

FORM ADV Uniform Application for Investment Adviser Registration
Part II - Page 1

OMB APPROVAL	
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Name of Investment Adviser:
Brownstone Asset Management, L.P.

Address: (Number and Street) 633 Third Avenue – 27 th Floor	(City) New York	(State) NY	(Zip Code) 10017	Area Code: (212)	Telephone Number: 867-0085
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**This part of Form ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by any governmental authority.**

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Applicant:
Brownstone Asset Management, L.P.

SEC File Number:
801-65521

Date:
January 26, 2006

1. A. Advisory Services and Fees. (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service.
(See instruction below.)

Applicant:

- | | | |
|---|---|------|
| <input checked="" type="checkbox"/> (1) | Provides investment supervisory services | 100% |
| <input type="checkbox"/> (2) | Manages investment advisory accounts not involving investment supervisory services | % |
| <input type="checkbox"/> (3) | Furnishes investment advice through consultations not included in either service described above | % |
| <input type="checkbox"/> (4) | Issues periodicals about securities by subscription | % |
| <input type="checkbox"/> (5) | Issues special reports about securities not included in any service described above | % |
| <input type="checkbox"/> (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities | % |
| <input type="checkbox"/> (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities | % |
| <input type="checkbox"/> (8) | Provides a timing service | % |
| <input type="checkbox"/> (9) | Furnishes advice about securities in any manner not described above | % |

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

	Yes	No
B. Does applicant call any of the services it checked above financial planning or some similar term?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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

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

D. For each checked box in A above, describe on Schedule F:

the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee

- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

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

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

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

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

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

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

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

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

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

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

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

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5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ☒ Yes ☐ No

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

6. Education and Business Background.

For:

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

On Schedule F, give the:

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

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

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

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

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

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

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

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

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9. Participation or Interest in Client Transactions.

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

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

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? ☒ Yes ☐ No

(If yes, describe on Schedule F)

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

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

Reviews: All accounts are reviewed on a daily basis to ensure proper settlement of trades and adherence to BAM's investment strategy and position guidelines.

Reviewers: The Chief Financial Officer, David Zornitsky, or the CFO's designee(s) conduct all daily reviews.

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

Clients receive monthly NAV's from BAM's administrator and quarterly investor letters written by BAM outlining investment performance during the quarter. Clients also receive audited annual financial statements for the funds in which they are invested and, with respect to US domiciled funds, annual Form K-1's

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12. Investment or Brokerage Discretion.

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

	Yes	No
(1) securities to be bought or sold?	[x]	[]
(2) amount of the securities to be bought or sold?	Yes [x]	No []
(3) broker or dealer to be used?	Yes [x]	No []
(4) commission rates paid?	Yes [x]	No []

B. Does applicant or a related person suggest brokers to clients?..... Yes [] No [x]

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

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

13. Additional Compensation.

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

A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? Yes [] No [x]

B. directly or indirectly compensates any person for client referrals? Yes [x] No []

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

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

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

Has applicant provided a Schedule G balance sheet? Yes [] No [x]

