

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

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Name of Investment Adviser:

Gil Morales & Company LLC

Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone Number:
1925 Century Park East, Suite 1050	Los Angeles	CA	90067	(310)	556-9999	

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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(Schedules A, B, C, D, and E are included with Part 1 of this Form, for the use of regulatory bodies, and are not distributed to clients.)

**Potential persons who are to respond to the collection of information contained in this form
are not required to respond unless the form displays a currently valid OMB control number.**

Form ADV
Part II – Page 2

Applicant:
Gil Morales & Company LLC

SEC File Number:

Date:
4/5/07

Definitions for Part II

Related person - Any officer, director or partner of application or any person directly or indirectly controlling, controlled by, or under common control with the application, including any non-clerical, non-ministerial employee.

Investment Supervisory Services - Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

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.)

- B. Does Applicant call any of the services it checked above financial planning or some similar term? Yes ☐ No ☒

- 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, described 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
 - application'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. **Type 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 | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

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 | 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 | |
| | J. Futures contracts on: |
| <input checked="" type="checkbox"/> C. Corporate debt securities
(other than commercial paper) | <input type="checkbox"/> (1) tangibles |
| | <input type="checkbox"/> (2) intangibles |
| <input checked="" type="checkbox"/> D. Commercial paper | K. Interests in partnerships investing in: |
| | <input type="checkbox"/> (1) real estate |
| <input checked="" type="checkbox"/> E. Certificates of deposit | <input type="checkbox"/> (2) oil and gas interests |
| | <input type="checkbox"/> (3) other (explain on Schedule F) |
| <input type="checkbox"/> F. Municipal securities | <input type="checkbox"/> L. Other (explain on Schedule F) |
| G. Investment company securities: | |
| <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 checked="" type="checkbox"/> Charting | (4) <input checked="" 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 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) | |
| (4) <input checked="" type="checkbox"/> Short sales | (7) <input type="checkbox"/> Other (explain on Schedule F) |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

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Part II - Page 4

Applicant:
Gil Morales & Company LLC

SEC File Number:

Date:
4/5/07

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 spend 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 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.)

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant:
Gil Morales & Company LLC

SEC File Number:

Date:
4/5/07

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.

All accounts are generally reviewed daily by Gil Morales, Chairman of Gil Morales & Company LLC ("GMC"). Account reviews focus on each account's strategy and evaluate all securities using fundamental, technical and quantitative analysis.

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

GMC will also provide investors in its private investment funds with quarterly statements and an annual report, containing financial statements as of the end of each fiscal year and other information.

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

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Applicant:
Gil Morales & Company LLC

SEC File Number:

Date:
4/5/07

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? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used?..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid?..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients?..... Yes ☒ No ☐

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 <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

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

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year or 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 <input type="checkbox"/>	No <input checked="" type="checkbox"/>
--	------------------------------	--

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
Gil Morales & Company LLC		7/5/07

(Do not use this Schedule as a continuation sheet 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: Gil Morales & Company LLC	IRS Empl. Ident. No.:
Item of Form (identify)	Answer	
Item 1.D.	<p><u>SERVICES AND FEES</u></p> <p>Gil Morales & Company LLC ("GMC") may provide investment supervisory services to primarily two types of clients: (1) individually managed accounts for individuals and institutional clients and (2) private investment funds.</p> <p style="text-align: center;">I. Individually Managed Accounts</p> <p><u>General</u></p> <p>GMC may in the future provide discretionary investment advice and management to individually managed accounts. In that regard, GMC intends to hold a limited power of attorney to act on a discretionary basis with client funds. A client's needs will be determined through an extensive interview which will be conducted either in person or over the telephone. GMC will not maintain possession or custody of the funds or securities of any client. Client funds will typically be deposited in either a brokerage firm or bank custodian account. With client consent, GMC may cause fees to be paid out of individually managed accounts by the client's custodian. When it does so, the client will receive an invoice showing the amount of the fees, the value of the assets on which they are based, and the computation concurrently with billing the custodian.</p> <p><u>Fees – General</u></p> <p>Portfolio compensation will be determined based on each client's needs and any applicable portfolio restrictions. A client's needs will be determined through an interview which will be conducted either in person or over the telephone. A minimum of \$500,000 of assets under management will be required for services, subject to waiver by GMC in its sole and absolute discretion.</p> <p><i>Asset-Based Fees</i></p> <p>The annual fee for discretionary investment supervisory services for individually managed accounts will generally range from 1% to 2% of assets under management.</p> <p><i>Performance-Based Fees</i></p> <p>GMC will also offer certain qualified clients a performance-based fee schedule. In order to be eligible for this type of fee schedule, a client must either demonstrate a net worth of \$1.5 million or at least \$750,000 under management with GMC. The performance-based fee is generally 20% of the profits (including realized and unrealized gains and losses) but is negotiable in the sole and absolute discretion of GMC.</p> <p>The performance-based fee may create an incentive for GMC to recommend investments which may be riskier or more speculative than would be the case in the absence of the arrangement and, in certain circumstances, GMC may receive increased fees as a result of unrealized appreciation as well as unrealized gains in managed accounts. For those clients whose investments under management will include securities for which market quotations are not available, GMC will value those investments fairly and in good faith. Under certain circumstances, such as for ERISA clients, an independent person may be engaged to value such investments.</p> <p>The asset-based fees will typically be billed quarterly in advance and the performance-based fees will typically be billed quarterly in arrears.</p>	

