

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

OMB APPROVAL	
OMB Number:	3235-0049
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Name of Investment Adviser: Balter Capital Management LLC					
Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone Number:
	15 Broad Street, 7 <sup>th</sup> Floor	Boston	MA	02109	( 617 ) 742-4226

**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 I 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.**

Applicant:

Balter Capital Management, LLC

SEC File Number:

801-67874

Date:

12/2007

**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)

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

**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 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<br>(securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions   |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input checked="" type="checkbox"/> Option writing, including covered options, uncovered options<br>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 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.

Accounts are reviewed on a continuous basis by Bradley Balter, the Portfolio Manager and Jay Warner, the Director of Research, for performance, as well as quarterly (and other periodic) reviews for adherence to risk parameters and sector and industry concentration. Additional reviews may be triggered by changes in economic or market conditions, or by significant withdrawals or additions by limited partners of the Fund managed by the Applicant.

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

Applicant will furnish statement to clients regarding performance of their accounts and the nature of the holdings of the account on a monthly or quarterly basis, as set forth in the Advisory Agreement for each client.

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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? .....	[X]	[ ]
(3) broker or dealer to be used? .....	[ ]	[X]
(4) commission rates paid? .....	[ ]	[X]

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

(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

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

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

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Expires: July 31, 2008

Estimated average burden  
hours per response.....9.402**Schedule F of****Form ADV****Continuation Sheet for Form ADV Part II**

Applicant:

Balter Capital Management, LLC

SEC File Number:

801-67874

Date:

05/2007

(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:

Balter Capital Management, LLC

IRS Empl. Ident. No.

Item of  
Form  
(identify)

Answer

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

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1.D.	<p><b><u>Investment Advisory Services</u></b></p> <p>Balter Capital Management, LLC (the “Applicant”) provides discretionary investment advisory services to investment vehicles organized as domestic or foreign private investment partnerships and/or companies. In providing such services, the Applicant formulates its investment objective, directs and manages the investment and reinvestment of the assets of each investment vehicle and provides reports to investors.</p> <p>The Applicant serves as the investment manager to the BCM Discovery Fund, LP, a Delaware limited partnership (the “Domestic Partnership”) and the BCM Discovery Offshore Fund, Ltd., a Cayman Island exempted company (the “Partnership”).</p> <p>The Applicant also provides non-discretionary investment advisory services to seven (7) managed accounts and discretionary advisory services to five (5) managed accounts (the managed accounts are collectively referred to as the “Managed Accounts.”)</p> <p>The assets of the Fund are invested pursuant to the Fund’s offering documents. The assets of the Managed Accounts are invested pursuant to their investment advisory agreements.</p> <p><b><u>Fee Schedule</u></b></p> <p><b>The Domestic Partnership</b></p> <p>The Applicant receives a fixed management fee equal to 1.5% of the net asset value attributable to the capital account of each limited partner. The fixed fee is calculated monthly as of the first day of each calendar month, and is payable in advance within a reasonable time after the first day of each calendar month. Management fees will be prorated based upon a limited partner’s actual period of ownership of its interest. Management Fees may be reduced or waived at the discretion of the Applicant. The Applicant also receives an annual incentive allocation equal to 10% of the net capital appreciation in excess of a Hurdle Rate (as defined below), allocated to each limited partner’s capital account, payable at the end of the Fund’s fiscal year and subject to high water mark. The Hurdle Rate is the Merrill Lynch 91-Day United States Treasury Bill Index for the same period plus three percent (3%). The incentive allocation is subject to a high water mark.</p> <p><b>The Partnership</b></p> <p>For Class A shares the Applicant receives a fixed management fee equal to 1.5% of the net asset value attributable to the capital account of each partner. The fixed fee is calculated monthly as of the first day of each calendar month, and is payable in advance within a reasonable time after the first day of each calendar month. Management fees will be prorated based upon a partner’s actual period of ownership of its interest. Management fees may be reduced or waived at the discretion of the Applicant. The Applicant does not receive an annual incentive allocation.</p> <p>For Class B shares the Application receives a fixed management fee equal to 1.0% of the net asset value attributable to the capital account of each partner. The fixed fee is calculated monthly as of the first day of each calendar month, and is payable in advance within a reasonable time after the first day of each calendar month. Management fees will be prorated based upon a partner’s actual period of ownership of its interest. Management fees may be reduced or waived at the discretion of the Applicant. The Applicant also receives an annual incentive allocation equal to 10% of the new capital appreciation in excess of a Hurdle Rate (as defined below), allocated to each partner’s capital account, payable at the end of the Fund’s fiscal year and subject to high water mark. The Hurdle Rate is equal to eight percent (8%) multiplied in each case by the Net Asset Value of the Partner Class B shares, as applicable at the beginning of such fiscal year. The</p>
1.D. continued	<p>Rate is non-cumulative and will be applied on a year-to-year basis.</p> <p><b><u>Managed Accounts</u></b></p> <p>The Applicant receives a fixed management fee based on the net asset value of each Account charged quarterly, in arrears.</p> <p><b><u>Fee Negotiations</u></b></p> <p>Fees are negotiable at the option of the Applicant.</p> <p><b><u>Advisory Agreement Termination Provisions</u></b></p> <p>The Applicant’s Advisory Agreements with its respective client(s) are terminable by each client or by the Applicant upon prior notice. The notice provisions for each Advisory Agreement may vary. Upon termination, the respective client shall be liable for all compensation that has been earned by the Applicant but has not yet been paid.</p>



