

ITEM 1: COVER PAGE

GRAND TRUNK CAPITAL MANAGEMENT, L.P. Part 2A of Form ADV: Firm Brochure

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This brochure provides information about the qualifications and business practices of Grand Trunk Capital Management, L.P.. If you have any questions about the contents of this brochure, please contact us at 650.251.4940 or info@grandtrunkcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional Information about Grand Trunk Capital Management, L.P. is also available at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

This is the first Part 2A of Form ADV Grand Trunk Capital Management, L.P. has filed, so this item is inapplicable.

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ITEM 4: ADVISORY BUSINESS

Grand Trunk Capital Management, L.P. ("*Grand Trunk*," "*we*," or "*us*") was formed in April 2006. Since October 2009, we have provided investment management services to certain private investment funds and one managed account. Before that, Grand Trunk's activities were limited to owning a member interest in a limited liability company (akin to a joint venture interest) that provided investment management services to certain private investment funds organized by a third party.

We manage three private investment funds. Two of those funds pursue the same investment objective. One of them, GTC Fund, Ltd. is a Mauritius company and is authorized as a Collective Investment Scheme that is an "expert fund" under certain Mauritius laws and regulations. The other, Grand Trunk Fund I, L.P. (also referred to as "*GTC Fund LP*"), is a Delaware limited partnership of which Grand Trunk is the sole general partner. GTC Fund, Ltd. Serves as a "master" fund for GTC Fund LP, which invests substantially all of its assets in GTC Fund, Ltd. We refer to GTC Fund, Ltd. And GTC Fund LP, together, as the "*GTC Funds*." Our third private investment fund, GTC Special Opportunity Fund I, Ltd. ("*Special Opportunity*") is also a Mauritius company and also authorized as a Collective Investment Scheme that is an "expert fund" under the laws and regulations referred to above. Its investment objectives overlap with those of the GTC Funds, but it focuses on particular investments or sets of investments that Grand Trunk considers thematically or otherwise related (each, an "*Investment Set*"), and for each Investment Set issues a separate class of shares that participates in the profits or losses only from that Investment Set and from no others. We refer to GTC Fund, Ltd., GTC Fund LP, and Special Opportunity together as the "*Funds*." We may sponsor and manage other funds in the future.

We manage one separate account with an investment objective that differs substantially from the Fund's objectives. We are not actively seeking additional accounts that pursue that objective. However, we may accept other separate accounts with investment objectives more like the GTC Funds' objectives.

Grand Trunk Holdings, LLC is Grand Trunk's only general partner. Grand Trunk's limited partners are certain trusts established for the family of Sameer Gupta. Mr. Gupta is Grand Trunk Holdings' only managing member.

We have full discretion to invest and trade our clients' assets. Mr. Gupta is principally responsible for managing all portfolios. The Funds have no contractual limitations on types of instruments in which we may cause them to trade or invest. The Funds may buy securities, sell securities short, and engage in short-term trading. They may invest and trade in options, other derivatives and other instruments.

We manage each Fund pursuant to the objectives specified in the materials by which that Fund offers its ownership interests to investors. The boards of directors of GTC Fund, Ltd. and Special Opportunity have the authority to determine those objectives, subject to our agreement, and to supervise our conduct of those Funds' investment and trading activities. We alone determine those objectives for GTC Fund LP, although, to the extent it invests in GTC Fund, Ltd., its objectives are subject to GTC Fund Ltd's board's authority. Our agreements with the Funds impose no limits on the types of securities or other instruments in which the Funds may invest, the types of positions they may take, the concentration of their investments by sector, industry, fund, country, class or otherwise, the amount of leverage they may employ or the number or nature of short positions they may take. The Funds' investors do not have the right to specify, restrict, or influence the Funds'

investment objectives or any investment or trading decisions. Our separately managed account client may direct us to invest in particular securities or avoid particular investment activities.

We do not participate in wrap fee programs.

As of January 31, 2012, the aggregate net asset value of accounts we manage was \$27,000,000. We do not expect to provide advice on a nondiscretionary basis.

ITEM 5: FEES AND COMPENSATION

We receive “management fees” for managing the Funds’ investment portfolios and providing certain related services. The management fee is generally calculated at a rate of 2.0% per annum of investors’ capital invested in the GTC Funds and 1.0% of investors’ capital in Special Opportunity. The management fee is paid quarterly in advance based on the value of investors’ capital as of the beginning of the relevant quarter.

The GTC Funds make a special “incentive allocation” to us equal to 20% of profits (both realized and unrealized) to the extent those profits exceed “unrecovered” losses from earlier periods – a “high water mark.” The GTC Funds make those incentive allocations at the end of each calendar year and at other times when investors withdraw capital, but then only in relation to the capital withdrawn. For each period, these allocations are the aggregate of amounts calculated separately for each investor in the relevant Fund. For investors in its existing Investment Set, Special Opportunity provides for a “carried interest” distribution to us equal to 20% of amounts distributed (including through share redemptions) to investors, but only if investors’ distributions, after carried interest distributions to us, exceed investors’ invested capital plus a stated return on unreturned capital. If Special Opportunity invests in additional Investment Sets, and issues additional classes of shares, it may enter into different carried interest arrangements, as disclosed to investors in those shares.

Fees and incentive allocation and carried interest terms for the Funds are not generally negotiable, but our agreements with the Funds give us the authority to vary them for particular investors. We may negotiate fees with separate account clients, all of whom are expected to be “qualified purchasers,” as defined in Section 2(a)(51) of the Investment Company Act of 1940.

