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## **PART 2A OF FORM ADV: FIRM BROCHURE**

### **SPINNER ASSET MANAGEMENT, LLC**

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*This brochure provides information about the qualifications and business practices of Spinner Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 223-3410 or [sdeluca@spinnerasset.com](mailto:sdeluca@spinnerasset.com). The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority.*

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

*Additional information about Spinner Asset Management, LLC also is available on the SEC's website at [www.advisorsinfo.sec.gov](http://www.advisorsinfo.sec.gov).*

*April 1, 2013*

## ITEM 2 MATERIAL CHANGES

### Reporting Changes

This Brochure is the annual update of the Firm Brochure of Spinner Asset Management, LLC (“SAM” or “we” or “us”). Our prior Firm Brochure was dated March 31, 2012. As of the end of 2012, (1) we had effected a mandatory redemption of Spinner Global Technology Fund, Ltd. (“SGTF”), liquidated its portfolio and made an initial distribution to its shareholders with the final distribution in February 2013; (2) withdrew as general partner of S.T. Aggressive Growth Fund L.P. and terminated as manager of S.T. Aggressive Growth Fund Ltd., and Joseph C. To, who was a portfolio manager at SAM, took over the management of those investment vehicles; and (3) agreed to withdraw as general partner of Clover Street Fund, L.P. (“Clover LP”) effective upon Jadwin Partners LLC (“Jadwin”), which was formed by Steven C. DeLuca and David C. Reale, who are portfolio managers at SAM, becoming a state registered investment adviser and obtaining the requisite consents from the investor clients to permit Jadwin to manage Clover LP. It is expected that the effective date of SAM’s withdrawal as general partner of Clover LP will be in April 2013. Upon such effective date, Jadwin will become the general partner of Clover LP, the manager of two off-shore funds Clover Street Offshore Fund L.P. and Clover Street Master Fund Ltd., which were formed in late December 2012, and any other SAM managed account, at which time SAM will file a Form ADV-W to withdraw as an SEC registered investment adviser and will cease operations and close its offices. Messrs. DeLuca and Reale will manage the Clover Funds through Jadwin, operating from the former SAM office at 2755 Campus Drive, Suite 165, San Mateo, California 94493, telephone 650.372.2701. Since December 2012, SAM has not solicited investors for advisory services other than some persons who were shareholders of SGTF soliciting them to become investors in the Clover Funds.

## ITEM 3 TABLE OF CONTENTS

### TABLE OF CONTENTS

	Page
Item 1 Cover Page.....	1
<b>Item 2 Material Changes .....</b>	<b>2</b>
<b>Item 3 Table of Contents.....</b>	<b>3</b>
<b>Item 4 Advisory Business.....</b>	<b>5</b>
A. Advisory Firm.....	5
B. Types of Advisory Services.....	5
C. Tailored Investment Advisory Services.....	6
D. Wrap Fee Programs.....	6
E. Assets Under Management .....	6
<b>Item 5 Fees and Compensation Pooled Investment Vehicles .....</b>	<b>7</b>
A. Compensation - Fees.....	7
B. Fees Deducted From Client Fund Accounts .....	7
C. Other Fees or Expenses.....	7
D. Prepayment of Fees; Pooled Investment Vehicle .....	8
E. No Compensation for the Sale of Securities or Other Investment Products.....	8
<b>Separately Managed Accounts .....</b>	<b>8</b>
A. Compensation - Fees.....	8
B. Fees Deducted From Client Accounts .....	8
C. Expenses .....	8
D. Prepayment of Fees.....	9
E. No Compensation for Sale of Securities or Other Investment Products.....	9
<b>Item 6 Performance-Based Fees and Side-By-Side Management.....</b>	<b>9</b>
<b>Item 7 Types of Clients .....</b>	<b>9</b>
<b>Item 8 Methods of Analysis, Investment Strategies and Risk of Loss.....</b>	<b>10</b>
A. Methods of Analysis and Investment Strategies.....	10
B. Material Risks for each Significant Method of Analysis or Investment Strategies.....	10
C. Material Risk for Particular Types of Securities.....	10
<b>Item 9 Disciplinary Information .....</b>	<b>12</b>
A. Criminal or Civil Proceedings (Domestic, Foreign, Military Court of Competent Jurisdiction).....	12
B. Administrative Proceeding (SEC, Federal/State Regulatory Agency, Foreign Financial Regulatory Agency).....	12
C. Self-Regulatory Organization (SRO) Proceeding.....	12
<b>Item 10 Other Financial Industry Activities and Affiliations .....</b>	<b>13</b>
A. Broker-Dealer Registration Status .....	13

B. Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser Registration Status.....	13
C. Material Relationships or Arrangements with any of the following: .....	13
D. Material Conflicts of Interest Relating to Other Investment Advisers. ....	14
<b>Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</b>	<b>15</b>
A. Code of Ethics.....	15
B. Securities in which SAM or a Related Person has a Material Financial Interest .....	15
C. Investing in Securities that SAM or a Related Person Recommends to Clients.....	15
D. Conflicts of Interest Created by Contemporaneous Trading .....	15
<b>Item 12 Brokerage Practices .....</b>	<b>16</b>
A. Selecting or Recommending Broker-Dealers for Client Transactions and Reasonableness of Broker-Dealers Compensation .....	16
B. Aggregation of Purchase or Sale of Securities .....	19
<b>Item 13 Review of Accounts .....</b>	<b>20</b>
A. Frequency and Nature of Review of Client Accounts or Financial Plans .....	20
B. Basis for Client Reviews Other than a Periodic Review .....	20
C. Content and Frequency of Account Reports to Clients .....	20
<b>Item 14 Client Referrals and Other Compensation .....</b>	<b>21</b>
A. Economic Benefits from Non-Client for Providing Client Services .....	21
B. Compensation to Non-Supervised Persons for Client Referrals.....	21
<b>Item 15 Custody.....</b>	<b>21</b>
<b>Item 16 Investment Discretion .....</b>	<b>22</b>
<b>Item 17 Voting Client Securities .....</b>	<b>23</b>
A. Policies and Procedures Relating to Voting Client Securities .....	23
B. No Authority to Vote Client Securities and Client Receipt of Proxies.....	23
<b>Item 18 Financial Information .....</b>	<b>24</b>
A. Balance Sheet.....	24
B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients .....	24
C. Bankruptcy Filings.....	24
<b>Item 19 Requirements for State-Registered Advisers.....</b>	<b>24</b>
A. Identity and Background of Principal Executive Officers and Management Persons....	24
B. Participation in Business other than Giving Investment Advice .....	24
C. Performance-Based Compensation for Advisory Services.....	24
D. Arbitration and Litigation .....	24
E. Relationships or Arrangements with Issuers.....	24

## ITEM 4 ADVISORY BUSINESS

### A. Advisory Firm

Spinner Asset Management, LLC (“SAM”) is a limited liability company formed under the laws of the State of New York that has rendered investment advisory services since 1993. SAM has been registered as an investment adviser with the SEC since February 1, 2006. Arthur C. Spinner is the principal owner of SAM. As explained in Item 2, SAM has reduced its operations and intends to cease operations and withdraw its registration as an investment adviser in the near future.

### B. Types of Advisory Services

#### (1) Hedge Funds and Other Pooled Investment Vehicles

SAM provides day-to-day discretionary investment management services for the following clients that are pooled investment vehicles, collectively referred to as the “Funds”:

- a) Clover Street Fund, L.P., organized under the laws of the State of Delaware, commenced operations in 2008. SAM became the successor general partner of Clover LP, effective April 1, 2011.
- b) Clover Street Offshore Fund Ltd. (“Clover Offshore”), organized under the laws of the British Virgin Islands in December 2012 and commenced operations in January 2013.
- c) Clover Street Master Fund Ltd. (“Clover Master Fund”), organized under the laws of the British Virgin Islands in December 2012 and commenced operations in January 2013.

As of January 2013, Clover LP and Clover Offshore (collectively, the “Feeder Funds”) became feeder funds to Clover Master Fund which serves as the master fund.

Investors in the Feeder Funds include individuals, pension and profit sharing plans, trusts and estates, corporations and other business entities.

Since December 2012, SAM has ceased offering interests in the Feeder Funds other than to persons who were shareholders in a fund managed by SAM that was terminated in December 2012.

#### (2) Separately Managed Accounts

SAM has offered discretionary investment management services directly to institutions through separately managed accounts, with a minimum investment of \$50 million and managed in accordance with specific client requests, needs and objectives, subject to a written investment advisory agreement.