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

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

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Brownstone Asset Management, L.P.		IRS Empl. Ident. No. 20-1155632
Item of Form (identify)	Answer	
1D and 2G	<p><u>ADVISORY SERVICES AND FEES</u></p> <p>Services Provided: Brownstone Asset Management, L.P. ("BAM"), provides investment management services to pooled investment vehicles. BAM serves as investment manager to: Brownstone Partners Catalyst Fund, Ltd., a Cayman Islands exempted company (the "Offshore Fund"); Brownstone Partners Catalyst Fund, LLC, a Delaware limited liability corporation (the "Onshore Fund"); and, Brownstone Partners Catalyst Master Fund, Ltd., a Cayman Islands exempted company (the "Master Fund"). The Onshore Fund and the Offshore Fund invest substantially all of their assets in the Master Fund. The Master Fund invests primarily in high yield and distressed securities, with a bias toward event driven situations with near term catalysts for significant movement, as further discussed in the Onshore Fund's and Offshore Fund's offering documents.</p> <p>BAM also provides services to managed accounts pursuant to advisory agreements with such accounts.</p> <p>Fee Schedule*: Funds:</p> <p>a) A quarterly management fee in advance equal to 0.375% of the net asset value of each investor's capital account (with respect to the Onshore Fund) or share value (with respect to the Offshore Fund), measured as of the open of business on the first business day of each calendar quarter.</p> <p>b) An annual performance allocation (with respect to the Onshore Fund) or performance fee (with respect to the Offshore Fund) equal to twenty percent (20%) of (i) the overall appreciation credited to each investor's capital account (with respect to the Onshore Fund) or shares (with respect to the Offshore Fund) during the calendar year less (ii) any management fees charged to such investor's capital account (with respect to the Onshore Fund) or shares (with respect to the Offshore Fund) during the calendar year. The performance allocation and performance fee are subject to the 'high water mark' whereby previous calendar year losses must be recouped before further performance allocations or performance fees are earned. Performance allocation and performance fees are payable at the end of each calendar year, or, with respect to an investor making a capital withdrawal, on the withdrawal date.</p> <p>Fee Schedule*: Managed Accounts: BAM charges its managed accounts (a) quarterly management fees in advance of up to 0.5% of the net asset values of such accounts and (b) annual performance fees of up to twenty five percent (25%) of (i) the overall appreciation of such accounts during the calendar year less (ii) any management fees charged to such accounts during the calendar year. These performance fees are generally subject to the 'high water mark' whereby previous calendar year losses must be recouped before further performance fees are earned. Performance fees are payable at the end of each calendar year, or, with respect to an investor making a capital withdrawal, on the withdrawal date.</p> <p>* Note: Fees are negotiable on a case by case basis.</p> <p>Withdrawals: Generally, subject to a one year lock-up period, investors have the right, upon forty-five (45) days' prior written notice, to make partial or total withdrawals from their capital accounts or share holdings as of the first business day of each calendar quarter, or at such other time as BAM determines in its sole discretion.</p> <p><u>EDUCATION & BUSINESS STANDARDS.</u></p> <p>In general, BAM requires a college education and two years of business or investment experience for those involved in making investment recommendations.</p>	
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Part II

Schedule F of
Form ADV

Continuation Sheet for Form ADV Part II

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EDUCATION & BUSINESS BACKGROUND

Douglas B. Lowey. Founder, Senior Managing Member and Portfolio Manager of BAM. Born 1966. BA degree in Political Science from Duke University in 1988. Mr. Lowey is also the President, founder, and managing member of Brownstone Investment Group, LLC ("BIG"), a broker dealer that specializes in wholesaling corporate debt to regional broker dealers. BIG was formed in 1998. Prior to BIG, Mr. Lowey was an Associate Director and trader in the Leveraged Finance Department of Bear Stearns & Co. (1994-1998). At Bear Stearns, he created, implemented and managed the firm's high yield dealer sales and trading group.

Oren Cohen. Founder, Managing Member and Portfolio Manager of BAM. Born 1959. M.B.A. in finance from the Wharton School in 1987 and a B.A. in economics from Columbia University in 1981. Prior to joining the Applicant, Mr. Cohen was a Principal at Trilogy Capital, LLC, a hedge fund located in Greenwich, Connecticut, focused on inter-capital arbitrage and value investing, primarily in the high yield and distressed markets (2002-2004). Formerly, he was a Managing Director at Merrill Lynch, overseeing the high yield media & telecommunications research effort (2000-2002). Prior to this, Mr. Cohen was head of the global high yield media & telecommunications research group at Bear Stearns & Company, Inc. and was a Senior Managing Director (1995-2000).

David Zornitsky. Chief Financial Officer and Chief Compliance Officer of BAM. Born 1964. M.B.A. in finance from the Stern School of Business, New York University in 1997 and a B.S. in Accounting from the State University of New York at Albany in 1986. Prior to joining the Applicant, Mr. Zornitsky was a Vice President in the Asset Management and Private Client Services units of The Bank of New York, located in New York, N.Y. (2000 – 2007). Formerly, he was a Vice President at Deutsche Bank overseeing the finance and operations functions in various business units, including Retirement Services, Asset Management and Private Banking (1989–1999) Prior to this he was a Senior Auditor at KPMG Peat Marwick & Main (1986 – 1989).

8C(1)

OTHER INDUSTRY AFFILIATIONS

Broker-Dealer: Douglas Lowey, the senior managing member of BAM, is also the President, founder, and managing member of Brownstone Investment Group, LLC ("BIG"), a broker dealer that specializes in wholesaling corporate debt to regional broker dealers. BAM will not use BIG's brokerage capabilities to effect any transactions in BAM's investment portfolios. BAM shares physical office space with BIG and may share certain infrastructure resources, including office equipment and back office personnel. See response to 9E below.

