

**Harvest Volatility Management, LLC**

**March 31, 2011**

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**This brochure provides information about the qualifications and business practices of Harvest Volatility Management, 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 (646) 843-4803. This information has not been approved or verified by the SEC or by any state securities authority.**

**Additional information about Harvest Volatility Management, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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

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**Item 3. Table of Contents**  
*[Please note that Item 2  
appears at the end of  
the Firm Brochure.]*

**SEC Instructions:**

Provide a table of contents to the Adviser's brochure

The Adviser's table of contents must be detailed enough so that its clients can locate topics easily. Its brochure must follow the same order, and contain the same headings, as the Items listed in Part 2A.

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**SEC Instructions:**

***General Description of Advisory Firm***

A. Describe the Adviser, including how long it has been in business. Identify its principal owner(s).

***Description of Advisory Services (including any specializations)***

B. Describe the types of advisory services the Adviser offers. If the Adviser holds itself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If the Adviser provides investment advice only with respect to limited types of investments, explain the type of investment advice it offers, and disclose that its advice is limited to those types of investments.

***Availability of Tailored Services for Individual Clients***

C. Explain whether (and, if so, how) the Adviser tailors its advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.

***Wrap Fee Programs***

D. If the Adviser participates in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how the Adviser manages wrap fee accounts and how the Adviser manages other accounts, and (2) explain that the Adviser receives a portion of the wrap fee for its services.

***Client Assets Under Management***

E. If the Adviser manages client assets, disclose the amount of client assets it manages on a discretionary basis and the amount of client assets it manages on a non-discretionary basis. Disclose the date "as of" which the Adviser measured client asset values for disclosure in Item 4.E.

#### **Item 4. Advisory Business**

The Adviser is an investment adviser with its principal place of business in New York, New York. The Adviser commenced operations as an investment adviser on March 12, 2008 and has been registered with the SEC since March 27, 2008. Curtis Brockelman, Jr. and Richard Selvala, Jr. are the principal owners of the Adviser.

The Adviser provides investment advisory services on a discretionary basis to its clients, which include individuals and institutions with separately managed accounts and pooled investment vehicles intended for, sophisticated investors and institutional investors.

The Adviser provides advice to client accounts based on specific investment objectives and strategies.

Clients may not impose restrictions on investing in certain securities or certain types of securities.

As of December 31, 2010, the Adviser had approximately \$866,146,500 client assets under management.

**SEC Instructions:**

***Advisory Fees and Compensation***

A. Describe how the Adviser is compensated for its advisory services. Provide its fee schedule. Disclose whether the fees are negotiable.

***Payment of Fees***

B. Describe whether the Adviser deducts fees from clients' assets or bills clients for fees incurred. If clients may select either method, disclose this fact. Explain how often the Adviser bills clients or deducts its fees.

***Other Fees and Expenses***

C. Describe any other types of fees or expenses clients may pay in connection with the Adviser's advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of the Adviser's brochure that discusses brokerage.

***Prepayment of Fees***

D. If the Adviser's clients either may or must pay the Adviser's fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how the Adviser will determine the amount of the refund.

***Additional Compensation and Conflicts of Interest***

E. If the Adviser or any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.

1. Explain that this practice presents a conflict of interest and gives the Adviser or its supervised persons an incentive to recommend investment products based on the compensation received, rather than on a client's needs. Describe generally how the Adviser addresses conflicts that arise, including its procedures for disclosing the conflicts to clients. If the Adviser primarily recommends mutual funds, disclose whether it will recommend "no-load" funds.

2. Explain that clients have the option to purchase investment products that the Adviser recommends through other brokers or agents that are not affiliated with the Adviser.

3. If more than 50% of the Adviser's revenue from advisory clients results from commissions and other compensation for the sale of investment products the Adviser recommends to its clients, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide the Adviser's primary or, if applicable, the Adviser's exclusive compensation.

4. If the Adviser charges advisory fees in addition to commissions or markups, disclose whether the Adviser reduces its advisory fees to offset the commissions or markups.

## **Item 5. Fees and Compensation**

### **Asset-Based Compensation**

The Adviser charges each client an investment management fee based on the value of the client's assets under management at a rate typically ranging from 0.5% to 1.5% per annum.

