

## **Foresee Management, L.L.C.**

10808 S. River Front Parkway

Suite 350

South Jordan, UT 84095

801-984-8080

### **Investment Adviser Brochure**

Form ADV Part 2 (Revised February 10, 2012)

#### **Item 1 – Cover Page**

This Brochure provides information about the qualifications and business practices of Foresee Management, L.L.C. (“Foresee Management”). If you have any questions about the contents of this Brochure, please contact us at 801-984-8080. Currently, our Brochure may be requested free of charge by contacting Todd Draney at [todd@foreseestrategies.com](mailto:todd@foreseestrategies.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.

Foresee Management is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

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

**Item 2 – Material Changes**

The following are the material changes that have been made to our Brochure since our last update dated September 22, 2011.

1. Foresee Management has moved to a new location located at 10808 S. River Front Parkway, Suite 350, South Jordan, UT 84095.
2. Gary Millet has resigned as Manager of Foresee Management. Todd Draney has been elected as the new Manager of Foresee Management.
3. Jemico, Inc., is no longer serving as sub-advisor to Foresee Management, but Jeff Collings, formerly a principal of Jemico, Inc., remains a principal of Foresee Management, principally responsible for implementing its investment and trading strategies.
4. Foresee Management no longer maintains a website.
5. Foresee Management is the subject of a private SEC investigation.
6. This Brochure has also been revised pursuant to SEC regulations to present the information in a “Plain English” format.

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#### **Item 4 – Advisory Business**

##### **Firm Description and Principal Owners**

Foresee Management is a registered investment adviser located in South Jordan, Utah. Foresee Management is majority owned by Todd Draney and Jeff Collings, both of whom are involved in its management and operation.

Foresee Management has served as the general partner of two limited partnership investment funds, Foresee Strategies Fund, L.P., and Foresee Strategies Olympus Fund, L.P. (the “Foresee Funds”), since their respective dates of organization and has also been providing advisory services to such funds since June 22, 2009.

The Foresee Funds are now closed to new investment.

##### **Types of Advisory Services**

Foresee Management manages the Foresee Funds using a single, statistically-based option strategy exclusively and does not tailor any services to the specific needs of individual clients, but rather encourages prospective limited partner investors to analyze the Foresee Funds and determine if the investment policies and strategies are suitable for a portion of their own portfolios. Foresee Management does not participate in wrap-fee programs.

##### **Client Assets**

Foresee Management manages assets of the Foresee Funds on a discretionary basis, meaning that it exercises sole discretion in determining when to purchase or sell securities and whether such transactions meet the investment objectives and strategies of the Foresee Funds, without obtaining specific limited partner investor consent or authorization. As of January 31, 2012, Foresee Management had approximately \$9 million in assets under management.

#### **Item 5 – Fees and Compensation**

Foresee Management charges a management fee at a rate equal to 2% of the assets under management per year, payable in monthly installments in advance. The fair value of the assets as of each month end is determined in accordance with generally accepted accounting principles.

Foresee Management also charges a performance fee equal to 20% of the net capital appreciation of each limited partner’s interest, subject to accounting for any high-water mark. Fees are not negotiable. High-water mark, performance accounting means that the performance allocation is only paid if an investor’s capital account balance increases over its last highest level (less any withdrawals from the account).

If a limited partner sustains a loss in a period since the last performance allocation was made, no performance allocation will be earned or paid until the fund has made up the loss. The specific manner in which fees are charged by Foresee Management is established in the limited partnership agreement, as then in effect, to which each limited partner investor is a party. Foresee Management accrues its fees on a monthly basis. In the applicable limited partnership agreement, limited partner investors authorize Foresee Management to directly debit fees against client accounts monthly. Management fees are prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Upon termination of any account, any earned, unpaid fees are due and payable. A limited partner investor has the right to terminate his or her investment without penalty within five business days after entering into the agreement. Foresee Management's fees are exclusive of third-party brokerage commissions, transaction fees, and other related costs and expenses incurred by the Foresee Funds and allocable to the limited partner investors' accounts. The Foresee Funds may incur certain charges imposed by custodians, brokers, third-party investments, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees, and commissions are exclusive of and in addition to Foresee Management's fee. Foresee Management does not receive any portion of these third-party commissions, fees, and costs.

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

Foresee Management has entered into performance-fee arrangements with qualified clients as provided in the applicable limited partnership agreement, to which all limited partner investors have agreed in order to invest. Foresee Management's performance or incentive fee arrangement is subject to the limitations and restrictions set forth in Section 205(a)(1) of the Investment Advisers Act of 1940 ("Advisers Act") and in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring limited partner investors' assets for the calculation of performance-based fees, Foresee Management includes realized and unrealized capital gains and losses. Though performance fees begin to accrue at the time the client invests, no performance fees are actually paid out until one year after the date the first investment by the client is made.

Performance-based fee arrangements may create an incentive for Foresee Management to recommend investments that may be riskier or more speculative

than those that would be recommended under a different fee arrangement.