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
Gil Morales & Company LLC		7/5/07

(Do not use this Schedule as a continuation sheet 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: Gil Morales & Company LLC	IRS Empl. Ident. No.:
Item of Form (identify)	Answer	
Item 1.D. (continued)	<p><i>Fee Comparison</i> Lower fees for comparable services may be available from other sources.</p> <p><u>Proxy Voting</u> Generally, and except to the extent that a client otherwise instructs GMC in writing, GMC will vote (by proxy or otherwise) in all matters for which a shareholder vote is solicited by, or with respect to, issuers of securities beneficially held in the client's account in such manner as GMC deems appropriate.</p> <p><u>Termination</u> An agreement for an individually managed account may be cancelled at any time by either party for any reason, upon receipt of thirty (30) days' written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be due and payable.</p> <p style="text-align: center;">II. Private Investment Funds</p> <p><u>General</u> GMC serves as general partner and discretionary investment adviser to private investment funds (the "Funds"). GMC intends to restrict the number of investors and will offer the interests in the Funds only through non-public transactions in order to maintain the Funds' exclusion from "investment company" status under the Investment Company Act of 1940, as amended (the "Investment Company Act").</p> <p>Subscriptions for Fund interests will generally be accepted only from accredited investors and investors who are eligible to enter into a performance fee arrangement under the Investment Advisers Act of 1940, as amended (the "Advisers Act") or the California Corporate Securities Law of 1968, as the case may be. In addition, investors will be required to make representations concerning their sophistication as investors and ability to bear risk of loss of their entire investment. GMC may waive any admission standard within its sole discretion. The minimum subscription that will generally be accepted for an investment in the Fund is \$500,000. GMC may, in its sole discretion, waive the minimum subscription requirement for any investor. Investors will be admitted on the first business day of each calendar month and at the discretion of GMC, on any other date.</p> <p><u>Investment Objective</u></p> <p>Each Fund's investment objective is to realize superior long-term growth of capital by investing primarily in the publicly-traded common stock of domestic companies which GMC believes present significant opportunities. There can be no assurance, however, that the investment objective of a Fund will be achieved in any particular period or over the life of the Fund.</p> <p>The Funds' constitutional documents (e.g., limited partnership agreements, articles of associations, etc.) impose no limits on the types of securities or other instruments in which the Funds may take positions, the type of positions the Funds may take, the concentration of investments, or the amount of "leverage" the Funds may employ. GMC will have broad discretion to employ a wide variety of investment techniques, even if they involve changes in the investment approach initially anticipated. Proceeds from dispositions of portfolio securities will be reinvested, and the Funds will not ordinarily make distributions to their investors. Investors who are subject to income tax should be</p>	

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
Gil Morales & Company LLC		7/5/07