### Types of Investments

For all clients, SAM has invested principally in technology companies in the U.S. and around the world, on a long or short basis, using the following instruments:

- Equity securities - including exchange-listed securities, securities traded over-the-counter and foreign issuers
- Warrants
- Corporate debt securities
- Listed options contracts (long and short) on securities
- Money market instruments
- Restricted and illiquid investments

C. Tailored Investment Advisory Services

The investment objectives and portfolio limitations for each Fund are described in its formation documents and offering materials. For Separate Accounts, SAM tailors its investment advice based on the specific needs of each client, although the investment strategy will generally involve the types of investments discussed above. Clients may impose restrictions on the types of investments, including (i) the types of securities SAM may invest in for such client's accounts and (ii) a limitation on the amount or percentage of assets that may be invested in a particular asset class or type of investment.

D. Wrap Fee Programs

SAM does not participate in wrap fee programs.

E. Assets Under Management

As of April 1, 2013, SAM had approximately \$40 million in assets under management on a discretionary basis. SAM does not manage any assets on a non-discretionary basis.

## ITEM 5 FEES AND COMPENSATION

### **Pooled Investment Vehicles**

#### **A. Compensation - Fees**

Each Feeder Fund pays SAM an annual management fee, prorated quarterly, at an annual rate ranging from 1 1/2 % to 2% based on the assets under management of the Fund at the commencement of each fiscal quarter.

In addition, each Fund pays or allocates to SAM an annual performance fee of 20% of the net appreciation, realized and unrealized net of certain expenses, subject to a “high water mark”. The performance fee is paid after SAM receives the annual financial statements from the Fund’s independent accountants, provided that if an investor withdraws in whole or in part, other than at year end, a performance fee is charged against the amount being withdrawn.

The management fee and performance fee are charged to the investors in the Funds proportionately based on each investor’s interest in the respective Fund.

SAM may, in its sole discretion, waive or reduce the fees paid by any investor in the Funds. SAM may negotiate specific investment terms for some investors in the Funds that differ from the terms applicable to other investors based upon their affiliation or relationship with SAM.

#### **B. Fees Deducted From Client Fund Accounts**

Fees are billed by invoice sent to the Funds’ custodian each calendar quarter with respect to the management fees and annually with respect to the performance fee, and at the effective date of an investor withdrawal of other than a year or quarter end. For the Funds in which SAM serves as the general partner, the performance fee is allocated to SAM’s capital account in the applicable Fund.

#### **C. Other Fees or Expenses**

Each Fund pays all of its ongoing expenses, including:

- operating expenses;
- legal, compliance, tax, accounting, auditing, insurance, technology, administration, research and travel expenses;
- any extraordinary expenses (such as litigation, indemnification and other costs);
- organizational and offering expenses (other than any sales commissions payable to third parties); and
- all other expenses related to the management and operation of the Fund as SAM determines in its sole discretion.

Each Fund reimburses SAM for any administrative, operating or other expenses that it advances or incurs on the Fund's behalf. SAM bears its own routine expenses, including the salaries of its personnel, rent, utilities and other overhead expenses, such as regulatory and general marketing.

Generally, the Funds have a high portfolio turnover rate due to the nature and frequency of trading activities. Consequently, the transaction costs paid by the Funds are expected to be relatively high, but that may vary with market conditions.

Please refer to Item 12 for more information on brokerage practices.

D. Prepayment of Fees; Pooled Investment Vehicle

The management fee for the Funds (see subparagraph A above) is prepaid quarterly in advance by each Fund. If a Fund's investment management agreement is terminated, the management fee will be pro-rated and charged for that quarter only up to the date of termination. Any unearned fees will be credited back to the Fund's account, and, then credited to the limited partner's or shareholder's respective capital accounts.

E. No Compensation for the Sale of Securities or Other Investment Products.

Neither SAM nor any of its supervised persons accept compensation for the sale of securities or other investment products to clients.

**SEPARATELY MANAGED ACCOUNTS**

A. Compensation - Fees

SAM manages one Separate Account, which will be assigned to Jadwin. The management fee is based on an annual percentage of the assets under management, payable in quarterly installments, pursuant to a negotiated written investment advisory agreement. SAM does not have an established fee schedule for Separate Accounts as these fees vary, based on assets under management and the client mandate. SAM does not currently charge a Separate Account performance fee.

B. Fees Deducted From Client Accounts

Separate Account clients are billed by invoice sent to the client custodian each calendar quarter, with the management fee paid directly from the client account, unless the client makes a different arrangement.

