

Disclosure Brochure

November 2, 2011

VII Peaks Capital, LLC

a Registered Investment Adviser

100 Pine Street, Suite 500
San Francisco, CA 94111

(415) 727-8756

www.viipeakscapital.com

This brochure provides information about the qualifications and business practices of VII Peaks Capital, LLC (hereinafter "VII Peaks Capital"). If you have any questions about the contents of this brochure, please contact Gurpreet S. Chandhoke at (415) 727-8756. 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 VII Peaks Capital, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

VII Peaks Capital, LLC is a state registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This Item discusses only the material changes that have occurred since VII Peaks Capital's last annual update. VII Peaks Capital does not have any material changes to report.

Item 3. Table of Contents

Firm Disclosure Brochure

Item 1. Cover Page	i
Item 2. Material Changes	ii
Item 3. Table of Contents.....	iii
Item 4. Advisory Business.....	4
Item 5. Fees and Compensation	6
Item 6. Performance-Based Fees and Side-by-Side Management	9
Item 7. Types of Clients	10
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	11
Item 9. Disciplinary Information.....	14
Item 10. Other Financial Industry Activities and Affiliations	15
Item 11. Code of Ethics	16
Item 12. Brokerage Practices.....	18
Item 13. Review of Accounts.....	21
Item 14. Client Referrals and Other Compensation	22
Item 15. Custody	23
Item 16. Investment Discretion.....	24
Item 17. Voting Client Securities	25
Item 18. Financial Information.....	26
Item 19. Requirements for State Registered Investment Advisors	27

Supervised Person Brochure Supplements

Item 4. Advisory Business

VII Peaks Capital is a registered investment adviser focusing on non-performing corporate debt investments. VII Peaks Capital was formed in April 2009, and has been in business as a registered investment adviser since July 2010. Gurpreet S. Chandhoke and Stephen F. Shea are the principal owners of VII Peaks Capital. VII Peaks Capital has \$15,699,402 of assets under management as of October 31, 2011, all of which is managed on a discretionary basis.

VII Peaks Capital provides investment management services to VII Peaks-KBR Co-Optivist R Fund I, VII Peaks-KBR Co-Optivist B Fund I, VII Peaks Venture Capital I, LLC, VII Peaks Venture Capital II, LLC, VII Peaks Venture Capital III, LLC, and VII Peaks Venture Capital IV, LLC (collectively referred to as "*Private Funds*").

While the *Private Funds* are generally considered VII Peaks Capital's clients, however, the term "client(s)" in this brochure may sometimes refer to the investors in the *Private Funds*, as well as clients with separately managed accounts. All relevant information about the *Private Funds*, including their investment strategies and compensation received by VII Peaks Capital or an affiliate are set forth in the confidential private offering memorandum, investor agreement, and Subscription Agreement (collectively, "*Offering Documents*"), which each investor is required to receive and/or execute prior to being accepted as an investor in the *Private Funds*.

This Disclosure Brochure describes the business of VII Peaks Capital. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of VII Peaks Capital's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on VII Peaks Capital's behalf and is subject to VII Peaks Capital's supervision or control. All material conflicts of interest under California Code of Regulation Section 260.238(k) have been disclosed regarding VII Peaks Capital or its *Supervised Persons* which could reasonably be expected to impair the rendering of unbiased and objective advice, to the best of VII Peaks Capital's knowledge.

Investment Management Services

Clients can engage VII Peaks Capital to manage all or a portion of their assets on a discretionary basis.

VII Peaks Capital primarily allocates clients' investment management assets among non-performing corporate debt instruments in accordance with the investment objectives of the client. In addition, for separately managed accounts, VII Peaks Capital may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives.

VII Peaks Capital, LLC Disclosure Brochure

VII Peaks Capital tailors its advisory services to the individual needs of clients. VII Peaks Capital consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. VII Peaks Capital ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify VII Peaks Capital if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon VII Peaks Capital's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in VII Peaks Capital's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Management of Collective Investment Vehicles

VII Peaks Capital is the investment manager of the *Private Funds*. Interests in the *Private Funds* are privately offered pursuant to Regulation D under the Securities Act of 1933, as amended. The *Private Funds* currently rely on an exemption from registration under the Investment Company Act of 1940, as amended, which permits private investment companies to sell their interests, on a private placement basis.

