
Brochure

Thunderstorm Mutual Funds LLC

March 2011

This brochure provides information about the qualifications and business practices of Thunderstorm Mutual Funds LLC (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at (617) 204-5653 or by email at jdorfman@thunderstormvalue.com. The adviser’s web site is www.thunderstormvalue.com. This information has not been approved or verified by the SEC or by any state securities authority.

Additional information about the Adviser also is available on the SEC’s website at www.adviserinfo.sec.gov.

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

*Thunderstorm Mutual Funds LLC
101 Federal Street, 19th Floor
Boston, Massachusetts 02110
Tel: (617) 204-5653
Fax: (617) 204-5655
Website: www.thunderstormvalue.com*

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Item 4. Advisory Business

The Adviser is an investment adviser with its principal place of business in Boston, Massachusetts. The Adviser commenced operations as an investment adviser on December 31, 2007 and has been registered with the SEC since October 24, 2007. Thunderstorm Capital LLC, also an investment adviser registered with the SEC ("Thunderstorm Capital"), owns 70% of the Adviser, with the remaining 30% owned by John Dorfman and Katharine Davidge. Thunderstorm Capital is principally owned by John Dorfman and Michael Haight.

The Adviser provides investment advisory services on a discretionary basis to Thunderstorm Value Fund, a registered investment company (the "Client").

The Adviser limits its investment advice to the following types of investments: equity securities (including, but not limited to, exchange-listed securities, securities traded over-the-counter and securities of foreign issuers), warrants, money market mutual funds, bank certificates of deposit, bankers' acceptances and time deposits, commercial paper, short-term notes and other corporate obligations and savings association obligations.

The Adviser provides advice to the Client based on the Client's specific investment objectives and strategies as approved by the Client's Board of Trustees (the "Client Board") and as described in the Client's offering documents and investment management agreement between the Adviser and the Client.

The Adviser manages the Client's assets in a manner that is consistent with the Client's investment restrictions as approved and/or modified by the Client Board and as described in the Client's offering documents and investment management agreement between the Adviser and the Client.

The Adviser does not participate in wrap-fee programs.

As of March 28, 2011, the Adviser had approximately \$11,970,000 in Client assets under management, all of which the Adviser managed on a discretionary basis.

Asset-Based Compensation

Pursuant to the investment management agreement between the Adviser and the Client, the Adviser is entitled to receive from the Client a management fee, paid monthly in arrears, based on a rate equal to 1.00% per annum of the Client's average daily net assets.

If the Client's investment management agreement is terminated, the management fee payable to the Adviser will be calculated based on the value of the assets on the day prior to the termination date and prorated for the number of days during the month in which the investment management arrangement was in effect (i.e., through the day before termination).

The management fee is not negotiable.

Performance-Based Compensation

The Adviser is not paid any performance-based fees.

The Adviser deducts the management fee from the Client's accounts by instructing the Client's custodian.

In addition to paying the management fee, the Client will also be subject to other investment-related expenses such as custodial charges, brokerage fees, commissions and related costs; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs and other expenses and fees (including, investment advisory and other fees charged by funds in which the Client invests). Client assets may be invested in money market mutual funds. In these cases, the Client will bear its pro rata share of the investment management fees and other fees of such other funds, which are in addition to the management fee paid to the Adviser.

Item 6. Performance-Based Fees and Side-by-Side Management

As noted in Item 5, the Adviser is not paid any performance-based fees. However, Thunderstorm Capital and its investment personnel provide investment management services to Thunderstorm Small Cap Fund LLC, a private pooled investment vehicle client (the "Fund"), and approximately 79 separate accounts (the "Separate Accounts", and together with the Fund, the "Affiliated Clients"). Thunderstorm Capital is entitled to receive performance-based compensation from the Fund. In addition, Thunderstorm Capital's investment personnel are typically compensated on a basis that includes a performance-based component. Thunderstorm Capital's investment personnel, including investment personnel that share in performance-based compensation, may also manage the assets of the Client, which is charged only an asset-based fee. In addition, the Affiliated Clients may have higher asset-based fees than the Client. When Thunderstorm Capital, the Adviser and their investment personnel manage more than one client or client account there is a potential risk of one client or client account being favored over another. Thunderstorm Capital and its investment personnel may have a greater incentive to favor clients or client accounts that pay it performance-based compensation or higher management fees.