2.G.	<p>The Applicant serves as general partner to three limited partnerships, three IRAs, one limited liability company, one corporation, three individual brokerage accounts, one foundation and two trusts as described in Item 1.D. The Applicant may also in the future provide investment advisory services to other partnerships, limited liability companies, limited duration companies, managed accounts and similar entities. Other than meeting necessary suitability standards, there is no limitation on the type of client that the Applicant may accept as an investor in a Fund and/or separately as managed account clients.</p> <p>The investment strategy underlying the Fund is not an appropriate strategy for all investors. Prospective investors are cautioned of the risks involved in investing in this strategy. Among other risks, investors must be prepared to lose all or substantially all of their investment.</p>
3.K.(3)	<p>The Fund and the Managed Accounts invest in limited partnerships (or similar structures) that utilize a variety of investment strategies. The Fund may also invest opportunistically in seeding arrangements with a select number of emerging investment managers and/or in their funds.</p>
5.	<p>Individuals involved in portfolio management must have sufficient professional experience and education to make them adept practitioners in their particular area of responsibility as determined by the Applicant's portfolio manager, Bradley Balter. The Applicant requires that persons involved in determining or giving investment advice to clients have graduate degrees in business, are chartered financial analysts, or have an equivalent level of investment management experience.</p>
6.	<p><b><u>Education and Business Background</u></b></p> <p><b>Name:</b> Bradley R. Balter  <b>Title:</b> Portfolio Manager, Managing Member  <b>Born:</b> 1970  <b>Education:</b> B.A. Williams College and Chartered Financial Analyst.  <b>Description:</b> Since March, 2007, Bradley has served as the chief portfolio manager for the Applicant. Prior to this (from May 2006 until March 2007) he served as the chief portfolio manager for the Cue Ball group. In March 2007, Bradley completed a management buyout of the Cue Ball group thereby forming the Applicant. From 2005 through May 2006, Bradley was the Chief Executive Officer of Torque Partners. From 2001-2004, Bradley served as Managing Director for the Institutional Investors Group at Citigroup. Prior to this, Bradley was Senior Vice-President of Private Client Services at Paine Webber (1999-2001).</p> <p><b>Name:</b> Jay Warner  <b>Title:</b> Director of Research  <b>Born:</b> 1975  <b>Education:</b> University of Massachusetts, Amherst, BA and Chartered Financial Analyst  <b>Description:</b> Jay has served as the Director of Research for the Applicant since March, 2007. From May 2006 until March 2007 Jay served as the head analyst for the Cue Ball group. From 2005 through May 2006, Jay was the head analyst for Torque Partners. Prior to this, Jay was a Financial Analyst for the hedge fund coverage team within Citigroup Global Markets (2004-2005). Previous to this, Jay was an Investment Analyst and member of the Investment Committee at The Segalas Group, a New Canaan, CT based hedge fund (2000-2004).</p> <p><b>Name:</b> Victor Chiang  <b>Title:</b> Chief Operating Officer and Chief Compliance Officer  <b>Born:</b> 1972  <b>Education:</b> University of Massachusetts, Amherst, BS  <b>Description:</b> Victor has served as the Chief Operating Officer and Chief Compliance Officer for the Applicant since March, 2007. From May 2006 through March 2007, Victor served as the Chief Technology Officer for the Cue Ball group. From December 2005 through May 2006, Victor served as the Chief Technology Officer for Torque Partners. From 1994 through December 2005, Victor was at Accenture (NYSE: ACN), the global leader in information technology consulting. During his tenure at Accenture, he led major technology initiatives at Fortune 500 companies such as Fidelity Investments, American Express Financial Advisor, Barclays Capital, John Hancock and Royal Bank of Canada.</p>

