

Old West Investment Management, LLC

601 South Figueroa Street, Suite 1975
Los Angeles, CA 90017
(213) 943-1740
(213) 943-1741
www.oldwestim.com

Part 2A - Firm Brochure

This brochure provides information about the qualification and business practices of Old West Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at 213-943-1740, or by email at info@oldwestim.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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

March 16, 2016

Material Changes

Annual Update

Old West Investment Management, LLC is providing this information as part of our annual updating amendment which contains material changes from our last annual update. This section discusses only material changes since the last annual update, which we prepared on March 20, 2015.

Material Changes since the Last Update

This Brochure, dated March 16, 2016 is materially different than our previous brochure in the following areas:

Assets Under Management – Old West currently manages \$143.7 million in assets under management as of February 29, 2016, of which \$4.1 million is non-discretionary; last year we reported \$205.4 million in assets under management as of February 28, 2015, of which \$5.2 million is non-discretionary.

Full Brochure Availability

The Brochure for Old West Investment Management, LLC is available on the Old West website at www.oldwestim.com or by contacting Chad Cook by phone at (213) 943-1740 or by email at ccook@oldwestim.com.

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Advisory Business

Firm Description

Old West Investment Management, LLC (“Old West” or the “Firm”) is an independent investment management firm established in 2008. The Firm manages a variety of equity, fixed income and alternative assets for individuals and institutions, and had \$143.7 million in assets under management as of February 29, 2016.

Principal Owners

The Firm is privately owned by employees and outside shareholders. As of report date, Employees collectively own approximately 66% of the Firm and outside shareholders own the remaining 34%. Old West Chairman, Joseph Boskovich, Sr. owns over 25% of the Firm’s outstanding shares.

Types of Advisory Services

Old West provides investment management services to individuals and institutional investors through separately managed accounts and limited partnerships. Old West primarily provides those services through six separate strategies, namely Large Cap, Small/Mid Cap, All Cap Opportunity, Focused, Income, and Absolute Return. In addition to those primary strategies, Old West also manages a limited number of custom accounts and escrow accounts that are not collectively managed to a specific strategy. Please see the *Types of Clients* section of this brochure for more information on our clients and the *Methods of Analysis, Investment Strategies and Risk of Loss* section of this brochure for more information on our strategies.

Tailored Relationships

Old West primarily manages client portfolios through a model portfolio approach. In the model approach, portfolios in a particular strategy (e.g., Large Cap, Small/Mid Cap, etc.) are grouped together and traded according to its respective model. When the Portfolio Manager changes the model, all portfolios in the strategy are typically changed as well. Clients may impose restrictions on investing in certain securities or types of securities held in separately managed accounts; however, no restrictions may be made with respect to investments in the limited partnerships.

Wrap Fee Programs

Old West currently participates in the following wrap fee programs listed below:

<u>Platform:</u>	<u>Sponsor:</u>
Lockwood Sponsored Program	Lockwood Advisers, Inc.

Old West does not have any differences between how we manage wrap fee accounts and how we manage other accounts. Old West receives a portfolio of the wrap fee for investment advisory services.

Client Assets

As of February 29, 2016, Old West managed \$143.7 million on a discretionary basis and \$4.1 million on a non-discretionary basis.

Fees and Compensation

Description

Old West generally provides investment management services for a percentage of assets under management. All fees are negotiable. Our standard investment advisory fee schedule is as follows:

Account Value	Annual Fee Rate
On amounts up to the first \$10 million:	1.00%
On amounts over \$10 million up to \$25 million:	0.75%
On amounts over \$25 million up to \$50 million:	0.65%
On amounts over \$50 million up to \$75 million:	0.55%
On amounts over \$75 million up to \$100 million:	0.50%
On amounts in excess of \$100 million:	0.45%

For Old West Focused, Old West's standard investment advisory fee (management fee) is a flat 2.00% on all assets. For certain qualified clients at their option, Old West will charge a performance-based allocation with a reduced management fee. Please see further discussion on the performance-based allocation below in the *Performance-Based Allocation and Side-by-Side Management* section.

For limited partnerships, Old West charges a 1.00% management fee on all assets. Old West also receives from Old West Investment Partners, LP (a long-short absolute return "hedge fund") and Old West Income Fund, LP (an income-related return "hedge fund") a performance-based allocation in addition to the management fee. Please see further discussion on the performance-based allocation below in the *Performance-Based Allocation and Side-by-Side Management* section.

Fee Billing

Fees are payable quarterly in advance. Clients may negotiate to have quarterly fees paid in arrears rather than in advance. Additionally, clients may negotiate to have fees invoiced rather than directly debited from the account. For separately managed accounts that pay fees in advance, fees are calculated based on the market value (including accrued interest) of each client's assets under management at the close of business on the last business day of the prior calendar quarter (normally 1:00 pm Pacific time). Fees are due no later than at the close of the tenth business day of each calendar quarter. The Firm's standard investment management agreement provides that it may be terminated by either party upon 30 days' written notice. For clients that open or close accounts in the middle of a calendar quarter, fees will be prorated. For accounts billed in advance, fees will be reimbursed to the client on a pro rata basis for the number of days in the quarter the account was not under management. For those accounts that pay quarterly in arrears, any earned, unpaid fees will be due and payable at the time the account is closed. Each client has the right to terminate an investment management agreement without penalty within five business days after entering into the agreement.

