

Granite Investment Partners, LLC

Part 2A of Form ADV

The Brochure

2121 Rosecrans Avenue
El Segundo, CA 90245

March 31, 2011

This brochure provides information about the qualifications and business practices of Granite Investment Partners, LLC (the “Company”). If you have any questions about the contents of this brochure, please contact us at 310-933-3199. 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.

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

II. Material Changes

The Company's most recent update to Part 2 of Form ADV was made in February 2011. The Company's business activities have changed since the time of that update with the addition of certain portfolio managers with expertise in investing in large capitalization and small capitalization companies, as well as the addition of relationships with certain Program Sponsors and Model Programs as more fully described in this Part 2 of Form ADV. Additionally, in 2010 the SEC required significant changes to the content and format of Part 2 of Form ADV. This brochure, which reflects those changes, is materially different from brochures used by the Company in prior years.

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IV. Advisory Business

The Company offers investment supervisory services as advisor to high net worth individuals as well as institutional clients, including employee benefit plans, foundations, endowments and private funds (collectively the "Clients"). Normally, accounts are fully discretionary and managed in accordance with the Client's risk and return objectives and portfolio constraints including investment time horizon, liquidity needs, tax considerations, unique circumstances and other reasonable guidelines established by Client and accepted by the Company.

The Company offers equity, balanced and fixed income portfolios. The equity strategies offered by the Company will invest primarily in domestic large and small capitalization companies, but may invest in foreign all in a manner companies consistent with the Client's objectives. The fixed income accounts and fixed income portion of balanced accounts are invested in U.S Treasury and

Agency debt; investment grade corporate bonds and preferred stocks; mortgage backed securities; and municipal debt (for appropriate taxable investors). High yield corporate bonds may be used when suitable for the Client (these bonds involve greater risks than other bonds). Mutual funds and exchange traded funds (“ETFs”) may be used to invest where appropriate in light of the asset class and Client’s circumstances

The Company was founded in July 2009 and is 100% owned by its employees. As of March 31, 2011, the Company managed approximately \$233 million on a discretionary basis on behalf of approximately 176 Client Accounts.

V. Fees and Compensation

Standard Fees for Institutional Accounts

Large Cap Equity	First \$0 - \$25 MM	0.75%
	Next \$25 - \$50 MM	0.65%
	Next \$50 - \$100 MM	0.55%
	Remaining Assets > \$100 MM	0.50%
Mid Cap & All Cap Equity	First \$0 - \$25 MM	0.85%
	Next \$25 - \$50 MM	0.75%
	Next \$50 - \$100 MM	0.65%
	Remaining Assets > \$100 MM	0.60%
Small Cap & Small/Mid Cap Equity	First \$0 - \$25 MM	1.00%
	Next \$25 - \$50 MM	0.90%
	Next \$50 - \$100 MM	0.80%
	Remaining Assets > \$100 MM	0.70%
Micro Cap Equity	All Assets	1.50%

Standard Fees for Individually Managed Client Accounts

Equity	First \$0 - \$5 million	0.75%
	Next \$5 - \$10 million	0.65%
	Remaining Assets > \$10 million	0.50%
Balanced	First \$0 - \$5 million	0.65%
	Next \$5 - \$10 million	0.50%
	Remaining Assets > \$10 million`	0.40%
Fixed Income	First \$0 - \$5 million	0.40%
	Next \$5 - \$10 million	0.30%
	Remaining Assets > \$10 million	0.25%

The Company may negotiate fees, depending on various factors, which may include the services required by the Client and the size of the account.

The Company may also provide investment services to its Employees and their family members without charging a fee.

The Company may in the future provide various services to counseling accounts and participate in other permitted activities.

Generally, fees are calculated and billed quarterly, in advance, based on the market value of the assets on the last business day of the preceding quarter. However, some Clients have requested to pay fees in arrears. Accounts commencing or terminating during a quarter are billed on a pro rata basis. Generally, accounts can be terminated by either the Company or a Client upon receipt of thirty days' written notice. Any refund due a Client upon termination will be promptly paid by the Company.

