

Firm Brochure

(Part 2A of Form ADV)

Empiritrage, LLC

**3830 Kelley Ave.
Suite 1230
Cleveland, OH 44114**

Telephone: 216-426-5593

Fax: 888.517.5529

Email: compliance@empiritrage.com

This brochure provides you with information about the qualifications, business practices and nature of advisory services of EMPIRITRAGE, all of which should be considered before becoming an advisory client of our firm. Please contact Wesley Gray, Executive Managing Member, if you have any questions about this narrative brochure.

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.

We are registered as an investment adviser. Nonetheless, registration with any state or federal regulatory division does not imply any level of skill or training. Additional information about our firm is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by using a unique identifying number, known as a CRD number. Our firm's CRD number is 153905.

August 22, 2011

ITEM 2 MATERIAL CHANGES

ANNUAL UPDATE

This section of our brochure will reflect the annual update of any material changes that occur after issuance and delivery of our firm's brochure.

MATERIAL CHANGES SINCE THE LAST UPDATE

The U.S. Securities and Exchange Commission issued a final rule in October 2010 requiring advisers to provide a Firm Brochure in narrative "plain English" format. The new final rule specifies mandatory sections and organization.

FULL BROCHURE AVAILABLE

If you would like to receive a copy of our Firm Brochure, please contact us by telephone at 773-230-4727 or by email at compliance@empiritrage.com.

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ITEM 4 ADVISORY SERVICES

A. FIRM DESCRIPTION

Empirical Finance, LLC, doing business as, EMPIRITRAGE, (“EMPIRITRAGE” or “Firm”) is organized as a Texas limited liability company that was founded in 2010.

EMPIRITRAGE is an investment management firm that provides investment advisory and asset management services on a discretionary basis by serving as investment manager to separately managed accounts and private placements.

EMPIRITRAGE also provides general consulting services focused in the following areas:

- General quantitative analysis
- Asset allocation and portfolio optimization
- Hedging and arbitrage strategy analysis and implementation
- Financial data website integration
- General computer programming as it relates to the quantitative finance
- The creation of request for proposals (RFP or RFI) for endowments and pensions.

Fees for consulting services are negotiated on a case by case basis depending on the parameters of the consulting engagement.

1. Principal Owners

The principal owners of our firm are Wesley R. Gray, Clifford Todd Gray and Carlton H. Kanner. All three owners are also Investment Adviser Representatives for the Firm.

B. TYPES OF ADVISORY SERVICES

1. *Portfolio Management Services*

EMPIRITRAGE provides discretionary portfolio management services and separate managed account services to corporations and other business entities based on the specific needs and objectives of such persons.

EMPIRITRAGE provides asset management services designed to offer suitable participants with portfolio construction and managed accounts with defined investment strategies to meet your investment goals and objectives. EMPIRITRAGE is responsible for providing ongoing re-balancing and continuous monitoring of our client’s securities holdings. Our advice regarding constructing portfolios and managed accounts include investing listed and over-the counter Equities and Equity derivatives, Mutual Funds and Exchange Traded Funds (ETFs), Bonds, as well as use of Leverage and Naked Option Strategies.

2. Non-Discretionary Portfolio Management Services

EMPIRITRAGE provides non-discretionary portfolio management services to corporations, high-net-worth individuals and other business entities based on the specific needs and objectives of such persons.

EMPIRITRAGE provides advice on portfolio construction and individual investments that meet the investment goals and objectives of the client. EMPIRITRAGE is responsible for arranging the execution of these recommendations if the client uses their discretionary authority to act on our advice. Our advice regarding constructing portfolios and managed accounts include investing listed and over-the counter Equities and Equity derivatives, Mutual Funds and Exchange Traded Funds (ETFs), Bonds, as well as use of Leverage and Naked Option Strategies.

3. Consulting Services

EMPIRITRAGE provides general consulting services focused in the following areas:

- General quantitative analysis
- Asset allocation and portfolio optimization
- Hedging and arbitrage strategy analysis and implementation
- Financial data website integration
- General computer programming as it relates to the quantitative finance
- The creation of request for proposals (RFP or RFI) for endowments and pensions.