Other Fees

Clients will incur and are responsible for the fees and expenses in addition to Old West's advisory fees, including fees charged by the client's custodians and imposed by broker-dealers. Such fees may include, but are not limited to, custodial fees, transaction costs, fees for duplicate statements and transaction confirmations, brokerage commissions, mutual fund expenses and fees for electronic data feeds and reports. See the *Brokerage Practices* section for more information.

Performance-Based Allocation & Side-by-Side Management

Sharing of Capital Gains or Capital Appreciation

Old West is the general partner of the Old West Investment Partners, LP (a long-short absolute return “hedge fund”) and the Old West Income Fund, LP (an income-related return “hedge fund”). Old West Investment Partners, LP and Old West Income Fund, LP charge an asset-based fee investment advisory fee (management fee) of 1% as well as a performance-based allocation, which is based on the share of capital gains on or capital appreciation of the assets of the Fund. The performance allocation is equal to 20% of the net capital appreciation of each investor’s capital account in excess of the fund’s “preferred rate of return” of 5% for each calendar year. The performance allocation is payable only if, and to the extent that, the net capital appreciation of the investor’s capital account exceeds any net capital depreciation accumulated in prior years (as adjusted for withdrawals of capital). Old West, at its discretion, may waive all or a portion of the performance allocation as to an investor, or may agree with an investor to other changes to the performance allocation. Allocations based on performance will meet all requirements as specified under Rule 205-3 under the Investment Advisers Act.

Additionally, Old West allows certain clients investing in the Old West Focused strategy the option to be charged a flat 2% management fee or a performance-based allocation and a reduced management fee. The performance-based allocation is equal to 20% of the net capital appreciation of each investor’s capital account for each calendar year. Clients may negotiate varying adjustments to the stated fee (i.e. incorporating a management fee for a reduced performance fee, etc.)

Old West manages accounts that are charged solely an asset-based fee, a performance-based fee and accounts that are charged both an asset-based fee and a performance-based fee. This creates conflicts of interest of time management, trade rotation and execution, and a general incentive to favor accounts for which Old West receives a performance-based fee as those accounts are generally more profitable to Old West. Old West has adopted compliance policies and procedures designed to address such conflicts of interest, including a code of ethics and policies and procedures designed to ensure that investment opportunities are allocated equitably among different customer accounts and that no one client is favored over another (e.g., random trade rotation and aggregation of trade orders). Individual investment ideas are shared across multiple strategies and separate dedicated portfolio managers monitor their strategies.

Types of Clients

Description

Old West provides investment management advisory services to all types of taxable and non-taxable clients, including individuals, high net worth individuals, pensions and profit sharing plans, trusts, estates, charitable organizations, companies and corporations. Currently, the majority of Old West clients are individuals and high net worth individuals. In addition, Old West is the general partner and investment manager to two limited partnerships, Old West Investment Partners, LP and Old West Income Fund, LP.

Account Minimums

Old West believes in working with good quality people that accept, understand and value our firm philosophy and investment process. To that end, Old West does not have any monetary requirements for opening and maintaining investment accounts.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Old West's investment philosophy stems from Ben Graham's classic observation that "investing is most intelligent when it is most business-like." That means that we don't view stocks or bonds as financial instruments that trade up or down; instead, we view them as equivalent to private ownership or creditor stakes in the underlying businesses. Simply, we consider ourselves business people who merely transact through publicly traded securities.

In every investment we make, we seek a large margin of safety in terms of price paid relative to business value received. Buying at a large discount to intrinsic business value not only offers a magnified prospective return but more importantly provides a buffer against the things that can and often do go wrong. Our perspective is that if we focus on the downside, the upside will take care of itself.

Objectives

Long term growth of capital through ownership of good businesses

- View of stock investments as equivalent to private ownership of the underlying businesses
- Commitment to focus on the long term: "In the short run, the market is a voting machine; in the long run, it is a weighing machine." - Ben Graham

Margin of safety: The importance of the price paid

- Rule # 1: Don't lose money.
- Rule # 2: Don't forget Rule #1.

Rigorous fundamental research

- Focus on proprietary company and industry research
- Is the company misvalued?
- Why is the company misvalued?

Treat our investors like partners

- Always willing to discuss our current investments and the research process behind them
- Fair, intuitive fee structures
- Timely, clear and accessible statements
- All principals are major investors

Investment Process

A focus on people forms the core of Old West's investment process. As a first principle, we believe that the soundest way to protect and grow our clients' capital is by aligning ourselves with management teams who have high stock ownership and smart pay. It is our contention that incentives matter deeply, and that there is no surer way to understand the character and motivation of a management team than to study how they get paid. In the five minutes that it takes us to look at stock ownership, pay levels, and the business metrics that drive incentive pay, we believe we are able to intelligently eliminate over 90% of the potential companies that would otherwise absorb much of our time and resources.

Before we dig into our company specific analysis, we source and sort potential investments through several intuitive filters that also relate to people.