C. Expenses

Separate Account clients pay all of the trading, custodian and other related expenses, including: brokerage commissions, margin interest and other transaction, borrowing, custodial and money market expenses related to their accounts.

Please refer to Item 12 for more information on brokerage practices.



D. Prepayment of Fees.

Typically, management fees are prepaid quarterly in advance. If the investment management agreement is terminated, the management fee will be pro-rated and charged for that quarter only up to the date of termination. Any unearned fees will be credited back to the client's account. However for the existing Separate Account client, the management fees are paid quarterly in arrears.

E. No Compensation for Sale of Securities or Other Investment Products

Neither SAM nor any of its supervised persons accept compensation for the sale of securities or other investment products.

## ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Please refer to Item 5 for information regarding management and performance-based fees.

The Funds are charged a performance-based fee which may be considered an incentive to SAM to favor those accounts over Separate Accounts which are not subject to any performance-based fee. While this may present a potential conflict of interest, SAM seeks to treat all clients fairly based upon their respective investment objectives and portfolio opportunities.

## ITEM 7 TYPES OF CLIENTS

### Types of Clients and Minimum Account Size

Please refer to Item 4 above.

Should an investor in a Fund request a partial withdrawal from his capital account, the remaining balance must exceed \$100,000 or such lesser amount as may be permitted by SAM, in order to maintain the account.

## ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### A. Methods of Analysis and Investment Strategies

SAM's method of analysis includes:

- Fundamental
- Thematic
- Cyclical
- Technical
- Other

SAM's investment analysis and strategy has included the use of fundamental and technical research, including external research reports, company and industry visits, as well as other analysis. SAM's investment strategies have used a wide range of techniques, taking long and short positions primarily in companies engaged in technology, and have included directional long/short strategies, event-driven situations, and relative value investments.

### B. Material Risks for each Significant Method of Analysis or Investment Strategies

Investing in securities and following SAM's investment strategy and advice has involved significant material risks, such as possible loss of some or all of a client's assets under management with SAM. All clients must represent that they are able to bear such an economic loss. For the Funds, these risks are described in greater detail in the offering documents for each Fund.

### C. Material Risk for Particular Types of Securities

#### *Concentration*

SAM's strategy has been directed at investing in companies engaged in technology. The securities of technology companies has been more volatile than those in certain other industries, thereby increasing the potential magnitude of losses due to adverse developments in the technology area. This strategy has imposed risks on persons who have not other diversified their investments.

#### *Equity Securities*

Investments have included long and short positions in common stocks, preferred stocks and convertible securities of U.S. and foreign issuers, as well as, depositary receipts for foreign securities. Equity securities fluctuate in value, often based on factors unrelated to the value of the issuer of the securities. The market price of equity securities may be affected by conditions affecting specific issuers, such as change in earnings forecasts or regulatory requirements. SAM has selected investments in equity securities without restriction as to market capitalization, but has followed internal limitations as to the amount of assets invested in any one issuer and as to the ownership percentage in any issuer.

### *Restricted and Illiquid Investments*

Investments have sometimes included restricted securities and other investments that are illiquid. Restricted securities are securities that may not be sold to the public without an effective registration statement under the Securities Act, or an applicable exemption from registration. Illiquid securities would be as a result of a position that is relatively large as compared to trading volume or overall market capitalization.

## ITEM 9 DISCIPLINARY INFORMATION

A. Criminal or Civil Proceedings (Domestic, Foreign, Military Court of Competent Jurisdiction)

None.