Fees for consulting services are negotiated on a case by case basis depending on the parameters of the consulting engagement.

4. Alternative Investment Services

We offer investment management services on a discretionary basis to private funds ("Funds"). Investments for the Funds will be managed in accordance with each Fund's investment objectives. Investors in the Funds are limited partners, who are pre-screened qualified investors that are considered "accredited investors" as defined in the Securities Act of 1933, or "qualified clients" as defined by the Investment Company Act of 1940. Each Fund will have its own Confidential Private Placement Memorandum ("PPM") which contains important information concerning risk factors and other material aspects of the Funds, and must be read carefully before making an investment decision. Specific procedures and restrictions apply to withdrawals from, and terminations of, an Investor's position in a Private Fund, as described in each Private Fund's Private Placement Memorandum, ("PPM").

C. TAILORED SERVICES

The asset management services and separately managed advisory programs offered by EMPIRITRAGE are based on the individual needs of our clients and the suitability of products and services. We make a thorough assessment of our client's goals, objectives, investment horizon, and risk tolerance. Subject to any written guidelines, which the

client may provide, the Firm may be granted discretion and authority to manage the account.

Accordingly, EMPIRITRAGE is authorized to perform various functions, at the client's expense, without further approval from the client. Such functions include the determination of securities to be purchased/sold and the amount of securities to be purchased/sold. Once the portfolio is constructed, EMPIRITRAGE will provide continuous supervision and re-balancing of the portfolio as changes in market conditions and as client circumstances may require.

Prior to engaging EMPIRITRAGE to provide any of the aforementioned investment advisory services, the client will be required to enter into one or more written agreements with EMPIRITRAGE setting forth the terms and conditions under which EMPIRITRAGE shall render its services (collectively the "Agreement.").

At the beginning of the relationship, EMPIRITRAGE meets with the new client, gathers information, performs research and analysis as necessary and then prepares an investment plan for the client. Once the client portfolio is constructed, EMPIRITRAGE will provide continuous supervision and re-balancing of the portfolio as changes in market conditions and as client's circumstances may require. These objectives and other data are commonly revised or updated over time. In some instances, these changes are made in writing; in others, they are agreed to verbally.

Once the objectives and risk tolerance of a client have been established, EMPIRITRAGE will develop and manage the investment portfolio on a discretionary basis. Under such an arrangement, EMPIRITRAGE has the authority to supervise and direct the portfolio without prior consultation with the client. Accordingly, EMPIRITRAGE is authorized to perform various functions, at the client's expense, without prior approval from the client. Such functions include the determination of the securities to be purchased/sold.

Clients may impose restrictions on investing in certain securities or types of securities. Agreements may not be assigned without client consent.

Clients are advised to promptly notify EMPIRITRAGE in writing if there are any material changes in their financial situation, investment objectives, or in the event they wish to alter any restrictions upon investment management services.

D. WRAP FEE PROGRAMS

EMPIRITRAGE is not a sponsor of any Wrap Fee Program(s).

E. ASSETS UNDER MANAGEMENT

The securities and other instruments in which EMPIRITRAGE may invest include, but are not limited to, exchange listed securities and over-the-counter securities.

EMPIRITRAGE may employ cash positions as a possible hedge against market movements. EMPIRITRAGE may also sell positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of positions, change in risk tolerance of client, or any risk deemed unacceptable for the client's risk tolerance.

As of August 31, 2011, EMPIRITRAGE manages approximately \$100,200,000 in assets for two (2) clients. Approximately \$100,000,000 is managed on a non-discretionary basis, and \$200,000 is managed on a discretionary basis.

ITEM 5 FEES AND COMPENSATION

A. ADVISORY FEES

Upon the client's engagement of EMPIRITRAGE to provide portfolio management services, EMPIRITRAGE shall perform such services for an annual fee based on a percentage of client assets under management (the "Management Fee") and a performance fee (the "Performance Fee").