- First, we monitor every purchase or sale of stock by insiders, every day. If a CEO and several directors purchase millions of dollars of their own stock in the public markets, it doesn't necessarily mean that it's a good investment, but it does mean that we should print out the proxy and annual report to see if we can see what they do.
- Second, every quarter, we mine and reverse engineer the publicly-filed holdings of those that we consider to be the world's top investors. This doesn't mean that we should invest alongside these proven investors, managers, or companies, but it does mean that we should see if we can see what they do, and test the idea according to our well defined investment criteria. If we find one idea per quarter in the two weeks of time that this takes, the process has paid for itself.
- Third, we talk to people in the industry. We talk to industry executives, customers, suppliers, and read industry periodicals as a way to find and better understand potential investments.
- Finally, we look at "special situations", such as companies with complicated accounting that masks their underlying value, where we can understand why the company is structurally misunderstood and mispriced.

Once we decide to dig into a company, we focus our work on management analysis, financial analysis, industry analysis, and qualitative analysis.

Financial Analysis

Old West seeks to rigorously understand a company's current and past financial condition as a way to ground our view about the underlying business and the returns we can expect as an owner of that business.

We begin with a company's balance sheet to understand what they own and what they owe. Generally, we prefer to see a company own at least two times what they owe, though that is also a function of what business they are in. Once we know what they own, we then focus on determining what cash earnings those assets are able to produce, stripping out all capital expenditures necessary to maintain the business. In estimating the company's cash generative ability, we focus on the underlying, bottom-up drivers – garnered from our industry and qualitative work – to project what the company can earn in the present and the future. Then, crucially, we connect the projected cash flows back to the assets that drive them by computing the company's returns on capital.

Questions we ask ourselves include: What are the returns on assets, equity, and incremental capital? What have they been historically and does that mesh with what we are contemplating for the future? How does this compare to peers' financial and capital characteristics? Finally, how would we think about valuing the underlying assets and associated cash flows under a range of industrial scenarios?

Management Analysis

The cornerstone of any investment analysis rests on a thorough understanding of the character, incentives, and experience of the management team that will be in control of our capital. Andre Meyer, the late Senior

Partner of Lazard Frères, put it succinctly: “Business, real business, is not numbers and it’s not money. It’s people. You have to be able to know and judge people.”

Old West’s goal is to invest alongside proven owner/managers as silent partners. When we buy shares in a business, we are purchasing a stake in its current balance sheet and a claim on the future cash flows that balance sheet can generate. The process by which that business value will grow is a direct function of management’s approach to capital allocation. It is hard to overemphasize how important this is. In the course of a decade, an average business, through re-investment, will replace nearly every asset it owns. As our clients’ value will be the result of those future re-investment decisions, we will only invest with managers we unequivocally trust and respect. That said, there is no single and quantifiable data source to vet such issues. Instead, it requires a fluid and qualitative analysis that considers past actions as a way to understand how management will make future decisions.

Questions we ask ourselves during this analysis include: Does management communicate simply with shareholders about their successes and, more importantly, their failures? How do they measure success? For example, do they focus on return on capital or do they seek growth regardless of cost? How do they pay themselves and how do they treat their employees? What is their reputation with their competitors, suppliers, and customers? Are their accounting choices conservative or manipulative? How do they approach Wall Street? As an example, we much prefer to see our managers focusing on running their businesses instead of promoting at Wall Street conferences. Do they buy back their stock when the market price is below intrinsic value and do they use it as a currency when it is priced above?

Further, we believe that incentives matter. If we’re going to invest our clients’ money in a company, we like to see our managers have more at stake than we do in their businesses’ success or failure. When a company is run by an owner/manager, our clients’ interests will be securely aligned with management and we can feel confident that their focus will be to protect and grow the underlying business value. Therefore, we invest in situations in which management is making meaningful and large purchases of their own stock in the open market and/or have large ownership stakes in their companies. Needless to say, they know more about the value and state of their business than any outsider could.

All in, we place paramount importance on understanding the character, incentives, and experience of the management teams in charge of the potential investments we consider.

Industry Analysis

Industry analysis allows Old West to contextualize our company work within the larger industrial ecosystem that it operates in. How is the ecosystem vertically and horizontally organized? What are the economic and financial characteristics of each segment of the ecosystem? For example, what segments and which companies capture the best margins and returns on capital? How have those changed over time and what are the economic drivers? How is customer or supplier concentration changing, what is the threat of technological substitution? How do competitors compete with each other?

Understanding the larger industrial ecosystem enlightens simple financial analysis with rigorous fieldwork and scuttlebutt. Speaking with customers, competitors, and suppliers, reading industry publications, and attending industry conferences allows us to understand the fundamental industrial forces that will shape individual company performance.

Qualitative Analysis

Through qualitative analysis, Old West aims to connect our financial work to real world economics and understanding. Simply, how does the firm make money? What value proposition do they fill and to whom? What are the unit economics? For example, if we are looking at a retailer, we will begin by understanding the unit economics of an individual store. What does it cost to take out a lease, build out the store, fill it with inventory, advertise, staff it with employees, and pay for the utilities? Then, what level of sales is sustainable

for that individual store? Using these figures we can calculate the cash on cash payback of opening a new store and the returns on capital of operating the store.

