals, Institutional Investors and Private Banks, and only to investors that meet the criteria of being a qualified investor. Our requirements for opening an account are the following: For an investment in the Argonaut Global Equities Partnership LP, and Argonaut World Wide Fund Ltd., the initial subscription amount is \$1,000,000.00. For an investment in either the Argonaut Global Macro Fund Ltd. or the Argonaut Macro Partnership L.P. the initial subscription amount is \$5,000,000.00. In addition to the initial investment we also require our clients to read the offering memorandum and complete the fund subscription document.

8.) Methods of analysis, Investment Strategies and Risk Loss

- A)** The below describes our methods of analysis and the investment strategies used in formulating investment advice or managing assets.

Principles of Strategy:

- 1.** The investment process is driven by fundamental economic research and analysis.
- 2.** All investment ideas are informed by primary research conducted in house.
- 3.** Technical indicators and outside information providers and consultants

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are used to support trading ideas, not to generate them.

4. The portfolio management process is characterized by rigid, quantifiable risk management.

5. Profit-taking discipline is strictly enforced in re-evaluating open positions and exiting positions.

Basic Description:

As described above, our strategy is to generate positive, non correlated returns by investing in a broad spectrum of asset classes based on our perceptions of global economic fundamentals and their likely future direction. Quantitative economic and financial models are used to assist the investment staff in formulating economic and market views. Qualitative research is also used heavily to help uncover possible trading opportunities, hone analytical conclusions, and to help in the interpretation of economic data (which can often be misleading without a strong qualitative understanding of political and economic dynamics within a market).

Macro investing is perhaps the most information-intensive of all the major hedge fund strategies, as success in the field over the long term requires a solid understanding of the macroeconomic theory and practice, the economic underpinnings of all of the world's major economies, global trade and financial flows, international and national political economies, structural changes in the global economy, and how economic conditions will affect various related markets (such as commodity markets). Given the complexity and fluidity of the global economy, we do not believe that a mechanistic, stochastic investment process is best-suited to capitalize on macro investment opportunities.

Investment Process:

There is a discernable methodology that we use to make our analytical process more repeatable and to help us identify trading opportunities. Every morning, senior trading staff all examine all data released overnight and during that day (the vast majority of global economic releases are released in the morning before U.S. equity markets open). Certain key pieces of research are also reviewed on a daily basis. In addition, senior staff review all overnight market moves, and check with key market leaders for changes of opinion.

When a trading opportunity is identified, we perform rigorous market analysis on both the economy in question and the instrument or asset class in which we believe there is an opportunity. First we will examine the country's economic fundamentals using proprietary economic models and data; nearly all economic data that we examine is generated internally from primary sources, typically national statistical agencies, economic ministries, and central banks. Second we examine the fundamentals of the investment in question, in particular checking its

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recent performance and its historical correlation with different types of economic situations and events. We always attempt to determine exogenous factors that could be responsible for observed performance of a security beyond just recent economic developments.

If we are satisfied that the economic rationale for an investment makes sense, we broaden the context of our analysis further. For example, if we are considering an instrument in which we do not commonly trade we consider the security's risk/reward profile, and in particular the potential impact its inclusion could have on our portfolio. We also examine the technical data associated with a security; although we never trade an instrument based on technical's, we recognize the impact that technical and momentum traders can have on a security's price path, and thus technical analysis can be useful for selecting entry and exit points. Likewise, when information is available, we research market positioning for given securities to help determine if a position is overbought or oversold. Since by definition, we are seeking to enter out of consensus positions, we often use market data to help confirm whether investment hypotheses are truly contrarian or not.

If, after performing all of the analyses described above, we are still confident that a position offers an attractive risk/reward profile, we will seek to enter the market.

Research:

Since all of our views are driven by views of economic fundamentals, our research process is an intensive one. Primary economic research lies at the core of all of our trades, and we rely on a number of proprietary databases and tools developed internally to guide our investment decisions. Most of these support our analysis of macroeconomic and financial market data as reported by the various state financial ministries, statistical agencies, and central banks. We also utilize the research capabilities of our trading counterparties. These resources are used carefully, however, and are generally not responsible for initiating trade ideas. In general, we tend to "pull" research from these sources to help us corroborate or qualify our independently formed views, rather than allowing these sources to "push" ideas at us.

One of the keys to long-term success in the macro field is a strong understanding of local economic conditions and the political economy of a market. Thus, we regularly take research trips to markets in which we already participate or are considering entering.

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B) Below describes the material risks involved for each significant investment strategy or method of analysis used.

Market Exposure:

The fund is designed to express views and generate alpha through directional positions. Therefore, the fund is exposed to global markets in a number of asset classes, predominantly foreign exchange, global rates, commodities, and global equity markets. The fund takes positions in these assets classes through both outright positions and in derivative positions (primarily futures, options, swaps and swaptions).