(Do not use this Schedule as a continuation sheet 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: Gil Morales & Company LLC	IRS Empl. Ident. No.:
Item of Form (identify)	Answer	
Item 1.D. (continued)	<p>aware that an investment in a Fund is likely (if the Fund is successful) to create taxable income or tax liabilities in excess of cash distributions available to pay such liabilities. Accordingly, an investment in a Fund may not be suitable for prospective investors who will be subject to and do not desire such consequences.</p> <p><i>Each Fund's Confidential Private Placement Memorandum (the "Memorandum") contains additional information about the Fund, including a discussion of certain significant risks of investing in the Fund. Qualified persons should read the Memorandum carefully before investing.</i></p> <p><u>Management Fees</u> GMC will receive an annual management fee of 2% of the capital account ("Capital Account") of each Fund investor (the "Management Fee"). The Management Fee will be paid monthly in arrears. GMC, in its discretion, may waive all or a portion of the Management Fee as to an investor, or may agree with an investor to other changes in the Management Fee with respect to such investor.</p> <p><u>Profit Allocation</u> GMC will receive an annual profit allocation equal to 20% of the profits (including realized and unrealized gains and losses) allocated to the Capital Account of each Fund investor (each a "Profit Allocation"). Each Fund will maintain a loss recovery account for each investor ("Contingent Loss Account"). Each investor's Contingent Loss Account will be debited with any net capital depreciation (taking into account the investor's share of the Management Fee) allocated to such investor's Capital Account. GMC will not receive any Profit Allocation with respect to an investor's Capital Account until such investor has recovered all amounts debited to its Contingent Loss Account (as adjusted for withdrawals of capital).</p> <p><u>Expenses</u> All expenses relating to the purchase, sale, trade, custody, transfer, or insurance of Fund assets, expenses relating to the operation of a Fund, and expenses for third-party professional services such as legal, bookkeeping, accounting fees, and travel expenses in connection with investment research and analysis, shall be borne by the Fund and be paid directly from Fund assets.</p> <p><u>Custody</u> Custody of the assets of each Fund will be maintained with one or more banks, brokerage firms and/or other qualified custodians that serve as custodians of the funds and/or securities of the Fund (each a "Custodian"). Each Custodian will be selected by GMC in its exclusive discretion, which selection may change from time to time. GMC will not maintain physical possession of the funds or securities of any private investment fund, including the Funds. To the extent applicable, GMC intends to comply with the requirements of Rule 206(4)-2 under the Advisers Act with respect to custody of its clients' assets including those of the Funds. To the extent applicable and in order to institute and maintain procedures such that GMC will not be deemed to have custody or possession of the funds or securities of the Funds for purposes of the California Corporate Securities Law of 1968, as amended, and consistent with the no-action letter <u>Bennett Management Co., Inc.</u> (publicly available February 26, 1990), each Fund will enter into an agreement ("Disbursement Procedures Agreement") with each Custodian that serves as custodian of the funds and/or securities of the Fund. Pursuant to such Disbursement Procedures Agreement, the Custodian will be restricted from making payments to GMC or its affiliates from any account maintained by the Custodian on behalf of a Fund unless certain requirements are met. GMC will acknowledge in writing and will agree to the terms of each Disbursement Procedures Agreement.</p>	

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
Gil Morales & Company LLC		7/5/07