Next, perhaps the most critical question we ask ourselves is what makes this business sustainable? The business world is fiercely competitive and without the presence of identifiable and meaningful barriers to entry, returns on capital above a company's cost of capital should be expected to diminish over time. To illustrate, let's assume a company has invested capital of \$100 and is projected to be able to earn \$20/year or a 20% return on capital. At 10-15X cash flow, the market would place a value between \$200-300 on that business. Simply, if an entrepreneur can recreate that business, she will invest \$100 in order to create that \$200-300 of market value. As more entrepreneurs enter, marginal returns should be driven down, so that our company can instead earn closer to \$10/year or a 10% return on capital.

What then, makes a business sustainable? There are several types of barriers to entry that may permit a company to earn sustainably high rates of return on its capital. When we see a company earning attractive rates of return on its capital, we focus on how we could kill the business. If we had an unlimited amount of capital and time, could we successfully enter into their business and markets? How could we steal customers and at what cost? After focusing on the business economics and their defensibility, we aim to combine our work into a cohesive thesis. In doing so, we will seek to answer two simple questions: is the business misvalued? And, more importantly, why is it misvalued?

Investment Strategies

Old West Large Cap - The investment objective of the Old West Large Cap Portfolio is to generate superior returns with below average risk through the extensive and rigorous analysis of companies with market capitalizations above \$10 billion. The strategy invests in companies we believe are financially strong and led by excellent management teams, have outstanding economic characteristics, boast growth opportunities through reinvestment at high incremental rates of return, and are available for purchase at market prices significantly below our assessment of their underlying business value.

The Old West Large Cap strategy typically invests in 30 – 35 companies, with a maximum 8% portfolio weight per position at market. Average position sizes will be approximately 2-4% of the portfolio. Position sizing is a function of the fundamental risk-return profile of each investment as determined by our investment process and team. No single sector will make up more than 30% of the total portfolio weight.

Old West Small/Mid Cap - The investment objective of the Old West Small/Mid Cap Portfolio is to generate superior returns with below average risk through the extensive and rigorous analysis of companies with market capitalizations below \$10 billion. The strategy invests in companies we believe are financially strong and led by excellent management teams, have outstanding economic characteristics, boast growth opportunities through reinvestment at high incremental rates of return, and are available for purchase at market prices significantly below our assessment of their underlying business value.

The Old West Small/Mid Cap strategy typically invests in 30 – 40 companies, with a maximum 8% portfolio weight per position at market. Average position sizes will be approximately 2-4% of the portfolio. Position sizing is a function of the fundamental risk/return profile of each investment as determined by our investment process and team. No single sector will make up more than 30% of the total portfolio weight.

Old West All Cap Opportunity - The investment objective of the Old West All Cap Opportunity Portfolio is to generate superior returns with below average risk and diversification through the extensive and rigorous analysis of companies with all market capitalizations. The strategy invests in companies we believe are financially strong and led by excellent management teams, have outstanding economic characteristics, boast growth opportunities through reinvestment at high incremental rates of return, and are available for purchase at market prices significantly below our assessment of their underlying business value. The All Cap

Opportunity Portfolio is typically a blend of large cap and small/mid cap securities, income producing securities and cash and cash equivalents. The Old West All Cap Opportunity Portfolio was previously called the Old West Balanced Portfolio.

Old West Focused - The investment objective of the Old West Focused Portfolio is to generate superior returns with below average risk through a highly-selective, research-intensive investment strategy. The strategy invests in companies we believe are financially strong and led by excellent management teams, have outstanding economic characteristics, boast growth opportunities through reinvestment at high incremental rates of return, and are available for purchase at market prices significantly below our assessment of their underlying business value.

Old West Investment Partners, LP - To accomplish Old West Investment Partners' investment objective of long-term capital growth, Old West employs a research-intensive long/short equity and credit investment strategy. On the long side, Old West will generally look for high quality, growing businesses, run by proven owner-managers, which are available for purchase at a discount to demonstrable intrinsic value. On the short side, Old West will sell short companies with the goal of achieving an attractive absolute return on capital. Some of the qualities that Old West will look for in short candidates are accounting abuses, secularly declining businesses, large insider selling, or some combination therein. Old West will also selectively engage in arbitrage and special situations investing when attractive opportunities present themselves. As the partnership's primary investment objective is to avoid a loss of principal, we will seldom use leverage.

Position size will be solely determined by the risk/return characteristics of the underlying investment. In general, Old West seeks to eliminate systemic risk – “the unknown unknowns” - through sufficient diversification across multiple businesses and industries. However, Old West firmly believes that its best idea is better than its 20th best idea and that the fund's limited partners will be better served if Old West allocates incremental capital toward the former. Further, Old West's knowledge about businesses in which it invests inherently declines with the number of businesses its clients own, and it is a struggle to see how less knowledge translates into less risk. Consequently, the fund's ideal position size is a 7% investment at an attractive price that Old West believes it can compound in three to five years.

Old West Income Fund, LP - The investment objective of the Old West Income Fund is the long-term growth of its limited partners' capital through high current income and predictable capital appreciation. Through selective investments in the income-producing securities of publicly traded businesses, the fund seeks attractive absolute rates of return on its capital with limited risk of principal loss. To fulfill its objective of high current income and predictable capital appreciation, Old West will employ a research-intensive, value investment strategy across the capital structure, for example in credits and preferred stocks, as well as in high-yielding common stocks.