8.D.	The Applicant's managed account clients are solicited to invest in the Fund.
9.E.	<p>One or more of the Managed Accounts invests in the Fund in which a principal is also invested.</p> <p><b><u>CODE OF ETHICS</u></b></p> <p>The Applicant has adopted a Code of Ethics (the "Code") in accordance with Rule 204A-1 of the Investment Advisers Act of 1940. A copy of the Code is available to clients upon request without charge. The purpose of the Code is to set forth certain key guidelines that have been adopted by the Applicant as office policy for the guidance of all personnel and to specify the responsibility of all employees of the Applicant to act in accordance with their fiduciary duty to the Applicant's clients and to comply with applicable federal and state laws and regulations. The Code requires that all employees conduct themselves in accordance with high ethical standards, which should be premised on the concepts of integrity, honesty and trust, and in full compliance with all applicable federal and state laws and regulations concerning the securities industry. The following is a summary of certain provisions of the Code:</p> <p><b><u>Confidential Information</u></b></p> <p>As an investment adviser, the Applicant has a fiduciary duty to its clients not to divulge or misuse information obtained in connection with its services as an adviser. Therefore, all information, whether of a personal or business nature, that an employee obtains about a client's affairs in the course of employment with the Applicant should be treated as confidential and used only to provide services to or otherwise to the benefit of the client. Such information may sometimes include information about non-clients, and that information should likewise be held in confidence. Even the fact that the Applicant advises a particular client should ordinarily be treated as confidential. The Code sets forth steps employees should take to help preserve confidential information including the following: avoiding inadvertent or accidental disclosure through careless conversation or describing details of a current or proposed trade, investment or transaction in a public place; employing physical safeguards, such as locking file cabinets and using password protected computer files or disks; and careful use of email.</p> <p><b><u>Material Inside Information</u></b></p> <p>All employees of the Applicant (in any capacity) and all persons – friends, relatives, business associates and others – who receive nonpublic material inside information from employees concerning an issuer of securities (whether such issuer is a client or not) are subject to these rules. Generally speaking, inside information is information about an issuer's business or operations (past, present or prospective) that becomes known to an employee and which is not otherwise available to the public. If a person knows information about an issuer which the person believes would influence an investor in any investment decision concerning the issuer's securities and which has not been disclosed to the public, the person should not buy or sell that issuer's securities. The Code sets forth an extensive list of subjects information about which is likely to be material inside information. The Code also explicitly forbids disclosing material inside information to another person ("tipping") who subsequently uses that information for his or her profit.</p> <p>All personnel receiving material, nonpublic information have the same duty not to disclose or use information about persons or issuers who are not clients of the Applicant in connection with securities transactions as they have with respect to client securities. In other words, employees may not purchase or sell any securities with respect to which they have inside information for their own accounts, the Applicant's account or for a client's account or cause clients to trade on such information until after such information becomes public. The foregoing prohibition applies whether or not the material inside information is the basis for the trade. Whenever employees come into possession of what they believe may be material nonpublic information about an issuer, they must immediately notify the Compliance Officer. The Compliance Officer shall maintain a list of all issuers about which the Applicant has inside information and shall circulate such list to the appropriate personnel at the Applicant to so as to prevent any trading in securities of such issuer.</p>