The Funds pay our fees directly from their assets that we manage. Incentive allocations will take the form of increases in the value of the General Partner’s interest in the relevant Fund. We receive carried interest amounts from Special Opportunity as distributions in respect of “Incentive Shares” we own in Special Opportunity.

Other Fees and Expenses. Each Fund pays all the expenses of its administration and operation, including those for:

- brokerage commissions and other transaction-related services (see “Brokerage Practices” below);
- bookkeeping, accounting, auditing, tax preparation and reporting, and other professional fees and expenses;
- legal;

- governmental fees and taxes;
- reporting;
- governance;
- preparation, duplication and distribution to investors and prospective investors of offering documents, annual reports and other financial information; and
- similar ongoing operational expenses.

We may advance costs described above for a Fund and the Fund must reimburse us.

We provide office personnel and space required for the performance of our services for the Funds. The Funds will not reimburse us for doing so (except to the extent of our fees, incentive allocations, and carried interest distributions).

The Fund's assets are held by "prime brokers" as custodians. The Funds may be considered to pay for custodial services indirectly through: payments to the prime brokers of commissions and other transaction costs; payments of financing charges related to margin borrowings and stock loans; and the prime brokers' ability to earn money on certain balances the Funds maintain with them (subject to laws and regulations governing their activities). The Funds may also pay fees to non-U.S. custodians in connection with securities transactions in foreign markets.

Prepayment of Fees. The Funds pay management fees quarterly in advance. GTC Fund investors generally are allowed to withdraw capital or redeem shares only as of the end of a calendar quarter, at which time there generally will be no prepaid fees. Special Opportunity investors may withdraw as of the end of any month. We are not required to refund any portion of our management fee to a Fund if an investor withdraws or redeems as of a time other than a quarter-end.

Other Compensation. We will not, and our personnel will not, accept compensation for the sale of securities or other investment products.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We receive no performance-based "fees." However, as described above in "Fees and Compensation," we receive "incentive allocations" and "carried interest" distributions. Other than our single existing separate account (which pursues a different investment objective than the Funds), we do not expect to manage any accounts that do not provide for performance-based profit participation by us or by our affiliates. While we have the right to waive incentive allocations and carried interest distributions as to particular investors, we manage each Fund's assets as an undivided pool, so any such waiver would not give rise to incentives to favor any particular account over another. If we accept separate accounts with investment objectives similar to one or more of the Funds, to the extent our performance-based profit participation arrangements differ, we could have an incentive to favor one Fund or account that provides more favorable profit participation over another. Our potential to receive incentive allocations and carried interest distributions, and the fact that we will not have to refund those previously made if the Funds later experience losses, may create an incentive for us to make investments that are riskier or more speculative than would otherwise be the case.

ITEM 7: TYPES OF CLIENTS

The Funds are privately-offered investment funds that are not regulated under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”) because of Sections 3(c)(1) and 3(c)(7) of that act and, in the case of the non-U.S. Funds, their adherence to the substantive provisions of Section 3(c)(7) as to U.S. investors. GTC Fund, Ltd. and Special Opportunity are Mauritius companies that are authorized as Collective Investment Schemes that are “expert funds” under certain Mauritius laws and regulations. Each Fund imposes minimum investor qualification standards and minimum investment requirements. We may accept separate accounts from institutions and other clients that are “qualified purchasers” within the meaning of Section 2(a)(51) of the Investment Company Act of 1940.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The Funds all seek capital appreciation through opportunistic investments in concentrated portfolios of publicly-traded and private securities. The issuers of these securities will typically have a substantial part of their activities or operations in or related to the Republic of India. The Funds’ investments are driven by research and strong fundamentals. Special Opportunity focuses on particular Investment Sets that we consider thematically or otherwise related and for each Investment Set issues a separate class of shares that participates in the profits or losses only from that Investment Set and from no others. It currently has one class of shares (and a related series of “Incentive Shares”) outstanding whose Investment Set emphasizes Indian banks.

The Funds aim to take advantage of opportunities related to the Indian economy that are structural in nature and those that are driven by strong catalysts. Using these strategies, the Funds seek to generate long term capital appreciation for investors. Risk management forms an important aspect of the Funds’ investment strategies.

The Funds generally invest in publicly traded securities but may also invest in illiquid securities. They may, but will not be required to, designate some or all of their illiquid investments as “Special Investments,” the profits and losses from which will be shared among those investors who are investors at the time the relevant Special Investments are made or designated as Special Investments. The Funds may employ a variety of investment techniques, including leverage and short selling.

Investing in securities involves a risk of loss that investors should be prepared to bear.

Material Risks of Our Strategy

The following is a summary of some of the material risks associated with our investment activities. It does not attempt to describe all of the risks associated with those activities.

Investment Selection; Reliance on Grand Trunk. We believe the primary risk of our investment strategies relate to investment selection – the risk that our techniques may, at least over certain periods, result in selections of securities or combinations of securities positions that decline in value or do not appreciate as much as alternatives. Each Fund’s success will depend on the ability of Grand Trunk and its personnel, particularly, Sameer Gupta, to develop and implement investment strategies to achieve that Fund’s investment objectives. The Funds’ investment performance could be materially and adversely affected if Mr. Gupta were to die, become ill or

disabled, or otherwise cease to be actively involved in managing the Funds' portfolio. Investors will have no right or power to take part in any Fund's management.

General Economic and Market Conditions. The Funds' investments may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, developments in governmental regulation and national and international political circumstances. These factors may affect the success of the businesses in which the Funds' portfolio companies are engaged, as well as the markets for the securities a Fund holds. Unexpected volatility or illiquidity could impair the Funds' profitability or result in losses.