As our primary investment objective is to avoid a loss of principal, we will seldom use leverage. Leverage does not change value; it magnifies outcomes – and we find the magnified risk of principal loss to be unacceptable. Individual position size will be solely determined by the risk/return profile of each underlying investment. Finally, while Old West prefer for the fund to be fully invested, it reserves the right to hold cash when it is unable to find investments that fulfill all of its requirements.

Risk of Loss

Investing in securities involves substantial risk of loss. Retention of Old West's investment management services involves significant risks, including those described below. No assurance exists that we will achieve our clients' investment objective. While Old West strives to protect permanent impairment of the capital entrusted to us, clients investing in any Old West strategy must be prepared for total loss of capital and the risks involved. Please allocate to us accordingly.

Equity Securities

Old West invests client assets in common stocks, preferred stocks, convertible securities and warrants. Although equity securities have a history of long-term growth in value, their prices fluctuate based on changes in the issuer's financial condition and prospects and on overall market and economic conditions. Old West invests not only in securities of issuers with large market capitalizations, but also in securities of medium cap and small cap companies. The securities of such companies may be subject to more volatile market movements than securities of larger, more established companies, both because the securities typically are traded in lower volume and because the issuers typically are more subject to changes in earnings and prospects.

Debt Securities

The Old West Income Fund invests in various types of debt securities, including obligations of varying maturities (such as debentures, bonds and notes). The value of a debt security changes as interest rates fluctuate, with longer-term securities fluctuating in response to changes in interest rates more than shorter-term securities. A decline in interest rates usually produces an increase in the value of debt securities, while an increase in rates generally reduces their value. Consequently, the longer the maturity of a debt security, the greater the risk that interest rates will rise or fall, and thus the change in value will be larger than for a debt security with a shorter maturity. Interest on these debt securities may be at fixed, variable or floating rates.

The Fund may invest without limitation in debt securities rated below investment grade by recognized rating agencies, or in unrated securities. Lower rated securities are speculative and may be in default.

Brokerage Commissions/Transaction Costs

Old West's activities may at times involve a high level of trading, and the turnover of its portfolio may generate substantial transaction and other costs and taxes. These costs will be borne by Old West's clients, regardless of the profitability of such trades.

The foregoing list of risk factors does not purport to be a complete list or explanation of the risks involved in Old West's methods of analysis and investment strategies used in formulating investment advice or managing assets.

Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Old West's advisory business or the integrity of our management.

Other Financial Industry Activities and Affiliations

Affiliation

Old West is the general partner and investment manager to two limited partnerships, Old West Investment Partners, LP and Old West Income Fund, LP. Clients are solicited to invest in each of these funds. For more information on this conflict of interest and how it is addressed, please see the *Code of Ethics, Participation in Client Transactions and Personal Trading* section of this brochure.

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

Code of Ethics

Old West endeavours at all times to operate in conformity with applicable federal and/or state laws and regulations and to conduct its business in the highest ethical and professional manner based on principles of openness, integrity, honesty and trust. Old West believes that clients can be best served when all of its personnel are informed as to the legal, technical and mechanical aspects of its business and have a good working knowledge of practices and policies suited to achieve client objectives and comply with the law.

Rule 204A-1 ("Rule 204A-1") under the Investment Advisers Act requires that each registered investment adviser adopt, maintain, and enforce a written code of ethics applicable to its "Supervised Persons" (e.g., employees, officers, directors, partners, and others who are subject to supervision and control by the adviser). The Old West Code of Ethics (the "Code") establishes standards of conduct for its advisory personnel, protects material non-public information about client transactions, and requires Old West "access persons" to report their personal securities transactions. The Investment Advisers Act defines "Access Person" to mean any supervised person of an investment adviser who (1) has access to non-public information regarding any advisory clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund or (2) is involved in making securities recommendations to advisory clients, or who has access to such recommendations that are non-public. Old West deems all of its employees to be Access Persons.

Old West's Supervised Persons are required to comply with all applicable federal securities laws and to report promptly any violations of the Code of Ethics to the Chief Compliance Officer, or in his absence to the Chairman.

We recognize that our execution and oversight of the personal investment transactions of our employees demand the application of a high code of ethics, and we require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for our clients and for our employees, it is logical and even desirable that there be a common ownership of some securities. Conflicts of interest could arise if employees bought or sold securities for personal accounts in a manner that would significantly compete with the purchase or sale of securities for client accounts, or if employees bought or sold securities for client accounts in a manner that is advantageous to their personal accounts. To address these conflicts of interest, we have adopted procedures that generally require our employees to primarily invest in Old West strategies and securities, and where investing in Old West strategies and securities is not possible, advance approval by Old West of personal securities transactions by our employees, subject to certain limited exceptions. In addition, employees must obtain prior approval before acquiring any security in a private placement or an initial public offering.