9E

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

Brownstone Investment Group, LLC ("BIG") is a New York NASD registered broker dealer whose primary activity is wholesaling corporate bond odd-lots to hundreds of regional broker dealers around the United States. Due to the nature of the relatively small retail driven sizes of an average BIG transaction, BIG carries several hundred different line item positions at any one time. These positions are all of varying sizes, but, on average, amount to about \$50,000 face or less. BIG is privately held and is majority owned and controlled by Douglas B. Lowey. BAM portfolios, on the other hand, carry an average bond position of about \$2,000,000 face amount. BIG and BAM may execute non-related transactions in the same security from time to time and may both carry the same positions or have offsetting positions. For example, BIG may purchase securities after BAM sells the same securities on behalf of its portfolios, thereby taking advantage of market fluctuations which may have been caused by BAM's sale. As such, BAM's clients and BIG may not have the same results with respect to the same underlying securities. In light of the foregoing, there may be situations where BAM's trading is influenced by possible trading at BIG. However, all trades executed in the accounts managed by BAM must meet a consensus approval by the two founding principals of BAM, Oren Cohen and Douglas Lowey. Oren Cohen has no economic interest in BIG.

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9E Cont'd

Summary Code of Ethics

We have adopted a Code of Ethics pursuant to Rule 204A-1 of the Advisers Act to prevent violations of federal securities laws. BAM expects all employees to act with honesty, integrity and professionalism and to adhere to federal securities laws.

All officers, directors, partners and employees of BAM and any other person who provides advice on behalf of BAM and is subject to BAM's control and supervision (collectively referred to as "Supervised Persons") are required to adhere to the Code of Ethics.

I. Standards of Business Conduct

A. General

Pursuant to Section 206 of the Advisers Act, it is unlawful for BAM and its employees:

- to employ any device, scheme, or artifice to defraud a client or prospective client;
- to engage in any transaction, practice, or course of business which defrauds or deceives a client or prospective client;
- knowingly to sell any security to or purchase any security from a client when acting as principal for his or her own account, or knowingly to effect a purchase or sale of a security for a client's account when also acting as broker for the person on the other side of the transaction, without disclosing to the client in writing before the completion of the transaction the capacity in which the adviser is acting and obtaining the client's consent to the transaction; and
- to engage in fraudulent, deceptive or manipulative practices.

B. Duties Toward BAM

Supervised Persons must give prior notice of, and under certain circumstances receive approval for, any outside activity in which they wish to engage. This includes outside business interests, private securities transactions, and maintenance of personal brokerage accounts.

C. Grants and Gifts

As a general rule, Supervised Persons are prohibited from accepting any gift. However, gifts of strictly nominal value are allowed. This includes normal and customary business entertainment (e.g., business meals and entertainment where the person providing the entertainment is present) that is not "lavish," the cost of which would be paid for by BAM as a reasonable expense if not paid by the client.

II. Prevention of Insider Trading

We have adopted policies designed to prevent insider trading that is more fully described in the Code of Ethics. BAM's policy on insider trading applies to securities trading and information handling by all Supervised Persons of BAM (including spouses, minor children and adult members of their households and any other relative of a BAM Supervised Person on whose behalf BAM Supervised Person is acting) for their own account or the account of any client of BAM.

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2006**9E Cont'd**

BAM takes its obligation to detect and prevent insider trading with the utmost seriousness. BAM may impose penalties for breaches of the policies and procedures contained in this manual, even in the absence of any indication of insider trading. Depending on the nature of the breach, penalties may include a letter of censure, profit "give ups", fines, referrals to regulatory and self-regulatory bodies and dismissal.

III. Personal Securities Transactions**A. Periodic Reports**

As more fully described in BAM's Code of Ethics, all employees are required to submit reports detailing their personal securities holdings to the Chief Compliance Officer ("CCO") on an initial basis, a quarterly basis and an annual basis.

As an alternative to submitting quarterly transaction reports, BAM requires its employees to submit brokerage statements or trade confirmations as long as such documents contain the information required under Rule 204A-1(b)(2)(i)(A)-(E) under the Advisers Act.

B. Initial Public Offerings and Limited Public Offerings

Employees must obtain prior written approval from the CCO before investing in initial public offerings ("IPOs") or limited offerings (i.e., private placements).

In the event the CCO wishes to purchase IPOs or the securities of a private placement for his own employee account, the CCO must obtain prior written approval from the Senior Management Designee.