Thunderstorm Capital has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple clients or client accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. Thunderstorm Capital trades the various types of client accounts in a rotating order to assure that no class of clients is consistently favored in trading. When an investment idea arises, the investment committee of Thunderstorm Capital discusses its suitability for the Affiliated Clients and the Client. If a security is suitable for more than one type of client, purchases are made in rotating order, and the trades are grouped as closely in time as possible in an attempt to achieve price uniformity. If a security is deemed suitable for only one type of client, the reasons for that judgment are recorded. Suitability judgments are influenced by the market capitalization of a security, its perceived risk level, its liquidity characteristics, and its industry as it affects the industry and sector balance for each type of client. Please see Item 12 for a complete discussion of the Advisers allocation policy. Finally, Thunderstorm Capital's procedures also require the objective allocation of any limited opportunities that may arise (such as initial public offerings and private placements) to ensure fair and equitable allocation among accounts. However, neither the Adviser nor Thunderstorm Capital ordinarily invest in initial public offerings or private placements. All issues related to conflicts of interest and to allocation of investments are monitored by the Adviser's Chief Compliance Officer.

Item 7. Types of Clients

The Client is a registered investment company. The Adviser may provide investment advice to one or more other registered investment companies in the future.

The Adviser does not have any requirements for opening or maintaining an account.

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

Methods of Analysis and Investment Strategies

The Adviser may utilize a variety of methods and strategies to make investment decisions and recommendations with respect to the investment of the Client's assets. Generally, however, the Adviser selects investments considered by the Adviser to be undervalued. To do so, the Adviser's principal valuation measures are the price/earnings ratio, the price/book ratio and the price/sales ratio. Based on one or more of these three measures, the Adviser will purchase securities it deems undervalued. The Adviser's investments may include common stocks of companies of any size and market capitalization. The Adviser identifies securities as candidates for investment by using an extensive screening and research process. In addition to securities with low valuations, the Adviser seeks out equity securities that display one or more of the following qualities:

- a strong balance sheet (exemplified by a low debt-to-equity ratio);
- a history of earnings growth exceeding industry norms;
- an attractive level of profitability (as measured by return on equity or return on total capital);
- stock purchases and ownership by insiders;
- a business strategy that appears to be sound and innovative; and/or
- a "catalyst" that may change investors' opinions about a security's prospects for the better.

In analyzing prospective investments, the Adviser takes into account sales and earnings not only for the most recent four quarters, but also for the past five to ten years. In some cases the Adviser may base its analysis on "normalized" earnings, particularly when it appears that recent results are abnormal. The Adviser often buys securities on bad news that it believes is real but temporary. In the Adviser's view, taking advantage of temporary dislocations in the market, and of investors' overreactions to transitory events, enhances the probability of achieving significant capital gains. The Adviser sells securities when it believes they have become overvalued, when it judges that company or industry conditions have changed adversely, or when it finds another security it judges to be a significantly better bargain.

Using the methods of analysis described above, the Adviser employs the following investment strategies with respect to the investment of the Client's assets:

Equity. The Adviser's equity strategy focuses on a broad range of equity investments on a global basis and across all market capitalization levels.

Fundamental Value. The Adviser engages in a fundamental value investment strategy wherein the Adviser attempts to invest in asset-oriented securities the Adviser believes are undervalued by the market.

These methods, strategies and investments involve risk of loss to the Client and the Client must be prepared to bear the loss of its entire investment.

Material Risks (Including Significant, or Unusual Risks) Relating to Investment Strategies

Equity Market Risk. Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. These investor perceptions are based on various and unpredictable factors including expectations regarding:

government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; and global or regional political, economic and banking crises. When you hold common stock of any given issuer, you are generally exposed to greater risk than if you held preferred stocks or debt obligations of the issuer because common stockholders generally have inferior rights to receive payments from issuers in comparison with the rights of preferred stockholders, bondholders and other creditors of such issuers.

