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This Brochure provides information about the qualifications and business practices of Bandon Capital Management, LLC. If you have any questions about the contents of this Brochure, you may contact us at (503) 477-8100 to obtain answers and additional information. Bandon Capital Management, LLC is a registered investment adviser with the United States Securities and Exchange Commission ("SEC"). Registration of an investment adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Bandon Capital Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

This Item discusses only specific material changes that have been made to our Brochure since the date of our last update, which was September 13, 2013.

No material changes have been made to this brochure from the previous version dated September 13, 2013.

When required, we will ensure that you receive a Summary of Material Changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year or whenever a material change is made. We will continue to provide other ongoing disclosure information about material changes as necessary and will provide you with a new Brochure when required based on those changes or new information.

You may request a copy of our Brochure by contacting us at (503) 477-8100 or brie@bandonalts.com. Our Brochure is provided free of charge.

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Item 4 Advisory Business

- A** Bandon Capital Management, LLC (“BCM”) is a SEC registered investment advisory firm located in Portland, Oregon. The firm has been in business and registered with the SEC since 2008. The principal owner and Chief Compliance Officer of the firm is William Woodruff.
- B, C** Bandon Capital Management, LLC (“BCM” “we” or “us”) provides advisory services involving securities, including equity securities, corporate debt securities, variable annuities, variable life insurance, mutual fund shares, private interests in pooled investment vehicles, municipal securities and U.S. government securities (collectively, with cash and cash equivalents, “Securities”) through advisory, sub-advisory, or consulting agreements with individual clients or with other entities that represent account owners (individually managed accounts”).

Additionally, BCM provides investment supervisory services for compensation to the Bandon Isolated Alpha Fixed Income Fund (BIAFIF) a proprietary mutual fund registered under the Investment Company Act of 1940. In its capacity as advisor to BIAFIF, BCM provides investment supervisory services in accordance with BIAFIF’s investment strategy and objectives as set-forth BIAFIF’s prospectus and offering documents.

We also serve as the managing member and investment manager to a private investment vehicle (the “Fund”). In our capacity as Managing Member we manage and allocate the Funds’ assets on a discretionary basis in accordance with the Fund’s investment strategy and objectives and its own proprietary investment and allocation process. Based upon the Fund’s investment strategy and objectives and our asset allocation analysis and strategy for the Fund, we have discretion to purchase and/or trade securities and non-securities directly for the Funds’ account and/or allocate the Funds’ assets with one or more third-party “Managers” which will have discretion in trading and investing in securities or non-securities on the Funds’ behalf. The Fund may access Managers directly (by issuing power of attorney or similar authority) or indirectly (through purchase of interests in other ventures (“Underlying Funds” as further defined in Item 8 below). The Funds’ investment strategies and objectives are set forth in their Confidential Private Placement Memoranda and other governing documents (collectively, the “Memoranda”). Current clients of BCM may be invested in the Fund, however, the Fund is not currently open to new investors, and current and prospective Clients are not solicited to invest in the Fund.

- D** We do not manage Wrap Fee programs.
- E** We manage \$49,483,399.71 of client assets on a discretionary basis. This amount was calculated as of December 31, 2013.

Item 5 – Fees and Compensation

A. Fees and Expenses for Individually Managed Accounts

With respect to the individually managed accounts, the quarterly fee will generally be between 0.25% and .625% (1% to 2.5% per annum) of the aggregate market value of the securities in the account on the first trading day of the current quarter and will be adjusted for additions and withdrawals that occur during such quarter. However, in some cases, the fee will be as high as 2.95% per annum as negotiated between BCM and the client or the client's representative.

Fees are disclosed in writing to each client and may, under certain circumstances, be higher than the fee charged by an investment adviser providing similar securities discretionary asset allocation and management services. Fees are calculated as set forth in the investment advisory agreement between BCM and each client.

Fees are negotiable in BCM's discretion depending upon a variety of factors including but not limited to type of advisory service offered, amount of assets under management, the overall relationship with the client, extent of services offered to the client by a related person of and the types and extent of trading for the account.

Certain clients of BCM may invest in both the private investment funds managed by BCM and the individually managed accounts. In certain cases, based on a variety of factors including but not limited to type of advisory service offered, amount of assets under management, the overall relationship with the client and the types and extent of trading for such clients, BCM may waive all or a portion of its fees for such clients.

Fees and Expenses for the Fund

A full description of the fees and expenses to be paid by the Fund is included in the Memoranda. In general, for the Bandon Multi-Strategy Fund, LLC, BCM receives a monthly management fee of 1/12 of 1.5% of the value of leveraged and/or notional assets under management (1.5% per annum) and performance-based compensation of 15% of profits per quarter above a high water mark.