Investment management fees are charged each quarter or month (depending on the arrangement between the Adviser and the individual client) in advance based on the total market value of the assets in the client account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the first day of the quarter or month. If a new client account is established during a quarter or month or a client makes an addition to its account during a quarter or month the investment management fee will be charged as of the effective date of the investment management agreement or the date of the additional contribution based on the value of the assets as of the applicable date and will be prorated for the number of days remaining in the quarter or month.

These fees may be waived for investors that are members, employees or affiliates of the Adviser or its affiliates, relatives of such persons, and for certain large or strategic investors.

### **Performance-Based Compensation**

The Adviser may also be paid a performance-based fee or allocation, which is compensation that is based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle). This compensation may be paid to the Adviser or to a related person of the Adviser at a rate typically ranging from 10% to 20%.

These fees may be waived for investors that are members, employees or affiliates of the Adviser or its affiliates, relatives of such persons, and for certain large or strategic investors.

The Adviser does not deduct the investment management fee from client accounts. Rather, the Adviser bills clients.

In addition to paying investment management fees and, if applicable, performance-based fees or other compensation, client accounts will also be subject to other investment 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, expenses and fees (including, investment advisory and other fees charged by investment advisers with, or funds in, which the client's account invests) associated with products or services that may be necessary or incidental to such investments or accounts. Please refer to Item 12 of this Firm Brochure for a discussion of the Adviser's brokerage practices.

The clients are required to pay the Adviser's fees in advance.

The client may obtain a refund of a pre-paid fee in the following manner if the advisory contract is terminated or a withdrawal is made from the account before the end of a billing period by notifying the Adviser in writing of its intent to terminate its investment. The Adviser will credit the amount of the refund to such client's account prior to distributing the withdrawal amount.

The Adviser will determine the amount of the relevant refund in the following manner: The prepaid fee for the quarter in which termination occurs is prorated based upon the total amount of the fee paid, the number of days in the billing period and the number of days remaining in the billing period.

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**Item 6. Performance-Based Fees and Side-by-Side Management****SEC INSTRUCTIONS:**

If the Adviser or any of its supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If the Adviser or any of its supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that the Adviser or its supervised persons face by managing these accounts at the same time, including that the Adviser or its supervised persons have an incentive to favor accounts for which the Adviser or its supervised persons receive a performance-based fee, and describe generally how the Adviser addresses these conflicts.



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

The Adviser and its investment personnel provide investment management services to multiple portfolios for multiple clients. The Adviser is entitled to be paid performance-based compensation by its private pooled investment vehicle clients and certain other client accounts.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities pro rata based on asset size. The Adviser may also take into account the client's investment objectives and strategies, risk profile, and strategies; any restrictions placed on a client's portfolio by the client or by federal or state law; the size of the account; the total portfolio invested position; the nature of the security to be allocated; the size of the available position; the supply or demand for a security at a given price level; the current market conditions; the timing of cash flows and account liquidity; and any other information determined to be relevant to the fair allocation of securities. The Adviser's procedures also require that, to the extent orders are aggregated, the client orders are price-averaged. Finally, the Adviser's procedures also require that limited opportunities (such as initial public offerings and private placements) be allocated in any manner deemed appropriate by the Adviser under the circumstances. These areas are monitored by the Adviser's Chief Compliance Officer.

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**Item 7. Types of Clients****SEC Instructions:**

Describe the types of clients to whom the Adviser generally provides investment advice, such as individuals, trusts, investment companies, or pension plans. If the Adviser has any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

**Item 7. Types of Clients**

The Adviser's clients consist of individuals, investment companies, private funds, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

The Adviser requires that a client invests a minimum of \$10 million to open an account.

With respect to any client that is a pooled investment vehicle, any initial and additional subscription minimums are disclosed in the offering memorandum for the pooled investment vehicle.

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

**SEC Instructions:**

***Methods of Analysis and Investment Strategies***

A. Describe the methods of analysis and investment strategies the Adviser uses in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.