B. Administrative Proceeding (SEC, Federal/State Regulatory Agency, Foreign Financial Regulatory Agency)

In December 2006, the SEC instituted settled administrative and cease-and-desist proceedings against SAM and the SAM Fund for violations of the strict-liability registration provisions of the federal securities laws, i.e., Sections 5(a), 5(b) and 5(c) of the Securities Act of 1933. These charges related to five trades placed by a former employee of SAM to close out or “cover” open short positions in the securities of three issuers that the SAM Fund had purchased in PIPE transactions. Because the shares used to cover the short positions were “restricted” at the time the underlying short sales were made, the SEC determined the SAM and the SAM Fund had violated the registration provisions of the Securities Act. The conduct occurred in 2002, and the Firm discharged the responsible employee in 2003 prior to the commencement of the SEC investigation. Without admitting or denying the SEC’s findings, the SAM and the SAM Fund consented to entry of an administrative order providing for them to cease and desist from future violations of the registration provisions, directing the SAM Fund to disgorge \$361,437 in improper trading profits, plus \$74,159 in prejudgment interest, censuring SAM and directing it to pay a one-time civil penalty in the amount of \$60,000. SAM elected to reimburse the SAM Fund for these amounts and for defense costs, so that neither the net asset value of the SAM Fund’s shares nor the individual SAM Fund shareholders were affected by the cost of this regulatory action. The SEC order placed no restriction on the activities of SAM as an SEC registered investment adviser. For more information, see SEC Securities Act of 1933 Release No. 8763, dated December 20, 2006.

C. Self-Regulatory Organization (SRO) Proceeding

None.

ITEM 10      OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A.      Broker-Dealer Registration Status

None.

B.      Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser Registration Status

None.

C.      Material Relationships or Arrangements with any of the following:

(1)      Broker-Dealer, Municipal Securities Dealer, or Government Securities Dealer or Broker

None.

(2)      Investment Company or other Pooled Investment Vehicle

See Item 4(b)(1).

(3)      Other Investment Adviser or Financial Planner

None.

(4)      FCM, CPO, CTA

None.

(5)      Banking or Thrift Institution

None.

(6)      Accountant or Accounting Firm

None.

(7)      Lawyer or Law Firm

None.

(8)      Insurance Company or Agency

None.

(9) Pension Consultant

None.

(10) Real Estate Broker or Dealer

None.

(11) Sponsor or Syndicator of Limited Partnerships

None.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

SAM does not recommend other investment advisers to clients.

## ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### A. Code of Ethics

SAM is required by Section 204A of the Advisers Act to take steps to prevent the misuse of material, non-public information and to ensure that the personal securities transactions of its personnel are not in conflict with the interests of clients. Rule 204A-1 under the Advisers Act requires SAM to adopt, maintain and enforce a Code of Ethics requiring all principals and employees (“Access Persons”) to report holdings in “Reportable Securities” as defined in the Code and transactions in Reportable Securities to SAM’s Chief Compliance Officer. An initial report is made when a person first becomes an Access Person and annually thereafter. Access Persons must report at least quarterly the Reportable Securities transactions through duplicate confirmation along with copies of monthly statements. You may request a copy of SAM’s Code of Ethics from Steven C. DeLuca, CCO, at [sdeluca@spinnerasset.com](mailto:sdeluca@spinnerasset.com).

### B. Securities in which SAM or a Related Person has a Material Financial Interest

SAM permits its principals and employees to invest for their own or related accounts in securities purchased for clients, but they are prohibited from directly or indirectly, engaging in a transaction based upon material non-public information, and from transactions in securities in which a SAM portfolio manager considers an investment opportunity and is placed while such securities are placed on an internal Restricted List.

Principals and employees of SAM may not act for their own or related accounts in anticipation of a purchase or sell recommendation for clients or otherwise on the basis of material non-public information. All transactions in Reportable Securities instituted by principals or employees are required to be reported to SAM’s Chief Compliance Officer.

SAM and its Access Persons may give advice or take action with respect to the one or more clients that differs from the advice given with respect to another client.

To the extent a particular investment is suitable for more than one client, the purchased securities will be allocated between or among such accounts pro rata based on assets under management, or other portfolio positions in that or similar securities, available funds or in some other manner that SAM determines is fair and equitable under the circumstances.

### C. Investing in Securities that SAM or a Related Person Recommends to Clients

Please refer to Item 11(B) above.

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

Please refer to Item 11(B) above.

## ITEM 12 BROKERAGE PRACTICES

### A. Selecting or Recommending Broker-Dealers for Client Transactions and Reasonableness of Broker-Dealers Compensation

#### 1. Research and Other Soft Dollar Benefits

SAM determines the securities broker-dealers (collectively, “Brokers”) used for client transactions. SAM has used a number of Brokers who execute trades for SAM client or fund accounts on a give-up basis to the Prime Broker (defined and discussed further below), which then clears the transaction, and may use another firm qualified to accept such trades.