High Portfolio Turnover Rate Risk. High portfolio turnover rates could generate capital gains that must be distributed as short-term capital gains taxed at ordinary income rates and could increase brokerage commission costs. Rapid portfolio turnover exposes investors in the Client to a higher current realization of short-term capital gains taxed at ordinary income rates (currently as high as 35%). Additionally, to the extent that the Client experiences an increase in brokerage commissions due to a higher turnover rate, the Client's performance may be negatively impacted by the increased expenses incurred by the Client.

Issuer-Specific Changes. Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

The Adviser uses frequent trading, which results in significantly higher commissions and charges to the Client due to increased brokerage, which will offset the Client's profits.

Risks Associated With Types of Securities that are Primarily Recommended (Including Significant, or Unusual Risks)

Equity Securities. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and other geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

Small-, Mid- and Large-Cap Companies Risk. The Adviser may choose to invest in companies of any size, which include small-, mid- and large-cap companies. Although diminished in large-cap companies, the risks of investing in all companies include business failure and reliance on erroneous reports. Small- and mid-cap companies often have narrower markets and limited managerial and financial resources compared to larger, more established companies. As a result, their performance can be more volatile and they face greater risk of business failure, which could produce investment losses in the Client's portfolio. Nevertheless, larger, more established companies may be unable to respond quickly to new competitive challenges such as changes in consumer tastes or innovative smaller competitors. Large-cap companies may also be unable to attain the high growth rates of successful, smaller companies, especially during extended periods of economic expansion.

Warrants. A warrant gives the holder a right to purchase at any time during a specified period a predetermined number of shares of common stock at a fixed price. Unlike convertible debt securities or preferred stock, warrants do not pay a fixed coupon or dividend. Investments in warrants involve certain risks, including the possible lack of a liquid market for resale of the warrants, potential price fluctuations as a result of speculation or other factors and failure of the price of the underlying security to reach or have reasonable prospects of reaching a level at which the warrant can be prudently exercised (in which event the warrant may expire without being exercised, resulting in a loss of the Client's entire investment therein).

Non-U.S. Securities. Non-U.S. securities, non-U.S. currencies, and securities issued by U.S. entities with substantial non-U.S. operations can involve additional risks relating to political, economic, or regulatory conditions in non-U.S. countries. These risks include fluctuations in non-U.S. currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some non-U.S. markets. All of these factors can make non-U.S. investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, non-U.S. markets can perform differently from the U.S. market.

Emerging Markets. The risks of non-U.S. investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries. Additionally, in some emerging market countries expropriation of private property is a risk.

Money Market Mutual Funds. The Adviser may choose to invest in money market mutual funds in connection with its management of daily cash positions or as a temporary defensive measure for the Client. Generally, money market mutual funds seek to earn income consistent with the preservation of capital and maintenance of liquidity. They primarily invest in high quality money market obligations, including securities issued or guaranteed by the U.S. Government or its agencies and instrumentalities, bank obligations and high-grade corporate instruments. These investments generally mature within 397 days from the date of purchase. An investment in a money market mutual fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any government agency. The Adviser may use investments in money market mutual funds for cash management purposes and to maintain liquidity in order to satisfy redemption requests or pay unanticipated expenses. The cost of investing in such funds will generally be paid by the Client in addition to any fees charged by the Adviser. The purchase of these securities could affect the timing, amount and character of distributions to investors who purchase shares in the Client and may also increase the amount of taxes payable by such investors.