Special circumstances may cause fees to vary from the above schedule. The Company may group multiple accounts of one Client relationship together for purposes of calculating the fee. Or the Company may not charge a fee to small accounts of a Client because of the fee the Client is paying on the total relationship. The Company may charge higher or lower fees than those described above. The Company has negotiated fee schedules with certain brokerage firms for Clients of those firms that the firms refer to the Company for investment management. These fee schedules vary by firm and may be different from the fee schedules listed above. In some instances fees may be lower than stated above, particularly in the case of large accounts and other accounts which require a different degree of management effort or may involve other special circumstances.

Standard Fees for Private Funds

For advisory services provided to Pelicanview Total Return Fund, LLC ("Fund"), compensation received by the Company is generally comprised of fees based on a percentage of assets under management and performance-based amounts. The Company's asset-based fees range up to 1.00% (per annum), although reductions may be negotiated with investors on a case-by-case basis. Asset-based fees are billed quarterly at the commencement of the calendar quarter during which the Company will perform the services to which the fees relate. The Company also receives a Performance Fee up to 20% over a performance hurdle, as defined by the Fund's offering documents. The Company may waive all or any portion of the Performance Fee with respect to any investor. Fees are charged to each investor's capital account. Investors generally will be permitted to make complete or partial redemptions in accordance with the terms of the Private Fund's governing documents. Each Private Fund sets forth its specific fee structure (including how it charges fees) along with the additional operational expenses in a confidential explanatory memorandum or similar offering document provided to prospective investors. In addition to the Company's fees, investors will bear indirectly other fees and expenses charged to the Fund.

Fees for Sponsored Wrap Programs

The Company also provides certain sponsors of separately managed account programs with investment advice with respect to individual security selections and develops recommended

portfolios in connection with such programs. For these programs, the Company solely provides portfolio recommendations and does not execute transactions for the Clients of such programs. These programs are notified of recommendations to the portfolio in conjunction with the Company trading for the sponsors that also follow the same model portfolio. The determination of which order the sponsors will be notified/traded to reflect recommendations is randomized through a computer generated program.

The Company may negotiate fees, depending on various factors, which may include the services required by the client and the size of the account.

Fees for broker-sponsored programs range from 0.40% to 1.50% and for high-net worth individuals are generally no more than 0.75% on all assets; however, all fees are negotiated.

Fees for Model (UMA) Programs

Fees paid by sponsors of model programs may be less than fees paid by sponsors of wrap account programs due to the differing levels of services provided by the Company, including trading, tax sensitive trading, and other portfolio advice tailored to the specific objectives, risk tolerance and portfolio constraints of the Clients of wrap account programs.

VI. Performance Based Fees and Side-by-Side Management

The Fund charges a performance fee of up to 20% over a performance hurdle, as defined by the Fund's offering documents. To qualify for a performance based fee arrangement, the Client must have at least \$750,000 under the Company's management or a net worth of more than \$1,500,000. The fact that the Company is compensated based on the trading profits may create an incentive for the Company to make investments on behalf of the Fund that are riskier or more speculative than would be the case in the absence of such compensation. In addition, the performance based fee received by the Company is based primarily on realized and unrealized gains and losses. As a result, the performance based fee earned could be based on unrealized gains that the Fund may never realize.

VII. Types of Clients

The Company primarily provides customized investment supervisory services to individuals and associated trusts, estates, or charitable organizations, pension and profit sharing plans, other corporations or business entities, and private investment funds.

The private investment fund(s) operate as pooled investment vehicles and are generally organized as limited partnerships or limited liability companies. Subject to the discretion of the general partner/managing member to accept less, the minimum investment threshold for the private fund(s) is \$250,000.

With regards to individually managed accounts, the Company generally accepts the management of accounts of \$1 million or more taking into account the value of the entire household or family relationship.

In special circumstances, at the discretion of the Company's management, the minimum account size may be reduced.

Wrap- Fee Programs

The Company has been retained as an investment manager under a number of wraparound fee or so-called "wrap-fee" arrangements for separately managed account programs sponsored by certain unaffiliated broker-dealers (the "Program Sponsors").