Valuation

BCM does not independently value any securities held in individually managed accounts. For marketable securities, the prices provided by custodians are used for client reporting and fee billing. For client accounts that hold mutual funds, the net-asset-values as calculated by the mutual fund itself are used for client reporting and fee billing.

Securities and other financial instruments held by the Fund are valued as described in the Funds' Memoranda. BCM may be required to implement pricing or valuation procedures independently from the custodian, prime broker, or administrator in the event that these entities can not obtain reliable sources for the security or asset. In general, cash and cash equivalents are valued at their full amount; securities and other instruments and contracts will be valued based on readily available external pricing sources to the extent possible; and for positions where no readily available or reliable pricing sources exist, BCM will implement fair valuation methodologies.

The fair valuation methodologies employed by BCM shall attempt to represent the amount at which an asset could be acquired or sold in a current transaction between willing parties in which the parties each acted knowledgeably and without compulsion. Investments in private equity or other illiquid investments may be valued at cost, however the valuations may be modified by BCM, in its sole discretion, if and to the extent that it shall determine that such modifications are advisable in order to reflect factors affecting value. In instances where BCM fair values a security, BCM is entitled to receive fees based on its fair valuation.

B Deduction of Fees from Individually Managed Accounts

Our fees are paid directly to us from the account by the custodian holding a Client's assets upon submission of an invoice to the custodian showing the amount of fees. Payment of fees may result in the liquidation of Client's securities if there is insufficient cash in the account. Clients bear the responsibility for verifying the accuracy of fee calculations.

Deduction of Fees from the Fund

Our fees are paid directly to us from the Fund bank account and are based on calculations produced by the funds third party administrator.

Proprietary Mutual Fund Fee Credit

BCM will provide a credit by way of a credit reduction of its advisory fees to Clients invested in the Bandon Isolated Alpha Fixed Income Fund (BIAFIF). The purpose of this credit is to reduce or eliminate any increase in management fees paid by Clients who are also invested in BIAFIF. By providing this fee credit, it is our goal to reduce any economic incentives or disincentives that would otherwise be associated with investing Client assets in the proprietary mutual fund due to the fund's management fees which, but for this credit, would cause an increase in overall fees to the Client. Based on the amount assets invested in the BIAFIF, we will reduce our advisory fee as a credit to Clients as follows:

- i) For Clients that pay a transaction fee or asset based fee to a custodian, we will reduce our fee by up to 1.00% of the assets invested in the BIAFIF;
- ii) For Clients that do not pay a transaction fee or asset based fee to a custodian, we will reduce our fee by up to 0.65% of assets invested in the BIAFIF.

C Additional Fees for Individually Managed Accounts

Clients are required to pay, in addition to our fee, brokerage transaction and/or custodial administration fees (see Item 12, below). Clients will also be invested in financial products that charge separate management fees such as money market funds, exchange traded funds, mutual funds, or variable annuities. As a result, clients will incur additional fees. The client's selection of a particular mutual fund or other product or instrument to be used by BCM in implementing its trading strategy may have a material effect on the performance the client's account will achieve because such mutual fund or other product or instrument may be subject to significant fees and expenses (including, without limitation, investment advisory fees, sales loads, 12b-1 fees, and

custodial fees) that are in addition to fees paid to BCM with respect to its management of such accounts. The custodian of an account may be affiliated with the mutual funds being traded within the account.

Additional Fees for the Fund

BCM charges a fee for performance-based compensation in accordance with Rule 205-3 under the Investment Advisers Act of 1940 (see Item 6, below). The Managers also may charge their own asset- and/or performance based compensation. However, the Managers neither share this compensation directly nor indirectly with BCM (and/or its affiliates or principals).

The Fund invests in other financial products that charge fees including management fees or performance fees to the Funds such as money market funds, exchange traded funds, mutual funds, or other private investment vehicles. As a result, investors will indirectly bear such fees through their investment in the Fund. Funds managed by BCM may invest in another of the Funds managed by BCM. BCM does not charge double management fees or performance fees on the invested assets; however, investors will indirectly bear administrative and operational fees through multi-tiered investment in the Funds.

D Payment of Fees for Individually Managed Accounts

Clients pay our advisory fees quarterly in advance. Fees for partial quarters at the commencement or termination of the investment advisory agreement will be prorated based on the number of days the account was open during the quarter.