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

B. For each significant investment strategy or method of analysis the Adviser uses, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If the Adviser's primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

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

C. If the Adviser recommends primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.

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

The Adviser utilizes a variety of methods and strategies to make investment decisions and recommendations. The methods of analysis include fundamental research as well as use of technical analytical tools and approaches.

The Adviser employs the following investment strategies:

*Leverage.* The Adviser's investment program utilizes a significant amount of leverage which involves the borrowing of funds from brokerage firms, banks and other institutions in order to be able to increase the amount of capital available for marketable securities investments.

*Option Trading.* The Adviser engages in various option trading investment strategies. Options are investments whose ultimate value is determined from the value of the underlying investment. The Adviser engages in the following types of option trading strategies: global equity, commodity and fixed income indices.

*Short Selling.* The Adviser engages in short selling strategies. In a short sale transaction, the Adviser sells a security it does not own in anticipation that the market price of that security will decline. The Adviser makes short sales in order to maintain flexibility and for profit.

*Short-Term Market Timing.* The Adviser engages in a short-term market timing investment strategy wherein the Adviser attempts to anticipate the market price of an index option before the index option's price reacts to market forces by analyzing macroeconomic and market trends, and then sells the index option shortly after the stock's price is influenced by market movements.

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

The material risks relating to the Adviser's investment strategies are set forth below.

*Commodities.* Commodity investments are affected by business, financial market or legal uncertainties. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on its commodity investments. Prices of commodity investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Adviser's portfolio and the value of its investments. In addition, the value of the Adviser's portfolio may fluctuate as the general level of interest rates fluctuates.

*Interest Rate Risks.* Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.

*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.

*Lack of Diversification.* Client accounts will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, client portfolios are subject to more rapid change in value than

would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments.

*Leverage.* Performance may be more volatile if a client's account employs leverage.

*Relative Value Risk.* In the event that the perceived mispricings underlying the Adviser's relative value trading positions were to fail to converge toward, or were to diverge further from, relationships expected by the Adviser, client accounts may incur a loss.

*Short Selling Risk.* The Adviser's investment program includes a significant amount of short selling. Short selling transactions expose the Adviser to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and up to the entire amount of the applicable spread. There is the risk that the securities borrowed by the Adviser in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Adviser might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

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

The risks associated with types of securities that are primarily recommended by the Adviser are set forth below.

*Commodity Futures.* Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a pooled investment vehicle engaging in commodity futures trading. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to such a pooled investment vehicle.

*Derivatives.* Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or the Adviser. Further, transactions in derivative instruments are not undertaken on recognized exchanges, and will expose the client's account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

*Fixed-Income and Debt-Related Securities.* Investment in fixed-income and debt-related securities, such as options on fixed-income indices, subject a client's portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly, investments in debt-related securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

***Illiquid Instruments.*** Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the Adviser's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Adviser to obtain market quotations based on actual trades for the purpose of valuing a fund's portfolio.

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

***Security Futures and Options.*** In connection with the use of futures contracts and options, there may be an imperfect correlation between the change in market value of a security and the prices of the futures contracts and options in the client's account. In addition, the Adviser's investments in security futures and options may encounter a lack of a liquid secondary market for a futures contract and the resulting inability to close a futures position prior to its maturity date.

**SEC Instructions:**

If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of the Adviser's advisory business or the integrity of its management, the Adviser must disclose all material facts regarding those events.

Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item. If the Adviser or a management person has been involved in one of these events, the Adviser must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in the Adviser's favor or the management person's favor, or was reversed, suspended or vacated, or (2) the Adviser has rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date that the final order, judgment, or decree was entered, or the date that any rights of appeal from preliminary orders, judgments or decrees lapsed. Items 9.A, 9.B, and 9.C do not contain an exclusive list of material disciplinary events.

If the Adviser or a management person has been involved in a legal or disciplinary event that is not listed in Items 9.A, 9.B, or 9.C, but nonetheless is material to a client's or prospective client's evaluation of the Adviser's advisory business or the integrity of its management, the Adviser must disclose the event.