C. Review of Personal Securities Reports

The CCO (or its designee) is responsible for reviewing the employees' Quarterly Transaction Reports (or brokerage statements and trade confirmations) as well as the Initial Holdings Report and the Annual Holdings Report as part of the BAM's duty to maintain and enforce its Code of Ethics.

In instances when the CCO has engaged in personal securities transaction, the Senior Management Designee shall review the CCO's brokerage statements and trade confirmations.

IV. Outside Business Activities and Private Investments of Employees

All employees are required to devote their full time and efforts to BAM's business, unless provided with a clear exception by BAM senior management. As such, no person may make use of either his or her position as an employee or information acquired during employment, or make personal investments in a manner that may create a conflict, or the appearance of a conflict, between the employee's personal interests and BAM's interests. Accordingly, every employee is required to complete a disclosure form and have the form approved by BAM's CCO prior to serving in any of the capacities or making any of the investments more fully described in BAM's Code of Ethics.

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2006**9E Cont'd****V. Reporting Violations**

All Supervised Persons (any officer, director, partner and employee of BAM) are required to report actual or known violations or suspected violations of BAM's Code of Ethics promptly to the CCO.

Any report of a violation or suspected violation of the Code of Ethics will be treated as confidential to the extent permitted by law. Any report of a violation or suspected violation may be submitted anonymously.

As part of BAMs obligations to conduct an annual review of all of its policies and procedures pursuant to Rule 206(4)-7 of the Advisers Act, the CCO shall review on an annual basis the adequacy of the Code of Ethics and the effectiveness of its implementation.

VI. Recordkeeping

BAM maintains the following:

- Copies of the Code of Ethics;
- Records of violations of the Code of Ethics and actions taken as a result of the violations;
- Copies of the Firm's supervised persons' written acknowledgement of receipt of the Code of Ethics.
- Records of the employees' personal trading – Initial Holdings Reports, Annual Holdings Reports, and Quarterly Transaction Reports, including any information provided under Rule 204A-1(b)(3)(iii) in lieu of such reports, i.e., brokerage confirmations and transaction reports;
- A record of the names of BAM's "Access Persons";
- Records of decisions, and the reasons supporting the decision to approve an employee's acquisition of securities in initial public offerings or limited offerings; and
- Records of decisions, and the reasons supporting the decision to approve the CCO's acquisition of securities in initial public offerings or limited offerings.

VII. Acknowledgment of the Code of Ethics

Each employee will execute a written statement certifying that the employee has (i) received a copy of BAM's Code of Ethics; (ii) read and understands the importance of strict adherence to such policies and procedures; and (iii) agreed to comply with the Code of Ethics.

VIII. Training and Education

All Supervised Persons, i.e., all employees, are to receive training on complying with the Code of Ethics on an annual basis as part of BAM's annual employee compliance review meeting to ensure that all employees fully understand their duties and obligations and how to comply with the Policy's procedures.

IX. Copies of BAM's Code of Ethics

A copy of BAM's Code of Ethics is available upon request. For a copy please contact BAM.

CONDITIONS FOR MANAGING ACCOUNTS

Services Provided: BAM has imposed a minimum initial investment requirement of US\$1,000,000, subject to the sole discretion of BAM to accept a smaller amount as an initial investment.

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**12A (1) (2) (3) and
(4)**

INVESTMENT OR BROKERAGE DISCRETION

Limitations on authority: None.

Broker or Dealer to be used and commission rates paid: BAM will not use BIG, an affiliate of BAM, to effect any transactions for client accounts. BAM selects the broker to be used on the basis of obtaining the best overall terms available. In negotiating commission rates with such other brokers-dealers, BAM will take into account the financial stability and reputation of brokerage firms, and the brokerage and research services provided by such brokers, although BAM may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research services provided. Portfolio transactions for the accounts managed by BAM will be allocated to such other brokers on the basis of favorable execution and in consideration of such brokers' provision of, or payment of the costs of, property or services (such as special execution and block positioning capabilities, research ideas, investment strategies) which are of benefit to the accounts managed by BAM. Accordingly, BAM may be deemed to be paying for research and other services with "soft" or commission dollars.

In addition, BAM is authorized to direct commissions to certain brokers in consideration of such brokers' provision of, or payment of the cost of, certain services that are of benefit to the accounts managed by BAM. Accordingly, if BAM determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research or investment management-related services provided by such broker, BAM may pay commissions to such broker in an amount greater than the amount another broker might charge.