If the investment advisory agreement is terminated before the end of a quarter, the client will receive a partial refund of fees that were paid at the beginning of the quarter. The refund amount will be determined based on the amount of the fee paid in advance, less the pro-rated amount owed based on the number of days the account was open during the quarter. Payment of BCM's fees by a client's custodian may result in the liquidation of client's securities if there is insufficient cash in the account. Clients may terminate advisory services at any time by providing prior written notice to BCM or as set forth in each client's advisory agreement with BCM.

Upon termination, Clients are responsible for all applicable charges including, but not limited to, account closure fees and all trading costs due to the termination including any fees that mutual funds may assess. The custodian may assess additional fees for transfer of illiquid investments. Payment of fees may result in the liquidation of some securities if there is insufficient cash in the account. Upon request, we will provide a good-faith estimate of these fees.

E As disclosed in Item 5A (above), BCM receives a monthly management fee and performance-based compensation for advisory services provided to the Bandon Multi-Strategy Fund, LLC. Because our recommendations to Clients may include funds such as Bandon Multi-Strategy Fund, LLC (or other funds advised and/or supported by us or our Affiliates), this creates a potential conflict of interest. As such, if any securities to be bought or sold for a Client account include our affiliated funds, of funds for which we provide investment management services, we will disclose this conflict first.

The manner in which BCM is compensated with regards to the Fund may create an incentive for it to make decisions, investments or trades that are riskier or more speculative than would be the case in the absence of such forms of compensation and creates an incentive for the use of more leverage than might otherwise be employed. The potential conflicts of interest this type of arrangement presents, and how we deal with those conflicts is described in Item 6, below.

Item 6 – Performance-Based Fees and Side-By-Side Management

A performance-based fee is an advisory fee based on a percent of capital gains on or capital appreciation of client assets. Performance-based fees paid to investment advisers may be significantly higher than the asset-based fees paid on traditional accounts.

We receive performance-based fees from our private investment fund. Performance-based compensation in this situation is 15% of profits per quarter above a high water mark. All performance-based compensation is charged in accordance with Rule 205-3 under the Investment Advisers Act of 1940. The Managers also charge their own asset- and/or performance based compensation. Managers may share this compensation directly with BCM (and/or its affiliates or principals) or indirectly through BCM's (and/or its affiliates' or principals') ownership in the Manager.

The manner in which BCM is compensated with regards to the Fund may create an incentive for it to make decisions, investments or trades that are riskier or more speculative than would be the case in the absence of such forms of compensation and creates an incentive for the use of more leverage than might otherwise be employed.

Potential Conflicts of Interest

The receipt of performance-based fees from our private investment funds creates conflicts of interest. BCM can potentially receive higher fees from accounts with a performance-based compensation structure than from those accounts that pay an asset-based fee as described in Item 5. For example, we may have an incentive to direct the best investment ideas to the account that pays a performance-based fee or to allocate or sequence trades in favor of the performance fee account. To manage these potential conflicts:

- All accounts within a strategy are managed to the strategy's model portfolio.
- We perform a periodic review of each investment strategy's model portfolio versus each client account. In this review, every position size for each client account is compared to our model weights. In addition, portfolios are monitored by our compliance department for consistency with client objectives and restrictions.
- We have implemented policies whereby portfolio manager incentive compensation is based solely upon the performance of the respective strategy that they manage. This policy is intended to incent portfolio managers to act in the best interests of all clients regardless of their fee type.
- We have trade allocation policies and procedures designed to ensure that all clients are treated fairly and equally and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7 – Types of Clients

We provide investment advisory services to individuals, and related entities including trusts, estates, charitable organizations (foundations), business entities, investment companies, retirement plans and other investment advisors. We also provide advisory services to a private investment vehicle. In this limited circumstance, investment advice is provided directly to the fund and not to the limited partners, members or shareholders of any fund.

Our minimum account size for the individual investment advisory accounts is \$25,000. This minimum may be reduced or waived in BCM's sole discretion.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Many of our investment strategies emphasize the importance of non-traditional investment approaches which are unconstrained to traditional benchmarks and pursue both non-correlation and profits regardless of financial market direction. Unlike many investment advisors we specialize in providing alternative investment strategies in individually managed accounts or through pooled vehicles. Many of our client accounts are single strategy or blends of alternative or active strategies that have been solicited or referred to us by unaffiliated financial intermediaries. In the event we are not hired to implement a specific single strategy or blend, our highest investment priority is developing the mix of assets appropriate to each client's unique goals, objectives and risk tolerance. Our clients have the final say as to how their investment objectives are defined and implemented.