Risks of Investing in Non-U.S. Securities, Generally. While the Fund will invest primarily in securities and commodity interests of companies located in and/or doing business in India, it may invest in other non-U.S. companies and may invest in securities, commodity interests and derivative contracts and instruments denominated in currencies other than U.S. dollars. These investment activities will subject the Fund to risks not typically associated with investing in securities and commodity interests in the U.S. The following discussion sets forth some of the more significant risks associated with non-U.S. investing generally. Each of these applies to investing in India; some additional, India-specific risks are described in greater detail elsewhere.

- *Political and Economic Instability.* Many economies are subject to instability due to, among other things, volatile internal political environments, relatively unstable monetary systems, and/or external political risks. Some governments participate in their economies through ownership or regulation in ways that can have a significant effect on securities prices. The economies of some countries depend heavily on international trade and can be adversely affected by the enactment of trade barriers or changes in the economic condition of their trading partners. In some countries, especially developing or emerging countries, political or diplomatic developments could lead to programs that would adversely affect investments, such as confiscatory taxation or expropriation.

- *Currency Fluctuations.* A change in the value of any foreign currency against the U.S. dollar causes a corresponding change in the U.S. dollar value of securities a Fund holds that are denominated in that currency and will also affect the Fund's income. Some foreign countries maintain their currencies at artificial levels relative to the U.S. dollar. This type of system can lead to sudden and large adjustments in the currency, which can result in losses to foreign investors. A Fund may enter into certain futures and foreign currency transactions to attempt to reduce its foreign currency exposure. These techniques may reduce but will not eliminate the risk of loss due to unfavorable currency fluctuations and they tend to limit any potential gain that might result from favorable currency fluctuations. Some countries restrict conversion of their currency into foreign currencies, including the dollar, and for some currencies, there is no significant foreign exchange market.

- *Characteristics of Foreign Securities Markets.* The Funds generally will buy securities and other instruments on the principal stock exchange or over-the-counter market of the country in which the issuer's principal offices are located. Many foreign markets are not as developed or efficient as those in the U.S. and may be more volatile than U.S. markets. In particular, there is generally less government supervision and regulation of foreign exchanges, brokers and listed companies, particularly in non-OECD countries, than in the U.S. Further, trading volumes in many markets are lower than in U.S. markets, resulting in reduced liquidity and potentially rapid and erratic price fluctuations. Commissions for trades on foreign exchanges are generally higher than commissions on U.S. exchanges and custody expenses are generally higher as well. Settlement practices for transactions in foreign markets may involve delays beyond periods customary in the

U.S., possibly requiring a Fund to borrow funds or securities to satisfy its obligations arising out of other transactions. In addition, there could be more “failed settlements,” which can result in losses to a Fund.

- *Less Company Information and Regulation.* Generally, there is less publicly available information about foreign companies than about U.S. companies. This may make it more difficult for us to keep informed of corporate action that may affect the price of a particular security. Further, many foreign countries lack uniform accounting, auditing and financial reporting standards, practices and requirements. These factors can make it difficult to analyze and compare the performance of foreign companies.

- *Restrictions on Investment and Repatriation.* Some countries impose restrictions and controls regarding investment by foreigners. Among other things, they may require prior governmental approvals, impose limits on the amount or types of securities that may be held by foreigners, or impose limits on the types of companies in which foreigners may invest. These restrictions may at times limit or preclude a Fund’s investment in certain countries and may increase the Fund’s costs and expenses. Indirect foreign investment may, in some cases, be permitted through investment funds that have been specifically authorized for that purpose. Because of the limited number of authorizations granted in such countries, however, units or shares in most of the investment funds authorized in those countries may at times trade at a substantial premium over the value of their underlying assets. There can be no certainty that these premiums will be maintained and if the restrictions on direct foreign investment in the relevant country were significantly liberalized, premiums might be reduced, eliminated altogether or turned into a discount. In addition, certain foreign countries impose restrictions and controls on repatriation of investment income and capital.

- *Foreign Withholding Taxes.* Dividend and interest payments on certain foreign securities the Fund may own may be subject to foreign withholding taxes, which will reduce net proceeds to the Fund.

- *Additional Regulation.* A Fund could become subject to extensive additional regulations in Mauritius or jurisdictions in which it invests. If that were to happen, the financial burdens on Grand Trunk and/or the Fund of compliance could ultimately cause Grand Trunk to discontinue the Fund’s business.

Limited Liquidity of Some Investments. Some of the securities in which a Fund invests may be relatively illiquid, either because they are thinly traded, because they are traded only in foreign markets that do not provide the same liquidity as U.S. markets, or because they are subject to transfer restrictions. A Fund may not be able promptly to liquidate those investments if the need should arise, and its ability to realize gains, or to avoid losses in periods of rapid market activity, may therefore be affected. Further, a Fund’s sales of thinly-traded securities could depress the value of such securities retained by the Fund, thereby reducing the Fund’s profitability or increasing its unrealized losses. In addition, the value assigned to such securities for purposes of determining a Fund’s Net Asset Value and determining profits and losses may differ from the value the Fund is ultimately able to realize.

Concentration of Investments. The Funds’ governing documents do not impose any particular limits as to concentration in industries, particular issuers, or types of investments. As part of its investment strategy, a Fund’s investment portfolio will at times be limited to the securities of a relatively few issuers. When a Fund’s investments are concentrated in a few positions that are

large relative to Fund capital, a loss in any one position could materially reduce the Fund's performance. Further, significant losses or redemptions may leave a Fund with insufficient funds to diversify its investments.