(Do not use this Schedule as a continuation sheet 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: Gil Morales & Company LLC		IRS Empl. Ident. No.:
Item of Form (identify)	Answer	
Item 1.D. (continued)	<p><u>Termination</u></p> <p>Investors in the Funds may be limited in their ability to terminate their participation in the Funds. Such limits are set out in the Memorandum or other offering documents of each Fund, which should be read carefully. Upon termination of any account, any prepaid, unearned fees will be promptly refunded and any unearned, unpaid fees will be due and payable.</p> <p>On at least thirty (30) or sixty (60) days' advance notice to GMC, as the case may be (depending on the Fund in question), an investor in a Fund may withdraw all or part of its Capital Account as of the last day of any calendar quarter. Following the receipt by GMC of the timely notice of withdrawal as required herein, the relevant Fund shall pay to the withdrawing investor, within thirty (30) days after the effective date of the withdrawal, the amount requested to be withdrawn, subject to the provisions of the Fund's constitutional document. The value of the withdrawing investor's Capital Account will be determined as of the close of business of the securities markets in New York, New York on the last business day of the calendar month of the withdrawal date. The Fund may settle withdrawals in the discretion of GMC through in-kind distributions of portfolio securities, the fair market value of which would satisfy the amount required to be paid to the withdrawing investor.</p> <p>No partial withdrawal may reduce an investor's Capital Account balance to less than \$500,000 or, if less, the sum of the investor's capital contributions. GMC, in its sole and exclusive discretion, may make exceptions to one or more of these procedures. The Profit Allocation will be made as of the effective date of the withdrawal with respect to an amount so withdrawn.</p> <p>If requested withdrawals for a calendar quarter exceed 20 % or 25%, as the case may be (depending on the Fund in question), of the relevant Fund's net asset value as of the end of that quarter (in either case, the "Gate"), then GMC may, in its sole and absolute discretion, suspend such withdrawals that exceed the Gate, and each investor that requested a withdrawal for that quarter will receive a pro rata portion of its requested withdrawal. Suspended withdrawals will be effected in subsequent calendar quarters prior to any other withdrawals being effected; provided that a new Gate will be calculated, and may be applied, for each subsequent calendar quarter.</p> <p>The right of any investor to receive amounts withdrawn is subject to the provision by GMC for the payment and discharge when due of all Fund liabilities and the establishment of such reserves for contingencies as GMC may determine in its discretion. Withdrawals will be subject to income tax withholding if and to the extent required by applicable law.</p> <p>An interest in a Fund is subject to a number of restrictions on transfer, including the consent of GMC in its sole discretion.</p> <p>GMC may, at any time and in its exclusive discretion, without prior notice or upon five (5) days' notice, as the case may be (depending on the Fund in question) expel any investor from a Fund, with or without cause. GMC will notify such investor specifying the effective date of such expulsion. In the event of such expulsion, the expelled investor will be deemed to have withdrawn from such Fund effective as of the date fixed by GMC.</p> <p><u>Fee Comparison</u></p> <p>The expenses of each Fund, including the Profit Allocation and Management Fees may constitute a higher percentage of average net assets than would be found in other investment vehicles. The Profit Allocation may also create an incentive for GMC to cause a Fund to make investments that are riskier than it would otherwise make. In addition, since the Profit Allocation is calculated on a</p>	

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

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Gil Morales & Company LLC		7/5/07

(Do not use this Schedule as a continuation sheet 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: Gil Morales & Company LLC		IRS Empl. Ident. No.:
Item of Form (identify)	Answer	
	basis which includes unrealized appreciation of a Fund's assets, it may be greater than if such allocation were based solely on realized gains.	
Item 2.G.	GMC intends to organize and serve as managing member, general partner, and/or investment adviser to private investment funds, including the Funds.	
Item 5	Those involved in determining or giving investment advice to clients should have a specialized business, financial, analytical, or technical skill, or a successful track record of managing portfolios. College or graduate degrees are preferred but not required. In addition, each associated person of GMC must meet all examination or experience requirements of the states in which the person provides advisory services.	
Item 6	<p>Name: Gilbert J. Morales Year of birth: 1959 Education: B.A., Economics, Stanford University, 1981 Background: Chairman, Gil Morales & Company LLC (3/07 – present) Chief Marketing Strategist, Sierra Capital Investors, Inc. (12/05 – 5/07) Vice President, Chief Market Strategist, Manager of the Institutional Services Group, and senior internal Portfolio Manager, William O'Neil + Company, Inc. (11/97 – 11/05) Senior Vice President, Investments, PaineWebber, Inc. (8/94 – 11/97) Financial Consultant, Merrill Lynch, Inc. (6/91 – 8/94) Co-author of "How to Make Money Selling Stocks Short," by William J. O'Neil with Gil Morales (2004 by John Wiley and Sons, Inc.)</p> <p>Name: Kevin N. Marder Year of birth: 1956 Education: California Polytechnic State University, San Luis Obispo San Luis Obispo, California B.S., Business Administration (1974 - 1978) University of Southern California Los Angeles, California M.B.A., Finance & Investments (1987 – 1989) Background: Chief Operating Officer & CCO, Gil Morales & Company, LLC Los Angeles, California (5/07 – present) President, Marder Investment Advisors Corp. Los Angeles, California (12/94 – present) Chief Market Strategist, Ladenburg Thalmann Los Angeles, California (3/02 – 06/05) Editor-in-Chief, TradingMarkets.com Los Angeles, California (11/99 – 10/00) Markets Editor, CBS MarketWatch.com Los Angeles, California (1/98 – 11/99) Research Analyst, Capital Management Sciences Los Angeles, California (1/90 – 11/94)</p>	