#### **Item 7 – Types of Clients**

Foresee Management provides management services only to two private investment limited partnerships, Foresee Strategies Fund, L.P., and Foresee Strategies Olympus Fund, L.P. Investment in such limited partnership funds is limited to high-net-worth individuals, trusts, individual retirement accounts, and investment companies. Each fund requires a minimum investment of \$100,000.00.

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

Investors in the Foresee Funds should consider the following investment risks:

The Foresee Funds will, as a direct investment strategy or as part of a longer term risk management strategy, buy or sell (write) combinations of call options and put options, generally on a naked basis. Writing put and call options is commonly referred to as selling strangles. Foresee Funds' options transactions will be part of a hedging tactic or a form of leverage, in which the Foresee Funds have the right to benefit from price movements that remain within the established range of the options positions. The combination of writing puts and calls, in other words strangles, could expose the Foresee Funds to the risks of both puts and calls simultaneously. As a hedge, the Foresee Funds generally will purchase a series of "put" and "call" option contracts. This purchase of the "puts" and "calls" is set outside the trading range of the strangle. This hedge should reduce the risk of larger losses in the event of substantial movements in the underlying security. It also allows the Foresee Funds to sell additional "puts" and "calls" and create additional revenue for the Foresee Funds because of the more defined risk.

Because the option premiums received or paid by the Foresee Funds are small in relation to the value of the underlying security, trading options can result in a large amount of leverage. Thus, leverage produced by options trading could cause the Foresee Funds' net asset value to fluctuate more frequently and more widely than an investment fund that does not trade in options.

The limited partnership agreement of each of the Foresee Funds authorizes such fund to leverage its investment positions by use of margin. Use of margin would increase both the possibilities for profit and the risk of loss. If the Foresee Funds were to become subject to liquidation, they could suffer extremely adverse consequences. In addition, the amount of the Foresee Funds' borrowings, if any, and

the interest rates on those borrowings, which would fluctuate, could have a significant effect on the funds' profitability.

The success of the Foresee Funds will depend on the ability of the Investment Manager. Mr. Jeffrey Collings is solely responsible for the management of the Foresee Funds' portfolios and the development and implementation of investment strategies to achieve the Foresee Funds' investment objectives. The Foresee Funds' investment performance could be materially adversely affected if Mr. Collings were to die, become ill or disabled, or otherwise cease to be involved in the active management of the Foresee Funds' portfolios.

Foresee Management may rely on information and data provided and prepared by third parties, including issuers of securities. Although Foresee Management evaluates the accuracy and importance of such information and data, Foresee Management will not always be in a position to confirm the completeness, genuineness, or accuracy of such information and data.

Further, although Foresee Management believes the analytical and investment selection techniques of its investment methodology are sound, there can be no assurances that its investment and trading decisions will be profitable over any particular period or at all.

Foresee Management cannot assure that the trading strategy it has developed and attempted to validate empirically by back-testing can outperform the equity markets in general in the future.

Further, Foresee Management expects that its trading models will likely underperform the market over any given shorter period. In general, the Foresee Funds may be unable achieve their objective and may well underperform the market over the short term and in certain market conditions. Unexpected volatility or illiquidity in the markets in which the Foresee Funds hold positions could impair their ability to carry on their business or cause them to incur losses.

There is the possibility that the institutions, including brokerage firms and banks, with which the Foresee Funds do business, or to which securities have been entrusted for custodial purposes, will encounter financial difficulties that may impair the operational capabilities or the capital position of the Foresee Funds. The Foresee Funds generally limit their transactions with such institutions to well-capitalized and established banks and brokerage firms in an effort to mitigate such risks.

Partners may be unable to liquidate their investment promptly in the event of an emergency or for any other reason. Investors who withdraw up to 25% of their investment are paid as soon as practicable; investors who elect to withdraw their entire investment are paid 25% immediately, with the balance paid as soon as practicable after the determination of the amount due after the resolution of all open contracts. An investor who elects to withdraw from a Foresee Fund because of a need for liquidity or otherwise may nevertheless be exposed to the risks of subsequent losses.

**Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of Foresee Management or the integrity of Foresee Management.

On March 8, 2011, the Securities and Exchange Commission issued an order directing a private investigation and designating officers to take testimony *In the Matter of Foresee Management, LLC*, No SL-2562, to determine whether Foresee Management has violated provisions of the Securities Exchange Act of 1934 and the Advisers Act, together with the regulations promulgated under such statutes, in the marketing and operation of the Foresee Funds and providing communications to limited partner investors. Foresee Management is cooperating in the investigation.

**Item 10 – Other Financial Industry Activities and Affiliations**

Foresee Management maintains no other financial industry activities or affiliations.

**Item 11 – Code of Ethics , Participation in Client Transactions and Personal Trading****Code of Ethics**

Foresee Management has adopted a Code of Ethics pursuant to SEC Rule 204A-1 for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Foresee Management must acknowledge the terms of the Code of Ethics annually or as amended.

**Personal Transactions**

Foresee Management employees and persons associated with Foresee Management may not trade for their own accounts in securities that are recommended to and/or purchased for Foresee Management's clients.