Participation as an investor in the *Private Funds* is restricted to investors that are qualified clients pursuant to the requirements under Rule 205-3 under the Investment Advisers Act of 1940, as well as are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended. To the extent certain of VII Peaks Capital's individual advisory clients qualify, they will be eligible to participate as investors. Investment in the *Private Funds* involves a significant degree of risk. All relevant information, terms and conditions relative to investment, including the compensation received by VII Peaks Capital, withdrawal rights, minimum investments, qualification requirements, suitability, risk factors, potential conflicts of interest, are set forth in the *Offering Documents*, which each investor is required to receive and/or execute prior to being accepted as an investor.

VII Peaks Capital will devote its best efforts with respect to its management of the *Private Funds* and its individual client accounts. Given the above discussion relative to the objectives, suitability, risk factors, and qualifications for participation in the *Private Funds*, VII Peaks Capital may give advice or take action with respect to the *Private Funds* that differ from that for individual client accounts. To the extent that a particular investment is suitable for both the *Private Funds*, and certain individual client accounts, such investments will be allocated between the *Private Funds* and the individual client accounts pro rata based on the assets under management or in some other manner which VII Peaks Capital determines is fair and equitable under the circumstances to all of its clients.

Wrap Program

VII Peaks Capital is not the sponsor or manager of a wrap fee program.

Item 5. Fees and Compensation

VII Peaks Capital offers its services on a fee basis, which includes fees based upon assets under management and the performance of the client's portfolio. Additionally, certain of VII Peaks Capital's *Supervised Persons*, in their individual capacities, may offer securities brokerage services under a commission arrangement.

Investment Management Fee for *Private Funds* and Separate Accounts

For individual client accounts, VII Peaks Capital provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by VII Peaks Capital. VII Peaks Capital's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. VII Peaks Capital does not, however, receive any portion of these commissions, fees, and costs. VII Peaks Capital's annual fee is prorated and charged quarterly, in arrears, based upon the market value of the assets being managed by VII Peaks Capital on the last day of the previous quarter. The annual fee varies (up to 2.00%) depending upon the market value of the assets under management and the type of investment management services to be rendered.

VII Peaks Capital generally renders investment management services to *qualified clients* for a performance-based fee in accordance with the requirements set forth in California Code of Regulation 260.234 and any other applicable laws, rules, and regulations. VII Peaks Capital charges a fee based upon a percentage of the market value of the assets being managed by VII Peaks Capital ("*base fee*") in addition to a fee based on the performance of the account ("*incentive fee*").

For the *Private Funds*, VII Peaks Capital is entitled to an annual incentive fee of twenty percent (20%) of the net profit of each client account, subject to a preferred return of eight percent (8.00%) and a high water mark, or twenty percent (20%) of the realized gross profits, as set forth in the *Offering Documents*. VII Peaks Capital also charges a *base fee* of up to two percent (2.00%) depending upon the market value of the assets under management and the type of investment management services to be rendered.

VII Peaks Capital's annual *base fee* is prorated and charged quarterly, in arrears, based upon the market value of the assets on the last day of the previous quarter. VII Peaks Capital's *incentive fee* is charged annually, in arrears, based on the net gains of the client's portfolio at the end of the calendar period. Investors in the *Private Funds* should refer to the compensation information set forth in the *Offering Documents*.

VII Peaks Capital, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

VII Peaks Capital, LLC Disclosure Brochure

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), VII Peaks Capital generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*"), Charles Schwab & Co., Inc. ("*Schwab*"), and/or Pershing, LLC through Pershing Investment Manager Services ("*Pershing*") for investment management accounts.