Similarly, even if more than ten years have passed since the date of the event, the Adviser must disclose the event if it is so serious that it remains material to a client's or prospective client's evaluation. Likewise, while the disclosure of arbitration awards and settlements are not explicitly required by this Item, the Adviser should carefully consider whether they do, in fact, involve or implicate wrongdoing and/or reflect on the integrity of the Adviser, and should be disclosed to clients in the brochure or through other means.

***Criminal or Civil Actions***

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the Adviser's firm or a management person

1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;

2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;

3. was found to have been involved in a violation of an investment-related statute or regulation; or

4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, the Adviser or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

***Administrative Proceedings Before Regulatory Authorities***

B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which the Adviser's firm or a management person



1. was found to have caused an investment-related business to lose its authorization to do business; or

2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority

(a) denying, suspending, or revoking the authorization of the Adviser or a management person to act in an investment-related business;

(b) barring or suspending the Adviser's or a management person's association with an investment-related business;

(c) otherwise significantly limiting the Adviser's or a management person's investment-related activities; or

(d) imposing a civil money penalty of more than \$2,500 on the Adviser or a management person.

***Self-Regulatory Organization (SRO) Proceedings***

C. A self-regulatory organization (SRO) proceeding in which the Adviser or a management person

1. was found to have caused an investment-related business to lose its authorization to do business; or

2. was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.

**Item 9. Disciplinary Information**

This Item is inapplicable as there are no disciplinary events to report.

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## Item 10. Other Financial Industry Activities and Affiliations

### **SEC Instructions:**

#### ***Broker-Dealer Registration Status***

A. If the Adviser or any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

#### ***Commodities-Related Registration***

B. If the Adviser or any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.

#### ***Material Relationships or Arrangements with Industry Participants***

C. Describe any relationship or arrangement that is material to the Adviser's advisory business or to its clients that the Adviser or any of its management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how the Adviser addresses it.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, pooled investment vehicle or "hedge fund," and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships.

#### ***Material Conflicts of Interest Relating to Other Investment Advisers***

D. If the Adviser recommends or selects other investment advisers for its clients and the Adviser receives compensation directly or indirectly from those advisers that creates a material conflict of interest, or if the adviser has other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how the Adviser addresses them.

#### **Item 10. Other Financial Industry Activities and Affiliations**

Each of the limited partnerships for which the Adviser serves as general partner or investment manager has entered into or may in the future enter into agreements, or “side letters,” with certain prospective or existing limited partners or shareholders whereby such limited partners or shareholders may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum for the partnership or fund. For example, such terms and conditions may provide for discounted fees; special rights to make future investments in the partnership, other investment vehicles or managed accounts; special redemption rights, relating to frequency or notice; a waiver or rebate in fees or redemption penalties to be paid by the limited partner or shareholder and/or other terms; rights to receive reports from the partnership on a more frequent basis or that include information not provided to other limited partners or shareholders (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the partnership or fund and such limited partners or shareholders. The modifications are solely at the discretion of the partnership or fund and may, among other things, be based on the size of the limited partner’s or shareholder’s investment in the partnership or fund or affiliated investment entity, an agreement by a limited partner or shareholder to maintain such investment in the partnership or fund for a significant period of time, or other similar commitment by a limited partner or shareholder to the partnership or fund.

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

**SEC Instructions:**

***Code of Ethics***

A. If the Adviser is an SEC-registered adviser, briefly describe its code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that the Adviser will provide a copy of its code of ethics to any client or prospective client upon request.

***Client Transactions in Securities where Adviser has a Material Financial Interest***

B. If the Adviser or a related person recommends to clients, or buys or sells for client accounts, securities in which the Adviser or a related person has a material financial interest, describe its practice and discuss the conflicts of interest it presents. Describe generally how the Adviser addresses conflicts that arise.

Examples: (1) The Adviser or a related person, as principal, buys securities from (or sells securities to) its clients; (2) the Adviser or a related person acts as general partner in a partnership in which the adviser solicits client investments; or (3) the Adviser or a related person acts as an investment adviser to an investment company that the Adviser recommends to clients.

***Investing in Securities Recommended to Clients***

C. If the Adviser or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that the Adviser or a related person recommends to clients, describe its practice and discuss the conflicts of interest this presents and generally how the Adviser address the conflicts that arise in connection with personal trading.