Bank Certificates of Deposit, Bankers' Acceptances and Time Deposits. Certificates of deposit are negotiable certificates issued against monies deposited in a commercial bank for a definite period of time and earning a specified return. Bankers' acceptances are negotiable drafts or bills of exchange, normally drawn by an importer or exporter to pay for specific merchandise, which are "accepted" by a bank, meaning in effect that the bank unconditionally agrees to pay the face value of the instrument on maturity. Certificates of deposit and bankers' acceptances acquired by the Adviser on behalf of its Client will be U.S. dollar denominated obligations of US or non-U.S. banks or financial institutions which at the time of purchase have capital, surplus and undivided profits in excess of \$100 million (including assets of both U.S. and non-U.S. branches), based on latest published reports, or less than \$100 million if the principal amount of such bank obligations are fully insured by the U.S. Government. U.S. and non-U.S. banks are subject to different governmental regulations with respect to the amount and types of loans that may be made and interest rates that may be charged. In addition, the profitability of the banking industry depends largely upon the availability and cost of funds for the purpose of financing lending operations under prevailing money market conditions. General economic conditions as well as exposure to credit losses arising from possible financial difficulties of borrowers play an important part in the operations of the banking industry. As a result of U.S. federal and state laws and regulations, U.S. banks are, among other things, required to maintain specified levels of reserves, limited in the amount which they can loan to a single borrower and subject to other regulations designed to promote financial soundness. However, such laws and regulations do not necessarily apply to non-U.S. bank obligations that the Adviser may acquire on behalf of the Client. The Adviser may also make interest-bearing time or other interest-bearing deposits in commercial or savings banks. Time deposits are non-negotiable deposits maintained at a banking institution for a specified period of time at a specified interest rate.

Savings Association Obligations. The Adviser, on behalf of its Client, may invest in certificates of deposit (interest-bearing time deposits) issued by savings banks or savings and loan associations that have capital, surplus and undivided profits in excess of \$100 million, based on latest published reports, or less than \$100 million if the principal amount of such obligations is fully insured by the U.S. Government.

Commercial Paper, Short-Term Notes and Other Corporate Obligations. The Adviser may invest a portion of the Client's assets in commercial paper and short-term notes. Commercial paper consists of unsecured promissory notes issued by corporations. Issues of commercial paper and short-term notes will normally have maturities of less than nine months and fixed rates of return, although such instruments may have maturities of up to one year. Commercial paper and short-term notes will generally consist of issues rated at the time of purchase "A-2" or higher by S&P, "Prime-1" or "Prime-2" by Moody's, or similarly rated by another nationally recognized statistical rating organization ("NRSRO") or, if unrated, will be determined by the Adviser to be of comparable quality. Corporate obligations include bonds and notes issued by corporations to finance longer-term credit needs than supported by commercial paper. While such obligations generally have maturities of ten years or more, the Adviser may purchase corporate obligations which have remaining maturities of one year or less from the date of purchase and which are rated "A" or higher by S&P or "A" or higher by Moody's.

Item 9. Disciplinary Information

This Item is not applicable.

Item 10. Other Financial Industry Activities and Affiliations

None of the Adviser or any of its management persons is registered or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

None of the Adviser or any of its management persons is registered or has an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing entities.

As discussed in Item 4, Thunderstorm Capital owns 70% of the Adviser, with the remaining 30% owned by John Dorfman and Katharine Davidge. Thunderstorm Capital is principally owned by John Dorfman and Michael Haight. Thunderstorm Capital is also an investment adviser registered with the SEC. Members of Thunderstorm Capital help to set policy for the Adviser and must approve expenditures by the Adviser above a certain threshold, which may change from time to time. Members or employees of Thunderstorm Capital regularly execute trades for the Adviser. On a more occasional basis they provide investment advisory consulting services, consult on compliance, help with Client service or assist with marketing. There is also an understanding that upon the death or incapacitation of John Dorfman, Michael Haight, a managing partner of Thunderstorm Capital, will succeed to John Dorfman's role as President and portfolio manager of the Adviser.

At times Thunderstorm Capital's investment personnel may manage the assets of the Client as well as the Affiliated Clients. This arrangement creates a conflict of interest. Please see Item 6 for a full discussion of this conflict of interest.