SAM has complete discretion in deciding which Brokers to use and in negotiating their commission rates, subject to direction from a client of a separately managed account. In selecting Brokers and negotiating commission rates, SAM takes into account the Broker’s facilities, reliability, financial responsibility, costs of products or services, research, execution ability in foreign markets, and responsiveness to SAM. Further, SAM considers the value of the products and services described below, either provided by the Broker or paid for by the Broker (either by cash payments or by commissions) and provided by others (collectively, “Products and Services”). A Broker will not be excluded from receiving brokerage business because it does not provide Products and Services. In selecting Brokers to execute transactions, SAM need not solicit competitive bids and is not be obligated to seek the lowest available commission cost. SAM does not negotiate “execution only” commission rates. Thus, clients might be deemed to pay for Products and Services provided by the Broker that would be included in the commission rate. Accordingly, if SAM determines in good faith that the amount of commissions charged by a Broker is reasonable in relation to the value of the brokerage services and other Products or Services provided by such Broker, clients may pay commissions to that Broker that are greater than the amount another Broker may charge.

The use of commissions or “soft dollars” to pay for Products and Services has been limited to brokerage and research services that qualified for the safe harbor of Section 28(e) of the Exchange Act, or to situations in which brokerage, research or other services are obtained with or at the direction of a client. Section 28(e) provides a safe harbor to an adviser exercising “investment discretion” over an account. Section 28(e) protects the adviser from federal and state claims for breach of fiduciary duty, including ERISA claims, solely because the adviser causes a client account to pay more than the lowest available commission for executing a securities transaction in return for brokerage or research services.

The Products and Services SAM has considered in selecting a Broker are as follows:

- *Brokerage*: Brokerage may include clearing, order routing, custodial and settlement services and related incidental services.
- *Research, research products and research services*: Research may include, among other things, proprietary research on particular industries and companies, economic surveys and analyses, recommendations on specific securities and other products or services (e.g., raw market data and related data analysis services, trade analytics, conferences and seminars,



meetings with corporate executives to obtain oral reports on their companies' performances, publications targeted to a narrow audience, software to analyze portfolios or otherwise assist in making investment decisions) that provide lawful and appropriate assistance to SAM in performing its investment decision making responsibilities.

SAM has no fixed internal brokerage allocation procedures designating specific percentages of brokerage commissions to particular firms. In exchange for the direction of commission dollars to Brokers, credits may be generated that may have been used by SAM to pay for the Products and Services provided or paid for by such Brokers. To the extent that the credits are generated or the Products and Services are obtained, SAM has received a benefit by reason of the direction of commissions that SAM would otherwise have to pay for. Consequently, SAM may have had an incentive to select Brokers that provided SAM with Products and Services in exchange for SAM directing trades to those Brokers. SAM has a "soft dollar" arrangement with one Broker.

By reason of its "soft dollar" relationship, SAM has received Bloomberg terminals and data feeds, research services, subscriptions for investment and research periodicals and payment of exchange fees.

Research services furnished or paid for by Brokers through which SAM effected transactions for a particular account may have been used by SAM in servicing its other accounts, and not all such services may have been used for the sole benefit of the client that paid the brokerage commissions which result in the receipt of the research services. SAM does not seek to allocate soft dollar benefits to Client accounts proportionately to the soft dollar credits the accounts generate.

Commissions paid to Brokers providing research services may be higher than those charged by Brokers not providing such services. SAM would make the determination in these cases that the amount of the commission is reasonable in relation to the value of the execution and research services provided.

### **"Prime Brokerage," Custody, Clearing and Settling**

The Funds obtain custodial, clearing and related services through what is known as a "prime brokerage" arrangement and through custodial arrangement. Under this arrangement, a "Prime Broker" (i) maintains custody of each Fund's assets (either directly or through its clearing brokerage firm); (ii) provides margin credit and locates securities to borrow to facilitate short sales; (iii) arranges for the receipt and delivery of securities bought, sold, borrowed and lent; (iv) makes and receives payments for securities; (v) tenders securities in connection with tender offers, exchange offers, mergers or other corporate reorganizations; (vi) provides detailed portfolio and related reports; and (vii) provides related services. This arrangement permits the Funds to use other brokers to execute transactions—allowing SAM to seek valuable research and to compare execution quality and commission rates—while maintaining only one custodial relationship. By using a Prime Broker for the functions listed above, the Funds also may avoid paying custodial fees that banks charge other institutional investors. Prime Brokers are compensated through interest on credit balances, margin borrowings, stock loans and brokerage commissions. It is possible that a material amount of the Funds capital may be deposited with a Prime Broker as margin and collateral.