Under such wrap-fee arrangements, Program Sponsors may recommend that a client retain the Company as an investment advisor, pay investment advisory fees on behalf of the client, monitor and evaluate the Company's performance, execute the client's portfolio transaction without commission charge, and provide custodial services for the client's assets, all for a single fee paid by the client to the Program Sponsor.

Generally, the client under a wrap-fee arrangement enters into an investment advisory agreement with the Program Sponsor and the Company enters into a subadvisory agreement with the Program Sponsor.

In some instances, the client under a wrap-fee arrangement enters into an investment management agreement directly with the Company and a separate agreement with the Program Sponsor.

These agreements may be terminated, generally, at the written request of either the client, the Program Sponsor or the Company. In the event of termination, the advisory fee will, if necessary, be pro-rated. The management styles offered by the Company to client participants in these wrap-fee programs vary among the different programs.

Ordinarily, the agreement between the Program Sponsor, or the client, and the Company provides for the Company to offer continuous investment management advice to clients based on the individual needs of each client. The Company generally maintains exclusive investment discretion as to which securities shall be purchased or sold in a client's account in a manner consistent with the client's selected management style, investment objectives, policies and restrictions (if any) and the capabilities of the client's selected custodian.

In addition to other indicators of individual ownership, including the right to withdraw, hypothecate, vote, or pledge securities held in the client's portfolio, each client in these wrap-fee programs generally has the ability to establish special limitations on the investments in the client's portfolio. In such instances, the Company will modify the client's portfolio investments to comply with those limitations. The investment style used by the Company in managing wrap-fee accounts is similar to that offered to its separate account clients.

In determining the suitability of the Company investment management style selected by the wrap-fee program client to the individual needs and financial situation of such client, the Company relies on the Program Sponsor's extensive information on the prospective client. This information may come from, among other things, a personal interview with the client and a written questionnaire completed by the client that provides certain financial and other relevant data

including the client's investment objectives, risk tolerances and investment restrictions, if any. Once the account has been established, the Company may communicate directly with the client. The annual fee paid by the client to the wrap-fee Program Sponsor will typically range from 2%-3% of the client's annual assets under management. Under the agreement, the Program Sponsor usually pays the Company a monthly or quarterly fee for its investment advisory services. The fee is generally at an annual rate between 0.40%- 1.50% of the assets the Company manages under the program depending on the size of the wrap-fee program, services performed by the Program Sponsor and the management style selected.

In evaluating the wrap-fee arrangement, a client should recognize that brokerage commissions for the execution of transactions in the client's account are generally not negotiated by the Company. Transactions are generally effected "net of" (i.e., without) commissions. A portion of the wrap-fee is generally considered as being in lieu of brokerage commissions. The Company will generally execute transactions for wrap-fee clients through the Program Sponsor. It has been the Company's experience that Program Sponsors generally provide best execution for wrap fee program clients' transactions in equity listed securities and over-the-counter securities. Considerations in selecting broker-dealers other than the Program Sponsor (if and when the need should arise) include the ability of the Program Sponsor to provide best execution on equity and fixed income transactions. In addition to selecting broker dealers other than the Program Sponsor, from time to time the Company may execute transactions for wrap-fee clients on a "step-out" basis in order to seek to achieve best execution. In such cases, the commission would be included in the wrap-fee paid by the client.

A wrap-fee client should also recognize that services similar or comparable to those provided to the client may be available at a higher or lower aggregate cost elsewhere on an unbundled basis. For example, while the Company's compensation pursuant to a wrap-fee program may be lower than the Company's standard fee schedule, the overall cost to a wrap-fee client may be higher than the client might otherwise experience by paying the Company's standard fee and negotiating transaction charges with a broker-dealer payable on a per-transaction basis, depending on the extent to which securities transactions are initiated by the Company for the client during the period covered by the wrap-fee program. On the other hand, most wrap-fee clients would not meet the Company's minimum account size requirements and therefore could not become separate account clients of the Company.

For more information, including fees, regarding any of the wrap-fee programs offered by any of the Program Sponsors in which the Company participates, please see Schedule D of each Program Sponsor's Form ADV Part 1 as well as Appendix 1 of Form ADV Part 2.