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
Gil Morales & Company LLC		7/5/07

(Do not use this Schedule as a continuation sheet 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: Gil Morales & Company LLC	IRS Empl. Ident. No.:
Item of Form (identify)	Answer	
Items 8.D., 9.D.	GMC serves as the general partner and/or investment adviser to the Funds and may in the future serve as managing member, general partner and/or investment adviser to other private investment funds. With respect to private investment funds where GMC will serve as managing member, general partner and/or investment adviser, GMC may make investments in those funds available to qualified clients whose investment strategies are consistent with those of the private investment funds. GMC does not intend to advise clients as to the appropriateness of investing in private investment funds for which GMC is the managing member, general partner, and/or investment adviser and GMC will not receive any compensation for doing so, or for selling interests in such private investment funds. However, because of GMC's relationship to such private investment funds, should someone who is otherwise a client invest, GMC could be considered to have recommended that investment.	
Item 9.E.	GMC recognizes that the personal investment transactions of members and employees of GMC demand the application of a high code of ethics and will require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, GMC believes that if investment goals are similar for clients and for members and employees of GMC, it is logical that there be a common ownership of some securities. Therefore, in order to address conflicts of interest, GMC will adopt a set of procedures with respect to transactions effected by its officers and employees (hereafter, "Employees") for their "personal accounts." In order to monitor compliance with its personal trading policy, GMC will adopt a quarterly securities transaction reporting system for all of its Employees. (For purposes of the policy, an Employee's "personal account" generally includes any account (a) in the name of the Employee, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which the Employee is a trustee or executor, or (c) which the Employee controls, including GMC's client accounts which the Employee controls and in which the Employee or a member of his/her household has a direct or indirect beneficial interest. From time to time, trading by GMC and its Employees (and certain of their relatives) in particular securities may be restricted in recognition of impending investment decisions on behalf of clients. If transaction orders for a client and GMC (and/or its Employees and certain of their relatives) are not aggregated (see discussion under Items 12 and 13), the transaction orders for GMC (and/or its Employees and relatives) will be the last orders filled. GMC and its Employees may purchase or sell specific securities for their own account based on personal investment considerations without regard to whether the purchase or sale of such securities is appropriate for clients. An Employee must adhere to certain procedures when buying or selling a security for a personal account. These procedures include, among other things: (i) the Employee must confirm that he or she is not in receipt of inside information; (ii) the Employee must seek approval from the compliance officer for all trades of securities made for a personal account; and (iii) the Employee must execute all approved trades on the day the approval for such trade is given. If the trade is not executed on such day, the Employee must seek new approval.	
Item 10	GMC generally requires a minimum of \$500,000 of assets under management for an individual account. GMC may waive this minimum in its discretion. GMC generally requires a minimum of \$500,000 for investors in private investment funds, such as the Funds, and, in order to invest in a private investment fund, those investors generally must be accredited investors under Regulation D and a qualified client to participate in a performance fee	