Small Capitalization Stocks. The Funds may invest a significant portion of their assets in stocks of companies with relatively small market capitalizations. Investing in these stocks can involve higher risks than investing in stocks of larger companies. For example, prices of small-capitalization and even some medium-capitalization stocks are often more volatile than prices of large-capitalization stocks and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger companies. In addition, thin trading in some small-capitalization stocks may make an investment in those stocks less liquid.

Hedging, Generally. Hedging strategies in general are usually intended to limit or reduce investment risk, but they can also be expected to involve transaction costs and may inherently limit or reduce the potential for profit. A key component of our strategy is to take long positions in certain investments that we believe to be undervalued and corresponding short positions in similar investments that we believe to be undervalued, thereby reducing – or “hedging” – a significant amount of underlying market risk. There can be no assurances that these “hedges” will work in the way in which they are intended. The Funds generally will not attempt to hedge all of their investment positions.

Short Selling. The Funds may sell securities short in order to profit from declines in the prices of securities we consider overvalued, or to hedge long positions.

Use of Leverage. The Funds may leverage their investment positions by borrowing funds from securities brokers or dealers, banks, or others. They may also use derivatives to leverage their capital. Leverage increases both the possibilities for profit and the risk of loss. At high leverage levels, relatively small changes in a Fund's investment positions can have extremely detrimental (negative) effects on the Fund's net assets. Borrowings will usually be from securities brokers and dealers and are typically secured by the Funds' securities and other assets. Under certain circumstances, such a broker or dealer may demand an increase in the collateral that secures the Funds' obligations, and if a Fund is unable to provide additional collateral, the broker or dealer could liquidate assets held in the Fund's account to satisfy the Fund's obligations. Liquidation in that manner could have extremely adverse consequences, including sales at disadvantageous times and prices and the acceleration of tax consequences.

INDIA-SPECIFIC RISKS

Economic Factors. In recent years, Indian regulatory structures have, in general, been undergoing policies of economic liberalization and deregulation, which have contributed to growth in the Indian economy and many Indian companies. However, the roles of the Indian central and state governments in the Indian economy as producers, consumers and regulators have remained significant. Further, there can be no assurance that the recent liberalization trend will continue. Specific laws and policies affecting taxation, foreign investment, currency exchange and other matters affecting the Fund's investments could become more restrictive, and other economic liberalization measures could stall or be reversed. If any of those things were to occur, business and economic conditions in India generally could be adversely affected. In particular, there could be adverse effects if new restrictions in the private sector are introduced or if existing restrictions are not relaxed over time.

Political Factors. India's relations with its neighboring countries, particularly Pakistan, have historically been tense. Tensions include an ongoing dispute over the northern border state of Jammu and Kashmir. India and Pakistan have fought three wars since independence in 1947. Both India and Pakistan continue to allocate substantial resources to the defense of their borders and in recent years both countries have conducted successful tests of nuclear weapons and missile delivery systems. Hostilities, or perceived imminence of active hostilities in the future could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, as well as the global market for the services of Indian companies in which the Fund invests.

Communal Factors. India's population includes numerous ethnic groups with diverse religions and languages, sometimes resulting in communal conflict among groups. India has experienced considerable sectarian tension between Hindus and Muslims, marked by periodic violence that has caused considerable loss of property. In 1992, a riot resulted in the closure of the Bombay Stock Exchange for a period of three days. The Indian Government is also confronted by separatist movements in certain states, including Jammu and Kashmir. Social unrest and disruptions arising out of ethnic differences could adversely affect the Fund's investments.

Stock Market Risk. The Indian securities markets are smaller and more volatile than the securities markets of the U.S. and some other OECD countries. Among other things, the Indian stock markets may experience significant, sharp, broad-based declines in response to adverse issuer, political, regulatory, market or economic developments. Different parts of the market and different types of equity securities may react differently to these developments. For example, small capitalization stocks may react differently from large capitalization stocks, and in ways that may differ from what would be expected in more developed markets. In addition, Indian stock exchanges have been subject to broker defaults, failed trades and settlement delays to greater degrees than in the U.S. and other OECD countries. Those types of events may have an adverse affect on a Fund's performance.

Limited Liquidity. In recent years a large percentage of market capitalization and trading value in the Indian stock exchanges has been represented by a relatively small number of issuers, with more limited volume and liquidity for many securities, particularly of small capitalization companies. As a result, at times it may be difficult to invest a Fund's assets so as to obtain an advantageous diversification of the portfolio or to sell a Fund's investments at advantageous or hoped for prices and times.

Indian Securities Regulation. The Securities and Exchange Board of India ("SEBI") has extensive powers to oversee and supervise the Indian securities markets and to enforce prohibitions of fraudulent and unfair trade practices relating to the stock markets, including insider trading and regulation of substantial acquisitions of shares and takeovers of companies. SEBI can impose restrictions on trading in certain securities, limitations on price movements and margin requirements. Indian stock exchanges use 'circuit breaker' systems under which trading in particular stocks or entire trading could potentially be suspended due to excessive volatility in a stock or on the market. Further, the securities law and regulations in India are continuously evolving: among other things, SEBI's ability to promulgate and enforce rules that effectively regulate market practices is somewhat unpredictable. SEBI market intervention, circuit breakers, and other or other regulatory measures could adversely affect the Fund's ability to make or liquidate investments, possibly at critical times, and possibly with adverse effects on a Fund's performance.