Risk has many dimensions and we help our clients consider the risk of not accomplishing their objectives in conjunction with market risk, liquidity risk, and investment-specific risk of loss. To manage risk, we recommend that in addition to the non-traditional investment approaches we specialize in investors should also consider investing broadly across the capital markets, in all major asset classes both domestically and globally.

Our methods of analysis, sources of information and investment strategies vary substantially by security or product type, asset class, investment risk, liquidity and other factors. In addition to traditional methods such as fundamental and quantitative analysis, our research, sourcing and due diligence may be supported by manager site visits, phone calls, correspondence or other means of direct and indirect communication with managers, third party opinions, experiences and references, investment conference materials, and continuing education courses.

Other sources of information we rely upon when researching and analyzing securities include traditional research materials such as financial newspapers and magazines, informational databases, annual reports, prospectuses, filings with the SEC, research materials prepared by others, and company press releases. We also subscribe to various professional publications deemed to be consistent and supportive of our investment philosophy.

We provide advice to clients concerning all of the following types of investment strategies and securities:

- Cash and cash equivalent investments (including e.g., bank deposits, CDs, money market funds and similar)
- Fixed income investments (including e.g., corporate, municipal, US government and foreign issuer debt)
- Public equity investments (including exchange listed, over the counter and foreign issuer)
- Hedge fund investments
- Real asset investments (including investments in real estate and other real assets including commodities)
- Private equity and debt investments

There are no limitations on the Funds' allowable investments. The Fund may trade, buy, sell and otherwise acquire, hold, dispose of and deal in, on margin or otherwise: (i) securities (including, without limitation, long positions and short sales, on margin or otherwise, listed or unlisted), such as bonds, debentures, money market obligations and options to buy and sell securities (both U.S. and non U.S.) (collectively, "Securities"); (ii) commodities (including any that are now, or may hereafter be, the subject of commodities or commodities contract trading), futures contracts, cash and forward contracts, option on physical commodities, swaps, derivatives (including, without limitation, all forms of options whether listed or unlisted) and any rights and interest pertaining thereto (collectively, "Commodity Interest"); and (iii) securities of and interest in entities engaged directly or indirectly in the trading, buying, selling or acquisition, holding, disposition of or dealing in any of the foregoing (collectively, "Underlying Funds"). The Fund also may engage third parties that will, pursuant to a power of attorney or similar authority, trade, manage and invest the Fund's assets. Such third parties and the managers of the Underlying Funds are referred to herein as "Managers."

We access these investment strategies through any variety of security, depending on the size of the investment, the desired manager, costs, tax consequences and other factors. We commonly utilize money market funds, mutual funds, exchange traded funds, exchange traded notes, commingled trusts, real estate investment companies, registered investment companies, and private placement limited partnerships and limited liability companies. Where appropriate, we may recommend the use of derivatives, options, warrants or structured products for accomplishing objectives and managing risk.

A complete analysis of all facets of risk associated with each of these investment strategies and product types is beyond the scope of this Brochure. The most material risk with each and every investment is risk of loss, which may include complete loss. Investments are subject to market, currency, economic, political and business risks. Some strategies and products we recommend are illiquid over an extended time period and clients using these products and strategies must be able to tolerate this illiquidity by reserving sufficient resources to meet all obligations. Some strategies and products involve the use of leverage (borrowing) and this can exacerbate losses or magnify gains.

While a specific strategy may involve a certain set of risks viewed in isolation, the strategy must also be viewed in the broader portfolio context including diversification and correlation benefits provided by the investment. The significant risks and benefits of each strategy are discussed with the client prior to recommendation, client approval and implementation.

We may use the services of outside consultants, including other investment advisers, to assist in determining the appropriate asset allocation for client accounts. For the Fund, BCM utilizes proprietary trading and allocation methodologies.

Under certain circumstances such as when Bandon is retained by another adviser, manager, or broker-dealer to manage a portion of an account managed by the adviser, manager, or broker-dealer, Bandon will not receive sufficient information regarding the financial circumstances and risk tolerances of an account owner. In these instances, Bandon relies upon the other adviser, manager, or broker-dealer to assess the suitability of Bandon's investment approach for the account owner.

We use our best judgment and good faith efforts in making suitable investment recommendations to our clients. It is the responsibility of the client to give us complete information and to notify us of any changes in their financial circumstances, goals or risk tolerance. Investing in securities involves risk of loss that clients must be prepared to bear. Not every investment decision or recommendation made by us will be profitable. We cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time.

Item 9 – Disciplinary Information

We are required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. No principal or person associated with our firm has any information to disclose which is applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Affiliated Funds

BCM is the managing member to certain private investment funds (collectively, the “Fund”). Items 4, 5, and 6 (above) provide more information relating to private investment funds, the conflicts of interest our management may present, and how we deal with those conflicts of interest.