Currently the Company participates in several wrap-fee programs including, without limitation, those of the following Program Sponsors: D.A. Davidson, Elliott Davis Investment Advisory Services, Dominick & Dominick, Envestnet, Graystone Consulting, ICG Advisors, Kovack Advisors, Lockwood, Pershing, RBC Capital Markets Corporation, Morgan Stanley Smith Barney, Robertson, Griege & Thoele, and Stifel Nicolaus.

The Company has been informed that, the minimum size account these financial service firms will accept under these managed wrap programs is typically \$100,000. Clients, who utilize the

Company through a wrap fee program of a sponsoring broker, are limited to specific investment products, while non-wrap fee clients who use the same broker for custodial and brokerage services and contract directly with the Company for investment services are not limited to such products. The Company may from time to time be requested to participate in additional wrap fee programs. The wrap fee program client should also review the sponsor's Schedule D of Form ADV Part 1 as well as Appendix 1 of Form ADV Part 2 for complete detail on the sponsor's wrap fee program.

Consultant Programs

In addition, some brokerage and investment consultant firms have Managed Account Programs in which the brokerage or investment consultant firm typically provides manager search, financial consulting, performance measurement, custodial services, and in the case of brokerage firms, brokerage. Many of the Managed Account

Programs may refer accounts to the Company who have selected the Company as an investment manager. These clients pay the brokerage or investment consultant firm for its Managed Account Program services a single fee based on a percentage of assets under management. In some Managed Account Programs, brokerage commissions are included in the single fee; in other Managed Account Programs, clients pay brokerage commissions on each transaction. These clients pay the Company a separate fee.

Model (UMA) Programs

The Company also offers investment advisory services to Program Sponsors in the form of model portfolios based on one or more of its investment strategies. Program Sponsors utilize the model portfolios to provide investment services to their clients in the same manner as the wrap-fee arrangements described above.

The annual fee paid by the client to the wrap-fee Program Sponsor will typically range from 2%-3% of the client's annual assets under management. Under the agreement, the Program Sponsor usually pays the Company a monthly or quarterly fee for its model portfolio. The fee is generally at an annual rate between 0.20%-0.50% of the assets the Company manages under the model portfolio program depending on the size of the wrap-fee program, services performed by the Program Sponsor and the management style selected.

For more information, including fees, regarding any of the model account programs offered by any of the Program Sponsors in which the Company participates, please see Schedule D of each Program Sponsor's Form ADV Part 1 as well as Form ADV Part 2. Currently the Company participates in several model account programs including, without limitation, those of the following Program Sponsors: D.A. Davidson, Envestnet, Rehman Capital, FolioDynamix, Placemark, Parametric, Smartleaf, Stephens and Strategic Capital Group.

Fees paid by sponsors of model programs may be less than fees paid by sponsors of wrap account programs due to the differing levels of services provided by the Company, including trading, tax sensitive trading, and other portfolio advice tailored to the specific objectives, risk tolerance and portfolio constraints of the clients of wrap account programs.

The services provided by the Company to Wrap Fee accounts, Managed Account Program accounts and Model Programs generally differ from services provided to other accounts, which are typically larger and/or engage the Company directly, in that the Company provides a higher degree of client service to its other accounts. For example, the Company generally has little, if any, contact with the clients of the foregoing programs.

VIII. Methods of Analysis, Investment Strategies and Risk of Loss

The Company conducts fundamental, technical, and cyclical analysis on all securities recommended for Client accounts. The Company uses a “bottom-up” approach to investing. It studies industry and economic trends, but focuses on researching individual issuers. Each portfolio is constructed one security at a time. Each issuer passes through a research process and stands on its own merits as a viable investment in the Company's opinion. In making its investment decisions, the Company may rely on internally generated research, derived from annual reports, prospectuses, filings with the SEC, corporate press releases, inspections of corporate activities, conversations with the firm and/or competitors, financial newspapers, magazines and other sources. The Company may also use research materials prepared by others in making an investment decision. During the research process, the Company makes an assessment of the quality of the security in question by examining among other things financial metrics of the relevant company, the integrity and strategic vision of the management team and the ability to execute such strategy, as well as the attractiveness and risks of the issuer's industry. The Company seeks to achieve its clients' individual investment objectives by investing primarily in common stocks and bonds. The Company may also invest in cash or cash equivalents such as money market funds and other short-term investment instruments.