1. Management Fee

The Management Fee will be exclusive of and in addition to brokerage commissions, transaction fees, and any other costs or expenses incurred by the client and payable to client's broker. EMPIRITRAGE will not receive any portion of these commissions, transaction fees, or other brokerage costs. The Management Fee will be calculated and charged on a monthly basis, in arrears, based upon the average asset value per month calculated at the end of each month, commencing on the last of the month that the client account is funded. The Management Fee generally is equal to 1.50% per annum.

Under certain circumstances and at the sole discretion of EMPIRITRAGE, the Management Fee may be negotiated.

2. Performance Allocation

EMPIRITRAGE receives a performance profit allocation ("Performance Fee") in the amount equal to twenty percent (20%) of the annual increase in the net asset value of the client account (without regard to capital contributions or withdrawals) subject to a high water mark.

Under certain circumstances and at the sole discretion of EMPIRITRAGE, the Performance Fee may be negotiated.

Lower fees for comparable services may be available from other sources. EMPIRITRAGE does not charge any prepaid fees, if a client cancels, any prepaid fees will be refunded on a pro-rated basis.

B. BILLING PROCEDURES

1. Management Fee

Investment management fees are billed monthly, in arrears, meaning that we invoice you after the monthly billing period has ended. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. Clients must consent in advance to direct debiting of their investment accounts.

EMPIRITRAGE reserves the right to waive or reduce management fees and to change how management fees are billed.

2. Performance Allocation

EMPIRITRAGE shall receive a performance profit allocation (“Performance Fee”) in an amount equal to twenty percent (20%) of the annual increase in the net asset value of the client account (without regard to capital contributions or withdrawals) provided, however, that such Performance Fee shall be subject to a loss carry-forward provision, also known as the “High Water Mark,” so that no Performance Fee will be deducted from any Capital Account until prior losses allocated to a client have been recouped.

Performance Allocation fees are based on a share of the capital gains or capital appreciation of the assets of a client. Fees based on performance means EMPIRITRAGE participates directly in the account’s results.

C. OTHER FEES & EXPENSES

There may be additional fees or charges that result from the maintenance of our trading within your account. These fees are imposed by third parties in connection with investments made through your account. Any additional fees, charges or expenses resulting from maintenance of our trading within the account shall be the sole responsibility of the client.

Clients may also incur certain charges imposed by third parties other than EMPIRITRAGE in connection with investments made through the Account, including but not limited to, no-load 12b-1 distribution fees; certain deferred sales charges on previously purchased mutual funds, and Maintenance fees and Retirement Plan fees.

D. REFUND POLICY

A client may terminate the Investment Advisory Services Agreement for any reason at any time by notifying EMPIRITRAGE in writing. If the client made an advance payment, EMPIRITRAGE will refund any unearned portion of the advance payment.

EMPIRITRAGE may terminate any of the Agreement at any time by notifying the client in writing. If the client made an advance payment, EMPIRITRAGE will refund any unearned portion of the advance payment.

Any fees assessed in advance by EMPIRITRAGE will be prorated to the date of the termination specified in the notice of termination and any unearned portion there will be refunded to client.

E. OTHER COMPENSATION

In addition to the Management and Performance Fees, EMPIRITRAGE accepts fees for its consulting services. Fees for consulting services are negotiated on a case by case basis depending on the parameters of the consulting engagement.

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

EMPIRITRAGE shall receive a performance profit allocation (“Performance Fee”) in an amount equal to twenty percent (20%) of the annual increase in the net asset value of the client account (without regard to capital contributions or withdrawals) provided, however, that such Performance Fee shall be subject to a loss carry-forward provision, also known as the “High Water Mark,” so that no Performance Fee will be deducted from any Capital Account until prior losses allocated to a client have been recouped.

Performance Allocation fees are based on a share of the capital gains or capital appreciation of the assets of a client. Fees based on performance means EMPIRITRAGE participates directly in the account’s results.