<p>9. continued</p>	<p><u>Fiduciary Duty and Conflicts of Interest</u></p> <p>The Applicant and its employees have a fiduciary duty to the Applicant’s clients to act for the benefit of the clients and to take action on the clients’ behalf before taking action in the interest of any employee or the Applicant. The Applicant and its employees must act for the clients’ benefit and treat the clients fairly. The manner in which any employee discharges its fiduciary duty and addresses a conflict of interest depends on the circumstances. Sometimes general disclosure of common conflicts of interest may suffice. In other circumstances, explicit consent of the client to the particular transaction giving rise to a conflict of interest may be required or an employee may be prohibited from engaging in the transaction regardless of whether the client consents. The duty to disclose and obtain a client’s consent to a conflict of interest must always be undertaken in a manner consistent with the employee’s duty to deal fairly with the client. Therefore, even when taking action with a client’s consent, each employee must always seek to assure that the action taken is fair to the client.</p> <p>The Code sets forth several common examples of conflicts of interest including selection of broker-dealers, commissions, gifts, service as a director of a public company, and how such conflicts can be avoided.</p> <p><u>Unfair Treatment of Certain Clients vis-à-vis Others</u></p> <p>An employee who handles one or more clients may be faced with situations in which it is possible to give preference to certain clients over others. Employees must be careful not to give preference to one client over another even if the preferential treatment would benefit the Applicant or the employee. For example, an employee should not (i) provide better advice to a large, prestigious client than is given to a smaller, less influential one, (ii) give sale advice to one client ahead of another, or (iii) direct securities of a limited supply and higher potential return to particular clients because they generate larger fees for the Applicant.</p> <p><u>Personal Trading</u></p> <p>The Code forbids any employee, partner, officer or director of the Applicant (“Access Persons”) from purchasing any equity securities issued in an initial public offering (“New Issue Securities”) or any securities offered in a “private placement” for any Covered Account [what is this, not defined] without the prior written approval of the Compliance Officer. In determining whether to approve any such transaction for an Access Person, the Compliance Officer will consider, among other factors, whether the investment opportunity is being offered to the Access Person by virtue of his or her position with the Applicant.</p> <p>Each Employee must submit an initial and annual holdings report disclosing to the Compliance Officer the identities, amounts, and locations of all securities owned in all Covered Accounts. Thereafter, each new Employee must submit such a report within 10 days of commencement of employment. In addition, each Employee must disclose similar information within thirty (30) days after the end of each calendar quarter while employed by the Entity.</p>
<p>10.</p>	<p>The Applicant generally requires a minimum investment of \$2,000,000 for managed account clients.</p>
<p>12.A.(1) &amp; 12.A.(2)</p>	<p>In most cases, the Applicant assumes general supervision over placement of securities orders for the client portfolios it manages. In certain cases, the Applicant must obtain client approval of an investment decision before acting upon it. The Applicant’s primary investment strategy involves direct investment of client accounts in private investments funds and as such brokers are not used. Each underlying fund is responsible for selection of brokers to execute transactions conducted by such underlying fund, as well as determining the commission to be paid to such brokers. However, to the extent that the Applicant uses any broker-dealer in a securities transaction being conducted on behalf of a client, the Applicant will have the authority to determine the broker-dealer to be used and the commission rate to be paid, taking into consideration the best available combination of execution and overall price (which includes the cost of the transaction), always in accordance with best execution.</p>
<p>12.B.</p>	<p>The Applicant will for discretionary Managed Account clients recommend, but not require, that the client use Charles Schwab as a brokerage due to the Applicant’s familiarity of the broker’s web platform and services. The Applicant has no financial benefit from Charles Schwab, does not receive any special research or services that are not offered any of Charles Schwab’s retail clients, nor does it receive any special commission rate from Charles Schwab not offered to their other retail clients.</p>