***Conflicts of Interest Created by Contemporaneous Trading***

D. If the Adviser or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that the Adviser or a related person buys or sells the same securities for its own (or the related person's own) account, describe the Adviser's practice and discuss the conflicts of interest it presents. Describe generally how the Adviser addresses conflicts that arise.

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

The Adviser has adopted a Code of Ethics (the "Code") that obligates the Adviser and its personnel to put the interests of the Adviser's clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. All of the Adviser's personnel are also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Mark Merritt (Chief Compliance Officer) by email at [mark.merritt@harvestvolmgt.com](mailto:mark.merritt@harvestvolmgt.com), or by telephone at (646) 843-4803. 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 clients. 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 clients 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 acts as a general partner in a partnership in which the Adviser solicits client investments.

This practice creates a conflict of interest because the Adviser or related person has an incentive to recommend limited partnership interests to clients based on its own financial interests, rather than solely the interests of a client.

In addition, the Adviser or its related persons invests in the same securities (or related securities, e.g., warrants, options or futures) that the Adviser or a related person recommends to clients. 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 clients (e.g., place their own trades before or after 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 clients by adversely affecting the price at which the clients' trades are executed. The Adviser has adopted the following procedures in an effort to minimize such conflicts: The Adviser requires its covered persons to preclear all transactions in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of its clients. In addition, the Adviser's Code prohibits the Adviser or its covered persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer. All of the Adviser's related persons are required to disclose their securities transactions on a quarterly basis and holdings on an annual basis. All of the Adviser's covered persons are also required to provide broker confirmations of each transaction in which they engage and a monthly certification of such transactions. Trading in employee accounts will be reviewed by the Chief Compliance Officer and compared with transactions for the client accounts and reviewed against the restricted securities list.

Although the Adviser does not generally anticipate that the securities purchased pursuant to its investment strategy will have voting rights, to the extent that the Adviser or a related person or any of

their employees own securities with voting rights that the Adviser or its related person also recommends to clients, such clients' 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.

**SEC Instructions:**

***Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions***

A. Describe the factors that the Adviser considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

1. **Research and Other Soft Dollar Benefits.** If the Adviser receives research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose its practices and discuss the conflicts of interest they create.

Note: The Adviser's disclosure and discussion must include all soft dollar benefits the Adviser receives, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.

a. Explain that when the Adviser uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, the Adviser receives a benefit because the Adviser does not have to produce or pay for the research, products or services.

b. Disclose that the Adviser may have an incentive to select or recommend a broker-dealer based on the Adviser's interest in receiving the research or other products or services, rather than on the Adviser's clients' interest in receiving most favorable execution.

c. If the Adviser may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.

d. Disclose whether the Adviser uses soft dollar benefits to service all of its clients' accounts or only those that paid for the benefits. Disclose whether the Adviser seeks to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

e. Describe the types of products and services the Adviser or any of its related persons acquired with client brokerage commissions (or markups or markdowns) within the Adviser's last fiscal year.



f. Explain the procedures the Adviser used during its last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits it received.

**2. Brokerage for Client Referrals.** If the Adviser considers, in selecting or recommending broker-dealers, whether the Adviser or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

a. Disclose that the Adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving client referrals, rather than on its clients' interest in receiving most favorable execution.

b. Explain the procedures the Adviser used during its last fiscal year to direct client transactions to a particular broker-dealer in return for client referrals.

**3. Directed Brokerage.**

a. If the Adviser routinely recommends, requests or requires that a client direct the Adviser to execute transactions through a specified broker-dealer, describe its practice or policy. Explain that not all advisers require their clients to direct brokerage. If the Adviser and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage the Adviser may be unable to achieve most favorable execution of client transactions, and that this practice may cost clients more money.

b. If the Adviser permits a client to direct brokerage, describe its practice. If applicable, explain that the Adviser may be unable to achieve most favorable execution of client transactions. Explain that directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because the Adviser may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

**Order Aggregation**

B. Discuss whether and under what conditions the Adviser aggregates the purchase or sale of securities for various client accounts. If the Adviser does not aggregate orders when the Adviser has the opportunity to do so, explain its practice and describe the costs to clients of not aggregating.