VII Peaks Capital may only implement its investment management recommendations after the client has arranged for and furnished VII Peaks Capital with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Fidelity*, *Schwab*, *Pershing*, any other broker-dealer recommended by VII Peaks Capital, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers* (as defined below), custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to VII Peaks Capital's fee.

VII Peaks Capital's *Agreement* and the separate agreement with any *Financial Institutions* may authorize VII Peaks Capital or *Independent Managers* to debit the client's account for the amount of VII Peaks Capital's fee and to directly remit that management fee to VII Peaks Capital or the *Independent Managers*. Any *Financial Institutions* recommended by VII Peaks Capital have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to VII Peaks Capital. VII Peaks Capital will also send a statement to the client indicating the amount of the fees, at the same time as the *Financial Institutions*.

Fees for Management During Partial Periods of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between VII Peaks Capital and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. VII Peaks Capital's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to VII Peaks Capital's right to terminate an account. Additions may be in cash or securities provided that VII Peaks Capital reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to VII Peaks Capital, subject to the usual and customary securities settlement procedures. However, VII Peaks Capital designs its portfolios

as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. VII Peaks Capital may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Lower fees for comparable services may be available from other sources.

Commissions or Sales Charges for Recommendations of Securities

Clients can engage certain persons associated with VII Peaks Capital (but not VII Peaks Capital) to render securities brokerage services under a commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with VII Peaks Capital. Under this arrangement, clients may implement securities transactions through certain of VII Peaks Capital's *Supervised Persons* in their respective individual capacities as registered representatives of White Pacific Securities, Inc. ("WPS"), an SEC registered broker-dealer and member of FINRA. WPS may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by WPS to such *Supervised Persons*. Prior to effecting any transactions clients are required to enter into a new account agreement with WPS. The brokerage commissions charged by WPS may be higher or lower than those charged by other broker-dealers. In addition, certain of VII Peaks Capital's *Supervised Persons* may also receive ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment. VII Peaks Capital does not charge an advisory fee on the same assets for which its *Supervised Persons* receive commissions.

A conflict of interest exists to the extent that VII Peaks Capital recommends the purchase of securities where VII Peaks Capital's *Supervised Persons* receive commissions or other additional compensation as a result of VII Peaks Capital's recommendations. VII Peaks Capital has procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interest of clients.

For accounts covered by ERISA (and such others that VII Peaks Capital, in its sole discretion deems appropriate), VII Peaks Capital provides its investment advisory services on a fee-offset basis. In this scenario, VII Peaks Capital may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by VII Peaks Capital's *Supervised Persons* in their individual capacities as registered representatives of WPS.

VII Peaks Capital's *Supervised Persons* currently devote less than five percent (<5%) of their time to commission securities brokerage business.

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

As discussed in response to Item 5, above, VII Peaks Capital may render investment management services to *qualified clients* for a performance-based fee. This fee arrangement raises conflicts of interest. The performance fee may be an incentive for VII Peaks Capital to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In addition, where VII Peaks Capital charges performance-based fees and also provides similar services to accounts not being charged performance-based fees, there is an incentive to favor accounts paying a performance-based fee.

VII Peaks Capital has procedures in place to ensure that any recommendations made are in the best interest of clients regardless of whether the client is paying a performance-based fee or different type of fee.

Item 7. Types of Clients

VII Peaks Capital provides its services to individuals, investment companies, investment limited partnerships or other collective vehicles. In addition, when providing services to separate accounts, VII Peaks Capital is engaged by other registered investment advisers to provide sub-advisory services to that adviser's clients.

Minimum Account Size and Minimum Investment Requirement

As a condition for starting and maintaining a relationship, VII Peaks Capital generally imposes a minimum portfolio size of \$100,000 for separate accounts, as well as a minimum investment requirement in the *Private Funds*, as set forth in the *Offering Documents*. VII Peaks Capital, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities. VII Peaks Capital only accepts clients with less than the minimum portfolio size if, in the sole opinion of VII Peaks Capital, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. VII Peaks Capital may aggregate the portfolios of family members to meet the minimum portfolio size.