The Company's investment strategies are designed to accomplish the investment objective of each client. However, there can be no guarantee of the success of the strategy and the Company's investment activities may be adversely affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the investments. Unexpected volatility or illiquidity could impair the portfolio's profitability or result in losses. If the Company elects to concentrate the client's investments in a particular industry or issuer, the client's portfolio will then become more susceptible to fluctuations in value resulting from adverse economic conditions affecting that particular industry or issuer. Accordingly, there can be no assurance that the client's rate of return objective will be realized or that there will be any return of capital. Indeed, given the nature of the investments, it is likely that the client will incur losses on one or more investments.

The Company may invest in common stock. The purchaser of common stock typically receives an ownership interest in the company as well as certain voting rights. The owner of common stock may participate in a company's success through the receipt of dividends, which are distributions of earnings by the company to its owners. Common stock owners may also participate in a company's success or lack of success through increases or decreases in the value of the company's shares as traded in the public trading market for such shares.

The value of small-cap and micro-cap securities may be subject to wider price fluctuations and may be difficult or impossible to sell. Low trading volume in a these securities means that the Company may have to sell holdings at a discount from quoted prices or make a series of small sales over an extended period of time. In addition, small and micro-cap issuers may generate less information on which to base investment decisions. Small and micro-cap issuers are often subject to risks related to lack the management experience, lack of financial resources, reliance on a single product and the inability to compete with better capitalized companies with more experienced managers.

The Company may also invest a portion of its clients' portfolios in bonds or other fixed income securities, including, without limitation, bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. Government or one of its agencies or instrumentalities; commercial paper; and "higher yielding" (and, therefore, higher risk) debt securities of the former categories. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk). It is likely that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

The Company may invest for clients in non-U.S. securities and other assets, which will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and non- U.S. issuers and markets are subject. These risks include political or social instability, the seizure by foreign governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels and limitations on the use or transfer of assets. In addition, enforcing legal rights in some foreign countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against foreign governments.

The investments in securities selected by the Company may be illiquid, due to transfer restrictions, the size of an interest held in a particular portfolio company or for other reasons. As a result, it may be necessary to hold these investments for an indefinite period of time. Generally, a less liquid investment bears more risk than a more liquid one. For example, if the Company is unable to liquidate an investment as its value declines, the Company will be unable to limit losses. Similarly, if the Company is unable to liquidate an investment at a time when cash is needed, the Company may miss other investment opportunities or be forced to sell other investments at unfavorable times.

The Company's private investment fund(s) will not be registered as investment companies under the Investment Company Act of 1940 (the "1940 Act") and, therefore, will not be entitled to the various protections afforded by the 1940 Act with respect to its investments in underlying securities. Any client who subscribes, or proposes to subscribe, for an investment in the fund must be able to bear the risks involved and must meet the fund's suitability requirements. Some

or all alternative investment programs may not be suitable for certain investors. No assurance can be given that the fund's investment objectives will be achieved. Fund investments are typically speculative and involve a substantial degree of risk. The fund may engage in other speculative investment practices that may increase the risk of investment loss. For further information regarding the risk factors and conflicts of interest with respect to the fund in which you propose to invest or currently invest, please refer to the fund's Offering Memoranda.

IX. Disciplinary Information

The Company and its Employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a Client's evaluation of the company or its personnel.

X. Other Financial Industry Activities and Affiliations

The Company and its Employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

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

Employees of the Company may own, or enter transactions for their own accounts in the same securities purchased or sold for managed accounts. All Employees must comply with the Company's Code of Ethics (the "Code"), which mandates various prohibitions and remedies to avoid conflicts with transactions in Client accounts. Among other specific actions the Code prohibits:

- Causing a Client's account to take action, or to fail to take action, for personal benefit, rather than to benefit such Client account;
- Using knowledge of portfolio transactions made or contemplated for the benefit of the Client accounts, or causing others to profit by the market effect of such transactions; and
- Disclosing current portfolio transactions made or contemplated for Client accounts as well as any other nonpublic information to anyone outside of the Company.