As previously disclosed in Items 4 and 5 (above), BCM provides investment supervisory services for compensation to the BIAFIF. This relationship causes a conflict of interest in those situations when BCM makes a recommendation to a client to invest in BIAFIF. In order to mitigate this conflict, BCM will only recommend investment in BIAFIF in those situations where it is suitable and appropriate to meet a client’s investment objectives. BCM also mitigates this conflict by providing a credit of its advisory fees to Clients invested in the BIAFIF. The purpose of this credit is to reduce or eliminate any increase in management fees paid by Clients who are also invested in BIAFIF. By providing this fee credit, it is BCM’s goal to reduce any economic incentives or disincentives that would otherwise be associated with investing Client assets in the proprietary mutual fund due to the fund’s management fees which, but for this credit, would cause an increase in overall fees to the Client. Finally, BCM further mitigates this conflict of interest by requiring all employees, agents, along with its Advisory Affiliates, to uphold their fiduciary duty by placing the interest of their clients first.

Solicitor Relationships

We may enter into Solicitor arrangement with individuals or other registered investment advisors. Solicitor arrangements and requirements are more fully described in Item 14 (“Client Referrals and Other Compensation”), below. We do not believe this arrangement creates any conflicts of interest with any of our clients.

Item 11 – Code of Ethics, Participation or Interest in *Client* Transaction & Personal Trading

- A** We have a Code of Ethics which all employees are required to follow. The Code of Ethics outlines our high standard of business conduct, and fiduciary duty to clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, and personal securities trading procedures, among other things.

A copy of the code of ethics is available to any client or prospective client upon request by contacting us at (503) 477-8100 or brie@bandonalts.com. Brochures are provided free of charge.

- B, C, D** As stated under Items 4, 5 and 10 (above) BCM provides investment supervisory services to BIAFIF. This potential conflict of interest this situation creates and how we deal with this conflict is described in Item 10, above.

BCM or individuals associated with our firm may buy and sell some of the same securities for their own account that we buy and sell for our Clients. When appropriate we will purchase or sell securities for Clients before purchasing the same for our account or allowing representatives to purchase or sell the same for their own account. In some cases BCM or representatives may buy or sell securities for their own account for reasons not related to the strategies adopted for our Clients. Further, BCM may give advice or take action with respect to the investments of one or more individually managed accounts or the Fund that may not be given or taken with respect to other individually managed accounts or the Fund with similar investment programs, objectives, and strategies. Accordingly, individually managed accounts or the Fund with similar strategies to other individually managed accounts or Fund may not hold the same securities or instruments or achieve the same performance.

Our employees are required to follow the Code of Ethics when making trades for their own accounts in securities which are recommended to and/or purchased for Clients. The Code of Ethics is designed to assure that the personal securities transactions will not interfere with decisions made in the best interest of advisory clients while at the same time, allowing employees to invest their own accounts.

We will disclose to advisory Clients any material conflict of interest relating to us, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice. As any advisory situation could present a conflict of interest, we have established the following restrictions to ensure our fiduciary responsibilities:

1. A director, officer, associated person, or employee of BCM shall not buy or sell securities for his personal portfolio where his decision is substantially derived, in whole or in part, by reason of his employment unless the information is also available to the investing public on reasonable inquiry. No person of our firm shall prefer his or her own interest to that of the advisory client.

2. We maintain a list of all securities holdings for our firm and for anyone associated with us who has access to advisory recommendations. An appropriate officer of the firm reviews these holdings on a regular basis.
3. Any individual not in observance of the above may be subject to termination.

Item 12 – Brokerage Practices

- A. Our Clients' assets are held by independent third-party custodians. Except to the extent that a Client directs otherwise, we may use our discretion in recommending the custodian. Clients are not obligated to effect transactions through any custodian recommended by us. In recommending a custodian we will comply with our fiduciary duty in accordance with the Securities Exchange Act of 1934, to obtain best execution and will take into account such relevant factors as:
- Price;
 - The custodian's facilities, reliability and financial responsibility;
 - The ability of the custodian to effect transactions, particularly with regard to such aspects as timing, order size and execution of order;
 - The research and related brokerage services provided by such custodian to us, notwithstanding that the account may not be the direct or exclusive beneficiary of such services; and
 - Any other factors that we consider to be relevant.

We receive research and other products and services other than execution from broker-dealers in connection with client securities transactions. These services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Broker-dealers also make available other products and services that benefit us but may not directly benefit client accounts. Some of these other products and services assist us in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from client accounts and assist with back-office support, recordkeeping and client reporting.