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

Methods of Analysis

VII Peaks Capital's primary methods of analysis are fundamental, technical and cyclical analysis.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. VII Peaks Capital will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that VII Peaks Capital will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the analysis of market conditions at a macro (entire market/economy) or micro (company specific) level, rather than the overall fundamental analysis of the health of the particular company that VII Peaks Capital is recommending. The risks with cyclical analysis are similar to those of technical analysis.

Investment Strategies

VII Peaks Capital employs a proprietary investment strategy of "cooperative activism," referred to as the VII Peaks Co-Optivist™ approach. The VII Peaks Co-Optivist™ approach involves investing in discounted corporate debt securities of public companies that have a perceived risk of near-term liquidity issues, but have solid fundamentals and business prospects, including historical revenue growth, positive cash flow, and sufficient asset coverage.

The VII Peaks Co-Optivist™ approach includes proactively engaging the target company's management to restructure the underlying corporate debt securities and de-lever the target company's balance sheet and improve overall liquidity.

VII Peaks Capital has also implemented a proprietary investment process for selecting and implementing investments:

VII Peaks Capital, LLC Disclosure Brochure

Opportunity Identification

VII Peaks Capital identifies targets based on VII Peaks Capital's investment criteria. VII Peaks Capital then establishes or maintains dialogue with management and financial advisors of top priority targets and bondholders of top priority targets. VII Peaks Capital also develops a preliminary investment thesis and short-form overview for top priority targets.

Investment Committee

The Investment Committee is presented with a short-form overview of top priority targets, and approves those targets for which VII Peaks Capital will proceed. VII Peaks Capital then performs in-depth company and industry due diligence and valuation analyses, and presents a final memorandum to the Investment Committee for approval.

Portfolio Management

Once the Investment Committee has given final approval, VII Peaks Capital acquires the complete position before approaching management to commence debt restructuring. In addition, VII Peaks Capital communicates with other stakeholders, including bondholders, to feedback on proposed terms for debt exchange. After considering such feedback, VII Peaks Capital begins communications with the target's financial advisors.

Exit Investment

After the restructuring event is public, VII Peaks Capital evaluates the investment exit opportunities. Depending on the market reaction to the restructuring event, VII Peaks Capital evaluates other potential transactions for additional returns before exiting the investment.

Risks of Loss

Investment in the Private Funds

The *Private Funds'* investment programs entail substantial risks, and there can be no assurance that their investment objectives will be achieved. The practices of short selling and the use of leverage and other investment techniques that could be employed by the *Private Funds* can, in certain circumstances, amplify the impact of adverse market movements to which the *Private Funds'* investment portfolios may be subject.

In addition, investment the *Private Funds*, may include a concentrated position in the private equity of one company. The investment is therefore not diversified and there may be limited liquidity.

The risks applicable to the *Private Funds* are discussed in detail in the *Offering Documents* for each *Private Fund*.

VII Peaks Capital, LLC Disclosure Brochure

Non-Performing Corporate Debt Investments

VII Peaks Capital may recommend “below investment grade” corporate debt securities and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, and facing special competitive or product obsolescence problems. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such companies’ securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that VII Peaks Capital will correctly evaluate the value of the assets’ underlying investments or prospects for a profitable return. In any reorganization or liquidation proceeding relating to a company, which VII Peaks Capital recommends, clients may lose the investment, may be required to accept cash or securities with a value less than the original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated by VII Peaks Capital may not compensate clients adequately for the risks assumed.

Options

Options allow investors to buy or sell a security at a contracted “strike” price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

Market Risks

The profitability of a significant portion of VII Peaks Capital’s recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that VII Peaks Capital will be able to predict those price movements accurately.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

VII Peaks Capital is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. VII Peaks Capital does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

VII Peaks Capital is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. VII Peaks Capital has described such relationships and arrangements below.

Registered Representatives of Broker Dealer

As discussed above in Item 5, certain of VII Peaks Capital's *Supervised Persons* are registered representatives of *WPS*.

Item 11. Code of Ethics

VII Peaks Capital and persons associated with VII Peaks Capital (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with VII Peaks Capital’s policies and procedures.