Under the terms of the Code, the Company's Chief Compliance Officer ("CCO") monitors transactions to ensure adherence to the requirements of the Code. To facilitate monitoring, the Code requires Employees to have their brokers send copies of all trade confirmations and statements to the Company's CCO. The CCO reviews all trades executed by such Employees.

To ensure that Employees observe the requirements established by the Code, each Employee must certify his or her compliance with the Code on an annual basis.

Most personal securities transactions of Employees must be pre-approved by the CCO.

Ultimate oversight authority of the Code of Ethics rests with the CCO.

Clients may obtain a copy of the Company's Code of Ethics upon request to the Company.

The Company performs investment advisory and management services for various Clients. The Company may give advice and take action in the performance of its duties with respect to any of its Clients which may differ from advice given or the timing or nature of action taken with respect to other Clients. The Company, its Principals or Employees are not required to purchase or sell for any Client any security which it or they may purchase or sell for its or their own account or for the account of any other Client. Further, the Company may sell a security "short" for certain Client accounts which may be held as a long position in other Client accounts.

XII. Brokerage Practices

Best Execution and Research

Subject to the foregoing, it is the Company's policy to seek "best execution" (prompt and reliable execution at the most favorable security price) of all portfolio transactions. In selecting brokers and dealers for, and in negotiating commissions on agency transactions, the Company considers a number of factors, including but not limited to:

- the nature of the security being traded;
- the size and type of the transaction;
- the nature and character of the markets for the security to be purchased or sold;
- the desired timing of the trade;
- the activity existing and expected in the market for the particular security;
- confidentiality;
- the quality of the execution, clearance and settlement services;
- financial stability of the broker or dealer; and
- the existence of actual or apparent operational problems of any broker or dealer.

In certain instances, the Company may also consider the following factors:

- rebates of commissions by a broker to a fund or other managed account or to a third party service provider of the fund or other managed account to pay a fund or account expenses, other than for distribution; and
- research products or services provided.

In recognition of the value of the foregoing factors, the Company may place portfolio transactions with a broker or dealer with whom it has negotiated a commission that is in excess of the commission another broker or dealer would have charged for effecting that transaction if the Company determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research provided by such broker or dealer viewed in terms of either that particular transaction or the overall responsibilities of the Company.

Research provided may include:

- furnishing advice, either directly or through publications or writings, as to the value of securities, the advisability of purchasing or selling specific securities and the availability of securities, or purchasers or sellers of securities;
- furnishing seminars, information analyses and reports concerning issuers, industries, securities, trading ,markets and methods, legislative developments, changes in accounting practices, economic factors and trends and portfolio strategy;
- access to research analysts, corporate management personnel, industry experts, economists and government officials;
- comparative performance evaluation and technical measurement services and quotation services;
- products and other services (such as third party publications, reports and analyses, and computer and electronic access, equipment , software, information and accessories that deliver, process or otherwise utilize information, including the research described above) that assists the Company in carrying out its responsibilities; and
- on-line trading systems that facilitate trade execution, which the applicant believes, constitute “brokerage services”.

Research received from brokers or dealers is supplemental to the Company’s own research efforts.

If the Company determines that any product or service provided by a broker or dealer has a mixed use, such that it (i) assists in the investment decision-making process or is incidental to effecting securities transactions and (ii) serves other functions, the Company may allocate the costs of such services or product accordingly. The portion of the product or service that the Company determines will assist it in the investment decision-making process may be paid for in brokerage dollars. The CCO will make a good faith determination with respect to the portion of the services allocable to “research or brokerage services” using an appropriate methodology in its discretion.

The Company may receive a benefit from the research services and products that is not passed on to the Client in the form of a direct monetary benefit. Further, research services and products may be useful to the Company in providing investment advice to any of the Clients it advises, including fixed income accounts. Likewise, information made available to the Company from brokerage firms effecting securities transactions for a Client may be utilized on behalf of another Client. Thus, there may be no correlation between the amount of brokerage commissions generated by a particular Client and the indirect benefits received by that Client.

The Company has an internal procedure for allocating transactions in a manner consistent with its execution policy to brokers that it has identified as providing better execution and research, research-related products or services of a particular benefit to its Clients.