EMPIRITRAGE manages accounts under this basic fee structure: fee based both on assets and performance. ***Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.***

EMPIRITRAGE does not conduct side-by-side investment product management.

ITEM 7 TYPES OF CLIENTS

A. DESCRIPTION

EMPIRITRAGE generally provides investment advisory services to high-net-worth individuals, corporations, and other business entities. Client relationships vary in scope and length.

Investors in the Private Fund(s) are expected to include high net worth individuals and institutional investors (meeting the qualifications of those exceptions and exemptions under which the Private Funds operate) or non-U.S. Persons within the meaning of Regulations S, wishing to invest in accordance with the investment objective(s) of the Private Fund(s). Investors may be required to meet the requirements for “accredited investors” under the 1933 Act and “qualified clients” under the Advisers Act and in some cases will be required to be “qualified purchases” under the 1940 Act and/or “qualified eligible persons” under regulations of the Commodity Futures Trading Commission. The Private Fund(s) may impose additional eligibility restrictions on potential investors.

B. ACCOUNT MINIMUMS

At this time, EMPIRITRAGE does not impose a minimum dollar value of assets or other conditions for starting or maintain an account.

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

A. METHODS OF ANALYSIS

EMPIRITRAGE utilizes a variety of investment strategies including charting, fundamental, technical, and cyclical analyses. The main sources of information we use include but are not limited to in-house databases, financial newspapers and magazines, inspections of corporate activities, company press releases, and annual reports, prospectuses, and corporate filings with the SEC.

EMPIRITRAGE uses an objective, quantitative approach to identify securities whose market values differ materially from their fundamental value. EMPIRITRAGE believes that a compelling portfolio of investments can be created by building: 1) long positions in business that are systematically undervalued and 2) short positions in systematically overvalued businesses. In order to identify mispriced securities, EMPIRITRAGE utilizes various quantitative systems which have been previously tested and developed by EMPIRITRAGE. EMPIRITRAGE takes these system concepts and performs the following: confirms if the system is empirically robust, determines if the system is realistic to implement, identifies ways in which the system can be improved, discovers if the system has a low correlation with the systems currently in operation, and if appropriate, approves the system for inclusion as one of EMPIRITRAGE's searching algorithms.

B. INVESTMENT STRATEGIES

The investment objective of EMPIRITRAGE is to achieve superior risk-adjusted returns regardless of market conditions. To achieve its objective, EMPIRITRAGE will primarily take long and short positions in publicly traded equity securities. Our firm does not make a practice of recommending margin transactions or options writing strategies but will employ these strategies upon the request of our clients. Short-term trading, short sales, margin transactions, and options writing generally hold greater risk and clients should be aware that when utilizing these strategies, there is an increased risk of loss of investment principal.

Although we have a variety of systematic investment strategies to choose from, we can implement a strategy you have developed. The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

C. RISK OF LOSS

Notwithstanding the method of analysis or investment strategy employed by our firm, the assets within your portfolio are subject to risk of devaluation or loss. EMPIRITRAGE wants you to be aware that there are many different events that can affect the value of your assets or portfolio including, but not limited to, changes in financial status of companies, market fluctuations, changes in exchange rates, trading suspensions and delays, economic reports, and natural disasters.

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar will be worth more today than a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

While this information provides a synopsis of the events that may affect your investments, this listing is not exhaustive. We want you to understand that there are inherent risks associated with investing and depending on the risk occurrence; you may suffer **LOSS OF ALL OR PART OF YOUR PRINCIPAL INVESTMENT**.

The Firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. FINANCIAL INDUSTRY ACTIVITIES

EMPIRITRAGE is not a registered broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor. Furthermore, none of EMPIRITRAGE's management or supervised persons is a registered representative or has an application pending to register as a representative of a broker-dealer.

B. FINANCIAL INDUSTRY AFFILIATIONS

EMPIRITRAGE is not a registered Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser and does not have an application pending to register as such. None of EMPIRITRAGE's management or supervised persons is registered as, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor.