Research or investment management-related services provided by brokers through which portfolio transactions for BAM are executed, settled and cleared may include research reports on particular industries and companies, economic surveys and analyses, and recommendations as to specific securities, that provide lawful and appropriate assistance to BAM in the performance of its investment decision-making responsibilities on behalf of the accounts managed by BAM (collectively, "soft dollar items").

Soft dollar items may be provided directly by brokers. Soft dollar items may arise from over-the-counter principal transactions, as well as exchange traded agency transactions. Brokers sometimes suggest a level of business they would like to receive in return for the various services that they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and sometimes does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above. A broker is not excluded from executing transactions for BAM because it has not been identified as providing soft dollar items.

In certain circumstances, an investment opportunity may be suitable for more than one fund and/or managed account managed by BAM (i.e., based on investment objectives, portfolio balance and weighting, whether BAM believes the allocation would have a meaningful effect on a given client). As the Onshore Fund and the Offshore Fund invest their assets in the Master Fund for management at that level, all investments made by the Master Fund are automatically allocated to the Onshore Fund and the Offshore Fund on a pro-rata basis based on each such Fund's ownership percentage of the Master Fund. BAM may determine that a given client may not receive an allocation of a purchase and/or sale opportunity even if such opportunity is suitable for such client for a variety of reasons, including, without limitation, the determination that the amount of an opportunity that would otherwise be allocated to such client would not result in a meaningful impact on the performance of such client.

BAM believes that aggregation of transactions should, on average, reduce the costs of execution and enable BAM to obtain more competitive order completion to the clients' benefit, and accordingly, BAM has adopted guidelines and policies in connection with the aggregation of orders on behalf of its clients' accounts. Pursuant to such guidelines and policies:

FORM ADV Uniform Application for Investment Adviser Registration

Part II

Schedule F of Form ADV

Continuation Sheet for Form ADV Part II

Applicant: Brownstone Asset Management, L.P.	SEC File Number: 801-65521	Date: January 26, 2006
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- (1) BAM may aggregate transactions if it believes such aggregation is consistent with its duty to seek best execution (which shall include best price) for its clients and is consistent with the terms of BAM's investment advisory agreements;
- (2) BAM may aggregate a client's order if, in a particular instance, it believes that aggregations would cause the client's costs of execution to be decreased;
- (3) No account will be favored over any other account and each account that participates in the aggregated orders will participate at the average price acquired for all transactions of BAM on a given business day;
- (4) BAM will prepare, at the beginning of each month, a written statement (the "Allocation Statement") as to how all aggregated orders will be allocated among participating accounts for such month;
- (5) If the aggregated order is filled in its entirety, it shall be allocated in accordance with the Allocation Statement; if the order is partially filled, it shall be allocated pro rata based on the Allocation Statement;
- (6) Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if the participating accounts whose orders are allocated receive fair and equitable treatment and the reason for such different allocation is explained in writing and is approved in writing by BAM's Senior Management no later than one hour after the opening of markets on the trading day following the day on which the order is executed;
- (7) If an aggregated order is partially filled and allocated on a basis different from that specified in the Allocation Statement, no account that is benefited by such different allocation may effect any purchase or sale, for a reasonable period following the execution of the aggregated order, that would result in it receiving or selling more securities than the amount of securities it would have received or sold had the aggregated order been completely filled;
- (8) BAM's books and records will separately reflect, for the accounts whose orders are aggregated, the securities held by and bought and sold for each account;
- (9) Funds of the participating accounts whose orders are aggregated will be deposited with one or more banks or broker/dealers, and any cash attributable to the accounts will not be held collectively for the respective owners any longer than is commercially necessary to settle the purchase or sale in question on a delivery versus payment basis;
- (10) BAM will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation procedure; and
- (11) Individual investment advice and treatment will be accorded to each account.

The guidelines and policies herein are adopted to comply with Section 206 of the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder, and policies shall be interpreted and construed in a manner consistent therewith.

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ADDITIONAL COMPENSATION

In February 2005, the Applicant contracted with a third-party marketer, Princeton International Management (Corp.) Princeton, to provide marketing services, including solicitation of clients. Princeton will receive compensation for monies raised for certain of BAM's client accounts. This agreement terminated on December 31, 2006.

In December 2006, the Applicant contracted with Hapoalim Securities USA, Inc. to act as a placement agent of investment management programs for the Applicant.