Further, SEBI has broad authority to conduct investigations of and take actions against market participants, including a Fund. That authority is continuing to evolve. Any investigations of, or actions against, a Fund initiated by SEBI or any other Indian regulatory authority could result in a ban on the Fund's investment and trading activities.

Foreign Investment Restrictions. India has laws and regulations that regulate and restrict direct foreign investment in securities of Indian companies. While indirect foreign investment is permitted to some extent, through investment funds and other investment vehicles specifically authorized for that purpose, investing through those vehicles can be inefficient, including potentially requiring investment at substantial premium over the value of the underlying assets and limiting the ability to sell without a discount to that value. In recent years the India has liberalized various aspects of its foreign investment regime, allowing freer foreign investment in many areas (excluding, among others, housing, certain real estate, certain retail trading, atomic energy, agriculture or plantation activities, gambling or lottery business or business of chit funds). However, foreign investment in some sectors remains prohibited, and governmental consent or permission may be required for a Fund to invest in others, and/or Fund investment may be subject to sector-specific limits in certain sectors. For example, sector-specific limits, in some cases differentiating between non-resident Indians and foreign entities, have been set for domestic airlines, broadcasting, and housing and real estate. Due to, among other things, rapid technological changes, emergence of new industries, sectors and activities, and other changes in markets, each investment avenue is peculiar and lack of clarity in policy interpretation and dispensation of administrative decisions could place constraints on a Fund's ability to make desirable investments.

Regulation and restrictions on direct and indirect foreign investment remain subject to rapid change. Even liberalizing changes in investment restrictions could adversely affect a Fund. For example, a relaxation of some restrictions might cause investments a Fund acquires at a premium to cease trading at a premium to underlying asset value, potentially resulting in losses to the Fund.

Sub-account Registration In order to pursue its investment activities in India, each Fund that trades directly in India must be registered with SEBI as a Foreign Institutional Investor ("FII") or as a "sub-account" under the license of another FII. Sub-account arrangements involve certain risks. Among other things, SEBI could deny, revoke, suspend, limit or terminate a Fund's registration as a sub-account. If SEBI were to do so or if the relevant FII registration were to expire, the Fund would not be able to pursue its activities until that registration were restored or renewed or the Fund became registered as a sub-account with another FII. In addition, an FII that provides sub-account registration could terminate its agreement with a Fund, including immediately under certain circumstances. If that Fund were not at any time registered as an FII or as a sub-account with a registered FII for any reason, the Fund would be unable to pursue Grand Trunk's investment objectives and strategies, possibly materially impairing its performance.

Currency Exchange Regulation

- *Generally.* The Government of India imposes foreign exchange controls; the Indian Rupee is not freely convertible in all circumstances, and some types of transactions require the prior permission of India's central bank, the Reserve Bank of India (the "RBI"). Current law divides foreign exchange transactions into two broad categories: Capital Account Transactions and Current Account Transactions. A Capital Account Transaction generally is one that alters the assets or liabilities (including contingent liabilities) outside India of persons resident in India or the assets or liabilities in India of persons resident outside India. Some Capital Account Transactions are further subcategorized and the RBI has issued regulations governing each such class of transactions.

Transactions other than Capital Account Transactions, are categorized as Current Account Transactions. These include payments in connection with foreign trade, current businesses, services, short term credit and banking facilities, interest payments, living expenses, foreign travel, education and medical care. The RBI has issued rules governing Current Account Transactions.

- *Impact on Hedging.* While the regulatory regime for hedging genuine currency risk has been relaxed, it is still not practical, given the costs, to hedge currency risks for more than relatively short periods of time, and even for short term hedging the cost can be high. Accordingly, currency risk in relation to the Indian Rupee remains a significant risk, and the cost of hedging this currency risk (if available) could reduce the returns of the Fund. A decrease in the value of the Indian Rupee would adversely affect the Fund's returns and such a decrease may be likely if India's inflation rate is high.
- *Impact on Bank Accounts.* The operation of the Fund's bank accounts in India is subject to regulation by the RBI under the Indian Foreign Exchange Regulations. The Indian domestic custodian acting also as the remitting banker will be authorized to convert currency and repatriate capital and income on behalf of the Fund.
- *Impact on Repatriation of dividend, interest and sale proceeds.* Under current regulations, investment capital and profits earned, including dividend, interest and sale proceeds, can generally be freely repatriated outside India, except where a Non-Resident Indian chooses to invest on a non-repatriable basis. However, this is true only if the underlying foreign investment was not barred under any applicable laws, regulations or government policy of India and the sale of the relevant security was in keeping with those conditions, including pricing restrictions, lock-in periods, etc., as may be prescribed.

Corporate Disclosure, Accounting and Regulatory Standards. Indian disclosure and regulatory standards are in many respects less stringent than standards in the U.S. and other OECD countries. There may be less publicly available information about Indian companies than is regularly published by or about companies in such other countries and the information that is available may be less accurate or complete. Indian accounting standards and requirements differ in significant respects from those applicable to companies in many OECD countries. Among other things, balance sheet and income statement data appearing in the financial statements of Indian issuers may not reflect the financial position or results of operations as accurately or in the same way as financial statements prepared in accordance with generally accepted accounting principles in the U.S. or other OECD countries. Difficulties in obtaining timely, reliable information, consistently presented, may impair Grand Trunk's ability to evaluate investments and, in particular, corporate actions and dividends of companies in which a Fund invests.