C. OTHER MATERIAL RELATIONSHIPS

EMPIRITRAGE is affiliated with EMPIRICAL FINANCE, LLC, a Delaware limited liability company ("Delaware LLC"), which is under common control by Mr. Wesley Gray.

The Delaware LLC provides investment management services to the Empirical Search Strategies, L.P. (the "Fund"), a Delaware limited partnership, which invests its assets in securities. It also serves as the general partner to the Fund. **The Fund is closed and no longer accepting investors.** The Fund has two (2) investors remaining and approximately \$300,000 in remaining assets. EMPIRITRAGE's clients will not be solicited to invest in the Fund and the Fund will be liquidated by December 31, 2011.

D. OTHER INVESTMENT ADVISERS

EMPIRITRAGE does not have any arrangements that are material to its advisory or its clients with other investment advisers.

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

A. CODE OF ETHICS

All EMPIRITRAGE personnel must act in an ethical and professional manner. In view of the foregoing, EMPIRITRAGE has determined to adopt a Code of Ethics (the "Code") to specify and prohibit certain types of transactions deemed to create conflicts of interest (or at least the potential for or the appearance of such a conflict), and to establish reporting requirements and enforcement procedures relating to personal trading by EMPIRITRAGE personnel. The Code was adopted to effectuate the purposes and objectives of Sections 204A and Section 206 of the Investment Advisers Act of 1940 (the "Advisers Act") and Rule 204-2 under the Advisers Act. The Code, which specifically deals with professional standards, insider trading, personal trading, gifts and entertainment, and fiduciary duties, establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. EMPIRITRAGE will provide a copy of its Code of Ethics to any client or prospective client upon request.

B. PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

EMPIRITRAGE does not recommend, or effect transactions in, securities which any related person may have material financial interest.

C. PROPRIETARY TRADING

EMPIRITRAGE or a related person may from time to time purchase or sell for its own account securities recommended by EMPIRITRAGE for the purchase and/or sale by clients of EMPIRITRAGE. However, any purchase or sale of a security by EMPIRITRAGE or a related person will be subject to EMPIRITRAGE's fiduciary duty to its clients. Management and/or supervised persons are prohibited from "front-running," that is, the purchase or sale of securities for their own or any client's account on the basis of their knowledge of a client's trading positions or planned trading positions.

EMPIRITRAGE and its employees have a fiduciary duty to place the interests of clients ahead of their own interests. Records of all security transactions by EMPIRITRAGE and related persons will be maintained at EMPIRITRAGE's office and will be available for inspection by clients upon at least two business days prior notice. To mitigate or remedy any conflicts of interest or perceived conflicts of interest, we will monitor our personal trading reports for adherence to our Code of Ethics.

D. SIMULTANEOUS TRADING

In order to avoid any potential conflict of interest between EMPIRITRAGE and its clients, securities transactions for the accounts of management or supervised persons in the same security as that purchased/sold for advisory accounts is prohibited.

ITEM 12 BROKERAGE PRACTICES

A. SELECTION AND RECOMMENDATION

EMPIRITRAGE will select and recommend a broker-dealer or custodian that has the most favorable commission rate available for all of its clients. EMPIRITRAGE shall generally recommend that its clients open brokerage accounts with Interactive Brokers

or Fidelity Prime Brokerage, a subsidiary of Fidelity Capital Market, which is a division of National Financial Services LLC (“Fidelity”), a registered broker-dealer, Member NYSE, SIPC. However, clients may choose any other broker for custody and trading of their account, and are responsible for negotiating fees and commissions schedules.

While EMPIRITRAGE will allow clients to maintain accounts at any brokerage firm, it generally recommends that clients establish prime brokerage accounts with Interactive Brokers or Fidelity. However, the ultimate choice of custodian/broker/dealer will be left to the discretion of the client prior to entering into the Agreement. Where EMPIRITRAGE has discretion with respect to broker-dealer selection, EMPIRITRAGE will seek “best execution” for each trade, which is a combination of price, quality of execution and other factors.