VII Peaks Capital has adopted a code of ethics (“*Code of Ethics*”) made up of its personal securities transaction and insider trading policies and procedures. When VII Peaks Capital is purchasing or considering for purchase any security on behalf of a client, no *Covered Person* (as defined below) may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when VII Peaks Capital is selling or considering the sale of any security on behalf of a client, no *Covered Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security.

Unless specifically defined in VII Peaks Capital’s procedures (summarized above), neither VII Peaks Capital nor any of VII Peaks Capital’s Associated Persons may effect for himself or herself, for an Associated Person’s immediate family (i.e., spouse, minor children, and adults living in the same household as the Associated Person), or for trusts for which the Associated Person serves as a trustee or in which the Associated Person has a beneficial interest (collectively “*Covered Persons*”), any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of VII Peaks Capital’s clients.

The foregoing policies and procedures are not applicable to (a) transactions effected in any account over which neither VII Peaks Capital nor any of its *Supervised Persons* (as defined in this Form ADV) has any direct or indirect influence or control; and (b) transactions in securities that are: direct obligations of the government of the United States; bankers’ acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt instruments, including repurchase agreements; or shares issued by registered open-end investment companies.

This policy has been established recognizing that some securities being considered for purchase and sale on behalf of VII Peaks Capital’s clients trade in sufficiently broad markets to permit transactions by clients to be completed without any appreciable impact on the markets of such securities. Under certain limited circumstances, exceptions may be made to the policies stated above. VII Peaks Capital will maintain records of these trades, including the reasons for any exceptions.

In accordance with Section 204A of the Advisers Act, VII Peaks Capital also maintains and enforces written policies reasonably designed to prevent the unlawful use of material non-public information by VII Peaks Capital or any of its *Supervised Persons*. In addition, because the nature of the investments that VII Peaks Capital makes could result in material non-public information being attained by separate account clients that have access to their specific holdings, VII Peaks Capital requires such clients to certify that they will not trade in the underlying securities.

VII Peaks Capital, LLC Disclosure Brochure

As discussed above in response to Item 4, VII Peaks Capital provides investment management services to the *Private Funds*. VII Peaks Capital may recommend, on a fully disclosed basis, that certain clients invest in the *Private Funds*. As such, a conflict of interest exists to the extent that VII Peaks Capital recommends that clients invest in the *Private Funds*. VII Peaks Capital does not receive any additional compensation if a client invests in the *Private Funds*. As such, VII Peaks Capital does not believe this arrangement poses any additional conflict of interest.

Clients and prospective clients may contact VII Peaks Capital to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, VII Peaks Capital generally recommends that clients utilize the brokerage and clearing services of *Fidelity*, *Schwab*, and/or *Pershing*.

Factors which VII Peaks Capital considers in recommending *Fidelity*, *Schwab*, *Pershing*, or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by *Fidelity*, *Schwab*, and/or *Pershing* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by VII Peaks Capital's clients comply with VII Peaks Capital's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where VII Peaks Capital determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. VII Peaks Capital seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

VII Peaks Capital periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

Separate account clients may direct VII Peaks Capital in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and VII Peaks Capital will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by VII Peaks Capital (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, VII Peaks Capital may decline a client's request to direct brokerage if, in VII Peaks Capital's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client generally will be effected independently, unless VII Peaks Capital decides to purchase or sell the same securities for several clients at approximately the same time. VII Peaks Capital may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among VII Peaks Capital's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among VII Peaks Capital's clients pro rata to the purchase and sale orders placed for each

client on any given day. To the extent that VII Peaks Capital determines to aggregate client orders for the purchase or sale of securities, including securities in which VII Peaks Capital's *Supervised Persons* may invest, VII Peaks Capital generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. VII Peaks Capital does not receive any additional compensation or remuneration as a result of the aggregation. In the event that VII Peaks Capital determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, VII Peaks Capital may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist VII Peaks Capital in its investment decision-making process. Such research generally will be used to service all of VII Peaks Capital's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because VII Peaks Capital does not have to produce or pay for the products or services.