**PROXY VOTING**

In general, the Applicant does not vote proxies on behalf of the Fund or the Managed Accounts because it does not invest directly in public securities but instead invests in underlying funds in which such underlying funds may vote proxies. To the extent that any underlying fund or does vote proxies, the Chief Compliance Officer will review the proxy voting policy of such underlying fund's manager to determine that adequate controls are in place. In the event the Applicant does vote proxies for its clients, it will do so in the best interest of its clients.

**PRIVACY POLICY**

At the Applicant we recognize the importance of protecting the investors' of our Fund clients (which consists of investors in our Fund clients who are natural persons) privacy. We have policies in place to maintain the confidentiality and security of personal information.

In the normal course of business, we may collect the following types of information:

- Information provided in the subscription documents and other forms (including name, address, date of birth, social security number, income and other financial-related information)
- Data about transactions with us (such as the types of investments made and account status)

Any and all nonpublic personal information received by the Applicant with respect to the investors who are natural persons, including the information provided to the client by an investor in the subscription documents, will not be shared with nonaffiliated third parties which are not service providers to the Fund or the Applicant without notice to or prior consent from such investors. In the normal course of business, we may disclose the kinds of nonpublic personal information listed above to nonaffiliated third party service providers involved in servicing and administering products and services on our behalf including but are not limited to the administrator, the auditors and the legal advisors. Additionally, the Fund and/or the Applicant may disclose such nonpublic personal information as required by law (such as to respond to a subpoena, a request for information by a regulator or to prevent fraud). Without limiting the foregoing, the Applicant or the Fund and the administrator may disclose nonpublic personal information about investors in the Fund to governmental entities and others in connection with meeting their obligations to prevent money laundering.

In addition, if the Fund chooses to dispose of any investor's nonpublic personal information that the Fund is not legally bound to maintain, and then the Fund will do so in a manner that reasonably protects such information from unauthorized access.

The same privacy policy will also apply to the former investors who are natural persons in Fund clients.

The Applicant restrict access to nonpublic personal information about our clients (including natural person investors in our Fund clients) to those employees and agents who need to know that information in order to provide products and services to you. We maintain physical, electronic and procedural safeguards to protect your nonpublic personal information.

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

OMB Number: 3235-0049

Expires: July 31, 2008

Estimated average burden  
hours per response.....9.402**Schedule G of  
Form ADV  
Balance Sheet**

Applicant:

Balter Capital Management, LLC

SEC File Number:

801-67874

Date:

05/2007

(Answers in Response to Form ADV Part II Item 14.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

Balter Capital Management, LLC

IRS Empl. Ident. No.

**Instructions**

1. The balance sheet must be:

A. Prepared in accordance with generally accepted accounting principles

B. Audited by an independent public accountant

C. Accompanied by a note stating the principles used to prepare it, the basis of included securities, and any other explanations required for clarity.

2. Securities included at cost should show their market or fair value parenthetically.

3. Qualifications and any accompanying independent accountant's report must conform to Article 2 of Regulation S-X (17 CFR 210.2-01 et. seq.)

4. Sole proprietor investment advisers:

A. Must show investment advisory business assets and liabilities separate from other business and personal assets and liabilities

B. May aggregate other business and personal assets and liabilities unless there is an asset deficiency in the total financial position.

(Schedules A, B, C, D, and E are included with Part I 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.**