Investment opportunities that are appropriate for clients of both the Adviser and Thunderstorm Capital will be allocated in accordance with the procedures described in Item 12 below.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Adviser has adopted a Code of Ethics promulgated by the Trust for Professional Managers, an affiliate of US Bancorp Fund Services, as well as the code of ethics of its parent, Thunderstorm Capital (together, the "Code"), that obligates the Adviser and its related persons to put the interests of the Client before their own interests and to act honestly and fairly in all respects in their dealings with the Client. In the judgment of the Adviser, there are no inconsistencies between the codes mentioned above, however, in the event there is an inconsistency in the code promulgated by the Trust for Professional Managers and the code of Thunderstorm Capital, the code promulgated by the Trust for Professional Managers will govern. All of the Adviser's personnel are also required to comply with applicable federal securities laws. The Client or prospective clients may obtain a copy of the Code by contacting John Dorfman (Chief Compliance Officer) by email at jdorfman@thunderstormvalue.com, or by telephone at (617) 204-5653. See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by related persons.

The Adviser, in the course of its investment management and other activities (e.g., board or creditor committee service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of the Client. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to the Client and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the Client or using such information for the Client's benefit. In such circumstances, the Adviser will have no responsibility or liability to the Client for not disclosing such information to the Client (or the fact that the Adviser possesses such information), or not using such information for the Client's benefit, as a result of following the Adviser's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

The Adviser or its related persons, may at times recommend to the Client's underlying investors the purchase of one or more investment products sold or managed by Thunderstorm Capital. This practice creates a conflict of interest because the Adviser or related person has an incentive to recommend to the Client's underlying investors investment products based on its own financial interests, rather than solely the interests of the Client. However, such recommendations would be made if and only if such an investment were consistent with an underlying investor's investment objectives and restrictions and the Adviser's personnel, acting as fiduciaries, believe such purchase would be in the interest of such underlying investor.

Except for their investments in the Client (directly or indirectly through ownership of an interest in Thunderstorm Capital), John Dorfman, a direct and indirect owner and President of the Adviser, and Katharine Davidge, a direct owner and analyst of the Adviser, maintain no brokerage accounts and own no individual stocks. Both Mr. Dorfman and Ms. Davidge invest solely in mutual funds or private investment partnerships offered by the Adviser or Thunderstorm Capital.

However, it is possible that future related persons of the Adviser may invest in the same securities (or related securities, e.g., warrants, options or futures) for their own accounts that the Adviser or a related person recommends to the Client. Such practices present a conflict where, because of the information an Adviser has, the Adviser or its related person are in a position to trade in a manner that could adversely affect the Client (e.g., place their own trades before or after the Client trades are executed in order to benefit from any price movements due to the Clients' trades). In addition to affecting the Adviser's or its

related person's objectivity, these practices by the Adviser or its related persons may also harm the Client by adversely affecting the price at which the Client's trades are executed. The Adviser has adopted certain professional standards and guidelines, which are designed to ensure that any potential conflicts of interest relating to these purchases and sales are resolved in accordance with applicable securities laws and fiduciary considerations. The Adviser recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of the Client; (ii) its long-term business interests are best served by adherence to the principle that the interests of the Client come first; and (iii) it has a fiduciary duty to the Client to act solely for their benefit. All personnel of the Adviser must put the interests of the Client before their own personal interests and must act honestly and fairly in all respects in dealings with the Client. In addition, the Adviser has adopted procedures in an effort to minimize such conflicts. The Code requires personnel who have access to Client portfolio information or the Adviser's non-public securities recommendations to complete a pre-clearance form and submit it to the Adviser in advance of various contemplated transactions, and to report their personal securities transactions and holdings to the Adviser. The Adviser and/or Thunderstorm Capital LLC are required to review such reports at least quarterly.

To the extent that the Adviser or a related person or any of their employees own securities that the Adviser or its related person also recommends to the Client, such Client's proxies will be voted according to predetermined guidelines rather than subject to the Adviser's (or its related person's) discretion. Please refer to Item 17 for further information regarding the Adviser's proxy voting policy and procedures.