Commissions or Sales Charges for Recommendations of Securities

As discussed above, certain *Supervised Persons* in their respective individual capacities, are registered representatives of WPS. These *Supervised Persons* are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless WPS provides written consent. Therefore, clients are advised that certain *Supervised Persons* may be restricted to conducting securities transactions through WPS unless they first secure written consent from WPS to execute securities transactions through a different broker-dealer. Absent such written consent or separation from WPS, these *Supervised Persons* are prohibited from executing securities transactions through any broker-dealer other than WPS under WPS's internal supervisory policies. VII Peaks Capital

is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

Software and Support Provided by Financial Institutions

VII Peaks Capital may receive from *Fidelity*, *Schwab*, and/or *Pershing*, without cost to VII Peaks Capital, computer software and related systems support, which allow VII Peaks Capital to better monitor client accounts maintained at *Fidelity*, *Schwab*, and/or *Pershing*. VII Peaks Capital may receive the software and related support without cost because VII Peaks Capital renders investment management services to clients that maintain assets at *Fidelity*, *Schwab*, and/or *Pershing*. The software and related systems support may benefit VII Peaks Capital, but not its clients directly. In fulfilling its duties to its clients, VII Peaks Capital endeavors at all times to put the interests of its clients first. Clients should be aware, however, that VII Peaks Capital's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence VII Peaks Capital's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Item 13. Review of Accounts

For those clients to whom VII Peaks Capital provides investment management services, VII Peaks Capital monitors those portfolios as part of an ongoing process. Account reviews are conducted at least weekly and sometimes more frequently depending upon market conditions. These reviews are designed to monitor and analyze client transactions, positions, and investment levels. In addition, actual performance is evaluated relative to expectations and targeted levels. Variances from targeted levels are analyzed and necessary adjustments in investment strategy or tactics are implemented. Such reviews are conducted by Gurpreet S. Chandhoke.

Separate account clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Clients may also receive monthly and/or quarter unaudited financial statements and investor reports. Annually, investors in the *Funds* will receive audited financial statements. In addition, a Portfolio Management's Discussion letter regarding the results of operations, management, market environment, investment performance and other matters will also be included. Additional reports may be available upon request of the clients. Clients should compare the account statements they receive from their custodian with those they receive from VII Peaks Capital.

Item 14. Client Referrals and Other Compensation

VII Peaks Capital is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, VII Peaks Capital is required to disclose any direct or indirect compensation that it provides for client referrals.

If a client is introduced to VII Peaks Capital by either an unaffiliated or an affiliated solicitor, VII Peaks Capital may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from VII Peaks Capital's investment management fee, and does not result in any additional charge to the client. If the client is introduced to VII Peaks Capital by an unaffiliated solicitor, the solicitor provides the client with a copy of VII Peaks Capital's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of VII Peaks Capital discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of VII Peaks Capital's written disclosure brochure at the time of the solicitation.

Item 15. Custody

VII Peaks Capital's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize VII Peaks Capital through such *Financial Institution* to debit the client's account for the amount of VII Peaks Capital's fee and to directly remit that management fee to VII Peaks Capital in accordance with applicable custody rules.

The *Financial Institutions* recommended by VII Peaks Capital have agreed to send a statement to separate account clients, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to VII Peaks Capital. In addition, as discussed in Item 13, VII Peaks Capital also sends statements to the client at the same time as the *Financial Institutions*. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from VII Peaks Capital.

Item 16. Investment Discretion

VII Peaks Capital is given the authority to exercise discretion on behalf of clients. VII Peaks Capital is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. VII Peaks Capital is given this authority through a power-of-attorney included in the agreement between VII Peaks Capital and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). VII Peaks Capital takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The broker-dealer to be used; and
- The commission rates to be paid to such broker-dealers.