## **Item 12. Brokerage Practices**

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 may include financial stability of the broker; the actual executed price of the security and the broker's commission rates; research, custodial and other services provided by such brokers and/or dealers that are expected to enhance the Adviser's general portfolio management capabilities; the size and type of the transaction; the difficulty of execution and the ability to handle difficult trades; the operational facilities of the brokers and/or the dealers involved; and the ability to handle a block order for securities and distribution capabilities. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's 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 a 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 Adviser's Chief Compliance Officer and traders meet periodically to evaluate the broker-dealers used by the Adviser to execute client trades using the foregoing factors.

Although the Adviser does not currently do so, the Adviser may receive research or other products or services other than execution from a broker-dealer and/or a third party 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); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. 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); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; 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.

Should the Adviser use client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser's Chief Compliance Officer will meet with the Adviser's head trader periodically to review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services would raise conflicts of interest. For example, the Adviser would not have to pay for the products and services itself. This would create an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services.

Although it does not currently do so, in some instances, the Adviser may obtain a product or service that is used, in part, by the Adviser for Section 28(e) eligible purposes and, in part, for other purposes. In such instances, the Adviser will make a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in carrying out its investment decision-making

responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). Such determination will be made based on the actual use of the product or service by the Adviser's personnel. The proportion of the product or service attributable to assisting the Adviser in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by the Adviser from its own resources. The determination of the appropriate allocation of "mixed use" products and services creates a potential conflict of interest between the Adviser and clients.

Although it does not currently do so, under certain circumstances, the Adviser may permit clients to direct the Adviser to execute the client's trades with a specified broker-dealer. When a client directs the Adviser to use a specified broker-dealer to execute all or a portion of the client's securities transactions, the Adviser treats the client direction as a decision by the client to retain, to the extent of the direction, the discretion the Adviser would otherwise have in selecting broker-dealers to effect transactions and in negotiating commissions for the client's account. Although the Adviser attempts to effect such transactions in a manner consistent with its policy of seeking best execution, there may be occasions where it is unable to do so, in which case the Adviser will continue to comply with the client's instructions. Transactions in the same security for accounts that have directed the use of the same broker will be aggregated. When the directed broker-dealer is unable to execute a trade, the Adviser will select broker-dealers other than the directed broker-dealer to effect client securities transactions. A client who directs the Adviser to use a particular broker-dealer to effect transactions should consider whether such direction may result in certain costs or disadvantages to the client. Such costs may include higher brokerage commissions (because the Adviser may not be able to aggregate orders to reduce transaction costs), less favorable execution of transactions, and the potential of exclusion from the client's portfolio of certain foreign ordinary shares and/or small capitalization or illiquid securities due to the inability of the particular broker-dealer in question to provide adequate price and execution of all types of securities transactions. By permitting a client to direct the Adviser to execute the client's trades through a specified broker-dealer, the Adviser will make no attempt to negotiate commissions on behalf of the client and, as a result, in some transactions such clients may pay materially disparate commissions depending on their commission arrangement with the specified broker-dealer and upon other factors such as number of shares, round and odd lots and the market for the security. The commissions charged to clients that direct the Adviser to execute the client's trades through a specified broker-dealer may in some transactions be materially different than those of clients who do not direct the execution of their trades. Clients that direct the Adviser to execute the client's trades through a specified broker-dealer may also lose the ability to negotiate volume commission discounts on batched transactions that may otherwise be available to other clients of the Adviser.

The Adviser often purchases or sells the same security for many clients contemporaneously and using the same executing broker. It is the Adviser's practice, where possible, to aggregate client orders for the purchase or sale of the same security submitted contemporaneously for execution using the same executing broker. The Adviser will also aggregate in the same transaction, the same securities for accounts where the Adviser has brokerage discretion. Such aggregation may enable the Adviser to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. When an aggregated order is completely filled, the Adviser allocates the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to account for differences in client objectives and strategies, risk tolerances, tax status and other criteria. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to clients. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all participating clients.