In making brokerage determinations, EMPIRITRAGE will consider a number of judgmental factors, including, without limitation: 1) clearance and settlement capabilities; 2) quality of confirmations and account statements; 3) the ability of the broker to settle the trade promptly and accurately; 4) the financial standing, reputation and integrity of the broker-dealer; 5) the broker-dealer’s access to markets, research capabilities, market knowledge, and any “value added” characteristics; 6) EMPIRITRAGE’s past experience with the broker-dealer; 7) EMPIRITRAGE’s past experience with similar trades; and 8) any other factors. Recognizing the value of these factors, clients may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction. “Best execution” is not synonymous with lowest brokerage commission. Consequently, in a particular transaction EMPIRITRAGE may pay a brokerage commission in excess of that which another broker might have charged for executing the same transaction. However, EMPIRITRAGE has determined that the research, execution and other services rendered by a particular broker merit greater than typical fees.

EMPIRITRAGE will periodically evaluate the performance of the brokers it uses and may change the brokers it uses from time to time.

1. SOFT DOLLAR BENEFITS

Consistent with the foregoing, EMPIRITRAGE may generate “soft dollars” from brokerage transactions to be used for “brokerage” or “research” services pursuant to the safe harbor of Section 28(e) of the Securities Exchange Act of 1934. **EMPIRITRAGE’s policy is not to accept “soft dollars” with respect to brokerage transactions.**

2. BROKERAGE FOR CLIENT REFERRALS

EMPIRITRAGE does not receive client referrals from broker-dealers or third parties in exchange for using that broker-dealer or third party.

3. DIRECTED BROKERAGE

EMPIRITRAGE shall generally recommend that its clients open brokerage accounts with Interactive Brokers or Fidelity Prime Brokerage (“Fidelity”). However, clients may choose any other broker for custody and trading of their account, and are responsible for negotiating fees and commissions schedules.

B. ORDER AGGREGATION

When aggregating and allocating securities transactions, our clients are treated in a fair and equitable manner. No account will be favored over any other accounts. All clients participating in an aggregated order must be treated fairly. In the regular course of business, we may at times enter orders for multiple advisory accounts in order to obtain the best pricing averages and minimize trading costs for our clients. Accordingly, our policies and procedures mandate allocating the orders to the appropriate client accounts as soon as possible thereafter and allocating transactions equitably.

Allocation of executed trades must be fair and equitable. EMPIRITRAGE may not allocate trades in such a way that EMPIRITRAGE's personal, proprietary or affiliated accounts receive more favorable treatment than clients' accounts. Similarly, EMPIRITRAGE may not allocate profitable trades at each day's end so as to disproportionately favor certain clients without appropriate disclosure.

In making investment decisions for the accounts, securities considered for investment by one client may also be appropriate for another client. On occasions when the purchase or sale of a security is deemed to be in the best interest of more than one client, EMPIRITRAGE may, but will not be obligated to, aggregate or "batch" orders for the purchase or sale of securities for all such accounts to the extent consistent with best execution and the terms of the relevant investment advisory agreements. Such combined or "batched" trades may be used to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution or reducing transaction charges.

When EMPIRITRAGE decides to purchase or sell the same securities for several clients at approximately the same time, EMPIRITRAGE is not required to aggregate such transactions, but will do so absent a determination by our Firm's Compliance Officer based on the best interests of EMPIRITRAGE's clients. EMPIRITRAGE will aggregate and allocate orders only in a manner designed to ensure no client or account is favored over others over time. EMPIRITRAGE believes that aggregation is consistent with EMPIRITRAGE's duty to seek best execution and best price for clients and is consistent with EMPIRITRAGE's investment advisory agreements with each client for which trades are being aggregated.

We have instructed our broker-dealer (custodian) to process our clients' trades in the most cost effective manner while securing quality of execution. The Compliance Officer will review transactions periodically to prevent and detect excessive costs related to non-compliance with order aggregation procedures.