Foreign Capital Flows. In recent years, the Indian stock market witnessed a surge in the inflow of foreign capital. This has contributed to a sharp rise in the market index of the Bombay Stock Exchange – the "Sensex." If capital inflows were to slow or reverse, prices of securities in India generally could decline or stagnate, adversely affecting a Fund.

Indian Legal System. Economic, social and political instability in India, among other factors, can contribute to the possibility that Indian laws and regulations relevant to Fund investments may be subject to frequent changes. India's legal and regulatory protections may provide significantly less protection for investors (such as the Funds) and may do less to promote or ensure market discipline than the systems in countries with developed securities markets. And even where a potentially effective legal and regulatory framework is in place, enforcement may be inadequate or

insufficient. Regulation by the exchanges and self-regulatory organizations may not be recognized as law that can be enforced through judiciary or other means otherwise available to investors in developed markets.

The Indian civil judicial process to enforce remedies and legal rights is subject to delays and generally less developed and efficient than that of many other countries. Enforcement by a Fund of civil rights under the laws of a jurisdiction other than India may be adversely affected by the fact that the portfolio companies may have significant assets in India and the enforcement of rights against such assets in India may be subject to the delays and other limitations of the Indian judicial system.

Exposure to Permanent Establishment. It is possible that Indian tax authorities could take the position that a Fund or Grand Trunk has a “permanent establishment” in India. While the Funds and Grand Trunk intend to conduct the Funds’ activities in India in a manner that does not support such a position, there can be no assurance that the Indian tax authorities will agree. If Grand Trunk or a Fund is held to be a permanent establishment in India of the Fund, then the Fund’s profits may be subject to tax in India.

Disclosure of Investors. A Fund could be required to disclose the identity of its Investors to one or more governmental or regulatory agencies as a result of applicable law, rule or regulatory process. At present, the Funds do not intend to limit their investments in order to minimize the possibility or likelihood that disclosure of Investors’ identities will be required.

Underdeveloped Infrastructure. In some provinces of India, capital and advanced technology may be significantly limited. Delays in local postal, transport, banking or communications systems could cause a Fund to lose rights, opportunities, entitlements or funds and expose it to currency fluctuations.

Need for Administrative Review and Approval. Many business activities and products in India, are subject to administrative review and approval, or other regulation by various national and provincial agencies of the Indian government. These approval and regulatory requirements are subject to continual and rapid change. Companies in which the Funds invest may not be able to secure required governmental approvals for their activities and products, and that inability may arise unexpectedly. Failure to obtain requisite governmental approvals could substantially reduce the value of the Funds’ investments in affected companies.

ITEM 9: DISCIPLINARY INFORMATION

We have not been involved in any legal or disciplinary events since our inception that would be material to a client’s evaluation of our company or our personnel.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither we nor any of our employees are registered, or have an application pending to register as a broker-dealer or registered representative of a broker-dealer, futures commission merchant, or commodity pool operator. Neither we nor any of our employees have any relationships or arrangements with other financial service companies that pose material conflicts of interest.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

We have adopted a Code of Ethics (the “Code”) for the purpose of instructing our personnel in their ethical obligations and to provide rules for their personal securities transactions. We and our personnel owe a duty of loyalty, fairness and good faith towards our clients and their investors, and have an obligation to adhere not only to the specific provisions of the Code, but to the general principles that guide the Code.

The Code covers a range of topics that include: 1) general ethical principles, 2) reporting personal securities trading, 3) exceptions to reporting securities trading, 4) reportable securities, 5) initial public offerings and private placements, 6) reporting ethical violations, 7) distribution of the Code, 8) review and enforcement processes, and 9) supervisory procedures.

Our employees, members and officers (“Associated Persons”) may not own an interest in or buy or sell for their accounts the same securities the Funds buy or sell. Our policies seek to ensure that Associated Persons do not use their positions with us and their knowledge of Fund activities to benefit personally from the short-term market effects of those activities. To that end, it is our policy that Associated Persons are not allowed to trade in any security that: (i) is listed on any exchange in India, (ii) has a related ADR or other foreign listing or (iii) is a security derivative the underlying security of which is a security described in clauses (i) or (ii) above.

ITEM 12: BROKERAGE PRACTICES

The Funds incur substantial transaction expenses, including fees and other compensation paid to derivatives counterparties, and may in the future include brokerage commissions and similar costs. We have complete discretion in deciding what types of transactions the Funds and clients should effect and what brokers, dealers, and other financial intermediaries and counterparties (each, a “Transacting Party” and collectively, “Transacting Parties”) through or with which to execute or enter into portfolio transactions. We also have complete discretion to negotiate compensation arrangements and transaction terms with Transacting Parties. These arrangements may include not only paying commissions for transactions effected on any agency basis, but also compensation implicit in prices of transactions directly with Transacting Parties acting as principal (such as market-makers for over-the-counter securities) and dealers in fixed income securities and derivatives. Due to the Funds’ India focus and certain Indian regulatory limitations on directly buying and selling securities in Indian markets, the Funds currently achieve most securities’ exposure through derivatives such as participatory notes and swaps, often with the Funds’ prime broker as counterparty. The following describes some noteworthy aspects of our and the Funds’ use of and relationships with, Transacting Parties.