The Company’s Trading Policies and use of commissions are overseen by the CCO.

Aggregation of Orders

The Company may aggregate the securities to be purchased or sold if it is determined to be in the best interest of more than one of its clients and to obtain favorable execution and/or lower brokerage commissions. The Company will allocate securities so purchased or sold, as well as the expense incurred in the transaction, in the manner that it considers to be equitable and consistent

with its fiduciary obligations to its clients. Clients may not always receive a pro-rata allocation of the aggregated order in instances where the aggregated order is partially filled or executed. In such instances, client may not receive any allocation if the pro-rata allocation is less than a de minimis amount or because the Company has used another equitable method for allocation of the aggregated order. In certain instances, individuals participating in aggregated orders may be charged minimum transaction fees from the executing broker/dealers.

Directed Brokerage

When a Client for whom the Company provides discretionary investment management services requests or instructs in writing the Company to direct a portion of the securities transactions for its account to a specified broker-dealer, the Company will treat the Client direction as a decision by the Client to retain, to the extent of the direction, the discretion the Company would otherwise have in selecting the broker-dealers to effect the transactions and in negotiating commissions generally for the Client's account. The Company will attempt to effect such transactions in a manner consistent with its policy of seeking best execution and price on each transaction. However, due to a Client's direction, there may be occasions where it is unable to do so, in which case the Company will continue to comply with the Client's instructions on the foregoing basis.

Trades for a client that has directed use of a particular broker or dealer, including clients participating in a wrap fee program, may be systematically placed at the end of aggregated trading activity for a particular security. A Client making such a direction also should understand that it may lose the possible advantage that non-directing Clients derive from aggregation of orders for several Clients as a single transaction for the purchase or sale of a particular security because the Client-directed trades may be excluded from and executed subsequent to aggregated orders. However, when the trading desk deems appropriate and practical, and there is a perceived benefit from doing so, the Company may include in aggregate orders transactions for Clients that have made such a direction. In such cases, the executing broker will transfer ("step out") the directing Client's portion of the aggregated order to the broker selected by the Client. In addition, directed brokerage arrangements often result in higher commissions or less favorable execution on some transactions at least in part because the directed broker may maintain a higher commission schedule or provide less favorable service.

IPOs

The Company may purchase securities sold in underwritten public offerings (commonly referred to as "deal securities" or "IPO(s)") for Client accounts.

Accounts may participate in an IPO based on a number of different factors, including, but not limited to the nature, size and expected allocation to the Company of deal securities, as well as the account's investment objectives and restrictions.

The Company's participation in IPO's is a research driven process, assessed by the individual Portfolio Manager, and based on the suitability of the asset within the context of the portfolio strategy. It is the Company's policy that Portfolio Managers indicate to the trading desk an exact share amount, or a desired percent to be held within a particular strategy. It is the trading desk's responsibility to keep a written record of which Portfolio Managers indicated an interest for an IPO, the corresponding amount of shares for each strategy, and all accounts that are included in

that particular strategy. All eligible accounts within that strategy are included. Client accounts that are subject to a directed brokerage arrangement are typically unable to participate in allocations from initial public offerings.

Once the trading desk receives confirmation of how many shares of the IPO the Company has been allocated by the syndicate, those shares are allocated on a pro-rata basis across all of the participating accounts in all strategies. Occasionally, Portfolio Managers may indicate prior to the IPO allocation that they will not participate in the allocation if a pre-specified minimum share amount is not received. In this instance, all accounts from that Portfolio Manager's strategy will be excluded from the allocation and the shares will instead be pro-rated amongst the accounts in the remaining strategies.

The CCO oversees the review of the IPO process on a periodic basis.

Mutual Funds

For particular Clients, due to the size of the account and its investment objectives, the Company may suggest the use of mutual funds to obtain proper diversification. In such instances, where the Client has no preferred source for mutual funds, the Company may provide information regarding brokers providing low or no transaction fee purchases and sales for multiple families of no-load and load mutual funds. The Company is not compensated by such brokers or the mutual fund. However, the Company may receive research services provided by such brokers from proprietary or third-party sources and software to facilitate Client trading and reporting. Clients may pay the Company an annual investment management fee, in addition to a transaction fee for purchases and sales of certain funds paid to the custodian or broker and the investment management fee that the mutual fund pays its investment manager. Clients should refer to the mutual fund's prospectus for a detailed description of its fees and expenses.