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Items 12 & 13	<p>arrangement under the Advisers Act, by having a net worth of at least \$1,500,000 or invest at least \$750,000 in the private investment fund. GMC generally requires such investors to make representations concerning their sophistication as investors and their ability to bear the risk of loss of their entire investment under GMC's management. These minimums may be waived by GMC in its discretion. GMC, in its sole and absolute discretion, may admit a limited number of investors who do not satisfy these standards.</p> <p>GMC will have discretionary authority to make the following determinations without obtaining the consent of the client before the transactions are effected:</p> <ul style="list-style-type: none"> • which securities are to be bought or sold; • the total amount of the securities to be bought or sold; • through which brokers securities are to be bought or sold; and • the commission rates at which securities transactions for client accounts are effected. <p>GMC's authority may be subject to conditions imposed by the client, examples of which may include: 1) where the client restricts or prohibits transactions in securities of a specific industry, and/or 2) the client directs that transactions be effected through specific brokers and dealers. The latter restriction may be conditioned by the client on the broker or dealer being competitive as to price and execution for each transaction, or offering a specified level of commission discount or may be subject to varying degrees of restrictions such as an instruction to utilize the broker or dealer: a) whether or not competitive, and b) where the specified levels of commission discounts are less favorable than might otherwise be obtained by the firm.</p> <p>Execution Quality GMC will generally seek "best execution" in light of the circumstances involved in transactions for client accounts. In selecting a broker for any transaction, GMC may consider a number of factors, including, for example, net price, reputation, financial strength and stability, efficiency of execution and error resolution, the size of the transaction and the market for the security. GMC will not obligate itself to obtain the lowest commission or best net price for an account on any particular transactions.</p> <p>Soft Dollars In addition to execution quality, GMC may consider the value of various products and services a broker-dealer may provide. Selecting a broker-dealer in recognition of services or products other than simply transaction execution is known as paying for those services and products with "soft dollars." Because many of those services could be considered to provide some benefit to GMC and because the "soft dollars" used to acquire them will be assets of GMC's clients, GMC could be considered to have a conflict of interest in allocating client brokerage business. In other words, GMC could receive valuable benefits by selecting a particular broker or dealer to execute client transactions and the transaction commission charged by that broker or dealer might not be the lowest commission GMC might otherwise be able to negotiate. In addition, GMC could also have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage commissions with which to acquire products and services.</p> <p>"Research" products and services provided to GMC may include the following: financial database software and services; computerized news, pricing and order-entry services; quotation equipment; and other products or services that may enhance GMC's investment decision making responsibilities.</p>	

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Items 12 & 13 (continued)	<p>GMC will make decisions involving “soft dollars” in a manner that satisfies the requirements of the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). That is, GMC will generally determine, considering all appropriate factors (including those described here), that the commissions paid are reasonable in relation to the value of all the brokerage and research products and services provided by the broker-dealer. In making that determination, GMC may consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services in GMC’s performance of its overall investment responsibilities to all of its clients. In some cases, the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge. Additionally, in some cases, a client’s transaction may be executed by a broker in recognition of brokerage or research services or products that are not used in managing that client’s account.</p> <p>When a broker-dealer provides research or other products or services in expectation of brokerage business, it generally suggests the level of business it would like to receive as compensation. In making its brokerage selections, GMC considers those suggestions as part of its evaluation of the factors described above. Actual transactional business received by a particular broker or dealer during any period may be less than the suggested level, but may exceed that level. This may be in part because the total brokerage business generated by clients may exceed the aggregate amounts requested by all brokers and dealers from which GMC receives services and products, and in part because the brokers and dealers that provide such services and products may also provide superior execution and may therefore be the most appropriate broker-dealers for particular transactions regardless of whether or not they provided such services or products. In other cases, a broker or dealer may establish “credits” based on brokerage commissions paid in the past, which may be used to pay, or reimburse GMC, for specified expenses. Brokers and dealers will not be excluded from consideration of receiving brokerage business simply because they have not provided “research” or other services or products, although GMC may not be willing to pay the same commission to such broker as GMC might have been willing to pay had the broker provided research products and services.</p> <p>GMC monitors transaction results as orders are executed to evaluate the quality of execution provided by the various brokers and dealers it uses, to determine that compensation rates are competitive and otherwise to evaluate the reasonableness of the compensation paid to those brokers and dealers in light of all the factors described above.</p> <p><u>Prime Brokerage</u></p> <p>Each Fund has have a “prime brokerage” arrangement with a broker-dealer (the “Prime Broker”). A substantial amount of the brokerage of the private investment fund clients and of other advisory clients may be effected through the Prime Broker. Through this arrangement, the Prime Broker will provide certain recordkeeping services and perform the following functions, among others: (1) arrange for the receipt and delivery of securities bought, sold, borrowed, and lent; (2) make and receive payments for securities; (3) maintain custody of cash and securities; (4) deliver cash to the Fund’s bank accounts; and (5) tender securities in connection with tender offers, exchange offers, mergers, or other corporate reorganization. GMC may also cause each Fund and other advisory clients to pay for custodial and related services either in cash or by allocating a portion of their securities transactions to the Prime Broker.</p>	