**SEC Instructions:**

***Frequency and Nature of Review***

A. Indicate whether the Adviser periodically reviews client accounts or financial plans. If the Adviser does, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.

***Factors Prompting a Non-Periodic Review of Accounts***

B. If the Adviser reviews client accounts on other than a periodic basis, describe the factors that trigger a review.

***Content and Frequency of Regular Account Reports***

C. Describe the content and indicate the frequency of regular reports the Adviser provides to clients regarding their accounts. State whether these reports are written.

### **Item 13. Review of Accounts**

Each client account is reviewed by Mark Merritt, the Chief Compliance Officer of the Adviser, on a monthly basis to determine whether securities positions should be maintained in view of current market conditions. Matters reviewed include specific securities held, adherence to investment guidelines and the performance of each client account.

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

Unless otherwise agreed to by the Adviser and Client, each client that is a separate account will receive monthly reports from its custodian describing investments in the Account, summarizing that period's activities and comparing the market value of the securities in the Account for that period with the Account's performance for prior periods. The Adviser will provide each client quarterly reports with a performance review. Additionally, the Adviser prepares a daily statement and makes such statement available to clients upon request. Such reports may be delivered electronically to the client in accordance with the client's agreement with the Adviser.

A client's investors receive reports from the client pursuant to the terms of each client's offering memoranda or as otherwise described in the offering document of the client.

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**Item 14. Client Referrals and Other Compensation****SEC Instructions:*****Economic Benefits Received from Non-Clients for Providing Services to Clients***

A. If someone who is not a client provides an economic benefit to the Adviser for providing investment advice or other advisory services to its clients, generally describe the arrangement, explain the conflicts of interest, and describe how the Adviser addresses the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

***Compensation to Non-Supervised Persons for Client Referrals***

B. If the Adviser or a related person directly or indirectly compensates any person who is not its supervised person for client referrals, describe the arrangement and the compensation.

#### **Item 14. Client Referrals and Other Compensation**

Although the Adviser does not currently do so, the Adviser may receive certain research or other products or services from broker-dealers through “soft-dollar” arrangements. These “soft-dollar” arrangements may create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser’s interest in receiving the research or other products 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 its clients. 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.

The Adviser makes cash payments to third-party solicitors for client referrals, provided that, to the extent required, each such solicitor has entered into a written agreement with the Adviser pursuant to which the solicitor will provide each prospective client with a copy of the Adviser’s Form ADV Part 2, and a disclosure document setting forth the terms of the solicitation arrangement, including the nature of the relationship between the solicitor and Adviser and any fees to be paid to the solicitor. Where applicable, cash payments for client solicitations will be structured to comply fully with the requirements of Rule 206(4)-3 under the Advisers Act and related SEC staff interpretations.

**SEC Instructions:**

If the Adviser has custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to the Adviser's clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If the Adviser's clients also receive account statements from the Adviser, its explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from the Adviser.



**Item 15. Custody**

Clients will receive account statements from a broker-dealer, bank or other qualified custodian and clients should carefully review those statements.

The Adviser also makes available to clients daily statements in addition to those sent by the qualified custodian. Clients should compare any quarterly statements they receive from the custodian with those statements received from the Adviser.

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**Item 16. Investment Discretion****SEC Instructions:**

If the Adviser accepts discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures the Adviser follows before it assumes this authority (e.g., execution of a power of attorney).

## **Item 16. Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis to clients. Please see Item 4 for a description of any limitations clients may place on the Adviser's discretionary authority.

Prior to assuming full discretion in managing a 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 a discretionary 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 account. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held. The Adviser submits an allocation statement to the Adviser's trading desk describing the allocation of securities to (or from) client accounts for each trade/order submitted. The Adviser 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 on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead the Adviser to allocate securities to client accounts in varying amounts. Even client accounts that are typically managed on a pari passu 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.