Broker-dealers may also provide us with other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, broker-dealers and/or custodians may make available, arrange and/or pay for these types of services to us by independent third-parties. They may discount or waive fees that would otherwise be charged for some of these services, or pay all or a part of the fees charged by a third-party for providing these services to us.

Subject to Section 28(e) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), we may recommend broker-dealers who charge transaction fees that are in excess of the amount of transaction fees charged by other broker-dealers in recognition of their research, seminar and execution services. These benefits are generally considered to be "soft dollar" arrangements. But for soft dollar arrangements, we would have to obtain these types of services and products for cash. As a result of receiving such products and services for no cost, we have an incentive to recommend broker-dealers to Clients that offer soft dollar arrangements.

Because the above interests are in potential conflict with the Clients' interest of obtaining the lowest commission rate available, we are required to periodically evaluate, and determine in good faith, based on the "best execution" policy stated above that transaction fees are reasonable in relation to the value of the services provided.

Our discretion to utilize mutual funds or variable annuity sub-accounts will be limited in instances where a Client's accounts are held at a mutual fund's transfer agent or at the sponsor of a variable annuity. We will use our best efforts to utilize the most appropriate and cost effective option available to such an account; however, other Client accounts under custody at a broker-dealer without such restrictions will have a broader range of investment options available.

On occasion, BCM will place over-the-counter equity transactions on an agency basis. If an over-the-counter equity transaction is effected on an agency basis, clients will be charged commissions in addition to the broker's spread which is included in the offer or bid price of the security.

We emphasize to Clients their unrestricted right to select and choose any broker-dealer or custodian they wish. However, we do reserve the right to decline acceptance of any client account for which the client directs the use of a particular broker if we believe that this choice would hinder either our fiduciary duty to the client or our ability to service the account.

Certain clients may direct BCM to execute their transactions through a particular broker. In such instances, BCM will have no responsibility for negotiating commission rates for the client's account. As a result of such an arrangement, there may be differences paid between the commissions paid by the client's account and commissions paid by other advisory clients of the firm, which have not directed brokerage to a particular broker-dealer. A Client may pay more money for directing brokerage. For example, we may not be able to obtain commission rates and discounts as favorable, or obtain best execution, as might otherwise be obtained if the firm was able to place the transactions with other broker-dealers. We also may not be able to aggregate order to reduce transaction costs.

With regards to the Fund, although BCM has authority, without obtaining specific client consent to determine the types and amounts of securities its clients buy or sell, BCM may not exercise such discretion in all cases, and may delegate such discretion to the Managers. At times, however, when a clients investment objectives and BCM's asset allocation analysis and strategy suggest, BCM may in its discretion, purchase and/or trade securities and non-securities directly for the Funds' account and/or allocate in its discretion a Fund's assets directly to purchase an interest in an Underlying Fund (or allocate to an adviser which is the manager or general partner of the Underlying Fund with the intent of investing in the Underlying Fund). In such cases, BCM will have decided the type of security to be purchased, (i.e., an interest in the Underlying Fund) and the amount of such security (i.e., the amount of assets allocated to such Underlying Fund). Such allocations are within the sole discretion of BCM. Limitations on BCM's authority are guided by, among other things, (i) its responsibility to act as a fiduciary when handling clients' accounts and (ii) the Fund offering memoranda.

In limited instances, BCM may direct one account to purchase a security while directing another account to sell the same security when such a transaction is in the best interest of both clients. Such transactions will occur at the current market price.

B We may aggregate trades for clients. The allocations of a particular security will be determined by us before the trade is placed with the broker. When practical, client trades in the same security will be bunched in a single order (a “block”) in an effort to obtain best execution at the best security price available. When employing a block trade:

- We will make reasonable efforts to attempt to fill client orders by day-end.
- If the block order is not filled by day-end, we will allocate shares executed to underlying accounts on a pro rata basis, adjusted as necessary to keep client transaction costs to a minimum.
- If a block order is filled (full or partial fill) at several prices through multiple trades, an average price and commission will be used for all trades executed;
- All participants receiving securities from the block trade will receive the average price.
- Only trades executed within the block on the single day may be combined for purposes of calculating the average price.

It is expected that this trade aggregation and allocation policy will be applied consistently. However, if application of this policy results in unfair or inequitable treatment to some or all of our clients, we may deviate from this policy.