The Funds' Prime Broker is Jefferies & Company, Inc. and custodian is J P Morgan Securities. The Funds may alter the terms of their arrangements with Jefferies & Company, Inc., or make alternative arrangements to receive the services currently provided by the Prime Broker, or use additional Prime Brokers, all in SAM's absolute discretion. Any Prime Broker for a Separate Account would be mutually selected by SAM and the client.

The Prime Broker may provide services to SAM, distinct from the custodial, lending and related services the Prime Broker provides to the Funds and any Separate Account clients. These services may include, among other things, consulting services relating to various aspects of SAM's business and introducing SAM to prospective advisory clients and prospective investors in the Funds and other investment funds SAM manages. They may be provided at lower than the market price for similar services or for no charge. The Prime Broker may also enter into financial transactions with (including lending money to) SAM or any affiliate, and these transactions may be on terms more favorable than the terms available with other counterparties. To the extent SAM or any affiliate receives services from the Prime Broker at lower than market prices, or enter into transactions on terms better than terms available in the market, because SAM is responsible for selecting the Prime Broker or negotiating the rates of compensation paid to the Prime Broker by a Fund, conflicts may exist between SAM's interests and the Fund's. SAM may have an incentive to cause the Funds to accept less favorable pricing for prime brokerage services (including interest and similar charges on margin borrowings and short positions) than might be available otherwise or to continue to use the Prime Broker when the Fund would not otherwise do so. SAM believes the compensation each Fund pays the Prime Broker is reasonable and competitive with rates charged by other prime brokers for services of comparable quality.

## 2. Brokerage for Client Referrals

SAM does not consider whether a Broker or other third-party refers clients to SAM, or investors for the Funds, as a consideration when selecting or recommending Broker.

## 3. Directed Brokerage

Separate Account clients other than the Funds may direct SAM in writing to execute trades with a specific Broker. The formation documents for each Fund expressly provide that the Fund has no authority to participate in management, and that SAM will direct the brokerage. However, the direction of brokerage transactions by separate account clients may result in higher execution prices to the directing client. Directed brokerage will, in certain circumstances, prevent SAM from aggregating such clients' transactions with similar transactions of other clients. In some cases, trades for client directed accounts may be executed by the designated Brokers after trades for other accounts managed by SAM. Although SAM's objective is to seek best price and execution for every transaction, there can be no assurance that the directing client will realize the same price or commission rate achieved for other clients.

## B. Aggregation of Purchase or Sale of Securities

Investment decisions for each Fund and Separate Account client are made independently. However, the Funds and the Separate Account would invest primarily in securities of global technology companies, albeit with some difference as to investment objectives and activity, there will be occasions when more than one client has an interest in purchasing or selling the same security. Investments deemed appropriate for one client may also be deemed appropriate for other clients so that the same security may be purchased or sold at or about the same time for more than one client. In such cases, SAM would (but is not obligated to) aggregate similar trades by multiple clients and execute the trade as a single block. When transactions are so aggregated, the securities purchased or sold are allocated among the participating accounts in a fair and equitable manner. The actual prices applicable to the aggregated transactions are averaged, and the accounts are deemed to have purchased or sold the proportionate share of the securities involved at the average price so obtained. Further, there would allocation of securities across accounts if all the requested transactions are not executed at the same price or the number of the securities actually purchased or sold is less than the aggregate desired amount.

SAM does not aggregate transactions unless it believes that aggregation is in the best interests of the affected clients, is consistent with SAM's duty to seek best execution for its clients and is consistent with the terms of the investment advisory agreement with each client for whom transactions are being aggregated. Nevertheless, there is no assurance that aggregation of transactions will benefit all clients equally, and in some instances combined orders could adversely affect the price or volume of a security. Also, it is possible that SAM may not aggregate trades in circumstances where it would have been beneficial to do so. SAM does not engage in any securities transactions between clients.

## ITEM 13 REVIEW OF ACCOUNTS

### A. Frequency and Nature of Review of Client Accounts or Financial Plans

The accounts for the Funds are reviewed by one or more of the portfolio managers every business day.

### B. Basis for Client Reviews Other than a Periodic Review

Not applicable. SAM reviews client accounts periodically, as detailed in Item 13(A) above.