Old West's Code of Ethics requires employees to disclose all personal investments in reportable securities upon hire and at least annually thereafter, report all personal securities transactions in reportable securities at least quarterly, and disclose all personal investment accounts. Exceptions may be made for accounts for which an employee does not maintain investment control or participate in the investment decisions. Employees must arrange for their brokers to send Old West at least quarterly account statements and duplicate confirmations of all transactions with respect to reportable securities. Reportable securities are all securities other than direct obligations of the U.S. Government, bankers acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, money market fund shares, and mutual fund shares.

Old West will provide a copy of our Code of Ethics to any client or prospective client upon request.

Recommend Securities with Material Financial Interest

For the private investment limited partnerships (Old West Investment Partners, LP and Old West Income Fund, LP) for which Old West serves as general partner and investment adviser, Old West may make investments in those partnerships available to qualified clients whose investment strategies are consistent with those of the private investment limited partnerships. This creates a conflict of interest as investments in Old West's limited partnerships may be more profitable to us, and we are incentivized to allocate more client assets to them accordingly. We attempt to address this conflict of interest by properly disclosing this conflict and allowing clients the ability to allocate investments at their discretion. Old West believes in a multi-strategy approach and as appropriate, allocates client assets to several, if not all, Old West strategies.

Invest in Same Securities Recommended to Clients

Employees or related persons of Old West may invest in the same securities that are purchased and sold for clients and they may own securities of issuers whose securities are subsequently purchased and sold for clients. When Old West employees invest for their own accounts, conflicts of interest may arise between clients and employees. The conflicts may include an employee taking an investment opportunity from clients for the employee's own portfolio, using an employee's advisory position to take advantage of available investments or front running, which includes an employee trading before placing client transactions, thereby taking advantage of information or using client portfolio assets to have an effect on the market that is used to the employee's benefit. To mitigate this potential conflict of interest, all Supervised Persons of Old West are subject to the Code, which must be acknowledged annually by each supervised person. The Code of Ethics prohibits supervised persons from placing a personal or an Old West security order "in front of" a client's order to buy or sell the same security, which would result in them getting better prices than the client. Personal securities transactions are monitored and reported to the Chief Compliance Officer and where appropriate require pre-clearance according to Old West's Code of Ethics.

Brokerage Practices

Selecting Brokerage Firms

Old West seeks to obtain "best execution" for our clients. This means that Old West seeks the best qualitative execution of its clients' transactions, which may not necessarily be at the lowest possible commission cost. In seeking best execution, and in selecting or recommending broker-dealers, Old West considers a full range of services a broker-dealer provides such as commission rate, execution capability, responsiveness, reputation, financial strength and stability, efficiency of execution and error resolution, block

trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions, operational efficiencies with Old West systems and technology connectivity.

Research and Soft Dollars

Old West does not receive research or other products or services other than execution from any broker-dealer or third party in connection with client securities transactions. All research that is purchased via third party vendors is paid for with cash, or “hard dollars,” not client commissions, or “soft dollars.”

Directed Brokerage

Old West does not require clients to direct brokerage to any broker-dealer. Old West accepts instructions for the direction of brokerage from clients. Any directed brokerage instructions must be in writing and included in the standard investment advisory agreement and/or an addendum to that agreement. A directed brokerage account may receive less favorable execution and pay higher brokerage commissions because Old West may not be able to aggregate orders to reduce transaction costs, therefore costing the client money. In addition clients may receive less favorable execution prices.

Order Aggregation

When possible and when advantageous to clients Old West will aggregate purchases or sales of any security effected for a client’s account with purchases or sales of the same security effected on the same day for other client accounts. When transactions are aggregated, the actual prices applicable to the aggregated transaction will be averaged, and each participating account will be deemed to have purchased or sold its share of the security, instrument or obligation involved at such average price. Further, all transaction costs incurred in effecting the aggregated transaction will be shared on a pro rata basis among all participating accounts, except to the extent that certain broker-dealers that also furnish custody services may impose minimum transaction charges applicable to some of the participating accounts.

Cross Trades

When advantageous to and consistent with the investment objectives and policies of each account involved, Old West will seek to adjust or rebalance client accounts by effecting cross-trades between client accounts (i.e., causing one or more client accounts to sell securities to one or more other client accounts). In effecting such cross-trades, Old West seeks to reduce the transaction costs to its clients. Each cross-trade will be effected at the current independent market price of the securities involved in the trades. Such cross-trades will generally be effected through a broker-dealer. The client accounts involved in such cross-trades will not pay any brokerage commissions or mark-ups in connection with the trades (to the broker-dealer or Old West), but will reimburse the applicable broker-dealer for any customary trading costs and/or transfer fees (i.e., aggregate ticket charges) that such broker-dealer incurs and that are assessed by any other broker-dealers through which such broker-dealer effects the trades.

Review of Accounts

Periodic Reviews

Old West reviews client accounts daily. Portfolio Managers review the model portfolios, composite strategy portfolios (a composite is an aggregation of individual portfolios representing a similar investment mandate,

objective or strategy), and individual portfolios for changes to the model, asset allocation, re-balancing, buying and selling securities, etc. Operations personnel review client accounts for reconciling transactions, portfolio restrictions, rebalancing into and out of securities, and dispersion from the model on a daily basis. When necessary, Operations personnel indicate possible outliers to the Portfolio Managers, who may make the appropriate changes. The Old West Investment Committee formally meets every Tuesday and Thursday to discuss all portfolio events.