ITEM 13 REVIEW OF ACCOUNTS

A. PERIODIC REVIEWS

EMPIRITRAGE's criterion for reviewing client accounts is as follows:

The day-to-day supervision of the accounts is the responsibility of the principals of EMPIRITRAGE. Each investment account is reviewed at least quarterly for

compliance with policy, suitability of investments and customer investment objectives. Other factors that would trigger a more frequent review are material market events, changes in the client's personal situation, or client request. Accounts are reviewed by Wes Gray, Cliff Gray, and Carl Kanner.

B. INTERMITTENT REVIEW FACTORS

Intermittent reviews may be triggered by substantial market fluctuation, economic or political events, or by changes in your financial status (such as retirement, termination of employment, relocation, or inheritance).

C. CLIENT REPORTS

Client performance reporting requirements are determined by the terms of the Agreement. In all cases, net performance is reported on a quarterly basis to separate account clients.

Clients will receive statements from their broker-dealer. At a minimum, each client will receive a monthly report from his broker-dealer that will include a statement of account holdings, market value, broker commissions, and advisory fees for the previous month.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

A. ECONOMIC BENEFITS FOR ADVISORY SERVICES RENDERED

EMPIRITRAGE does not receive and does not have any arrangement to receive economic benefits (such as sales awards or other prizes) from any third-party for providing investment advice or other advisory services to clients.

B. COMPENSATION FOR CLIENT REFERRALS

EMPIRITRAGE does not compensate any third-party for client referrals.

ITEM 15 CUSTODY

A. CUSTODIAN OF ASSETS

EMPIRITRAGE does not have direct custody of any client funds or securities. Our firm has indirect custody of your funds and securities by virtue of our discretionary authority, also referred to as your portfolio assets. Our client's assets are held by Interactive Brokers or Fidelity Prime, the broker-dealer (custodian) of your portfolio assets. Fidelity Prime is a subsidiary of Fidelity Capital Market, which is a division of National Financial Services LLC ("Fidelity"), a registered broker-dealer, Member NYSE, SIPC. Interactive Brokers or Fidelity Prime maintain custody of clients' assets and effects trades for our clients' accounts.

B. ACCOUNT STATEMENTS

Although we are your adviser, your statements will be mailed by Interactive Brokers or Fidelity Prime. When you receive these statements, please review them carefully. Please compare asset values, holdings, and fees on your statement to that in our report of accounts.

ITEM 16 INVESTMENT DISCRETION

A. DISCRETIONARY AUTHORITY

EMPIRITRAGE provides discretionary portfolio management services with respect to client accounts. EMPIRITRAGE and its clients will determine the level of discretion granted to EMPIRITRAGE prior to entering into any Agreement. Generally, however, clients will grant to EMPIRITRAGE complete discretion and authority to make all investment decisions with respect to the types of securities to be bought or sold or the amount of securities to be bought or sold. Notwithstanding the foregoing, all discretionary trades made by EMPIRITRAGE on behalf of a client will be in accordance with that client's articulated investment objectives and goals, and, as such, may be subject to various limitations. For example, a client may specify that investment in a particular market sector, type of instrument, or issuer shall not exceed a specified percentage of the value of such client's total portfolio.

It is customary for EMPIRITRAGE to have full discretionary authority in order to supervise and direct the investments of your accounts. You grant this authority upon execution of our Investment Management Agreement. This authority is for the purpose of making and implementing investment decisions, without your prior consultation. All investment decisions are made in accordance with your stated investment objectives. You may inform our Firm of restrictions that you would like to impose regarding investment strategies or types of securities transactions within your account(s).

1. STANDARD LIMITATIONS

Our discretionary authority does not give authority to take or have possession of any assets in your account or to direct delivery of any securities or payment of any funds held in the account to our firm. Furthermore, our authority by agreement does not allow us to direct the disposition of such securities or funds to anyone except you-the account owner.