### C. Content and Frequency of Account Reports to Clients

The Funds. SAM sends a monthly newsletter containing information about the performance of each Fund and a quarterly report concerning Fund activities to each investor in the Fund. Following the end of each year, all Fund investors receive annual audited financial statements for the that year, and investors in the U.S. Funds receive a statement of their capital accounts and Schedule K-1 for preparing their federal income tax returns for the year.

Separate Accounts. Separate Accounts would receive daily, monthly, quarterly and/or year-end position and transactions reports following the format agreed to between SAM and the client.

## ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

### A. Economic Benefits from Non-Client for Providing Client Services

SAM is not paid an economic benefit by a third-party for providing investment advice or other advisory services to its clients.

### B. Compensation to Non-Supervised Persons for Client Referrals

SAM from time to time has compensated persons who make client referrals by paying them part of SAM's management fee or performance allocation fee. The client does not pay any portion of the referral fee. Any referral payments will comply with applicable federal and state laws including, with respect to cash solicitation fees, the requirements of Rule 206(4)-3 under the Advisers Act.

## ITEM 15 CUSTODY

SAM may be deemed to have custody of the assets of the Funds and of Separate Accounts because it has the authority to debit the Funds and Separate Accounts for its fees. However, in compliance with Rule 206(4)-2, the Funds (i) are audited at least annually by an independent public accountant registered with the Public Company Accounting Oversight Board and (ii) provide all investors in the Funds with the applicable audited financial statements within 120 days of year end. Also, in compliance with Rule 206(4)-2, Separate Account clients receive quarterly account statements directly from the applicable custodian.

## ITEM 16 INVESTMENT DISCRETION

### **HEDGE FUNDS AND OTHER POOLED INVESTMENT VEHICLES**

Please refer to Items 4(b)(1).

When SAM is the investment manager of a Fund it would exercise sole discretionary in managing the Funds' assets pursuant to investment management agreements or limited partnership agreements with the Funds. SAM would not be limited in the scope of its discretionary authority as to the Funds except to the extent provided in an investment advisory agreement or a limited partnership agreement.

### **SEPARATELY MANAGED ACCOUNTS**

Please refer to Items 4(b)(2).

SAM may negotiate and enter into investment management agreements with clients which permit the exercise of discretionary authority over the management of client assets within any limits set forth in such agreement. Each client with a Separate Account authorizes SAM to place orders on such client's behalf.

## ITEM 17 VOTING CLIENT SECURITIES

### A. Policies and Procedures Relating to Voting Client Securities

SAM has established voting policies and procedures pursuant to Rule 206(4)-6 under the Advisers Act, a copy of which is distributed to:

- Every new client for which SAM accepts authority for voting proxies receives a description of SAM's Proxy Policy Statement not later than the delivery to the client of Part II of the Firm's Form ADV (or equivalent disclosure document).
- Every client for which SAM accepts authority for voting proxies is offered the opportunity to receive the then-current copy of SAM's Proxy Policy Statement at least once in each calendar year.
- Every client for which SAM accepts authority for voting proxies is entitled to receive, on request, a record of how SAM has voted proxies associated with securities held for such client.

SAM has the authority to vote client securities and may accept voting authority for clients, and be subject to voting instructions imposed by a Separate Account under its investment management agreement.

If SAM identifies a material conflict between its interests and those of a client with a Separate Account or as expressly disclosed by an investor in a Fund with respect to any matter on which SAM has authority to vote on behalf of the client, SAM will abstain from voting on such matter and will notify the client of this fact. In such an event, the client may decide to vote the proxy on its own behalf or may specifically instruct SAM as to how the entire proxy, or the specific item as to which a conflict has been identified, should be voted. The client may also instruct SAM to abstain from voting.

### B. No Authority to Vote Client Securities and Client Receipt of Proxies

Not Applicable

## ITEM 18 FINANCIAL INFORMATION

### A. Balance Sheet

Not applicable.

### B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

SAM does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients.

### C. Bankruptcy Filings

Not applicable.

## ITEM 19 REQUIREMENTS FOR STATE-REGISTERED ADVISERS

### A. Identity and Background of Principal Executive Officers and Management Persons

Not applicable.

### B. Participation in Business other than Giving Investment Advice

Not applicable.

### C. Performance-Based Compensation for Advisory Services

Not applicable.

### D. Arbitration and Litigation

Not applicable.

### E. Relationships or Arrangements with Issuers

Not applicable.