Portfolio Concentration: The team aims to have 7-10 themes in the portfolio, and several more positions in the four asset classes we trade in. As well, we are always seeking to maintain diversity among the themes such that an expression of a particular view is the best expression possible, rather than have multiple expressions of the same view. As well, we aim to maintain a portfolio wide diversification of themes. The mix of instruments in our portfolio is necessarily fluid, as it changes to reflect our perceptions of global economic conditions and where the greatest relative opportunities lie. We use a diversity of instruments traded across global markets to express precisely our trading views.

Our fixed income and foreign exchange exposure vary with our conviction, but normally the exposure in these two asset classes is higher than in equity indices. Likewise, our exposure to commodities is typically less than in the other three asset classes. Within commodities, we tend to focus on energy, metals and soft commodities. These categories tend to have the highest degree of correlation with global economic conditions. Within the fixed income realm we trade paper of all maturities (short-term bills, notes, and bonds). We also use exchange-traded derivative contracts (such as Eurodollar futures and Fed Funds futures) to express our views on global interest rates. Finally, we also use swaps and related derivatives to express interest rate views. With respect to Treasuries, our trading is concentrated in the short end of the yield curve (generally less than two years); because we believe that this is the longest tenor that directly reflects changes in monetary policy. Fixed income positions often make up a large percentage of the assets in our portfolio. In the equity index realm, our most commonly held positions are in exchange traded futures on stock indices. The indices are typically either those that represent a broad market index (such as the S&P 500 or the Nikkei) or that represent a market sector within one of the broad indices. We take both outright positions in equity indices and trade in options and warrants on underlying indices. In the commodities realm, the majority of our positions are expressed through futures. We also use options on exchange-traded commodity futures contracts. In the foreign exchange realm, our most common positions are in forward FX

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transactions and non-deliverable forward contracts. We also use options extensively when taking speculative foreign exchange positions.

C) N/A, we do not recommend primarily a particular type of security.

9.) Disciplinary Information

- A . 1.** There has not been a criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the firm or a management person was; convicted of or plead guilty or nolo contendere to any felony, a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion or conspiracy to commit any of these offenses.
- 2.** There has not been a criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the firm or a management person was; named the subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery counterfeiting, extortion, or a conspiracy to commit any of these offenses
- 3.** There has not been a criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the firm or a management person was; found to have been involved in a violation of an investment-related statute or regulation
- 4.** There has not been a criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the firm or a management person was; the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, the firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule or order.
- B. 1.** There has not been an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority in which the firm or a management person; was found to have caused an investment-related business to lose its authorization to do business.
- 2.** There has not been an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority in which the firm or a management person was found to have

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been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority for any of the following:

- a.** denying , suspending, or revoking the authorization of our firm or a management person to act in an investment-related business.
 - b.** barring or suspending our firm’s or a management person’s association with an investment-related business
 - c.** otherwise significantly limiting our firm’s or a management person’s investment-related activities
 - d.** imposing a civil money penalty of more than \$2,500 on our firm or a management person.
- C.**
 - 1.** There has not been a self-regulatory organization proceeding in which our firm or a management person: was found to have caused an investment – related business to lose its authorization to do business; or
 - 2.** was found to have been involved in a violation of the SRO’s rules and was (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities or (iii) fined more than \$2,500.

10) Other financial Industry Activities and Affiliations

- A.** Neither the firm nor its management persons are registered or have an application pending to register as a broker-dealer or a representative of a broker-dealer.
- B.** Neither the firm nor its management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator or a commodity trading advisor, or an associated person of the foregoing entities.
- C.** The following describes the nature of any relationship to our business or to our clients that the firm or any management person has with any related person listed below
 - 1.** broker-dealer municipal securities dealer, government securities dealer or broker; no relationship
 - 2.** Investment Company or other pooled investment vehicle; yes, the firm is the investment advisor to; Argonaut Global Macro Fund Ltd., Argonaut Worldwide Equities Fund LTD., Argonaut Global Equities Partnership, LP., Argonaut Macro Partnership, LP.

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- 3. Other investment advisor or financial planner; no relationship
 - 4. Futures commission merchant, commodity pool operator, or commodity trading advisor; no relationship
 - 5. Banking or thrift institution; no relationship
 - 6. Accountant or accounting firm; no relationship
 - 7. Lawyer or law firm; no relationship
 - 8. Insurance company or agency; no relationship
 - 9. Pension consultant; no relationship
 - 10. Real estate broker or dealer; no relationship
 - 11. Sponsor or syndicator of limited partnerships; no relationship
- D. We do not recommend or have business relationships with any investment advisors for our clients.