Item 12. Brokerage Practices

Consistent with the primary requirement of best execution, the Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and error resolution. The Adviser also considers the broker-dealer's research prowess in allocating brokerage—quality and quantity of research, the overlap between the broker-dealer's coverage universe and the Adviser's interest list, ability to facilitate meetings with company management, whether the broker-dealer sponsors conferences on topics of interest to the Adviser and the ability of the broker-dealer to respond quickly and well to research and Client service questions. In selecting broker-dealers and determining their compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus the Client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The joint Best Execution Committee of the Adviser and its parent, Thunderstorm Capital, meet at least annually and sometimes several times a year to evaluate the broker-dealers used by the Adviser to execute Client trades using the foregoing factors.

The Adviser, receives research or other products or services other than execution from broker-dealers in connection with Client securities transactions. This is known as a "soft dollar" relationship. The Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research), attendance at certain seminars and conferences and meetings with corporate executives. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians), software used to transmit orders, clearance and settlement in connection with a trade, post trade matching of trade information, and services required by the SEC or a self regulatory organization such as comparison services, electronic confirms or trade affirmations.

When the Adviser uses client commissions to obtain Section 28(e) eligible research and brokerage services, the Adviser's Best Execution Committee meets periodically to review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or services received from a broker-dealer, the commissions used to obtain that research and those services were reasonable in relation to the value of the brokerage, research or services provided by the broker-dealer.

The use of client commissions to obtain research and brokerage services raises conflicts of interest. For example, the Adviser will not have to pay for the services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those services.

The Adviser may cause the Client to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits, resulting in higher transaction costs for the Client. Research and brokerage services obtained by the use of commissions arising from the Client's portfolio transactions may be used for the benefit of the Affiliated Clients.

During the Adviser's last fiscal year, as a result of client brokerage commissions, the Adviser and/or its related persons acquired research reports (including industry, company and economic research) and attended certain seminars.

In selecting broker-dealers, the Adviser does not currently consider whether the Adviser or a related person receives client referrals from a broker-dealer or third party. If in the future, the Adviser were to

make this a consideration in choosing broker-dealers, the Adviser might then have an incentive to select or recommend a broker-dealer based on its interests to receive client referrals rather than on the Client's interests to receive most favorable execution. To address this conflict of interest, the Adviser would execute Client trades through broker-dealers that refer clients to the Adviser only if it is determined by the joint Best Execution Committee of the Adviser and Thunderstorm Capital that Client trades with such broker-dealers are otherwise consistent with seeking best execution.

Notwithstanding the foregoing, the Adviser has entered into contracts with "no load mutual fund supermarkets" administered by several major brokerage houses. In connection with these contracts and at its own expense, the Adviser pays these financial institutions a fee for providing distribution and distribution-related services and/or for performing certain administrative/shareholder servicing functions for the benefit of underlying investors in the Client. These payments may create an incentive for such financial institutions to recommend the purchase of shares of the Client. As of March 31, 2011 the Fund has such an arrangement with TD Ameritrade, Fidelity, and Charles Schwab & Co.

The Adviser does not have any directed brokerage agreements.

The Adviser currently only advises the Client. However, if Thunderstorm Capital, on behalf of the Affiliated Clients, and the Adviser, on behalf of the Client, want to trade the same securities, they are given the chance to trade them at the same time and for the same price if possible, so that prices achieved for investors will be uniform. Should simultaneous trading be impossible in a given case, then Thunderstorm Capital and the Adviser, on behalf of each of their applicable clients, will trade in a predetermined order that rotates regularly.

Generally, securities are allocated to various portfolios based on:

- (a) risk tolerance
- (b) portfolio vacancies in particular accounts
- (c) industry balance in each account
- (d) concentration or diversification guidelines for each account.
- (e) the investment opinion of the managers of that particular portfolio.

The Fund is a more aggressive, higher-risk product than the Separate Accounts. The Client strives to be medium-risk, as do most of the Separate Accounts. It is anticipated that the Client, with 30 to 50 stocks, will generally be more diversified than the Separate Accounts and the Fund.