The Adviser may effect cross transactions between discretionary client accounts, except as otherwise noted below. Cross transactions enable the Adviser to effect a trade between two clients for the same security at a set price, thereby possibly avoiding an unfavorable price movement that may be created through entrance into the market and saving commission costs for both accounts. Cross transactions include rebalancing transactions that are undertaken so that, after withdrawals or contributions have occurred, the portfolio compositions of similarly managed accounts remain substantially similar. The Adviser has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions. Cross transactions between client accounts are not permitted if they would constitute principal trades or trades for which the Adviser or its affiliates are compensated as a broker unless client consent has been obtained based upon written disclosure to the client of the capacity in which the Adviser or its affiliates will act. In addition, cross transactions are not permitted for benefit plan or other similar accounts that are subject to ERISA.

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 use its best efforts to break or otherwise correct the trade. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. In the event that a client account incurs a trade error as a result of the Adviser's gross negligence or willful misconduct, trade errors will be corrected by the Adviser as soon as practicable, in a manner such that the client incurs no loss. Trade errors that result other than by breach of the standard of care above are borne by the client account.

**SEC Instructions:**

***Policies and Procedures Relating to Authority to Vote Client Securities***

A. If the Adviser has, or will accept, authority to vote client securities, briefly describe its voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) the Adviser's clients can direct its vote in a particular solicitation. Describe how the Adviser addresses conflicts of interest between the Adviser and its clients with respect to voting their securities. Describe how clients may obtain information from the Adviser about how the Adviser voted their securities. Explain to clients that they may obtain a copy of the Adviser's proxy voting policies and procedures upon request.

***No Authority to Vote Client Securities and Client Receipt of Proxies***

B. If the Adviser does not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from the Adviser, and discuss whether (and, if so, how) clients can contact the Adviser with questions about a particular solicitation.

#### **Item 17. Voting Client Securities**

Although the Adviser does not generally anticipate that the securities purchased pursuant to its investment strategy will have voting rights, to the extent the Adviser is delegated proxy voting authority on behalf of its clients, the Adviser will comply with its proxy voting policies and procedures, which are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of its clients.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a client's proxies by contacting Mark Merritt (Chief Compliance Officer) by email at [mark.merritt@harvestvolmgt.com](mailto:mark.merritt@harvestvolmgt.com) or by telephone at (646) 843-4803.

**SEC Instructions:**

***Balance Sheet***

A. If the Adviser requires or solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for its most recent fiscal year.

1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.

2. Show parenthetically the market or fair value of securities included at cost.

3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.

***Financial Conditions and Impairment of Contractual Commitments to Clients***

B. If the Adviser has discretionary authority or custody of client funds or securities, or the Adviser requires or solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair the Adviser's ability to meet contractual commitments to clients.

***Bankruptcy Filings***

C. If the Adviser has been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.

**Item 18. Financial Information**

This Item is not applicable.

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## Item 19. Requirements for State-Registered Advisers

### SEC Instructions:

A. Identify each of your principal executive officers and management persons, and describe their formal education and business background. If you have supplied this information elsewhere in your Form ADV, you do not need to repeat it in response to this Item.

B. Describe any business in which you are actively engaged (other than giving investment advice) and the approximate amount of time spent on that business. If you have supplied this information elsewhere in your Form ADV, you do not need to repeat it in response to this Item.

C. In addition to the description of your fees in response to Item 5 of Part 2A, if you or a supervised person are compensated for advisory services with performance-based fees, explain how these fees will be calculated. Disclose specifically that performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

D. If you or a management person has been involved in one of the events listed below, disclose all material facts regarding the event.

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

E. In addition to any relationship or arrangement described in response to Item 10.C. of Part 2A, describe any relationship or arrangement that you or any of your management persons have with any issuer of securities that is not listed in Item 10.C. of Part 2A.



**Item 19. Requirements for State-Registered Advisers**

This Item is not applicable.

**SEC Instructions:**

If the Adviser is amending its brochure for its annual update and it contains material changes from its last annual update, identify and discuss those changes on the cover page of the brochure or on the page immediately following the cover page, or as a separate document accompanying the brochure. The Adviser must state clearly that it is discussing only material changes since the last annual update of its brochure, and it must provide the date of the last annual update of its brochure. Note that the Adviser does not have to separately provide this information to a client or prospective client who has not received a previous version of its brochure.

## **Appendix: Item 2. Material Changes**

This Item is not applicable.