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

- A. The general guidelines for our code of ethics are as follows; If there is any question as to whether any employee of the firm has received material information (typically from a company “insider”) they should contact the CCO to discuss. Employees should not knowingly misrepresent, or cause others to misrepresent, facts about the Firm to clients, regulators, or any other member of the public. Disclosure in reports should be fair and accurate. Employees should not accept extravagant gifts or entertainment from persons or companies who are trying to solicit business from the Firm. All associated persons are responsible for safeguarding non-public information about securities recommendations, fund and client holdings. Anyone in the firm with access to such information will likely be subject to additional personal investing limitations under Argonaut’s Personal Investing Policy. Employees that are not considered associated persons should not trade based on any confidential, proprietary investment information where fund or client trades are likely to be pending or imminent. Other types of information (for example, marketing plans, employment issues, shareholder identities, etc.) may also be confidential and should not be shared with individuals outside the company, except those retained to provide services to the Firm. The Firm can and has provided a copy of its code of ethics to prospective and existing investors.

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- B.** N/A, The Firm or a related person does not recommend to clients, or buy or sell for client's accounts securities in which the firm or a related person has a material financial interest.
- C.** N/A, we do not invest in securities that we recommend to clients.
- D.** N/A, we do not recommend, buy or sell securities at the same time that we buy or sell the same securities for our own accounts.

12) Brokerage Practices

- A.** Broker evaluation as guidelines for directing execution is done quarterly. Voting on behalf of the investment staff is tracked to assure that the commissions are directed in a manner to reflect the voting in the firm. Analysts typically vote to support superior research, access to management, access to conferences and market insight. The trading desk incorporates similar practices as the analyst team coupled with awarding commissions to counterparts with the best access to market liquidity (in both listed and otc structures). The chief dealer also factors in the added value provided from prime brokerage, stock loan, and the counterparty's credit rating as contributions in evaluating the distribution of brokerage commission. Best execution is defined as the combination of minimal market impact of execution, trade execution reliability, low commission costs and reliable liquidity provision. Commission levels are reviewed regularly to attempt to lower the execution cost in the best interest of the firm and its clients.

Executed trades are allocated proportionately between all of the funds within the strategy pari passu based on the fund's assets within the strategy.

1. Regarding Research and other Soft Dollar Benefits;

We do not use Soft Dollars and therefore the answers to all questions relating to them are N/A.

- a. N/A
- b. N/A
- c. N/A
- d. N/A
- e. N/A
- f. N/A

2. Brokerage for Client Referrals;

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- a. We do not have any incentive to select or recommend a broker-dealer, we practice best execution.
 - b. We do not direct any transactions to a broker-dealer in return for client referrals.
3. Directed Brokerage
- a. We do not recommend, request or require that a client direct the Firm to execute transactions through a specified broker-dealer. We do not have an affiliated broker-dealer.
 - b. We do not permit a client to direct brokerage.
- B. The Firm aggregates all orders it places with executing brokers and then allocates those trades on a pro-rata basis to the accounts it manages based off those accounts opening assets under management balances. The only time trades are not aggregated is if an underlying account has had cash inflows or outflows while the other accounts did not. In this specific instance, trades will be placed for specific accounts to account for the cash flow movement.

13) Review of Accounts

- A. Our CFO, Director of Investor Relations and COO review all client accounts monthly by reviewing their individual statements.
- B. As stated to the above answer, all client accounts are reviewed on a monthly basis.
- C. Statements are produced monthly and then sent directly by the independent administrator to the clients. Depending on the investment (onshore or offshore Fund), the statement shows shares and ownership value in the funds.

14) Clients Referrals and Other Compensation

- A. N/A, someone who is not a client does not provide any economic benefit to the firm by providing advice or other services.
- B. The Firm engages and directly compensates a third party firm for client referrals. Their fee is paid by the Firm and not the fund or the investor, the fee is predetermined pursuant to the contract that the Firm has with them.

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15) Custody

We do have custody of client's funds and our administrator sends monthly statements directly to each client, which they should carefully review. The Firm does not send any additional monthly statement.

16) Investment Discretion

We accept discretionary authority to manage securities accounts on behalf of our clients without limitation. We assume this authority once the investor has signed their subscription document when we then have discretionary authority over the assets in the funds.

17) Voting Client Securities

When voting proxies, the Firm will vote strictly in accordance with the best interests of the Funds, taking into consideration each Fund's investment strategy and objectives. However, It has been determined that spending the time to properly consider how to vote is not beneficial to the Funds and therefore we allow these decisions to be made by our prime broker.

18) Financial Information

A & B. N/A as we do not require or solicit prepayment in fees per client six months in advance.

C. We have not been the subject of a bankruptcy petition any time during the past ten years.

19) Requirements for State Registered Advisers

N/A, we are not registered with any state securities authorities.