Item 13. Review of Accounts

The Adviser currently has only one Client. John Dorfman, portfolio manager for the Client and President of the Adviser, performs portfolio reviews at least weekly. Holdings are reviewed for news flow, significant stock movements, changes in valuation, balance-sheet changes, changes in management, insider purchases and sales, or changes in the competitive landscape. The portfolio is also reviewed at least monthly to assess country balance, sector weighting and industry weightings.

Significant market events affecting the prices of one or more securities in the Client's accounts may trigger reviews of the Client's accounts on other than a periodic basis.

The Client's underlying investors receive reports from the Client pursuant to the terms of the Client's offering memoranda or as otherwise described in the offering documents of the Client. At present, underlying investors in the Client receive quarterly reports, as well as a semi-annual report and an annual report.

Item 14. Client Referrals and Other Compensation

The Adviser receives certain research or services from broker-dealers through “soft-dollar” arrangements. These “soft-dollar” arrangements create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser’s interest in receiving the research or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of the Client. Please see Item 12 for further information on the Adviser’s “soft-dollar” practices, including the Adviser’s procedures for addressing conflicts of interest that arise from such practices.

Item 15. Custody

This Item is not applicable.

Item 16. Investment Discretion

The Adviser provides investment advisory services on a discretionary basis to the Client. Please see Item 4 for a description of any limitations the Client may place on the Adviser's discretionary authority. Prior to assuming discretion in managing the Client's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by the Client, the Adviser has the authority to determine (i) the securities to be purchased and sold for the Client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines); (ii) the amount of securities to be purchased or sold for the Client's account. If the Adviser were to provide investment advisory services to one or more other clients in the future, there may be differences among clients in invested positions and securities held because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria. The Adviser's portfolio managers would submit an allocation statement to Thunderstorm Capital's trading desk describing the allocation of securities to (or from) the Client's accounts for each trade/order submitted. The portfolio managers may consider the following factors, among others, in allocating securities among clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is the Adviser's policy to allocate investment opportunities to eligible client accounts in accordance with the policies and procedures discussed in Item 12, these factors may lead the Adviser to allocate securities to client accounts in varying amounts. Even client accounts that are typically managed on a side-by-side basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment type (e.g., equities) divided by the total assets of all accounts eligible to invest in the particular investment.

To date, the Adviser has not participated in any initial public offerings (IPOs) or limited offerings, and the Adviser has no current plans to do so. If the Adviser participates in such offerings in the future, allocations will be made among client accounts eligible to participate in IPOs and secondary offerings on a pro rata basis, except when the Adviser determines in its discretion that a pro rata allocation is not appropriate, which may include a client's investment guidelines explicitly prohibiting participation in IPOs or secondary offerings or a client's eligibility regarding participation in IPOs under applicable rules and/or regulations.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, the Adviser's error correction procedure is to ensure that the Client is treated fairly and, following error correction, are in the same position they would have been if the error had not occurred. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy.

Item 17. Voting Client Securities

To the extent the Adviser has been delegated proxy voting authority on behalf of the Client, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to the Client's securities, such proxies are voted in the best interests of the Client. In voting proxies, the Adviser generally votes in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are involved), selection of auditors and increases in or reclassification in common stock. The Adviser will generally vote against proposals that make it more difficult to replace members of an issuer's board of directors, cause management to be overrepresented on the board, introduce cumulative voting, introduce unequal voting rights, create supermajority voting or create "poison pill" plans. For all other proposals, the Adviser will determine whether a proposal is in the best interests of the Client and may take into account the following factors, among others: (i) whether the proposal was recommended by management and the Adviser's portfolio manager's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

The Client is not permitted to direct its votes in a particular solicitation. If a material conflict of interest between the Adviser and the Client exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the Client or take some other appropriate action.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted the Client's proxies by contacting John Dorfman (Chief Compliance Officer) by mail at Thunderstorm Mutual Funds LLC, Suite 1900, One Federal Street, Boston MA 02110, by email at jdorfman@thunderstormvalue.com, or by telephone at (617) 204-5653.

Item 18. Financial Information

This Item is not applicable.

Item 19. Requirements for State-Registered Advisers

This Item is not applicable.

This Item is not applicable.