XIII. Review of Accounts

All accounts are monitored on a regular basis. Each account is assigned to a portfolio manager based on the objective and strategy of the Client. A senior portfolio manager performs a further review of each account at least monthly. The number of portfolios assigned to a portfolio manager varies based on the size of the portfolios. Account objectives, investment outlook, portfolio holdings and transactions are reviewed with the Client based on the Client's requested schedule.

Each Client receives a periodic report of investment activity, which includes an appraisal, transaction summary and performance review. The custodian of the Client's securities receives a written notice of each transaction following its execution.

XIV. Client Referrals and Other Compensation

The Company may compensate Employees for soliciting new advisory Clients for the Company. This compensation, which includes cash payments, is paid pursuant to written agreements with Employees. The written agreements may provide for the Employee to continue to receive

compensation from the Company pursuant to the solicitation after the Employee's employment agreement with the Company has been terminated. The Company may pay a referral fee to third parties for solicitation of Clients, subject to the terms and conditions of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended.

XV. Custody

All Clients' accounts are held in custody by unaffiliated broker/dealers or banks, but the Company can access many Clients' accounts through its ability to debit advisory fees. For this reason the Company is considered to have custody of Client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by the Company.

The Company will also have access to certain client accounts that are invested in the Private Fund(s) since it or an affiliate serves as the general partner (or managing member) to the Fund(s). The Fund(s) are subject to an annual audit and the audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the Fund's fiscal year end.

XVI. Investment Discretion

The Company's Trading Policies (the "Policies") mandate that each portfolio manager should strive for fair and equitable distribution of securities trades among accounts within a specific strategy or within similar strategies, and provide for aggregation of multiple orders for the purchase or sale of the same security in order to realize certain efficiencies and/or economies of scale. Generally, the Company selects brokers on their perceived ability to obtain best execution as described below.

This is done in an attempt to provide for fair and equitable distribution of investment opportunities among investment Clients. In some cases, this policy might adversely affect the price paid or received by an account.

The Company's manner of trading for its Clients is such that it typically buys or sells the same securities for many Clients for whom such trades are appropriate in light of the Client's individual investment objectives. Such trading programs may take as little as a day or as long as a week or more to complete depending upon the availability of the securities at the targeted price range and may be cancelled or become inactive due to price or general market activity. In addition, the portfolio manager for one or more Client accounts may place trades for an individual account based on the needs and objectives of the account including the initial investment for the account, portfolio rebalancing due to additions or withdrawals of funds, unique tax considerations or other reasons. Also, the company may not include certain Client portfolios in a trading program for a variety of reasons specific to that portfolio.

Clients may request that their portfolio be invested in accordance with a tax-sensitive strategy. To achieve this objective, the portfolio will be managed with the unique tax considerations of each

Client, including the Client's cost basis, holding period and tax rate. As such returns of such portfolios may differ from those invested in the same or similar strategy.

XVII. Voting Client Securities

The Company votes proxies on behalf of its Clients when authorized to do so. In general, Clients delegate the responsibility of voting proxies to the Company. However, a Client may reserve the authority to vote proxies for itself. When voting proxies for its Clients, the Company's utmost concern is that all decisions be made solely in the best interest of the Client. The Company has established guidelines by which it votes proxies. A copy of the Company's proxy guidelines is available upon request. While how best to vote a proxy to maximize shareholder value may not be clear or be able to be decided with certainty, the policies are intended to provide guidance so that it acts in a manner it deems to be prudent and diligent and which is intended to enhance the economic value of the Client's assets. The Company may engage the services of specialists to provide recommendations to help in evaluating proxy issues and to aid in the administrative aspects of voting and record keeping, and in most cases follows the recommendation of such specialists. Records of the Company's voting decisions are kept for a minimum of 5 years and will be provided to Clients upon request. A complete copy of the Company's Proxy Policy is available upon request. All proxy matters are overseen by the portfolio management team.

XVIII. Financial Information

The Company has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage Client accounts.