Item 13 – Review of Accounts

- A** All account reviews are either conducted or supervised by William Woodruff who is responsible for overseeing all investment advisory activities for the firm. Accounts are reviewed on a regular basis at least quarterly.
- B** More frequent reviews may be triggered by a change in Client's investment objectives; specific investment strategies; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in the economic climate.
- C** The frequency of reports to Clients is determined by the agreement between the Client and their Qualified Custodian; however, all Clients receive account statements at least quarterly. Clients may receive more frequent reports upon request. We may also provide Clients with periodic written report summarizing the account activity and performance.

Item 14 – *Client* Referrals and Other Compensation

Solicitors

As disclosed under Item 10 above, we may pay a fee to individuals or entities which refer clients to our firm. These persons are commonly called “Solicitors.” Any arrangements we may have with a Solicitor will be in compliance with SEC Rule 206(4)-3 under the Investment Advisers Act of 1940 (the “Act”).

Any Solicitor referral arrangement between us and a third-party will be in writing. The writing will set forth the following:

- (a) the scope of the Solicitor’s activities;
- (b) a covenant that the Solicitor will perform its activities consistent with our instructions and in compliance with the Act and associated rules; and
- (c) a covenant that the Solicitor will provide the client with:
 - a copy of our Form ADV Part 2 and
 - a separate written solicitor disclosure.

The separate written Solicitor disclosure must include the following information:

- The name of the Solicitor;
- The nature of the relationship between the Solicitor and us;
- A statement that the Solicitor will be compensated by us for the referral;
- The terms of the compensation arrangement including a description of the fees paid or to be paid to the Solicitor; and
- The amount the client will be charged in addition to the advisory fee (if any).

We may pay a portion of ongoing investment advisory fees charged to a Client so as long as the payments are consistent with the written Solicitor disclosures provided to the Client (and in accordance with the requirements of SEC Rule 206(4)-3).

We will not engage any Solicitors who are disqualified from acting as a Solicitor under Section 203 of the Act. For example, we will not pay a Solicitor a referral fee to any person who has been barred or prohibited from acting as an investment adviser or broker-dealer, or convicted within the past ten years of certain felonies or misdemeanors.

BCM also acts as a Solicitor for other registered investment advisors, and will comply with the same requirements set forth above when acting in this capacity for another advisor.

Fee Sharing Arrangements

BCM, (and/or BCM’s affiliates or principals) may share in the fees paid by a Client to other parties with respect to allocation decisions BCM has made on the client’s behalf. Specifically, BCM may share in the asset and performance-based fees paid by a client to the Managers to which BCM allocates client assets on a discretionary basis (or participate in the benefits of such compensation to a Manager through ownership in the Manager). In addition, BCM may direct a client’s assets to invest in other private investment funds that

are managed by BCM or its affiliates or principals and which will pay fees to BCM or its affiliates in addition to the fees earned by BCM with respect to advising the client account.

These arrangements present a conflict of interest by giving BCM a financial or other incentive to allocate a client's assets to managers or other private investment funds with which BCM or its principals or affiliates have such fee-sharing or ownership arrangements or other affiliations. In addition, BCM's use of leverage in such allocations will increase the aggregate management fees payable on such allocations to the managers and to BCM or its principals or affiliates as a percentage of the assets so allocated, since such fees are calculated by reference to the "notional" equity under their management. BCM also has an incentive to use additional leverage in such allocations in an effort to increase the performance-based compensation in which BCM (or its affiliates or principals) will share as a result of such allocations, whether directly or indirectly. Such allocations and use of leverage may not be in a client's best interest. Furthermore, the fees paid by such Managers to BCM or its principals or affiliates may serve as a basis for the managers to refuse to negotiate fees with BCM's client in situations where such managers might otherwise reduce the fees they charge to the client for their services.

Item 15 – Custody

We shall have no liability to a Client for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation (“SIPC”) or any other insurance which may be carried by the custodian. The Client understands that SIPC provides only limited protection for the loss of property held by a custodian.

As stated in Item 13 (above), all Clients receive account statements from a Qualified Custodian at least quarterly. We may also provide Clients with periodic written report summarizing the account activity and performance. We urge all Clients to carefully review statements from the custodian and compare these to reports that we may provide to you. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Principals of BCM hold direct or directly ownership in the Bandon Multi-Strategy Fund, LLC, (BMSF) a closed private pooled investment fund which is in the process of liquidation. Until such time as the BMSF is closed, BCM is deemed as having custody of Clients’ funds or securities due to the principal’s affiliation with BMSF. Accordingly, BCM is subject to certain independent audit and/or surprise examination requirements. Reports created by independent qualified public accountants who conduct the surprise examinations or independent audits will be filed in a Form ADV-E on the IARD System. Once filed, the Form ADV-E and the report are available to the public on www.adviserinfo.sec.gov.