**Cross Trading**

It is Foresee Management's policy that the firm will not effect any principal or agency cross securities transactions for client accounts. Foresee Management will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any



advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. Foresee Management's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting [todd@foreseestrategies.com](mailto:todd@foreseestrategies.com).

**Item 12 – Brokerage Practices**

Foresee Management maintains no soft dollar agreements.

**Item 13 – Review of Accounts**

Foresee Management conducts no official review of client accounts outside the monthly reporting provided by its administrator.

**Item 14 – Client Referrals and Other Compensation**

The Foresee Funds are closed to new investors, so Foresee Management no longer pays or receives referral fees for investor referrals. Under previous agreements, Foresee Management continues to pay some third-party solicitors a fee equal to one-half of its 2% annual management fee and 25% of its performance fee; Foresee Management has not earned performance fees since 2008.

**Item 15 – Custody**

Foresee Management provides to each limited partner investor in the Foresee Funds monthly statements prepared and provided by the fund's administrator. Foresee Management urges each limited partner investor to carefully review his or her statements and compare such official custodial records to the account statements that it provides to them. Such monthly statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

**Item 16 – Investment Discretion**

The limited partnership agreements agreed to by each limited partner investor at the time of investment grant to Foresee Management complete discretionary authority to select the identity and amount of securities to be bought or sold by the Foresee Funds. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives of the fund.

When selecting securities and determining amounts, Foresee Management observes the investment policies, limitations, and restrictions of the Foresee Funds, as agreed to by the limited partner investors when they invest.

**Item 17 – Voting Client Securities**

Foresee Management trades options, principally index funds, which do not have voting rights, so it generally does not receive proxy solicitation materials. Foresee Management acts as general partner of the Foresee Funds for which it provides investment advice. As general partner, it has the right to vote proxies on behalf of the funds.

**Item 18 – Financial Information**

Foresee Management has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

February 10, 2012

Advisory Personnel:

Todd C. Draney

Jeffrey H. Collings

10808 S. River Front Parkway, Suite 350

South Jordan, Utah 84095

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This Brochure Supplement provides information about the above-named people that supplements the Foresee Management, L.L.C. Brochure. You should have received a copy of that Brochure. Please contact Todd Draney at [todd@forestrategies.com](mailto:todd@forestrategies.com) if you did not receive Foresee Management, L.L.C.'s Brochure or if you have any questions about the contents of this supplement.

#### Item 2- Educational Background and Business Experience

Following are the advisory personnel of Foresee Management:

Todd C. Draney was the founder and President of Timpanogos Capital Group, an institutional trading desk, which he founded in 2002 in Provo, Utah. He was also COO and Portfolio Manager of a long-short equity fund at Rock Canyon Advisory Group and Managing Director at Lehi Partners, LLC, a hedge fund manager. Prior, he was Vice President at United Asset Management in Boston, MA. Earlier in his career he was Senior Advisor at Wasatch Advisors in Salt Lake City, UT. Mr. Draney received a Bachelor of Arts in Economics and Portuguese from Brigham Young University and a Master in Business Administration from the Marriott School of Management, Brigham Young University.

Jeffrey H. Collings, age 48, has been the portfolio manager of Foresee Management since August 2010. He was a founder and has been a member of Foresee Management and its predecessor with the same name since organization in 1999. Between June 1999 and July 2010, he was a director and chief executive officer of Jemico, Inc., a registered investment adviser that he founded. Prior to organizing Jemico, Mr. Collings was with Wasatch Advisors, Inc., a Salt Lake City, Utah, based investment adviser, where he was chief financial and operations officer from May 1996 to July 1999. From May 1993 to May 1996, Mr. Collings was a senior accountant with Dixie Regional Medical Center, St. George Utah. Earlier in his career, Mr. Collings was a corporate accountant at two different firms in Utah. Mr. Collings received a Bachelor of Arts in Accounting from the University of Utah in 1989 and a Master of Business Administration (MBA) from the Marriott School of Management, Brigham Young University in 1993. For additional information regarding Mr. Collings, please review the Investment Adviser Public Disclosure section of the Securities and Exchange Commission's website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### Item 3- Disciplinary Information

No information is applicable to this item.

#### Item 4- Other Business Activities

Foresee Management's principals named in response to Item 2 do not spend a substantial amount of time on other investment-related business activities. Foresee Management's primary business activity is providing management and investment advisory services to the Foresee Funds.

#### Item 5- Additional Compensation

Foresee Management does not receive any economic benefits from third parties for providing advisory services.

#### Item 6 - Supervision

Todd C. Draney, interim compliance officer, supervises all persons named in this Form ADV Part 2B Investment Adviser Brochure Supplement. Todd C. Draney supervises these persons by holding regular compliance meetings and other ad hoc meetings with such persons. Mr. Collings also regularly reviews investor reports, electronic communications, and securities transaction reports. Todd C. Draney can be reached at [todd@foreseestrategies.com](mailto:todd@foreseestrategies.com) or by telephone 801-984-8080.