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Items 12 & 13 (continued)	<p><u>Aggregation of Orders</u> GMC will perform investment management services for various clients. There will be occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by GMC, some of which accounts may have similar investment objectives, as well as for the accounts of one or more of GMC's officers, directors, shareholders, members or employees. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they will be effected only when GMC believes that to do so will be in the best interest of the affected accounts. When such concurrent authorizations occur, the objective will be to allocate the executions in a manner that is deemed equitable to the accounts involved.</p> <p><u>Brokerage Direction</u> In some instances, because of a prior relationship between a client and one or more brokers, or for other reasons, a client may instruct GMC to execute some or all securities transactions for its account with or through one or more brokers designated by the client. In such cases, the client is responsible for negotiating the terms and conditions (including, but not limited to, commission rates) relating to all services to be provided by such brokers and the client is satisfied with such terms and conditions. GMC will assume no responsibility for obtaining the best prices or any particular commission rates for transactions with or through any such broker for such client's account. The client must recognize that it may not obtain rates as low as it might otherwise obtain if GMC had discretion to select broker/dealers other than those chosen by the client. Any client providing instructions to GMC regarding direction of brokerage transactions must notify GMC in writing if the client desires GMC to cease executing transactions with or through any such broker/dealer.</p> <p><u>Solicitation</u> GMC may in the future employ solicitors to whom it will pay cash or a portion of the advisory fees paid by clients referred to it by those solicitors. In such cases, this practice will be disclosed in writing to the client and GMC will comply with the other applicable requirements under Rule 206(4)-3 under the Advisers Act. In particular, GMC will ensure that associated persons provide clients with a current copy of GMC's written disclosure statement and the solicitor's written disclosure document.</p>	
Privacy Policy	<p>Privacy Policy Maintaining the confidentiality of client personal financial information is very important to GMC. To provide clients with superior service, GMC may collect several types of nonpublic personal information about clients, including:</p> <ul style="list-style-type: none"> • Information from forms that clients may fill out and send to GMC in connection with investment in a Fund (<i>such as name, address, and social security number</i>). • Information a client may give GMC orally. • Information about the amount clients have invested in a Fund (such as initial investment and any additions to and withdrawals from a capital account). • Information about any bank account clients may use for transfers between a bank account and a capital account of a Fund. <p>GMC does not sell or disclose client personal information to anyone except as permitted or required</p>	

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	<p>by law. For example, GMC may share information collected about its clients with GMC's independent auditors in the course of the annual audit of the Funds. GMC may share this information with GMC's legal counsel as it deems appropriate and with regulators. Additionally, a copy of client's tax Form K-1 is included in each Fund's tax return filed with the Internal Revenue Service. Finally, GMC may disclose information about clients at the client's request (for example, by sending duplicate account statements to someone designated by the client), or as otherwise permitted or required by law.</p> <p>Within GMC, access to information about clients is restricted to those employees who need to know the information to service client accounts. GMC employees are trained to follow our procedures to protect client privacy and are instructed to access information about clients only when they have a business reason to obtain it.</p> <p>GMC reserves the right to change its privacy policy in the future, but GMC will not disclose client nonpublic personal information as required or permitted by law without giving the client an opportunity to instruct GMC not to.</p>	
Anti-Money Laundering Policy	<p>Anti-Money Laundering Policy</p> <p>Pursuant to laws, rules, regulations, treaties and other restrictions aimed at preventing money laundering, GMC and the Funds may require detailed verification of an investor's and its owners' identities before they will process a subscription or withdrawal. For example, an individual may be required to produce a certified or notarized copy of a passport or driver's license and evidence of his or her address, such as a utility bill or bank statement, and date of birth. GMC and the Funds may require a corporate investor to produce a certified copy of its certificate or articles of incorporation (and any change of name), certificate of corporate good standing (or the equivalent), and the name, occupation, date of birth and residential and business address of each shareholder, director and officer of the investor. Trusts, partnerships, limited liability companies and other entities that invest in a Fund may be required to provide organizational documents that verify the existence of the entities and the authority of the signatories who sign their subscription agreements, as well as similar information about trustees, beneficiaries, partners, members and managers. GMC and the Funds may request any information that they consider necessary under such laws, rules, regulations, treaties and other restrictions. If an investor fails to produce any requested information or delays in doing so, GMC and the Funds may refuse to accept a subscription or may refuse to allow a withdrawal until they receive complete information.</p>	