Selection, Generally. In choosing Transacting Parties, we will generally seek “best execution” of the Funds’ securities transactions. What constitutes “best execution” and determining how to achieve it are inherently uncertain. In evaluating whether a Transacting Party will provide best execution, we will consider a range of factors. These include, among others: (i) historical net prices (after commissions, markups, markdowns and other transaction-related compensation) the Transacting Party has provided; (ii) the Transacting Party’s execution, clearance and settlement and error correction capabilities generally and in connection with securities of the type and in the amounts to be bought or sold; (iii) the market for the security; (iv) the Transacting Party’s reliability and

financial stability; (v) the size of the transaction; (vi) the availability of securities to borrow for short sales; (vii) the Transacting Party's willingness to commit capital; and (viii) as discussed more fully below, the nature, quantity and quality of research and other services and products provided by the Transacting Party. We are not required to select the Transacting Party that charges the lowest transaction cost, even if that Transacting Party can provide execution quality comparable to other Transacting Parties. At times, the Funds may pay more than the lowest transaction cost available in order to obtain services and products other than the execution of securities transactions.

We may select Transacting Parties in recognition of the value of services or products, beyond transaction execution, they provide to the Funds or us. Selecting a Transacting Party in recognition of the provision of such services or products is known as paying for those services or products with "soft dollars." We do not currently have any third party soft dollar arrangements (arrangements by which we receive research services and/or products other than proprietary research from our prime broker), and do not maintain any credits or arrangements by which we may be thought to consider the amount or value of research or non-execution services or products from any Transacting Party. However, we do have the discretion to accept soft dollar benefits from third parties, as described below.

Fund Expenses. A Fund may use soft dollars to pay their own operating costs, including to meet its obligations to reimburse us for advanced expenses. It may also use brokerage commissions, markups and markdowns and other transaction-related compensation (as well as interest the Prime Broker receives on the Fund's cash balances, margin borrowings and borrowings of securities to maintain short positions) to pay the Prime Broker for recordkeeping, custodial and related services. Each Fund, and not Grand Trunk, would otherwise be obligated to bear all of these expenses.

Research and Brokerage. We may also use a Fund's soft dollars to acquire a variety of "research" and "brokerage" services and products for which the Fund would not otherwise be required to pay. Section 28(e) of the U.S. Securities Exchange Act of 1934 recognizes the potential conflict of interest involved in this activity but protects investment advisers such as us from claims that the activity involves a breach of fiduciary duty—even if the brokerage commissions paid are higher than the lowest available—if certain conditions are met. Among these conditions: we must determine that commissions paid are reasonable in light of the value of the "brokerage" and "research" services and products acquired. Section 28(e)'s "safe harbor" protects the use of the Fund's soft dollars even when we use research and brokerage services and products to benefit Other Accounts. Although protected, we have a conflict of interest when we use soft dollars for research and brokerage services and products because we might otherwise have to pay cash for those services and products; we may have an incentive to use Transacting Parties who provide those products and services more frequently than we otherwise would.

The types of "research" we may receive from Transacting Parties include (but are not limited to): reports on or other information about particular companies or industries; economic surveys and analyses; recommendations as to specific securities; financial and industry publications; portfolio evaluation services; financial database software and services; computerized news, pricing and statistical services; analytical software; proxy analysis services and systems (to the extent used to assist in making investment decisions), quotation services; and other products or services that may enhance the CIS Manager's investment decision-making. "Brokerage" services and products (beyond typical execution services) include (but are not limited to): computer systems and

facilities (including hardware) used for such things as communicating orders and settlement related information electronically to executing Transacting Parties and the Prime Broker, post-trade matching of trade information, communicating allocation instructions, and other clearance and settlement functions.

Other Services and Products. Grand Trunk may also use a Fund's soft dollars to acquire services and products that provide benefits to us that may not qualify as research or brokerage, and/or to pay expenses otherwise payable by us. These may include (but are not limited to) expenses of and travel to professional and industry conferences; and hardware and software used in our administrative activities. Using soft dollars for these purposes involves the same conflict described above, but is not protected by Section 28(e).

Referrals of Investors and Advisory Clients. In selecting a Transacting Party, we may consider the Transacting Party's referrals of investors to a Fund, referrals of advisory clients to us, the potential for future referrals, and/or Transacting Party's willingness to pay third-party finders' fees for such referrals. The conflict of interest involved in using soft dollars to pay for these types of services and products and to defray these types of expenses is also not protected by the Section 28(e) safe harbor.

Procedures. Transacting Parties from which we obtain soft dollar services or products generally establish "credits" based on past transactional business (including markups and markdowns on principal transactions), which may be used to pay or reimburse us for specified expenses. In some cases the process is less formal; a Transacting Party simply may suggest a level of future business that would fully compensate the Transacting Party for services or products it provides. The Fund's actual transactional business with a Transacting Party may be less than the suggested level but can—and often will—exceed that level, and credits established may exceed the amounts used to acquire services and products. This may be in part because the Fund's investment activities generate aggregate commissions in excess of the levels of future business suggested by all Transacting Parties who provide services and products. And it may be in part because those Transacting Parties may also provide superior execution and may therefore be most appropriate for particular transactions.

These procedures are generally consistent with the requirements of Section 28(e) when the products or services acquired constitute research and/or brokerage. However, Section 28(e)'s safe harbor is not available as to many transactions effected on a principal basis, as most transactions with market-makers in over-the-counter securities are, with a markup or markdown paid to the Transacting Party. We may nonetheless use such markups and markdowns as soft dollars with which to acquire services or products of the kinds described above.

Directed Brokerage; Prime Broker

We do not have any "directed brokerage" arrangements with the Funds. While not "directed brokerage," as noted above a Fund may pay a portion of their own costs using soft dollars, including custodial, clearing, recordkeeping, and related services obtained through what is known as a "prime brokerage" arrangement. By using a brokerage firm for these functions the Fund avoids paying custodial fees that banks charge other institutional investors. Prime brokers are compensated through brokerage commissions, interest on credit balances, margin borrowings, and stock loans. Although we dictate the Funds' choices, the Funds might be thought of as "directing" us to place transactions with the prime broker in order to pay for the custodial, clearing and related services the Fund obtains from the prime broker.