Review Triggers

Periodic account reviews can be triggered by excess market movements, strategy changes by an account and a request from any client.

Regular Reports

Clients will receive quarterly consolidated account statements from Old West describing asset values, account performance, and management fees. Clients will receive monthly account statements from their broker-dealer, bank or other qualified custodian. Clients should carefully review those statements and compare the account statements they receive from Old West to the statements received from the qualified custodian. Old West engages the services of a third party administrator to provide certain services to Old West's limited partnerships. Investors in the limited partnerships have online access to account values and monthly performance through the third party administrator's website and are mailed physical statements from Old West quarterly. Additionally, investors in the limited partnerships will receive a tax document (K-1) and audited financial statement prepared by a qualified accounting firm annually to confirm their capital amounts and for their use in filing their tax returns.

Client Referrals and Other Compensation

Third Party Solicitors

Old West has an agreement with individuals to refer clients to us in exchange for a cash payment or a portion of the advisory fees paid by each referred client. These types of referral arrangements are called solicitation agreements, and those various individuals or firms that refer clients to Old West are called solicitors. Old West complies with Rule 206(4)-3 (the Cash Solicitation Rule) under the Investment Advisers Act, which requires that among other things, that Old West not compensate any party for client referrals without a written agreement. This rule also requires that prospective clients are provided disclosures by the solicitor, which clearly describes the solicitation terms and compensation arrangement. Old West strictly forbids any solicitation agreements for investments in Old West's limited partnerships.

Custody

Custody

Old West will not maintain possession or custody of the assets (funds or securities) of any client. Each client will open a third party custodial or banking account and authorize Old West discretionary authority to place trades on the client's behalf.

The client funds will be deposited in either a brokerage firm or bank custodian account directed by each client. With client consent, Old West may cause fees to be paid out of separately managed accounts by the client's custodian. When it does so, Old West will send the client an invoice, concurrently with billing the custodian, showing the amount of the fees, the value of the assets on which they are based, and the computation. For more information on fees and billing, see the *Fees and Compensation* section of this brochure.

Clients will receive quarterly consolidated account statements from Old West describing asset values, account performance, management fees, etc. Clients will receive monthly account statements from their broker-dealer, bank or other qualified custodian. Clients should carefully review those statements and compare the account statements they receive from Old West to the statements received from the qualified custodian.

As the general partner to the Old West Investment Partners, LP and Old West Income Fund, LP, Old West is deemed to have custody of their assets. To comply with regulations and safeguard client assets, the partnerships undergo an annual audit by an independent registered public accounting firm. The audited financial statements of each fund are provided to the limited partners (investors) of the fund within 120 days of the fund's fiscal year end.

Investment Discretion

Discretionary Authority for Trading

Old West accepts discretionary authority to manage securities accounts on behalf of clients through the execution of a limited power of attorney clause in the firm's standard investment advisory agreement. Clients may obtain a current copy of the firm's standard investment advisory agreement upon request.

Limited Power of Attorney

Upon the signing of the investment advisory agreement, Old West is granted discretionary authority to make the following determinations without obtaining the consent of the client before the transactions are effected:

- Securities that are to be bought or sold;
- Total amount of the securities to be bought or sold;
- Brokers through which securities are to be bought or sold; and
- Commission rates at which securities transactions for client accounts are affected.

Old West's authority may be subject to conditions imposed by the client, examples of which may include: (1) the client restricts or prohibits transactions in securities of a specific industry, and/or (2) the client directs that transactions be effected through specific brokers and dealers. The latter restriction may be conditioned by the client on the broker or dealer being competitive as to price and execution for each transaction, or offering a specified level of commission discount, or may be subject to varying degrees of restrictions such as an instruction to utilize the broker or dealer: (a) whether or not competitive, and (b) where the specified levels of commission discounts are less favorable than might otherwise be obtained by Old West. All such limitations must be provided to Old West in writing.

Voting Client Securities

Proxy Voting

Old West has adopted a general firm policy to vote client proxies in accordance with the firm's proxy voting policy and agreed upon in written form as part of the client contracts (subscription documents for limited partnerships and investment management agreements for separately managed accounts, etc.). Old West may vote the shares directly or a third party proxy voting service may be considered to assist it in monitoring corporate actions and voting client proxies and will follow the general guidelines set out in our Proxy Voting Policies and Procedures. Under Old West's standard investment advisory agreement, Old West will vote proxies on all shares held on behalf of clients according to the firm's proxy voting policy, which will be provided to clients upon request. In addition, information on how we, the adviser, voted proxies on their securities will be provided upon request.

Old West has adopted the following policies and procedures to exercise voting authority with respect to client securities. When voting proxies or acting with respect to corporate actions for clients, Old West's utmost concern is that all decisions be made solely in the best interest of the client (and for ERISA accounts, plan beneficiaries and participants, in accordance with the letter and spirit of ERISA). Old West will act in a prudent and diligent manner intended to enhance the economic value of the assets of the client's account.