Item 16 – Investment Discretion

Generally, Clients grant us ongoing and continuous discretionary authority to execute investment recommendations in accordance with a Statement of Investment Policy (or similar document used to establish each Client's objectives and suitability), without the Client's prior approval of each specific transaction. Under this discretionary authority, Clients allow us to purchase and sell securities and instruments in their account(s), arrange for delivery and payment in connection with the foregoing, select and retain sub-advisors, and act on behalf of the Client in matters necessary or incidental to the handling of the account, including monitoring certain assets.

The only restrictions on this discretionary authority are those set by the Client on a case by case basis. We make it a practice to question Clients to determine if there are any limitations to our discretionary authority on such matters

Item 17 – Voting *Client* Securities

- A** Unless specifically directed otherwise by the client, we are authorized to receive and vote proxies on behalf of our Clients. However, Client's may retain the right to vote their own proxies if they choose.

It is our policy to vote proxies in the interest of maximizing value for Clients. Proxies are an asset of a Client, which should be treated by us with the same care, diligence, and loyalty as any asset belonging to a client. To that end, we will vote in a way that (i) we believe is consistent with our fiduciary duty, and (ii) will cause the value of the issue to increase the most or decline the least. Consideration will be given to both the short and long term implications of the proposal to be voted on when considering the optimal vote.

We will reasonably try to assess any material conflicts between our interests and those of our Clients with respect to proxy voting. Provided that no material conflicts of interest are identified, we will vote the proxy in the interest of maximizing shareholder value.

Where a proxy proposal raises a material conflict between our interests and those of a Client, we will disclose the conflict to the relevant Clients and provide them with an opportunity to object or vote on their own behalf within (30) days prior to voting the securities. If a Client does not object or otherwise respond to us within (30) days of the notice, we will vote in the interest of maximizing shareholder value. The disclosure to the Client will include sufficient detail regarding the matter to be voted on and the nature of the conflict so that the Client can make an informed decision regarding the vote.

We will review the proxy proposal for conflicts of interest as part of the overall vote review process. Any material conflict of interest identified by us will be addressed as described above.

If we determine that it is in the Client's best interest, we will not vote proxies received. The following are certain circumstances where we will limit our role in voting proxies:

1. Client Maintains Proxy Voting Authority: Where a Client specifies in writing that it will maintain the authority to vote proxies itself or that it has delegated the right to vote proxies to a third party, we will not vote the securities and will direct the relevant custodian to send the proxy material directly to the Client. If any proxy material is received by us, it will promptly be forwarded to the Client or specified third party.
2. Terminated Account: Once a client account has been terminated with us in accordance with the investment advisory agreement, we will not vote any proxies received after the termination. However, the Client may specify in writing that proxies should be directed to the Client (or a specified third party) for action.
3. Limited Value: If we determine that the value of a Client's economic interest or the value of the portfolio holding is indeterminable or insignificant, we may abstain from voting a client's proxies.

We and also will not vote proxies received for securities which are no longer held by the Client's account.

We will maintain the following records for 5 years; 2 of which shall be in our office:

- (i) proxy voting procedures and policies, and all amendments;
- (ii) a record of all proxy statements received by us regarding Client securities (provided however, that we may rely on the proxy statement filed on EDGAR for our records);
- (iii) a record of all votes cast on behalf of Clients;
- (iv) records of all Client requests for proxy voting information;
- (v) any documents prepared by us which were material to making a decision how to vote or that memorialized the basis for the decision; and
- (vi) all records relating to requests made to Clients regarding conflicts of interest in voting the proxy.

Clients may obtain information on how proxies were voted with respect to the Clients' portfolio securities or a copy of our Policies and Procedures by contacting us at (503) 477-8100 or brie@bandonalts.com.

- B** If we do not have authority to vote client securities, Clients will receive proxies and other solicitations directly from the custodian or transfer agent. If any proxy materials are received on behalf of a Client for which we do not have voting authority, they will be sent directly to the Client or a designated representative of the Client, who is responsible to vote the proxy.

Item 18 – Financial Information

- A** We do require advisory management fees to be paid in advance. However, we do not require the prepayment of fees in an amount more than \$1200, more than six months in advance of services for any Client.
- B** We do have discretionary authority over Client funds or securities. However, we have no financial commitments that would impair our ability to meet contractual and fiduciary commitments to clients.
- C** Neither BCM, nor any of the principals, have been the subject of a bankruptcy petition at any time in the past.