The prime broker may provide services to us and/or our affiliates, distinct from the custodial, lending and related services the prime broker provides the Funds and other clients. These services may include, among other things, information technology, website hosting, portfolio management software license and support service, consulting services with respect to various aspects of our business and introducing us to prospective Fund investors. They may be provided at lower than the market price for similar services or for no charge. The prime broker may also enter into financial transactions with us or our affiliates, and these transactions may be on terms more favorable than the terms available with other counterparties. These transactions might include lending money to us or our affiliates. To the extent we or our affiliates receive services from a prime broker at lower than market prices, or enter into transactions on terms better than terms available in the market, because we are responsible for selecting the prime broker or negotiating the rates of compensation the Funds pay the prime broker, conflicts may exist between our interests and the Funds'. That is, we may have an incentive to cause the Funds to accept less favorable pricing for prime brokerage services (including interest and similar charges on margin borrowings and short positions) than might be available otherwise or to continue to use a prime broker when the Funds would not otherwise do so.

Aggregation of Orders

Because we manage the GTC Funds' assets in a master-feeder arrangement, we do not face questions as to allocation of transaction opportunities as between those Funds or as to the order in which transactions are placed for different accounts, aggregation of transactions, or "cross" transactions as between those Funds. To the extent securities in a Special Opportunity Investment Set might also be appropriate for GTC Funds, and to the extent we begin managing other accounts (including new investment funds), two or more accounts may seek to buy or sell the same security or other financial instrument at the same time. We and/or our related persons may buy or sell particular securities for our or their own account that are not deemed appropriate for client accounts at the time, based on investment considerations that differ from the considerations on which decisions as to investments for the client accounts are made. Where execution opportunities for a particular security are limited, we will attempt in good faith to allocate such opportunities among clients in a manner that, over time, is equitable to all its clients.

ITEM 13: REVIEW OF ACCOUNTS

We review each Fund's portfolio daily as part of our ongoing portfolio management activities. Our Chief Investment Officer or Portfolio Manager generally conduct those reviews. We also conduct more broad-based, strategic reviews, in which those officers as well as analysts participate.

We do not provide formal reports to the Funds. Each Fund prepares annual financial statements that it causes to be audited by an independent certified public accounting firm and provides those statements to its investors and, in the case of the non-U.S. Funds, its board of directors. The Funds provide monthly investor statements. The Funds also provide investors with Forms K-1 or other appropriate information to enable investors to prepare their income tax returns.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Other than as discussed above in "Item 12: Brokerage Practices," we do not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients and we do not compensate any person for investor or client referrals.

ITEM 15: CUSTODY

Under a rule under the Investment Advisers Act, as general partner of GTC Fund LP, we are considered to have “custody” of that Fund’s assets, even though an independent custodian (the Prime Broker) actually holds those assets. That Rule generally requires investment advisers that have custody of their clients’ assets to cause certain account statements detailing holdings and transactions to be sent to clients and impose certain other obligations. However, advisers to investment funds like the Funds need not comply with those requirements if, among other things, the Funds provide investors with audited financial statements by a specified time each year and those financial statements meet certain requirements. We satisfy those conditions and therefore are not subject to reporting and other obligations.

ITEM 16: INVESTMENT DISCRETION

Our agreements with the Funds grant us complete discretion to manage the Funds’ investment portfolios, without any specific limitations. See the description above in “Advisory Business” and “Methods of Analysis, Investment Strategies and Risk of Loss.”

ITEM 17: VOTING CLIENT SECURITIES

Our agreements with the Funds grant us the authority to vote the securities held by the Funds. None of the Funds or any investor in the Funds may direct us to vote in any particular way on any particular matter.

We do not receive proxy statements for many of the equity derivatives positions the Funds acquire, and in many other instances the circumstances do not justify voting proxies, either because the Funds may hold some positions for brief periods or the positions are too small to influence the outcome of the proxy voting. In such cases, we do not consider voting to be meaningfully related to the Funds’ interests in those positions, and we do not vote or evaluate proxies. We will do so when we believe the matter subject to vote is material to the Funds’ account and our vote may affect the outcome. If and when we do vote proxies, we vote them in the economic interests of, and for the purpose of providing economic benefits to, the Funds. We generally do not consider social, political, or other objectives unrelated to the value of the Funds’ investments.

When we do vote proxies, we follow procedures designed to identify and address material conflicts that may arise between our interests and those of the Funds. Specifically, we monitor the potential for conflicts of interest that might arise from personal relationships we or our Related Parties may have with parties involved in the vote, significant Fund investor relationships with those parties, and special circumstances.

If we determine that a conflict of interest exists as to a particular issuer, our Chief Financial Officer will determine whether the conflict of interest is material to the vote. If we determine that the conflict of interest is not material, we may vote proxies. If we determine that the conflict of interest is material, we will resolve the conflict in one of several possible ways including: 1) disclosing the conflict and obtaining consent, 2) engaging a third party to recommend a vote with respect to the proxy, or 3) such other method as is deemed appropriate under the circumstances.

Fund investors may request a copy of our Proxy Voting Policy, as well as relevant proxy voting records.

ITEM 18: FINANCIAL INFORMATION

We have never filed for bankruptcy and are not aware of any financial condition that is expected to affect our ability to manage client accounts.