Item 17. Voting Client Securities

VII Peaks Capital may vote client securities (proxies) on behalf of its clients. When VII Peaks Capital accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully- described in VII Peaks Capital's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in VII Peaks Capital's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact VII Peaks Capital to request information about how VII Peaks Capital voted proxies for that client's securities or to get a copy of VII Peaks Capital's Proxy Voting Policies and Procedures. A brief summary of VII Peaks Capital's Proxy Voting Policies and Procedures is as follows:

- VII Peaks Capital has formed a Proxy Voting Committee that will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee will generally vote proxies according to VII Peaks Capital's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, VII Peaks Capital devotes an appropriate amount of time and resources to monitor these changes.
- Clients cannot direct VII Peaks Capital's vote on a particular solicitation but can revoke VII Peaks Capital's authority to vote proxies.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that VII Peaks Capital maintains with persons having an interest in the outcome of certain votes, VII Peaks Capital takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

Item 18. Financial Information

VII Peaks Capital does not require or solicit the prepayment of more than \$500 in fees six months or more in advance. In addition, VII Peaks Capital is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. VII Peaks Capital has no disclosures pursuant to this Item.

Item 19. Requirements for State Registered Investment Advisors

Principal Executive Officers and Management Persons

Below is the formal education and business background of each of VII Peaks Capital's principal executive officers and management persons:

GURPREET S. CHANDHOKE

Born 1974

Post-Secondary Education:

University of Pennsylvania, Wharton School of Business – 2005, MBA, Finance and Entrepreneurship

University of Minnesota – 1998, MS, Electrical Engineering

University of Minnesota – 1998, MS, Mechanical Engineering

University of Pune, Government College of Engg – 1995, BE, Electrical Engineering

Recent Business Background:

VII Peaks Capital, LLC, Chief Investment Officer, April 2009 – Present

Jesup & Lamont Securities Corp., Registered Representative, October 2009 – June 2010

Deutsche Bank, Senior Vice President, August 2006 – February 2009

UBS Investment Bank, Associate Director, June 2004 – August 2004; August 2005 – August 2006

Terawave Communications, Senior Asic Engineer, July 2000 – July 2003

QUINLAN D. FANG

Born 1982

Post-Secondary Education:

University of Pennsylvania, Wharton School of Business – 2004, BS, Economics, Finance & Management

Recent Business Background:

VII Peaks Capital, LLC, Partner, June 2010 – Present

MatchBright, Inc., Co-Founder, July 2009 – May 2010

Vista Equity Partners, Associate, August 2006 – July 2009

UBS Investment Bank, Analyst, June 2004 – June 2006

Additional Information

VII Peaks Capital generally renders investment management services to *qualified clients* for a performance-based fee in accordance with the requirements set forth in California Code of Regulation 260.234 and any other applicable laws, rules, and regulations. VII Peaks Capital is entitled to an annual incentive fee of twenty percent (20%) of the net profit of each client account, subject to a preferred return of eight percent (8.00%) and a high water mark, or twenty percent (20%) of the realized gross profits, as

VII Peaks Capital, LLC Disclosure Brochure

set forth in the *Offering Documents* or *Agreement*. VII Peaks Capital also charges a *base fee* of up to two percent (2.00%) depending upon the market value of the assets under management and the type of investment management services to be rendered.

VII Peaks Capital's annual *base fee* is prorated and charged quarterly, in arrears, based upon the market value of the assets on the last day of the previous quarter. VII Peaks Capital's *incentive fee* is charged annually, in arrears, based on the net gains of the client's portfolio at the end of the calendar period. Performance-based fees may create an incentive for VII Peaks Capital's *Supervised Persons* to make an investment that may carry a higher degree of risk to the client.

None of VII Peaks Capital's *Supervised Persons* have been subject to a disciplinary event that warrants disclosure pursuant to this Item. Neither VII Peaks Capital nor its *Supervised Persons* have any additional disclosures not already reported in Item 10 (above), as pertains to outside business interests and relationships or arrangements with issuers of securities.

VII Peaks Capital, LLC

a Registered Investment Adviser

100 Pine Street, Suite 500
San Francisco, CA 94111

(415) 727-8756

www.viipeakscapital.com

Prepared by:



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