The Chief Compliance Officer is ultimately responsible for ensuring that all proxies received by Old West are voted in a timely manner and in a manner consistent with Old West's determination of the client's best interests. Although many proxy proposals can be voted in accordance with Old West's established guidelines, we recognize that some proposals require special consideration which may dictate that we make an exception to the Guidelines.

The Chief Compliance Officer is also responsible for ensuring that all corporate action notices or requests which require shareholder action received by Old West are addressed in a timely manner and consistent action is taken across all similarly situated client accounts.

General Proxy Voting Guidelines

Each proxy issue will be considered individually. Certain of Old West's proxy voting guidelines are summarized below:

- Adviser votes for: uncontested director nominees recommended by management; the election of auditors recommended by management, unless a dispute exists over policies; limiting directors' liability; and eliminating preemptive rights.
- Adviser votes against: proposals to entrench the board or adopt anti-takeover measures; proposals to provide cumulative voting rights; and social issues.
- Although many proxy proposals can be voted in accordance with Adviser's proxy voting guidelines, some proposals will require special consideration, and Adviser will make a decision on a case-by-case basis in these situations, including proposals to: eliminate director mandatory retirement policies; rotate annual meeting locations and dates; grant options and stock to management and directors; and indemnify directors and/or officers.

Where a proxy proposal raises a material conflict between Old West's interests and a client's interest, Old West will resolve such a conflict in the manner described below:

- ***Vote in Accordance with the Guidelines.*** To the extent that Old West *has little or no discretion* to deviate from the Guidelines with respect to the proposal in question, Old West shall vote in accordance with such pre-determined voting policy.
- ***Obtain Consent of Clients.*** To the extent that Old West *has discretion* to deviate from the Guidelines with respect to the proposal in question, Old West will disclose the conflict to the relevant clients and obtain their consent to the proposed vote prior to voting the securities. The disclosure to the client will include sufficient detail regarding the matter to be voted on and the nature of Old West's conflict that the client would be able to make an informed decision regarding the vote. If a client does not respond to such a conflict disclosure request or denies the request, Old West will abstain from voting the securities held by that client's account.
- ***Client Directive to Use an Independent Third Party.*** Alternatively, a client may, in writing, specifically direct Old West to forward all proxy matters in which Old West has a conflict of interest regarding the client's securities to an identified independent third party for review and recommendation or to consult with an identified independent third party's recommendations. Where such independent third party's recommendations are received on a timely basis or are otherwise publicly available, Old West will vote all such proxies in accordance with such third party's recommendation. If the third party's recommendations are not timely received, Old West will abstain from voting the securities held by that client's account.

The Chief Compliance Officer will review the proxy proposal for conflicts of interest as part of the overall vote review process. All material conflicts of interest so identified by Old West will be addressed as described above.

In certain circumstances, in accordance with a client's investment advisory agreement (or other written directive) or where Old West has determined that it is in the client's best interest, Old West will not vote proxies received. The following are certain circumstances where Old West will limit our role in voting proxies:

- ***Client Maintains Proxy Voting Authority:*** Where a client specifies in writing that it will maintain the authority to vote proxies itself or that it has delegated the right to vote proxies to a third party, Old West will not vote the securities and will direct the relevant custodian to send the proxy material directly to the client. If any proxy material is received by Old West, it will promptly be forwarded to the client or specified third party.
- ***Terminated Account:*** Once a client account has been terminated with Old West in accordance with its investment advisory agreement, Old West will not vote any proxies received after the termination. However, the client may specify in writing that proxies should be directed to the client (or a specified third party) for action.
- ***Limited Value:*** If Old West determines that the value of a client's economic interest or the value of the portfolio holding is indeterminable or insignificant, Old West may abstain from voting a client's proxies. Old West also will not vote proxies received for securities which are no longer held by the client's account. In addition, Old West generally will not vote securities where the economic value of the securities in the client account is less than [\$500].

- ***Securities Lending Programs:*** When securities are out on loan, they are transferred into the borrower's name and are voted by the borrower, in its discretion. However, where Old West determines that a proxy vote (or other shareholder action) is materially important to the client's account, Old West may recall the security for purposes of voting.
- ***Unjustifiable Costs:*** In certain circumstances, after doing a cost-benefit analysis, Old West may abstain from voting where the cost of voting a client's proxy would exceed any anticipated benefits to the client of the proxy proposal.

Clients may obtain information about how their shares were voted upon request. Additionally, Clients may obtain a copy of Old West's proxy voting policies and procedures upon request.

In cases where Old West does not have authority to vote client securities, clients will receive their proxies or other solicitations directly from their custodian or a transfer agent. Clients can contact us with questions about a particular solicitation.

In accordance with Rule 204-2 under the Advisers Act, Old West will maintain for the time periods set forth in the Rule (i) the firm's proxy voting procedures and policies, and all amendments thereto; (ii) all proxy statements received regarding client securities (provided however, that Old West may rely on the proxy statement filed on EDGAR as its records); (iii) a record of all votes cast on behalf of clients; (iv) records of all client requests for proxy voting information; (v) any documents prepared by Old West that were material to making a decision how to vote or that memorialized the basis for the decision; and (vi) all records relating to requests made to clients regarding conflicts of interest in voting the proxy.

Financial Information

Old West is not aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.