ITEM 17 VOTING CLIENT SECURITIES

Under Section 206 of the Advisers Act, an investment adviser has a fiduciary duty to vote proxies in the best interests of the client and to treat clients fairly. The U.S. Department of Labor takes the position that an investment adviser must vote the proxies of its managed accounts which are covered by ERISA unless the governing plan document provides otherwise.

EMPIRITRAGE will act in the best interest of its Clients in determining whether and how to exercise a Client's rights as a securities holder, including whether and how to vote on any proxy voting matter and how to respond to corporate actions. EMPIRITRAGE will first determine whether the number of shares it holds of an issuer on behalf of a Client is sufficiently large, taking into account the importance of the matters voted upon to the Clients, to justify the costs of voting the subject proxies. If it determines that the benefits to the Clients exceed the costs, then it will vote those proxies on a case-by-case basis. In general, proxy votes for or against and corporate actions will be based on the probable financial results to the Clients. Controversial proposals or situations involving a potential conflict of interest, including a conflict between the interests of a Client and EMPIRITRAGE, will be reviewed on a case-by-case basis by the appropriate Officer and the Chief Compliance Officer. EMPIRITRAGE may also elect to delegate its proxy voting authority with respect to a particular security to a third party, including but not limited to another holder of such security, when EMPIRITRAGE believes that doing so is in the best interest of the Clients holding such security.

All voting records are maintained by EMPIRITRAGE.

On occasion, EMPIRITRAGE may determine not to vote a particular proxy. This may be done, for example where: (1) the cost of voting the proxy outweighs the potential benefit derived from voting; (2) a proxy is received with respect to securities that have been sold before the date of the shareholder meeting and are no longer held in a client account; (3) the terms of an applicable securities lending agreement prevent EMPIRITRAGE from voting with respect to a loaned security; (4) despite reasonable efforts, EMPIRITRAGE receives proxy materials without sufficient time to reach an informed voting decision and vote the proxies; (5) the terms of the security or any related agreement or applicable law preclude EMPIRITRAGE from voting; or (6) the terms of an applicable advisory agreement reserve voting authority to the client or another party. If you would like to request a copy of adviser's proxy voting guidelines or records, you can email compliance@empiritrage.com or call 773-230-4727.

ITEM 18 FINANCIAL INFORMATION

A. BALANCE SHEET REQUIREMENT

EMPIRITRAGE does not require or solicit prepayment of more than \$500 in advisory fees per client, six month or more in advance.

B. FINANCIAL CONDITION

The firm does not have any financial impairment that will preclude it from meeting contractual commitments to clients.

A balance sheet is not required to be provided because EMPIRITRAGE does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$500 per client, six months or more in advance.

C. BANKRUPTCY PETITION

The Firm has not been the subject of a bankruptcy petition at any time during the last 10 years.

Item 19 REQUIREMENTS FOR STATE-REGISTERED ADVISERS

A. FIRM MANAGEMENT

EMPIRITRAGE has three managing principals, Wesley R. Gray (CRD 4233964), Clifford Todd Gray (CRD 5792159) and Carlton H. Kanner (CRD 5806244). The education and business background for our managing principals can be found in the Brochure Supplement (Form ADV 2B)

B. OTHER BUSINESS ACTIVITIES

Wesley Gray is currently an Assistant Professor of Finance at Drexel University. Wesley's primary duties include research and limited teaching (3 classes a year). Carlton Kanner currently serves in an operational role with Pubco. The aforementioned principals' primary employer and duties are with EMPIRITRAGE.

C. PERFORMANCE-BASED FEES

As stated in Item 6, EMPIRITRAGE does assess Performance-Based Fees ("Performance Allocation"). We receive quarterly performance profit allocation fee from the Fund equal to 20% of each Limited Partner's ratable share of the Partnership's profits for such quarter, but only to the extent that such profits exceed such investor's "high water mark" so that no Performance Allocation will be deducted from any Partner's Capital Account until prior losses allocated to such Partner have been recouped. Performance Allocations may be made at any time, in the sole discretion of the General Partner, for a Partner who makes a partial or complete withdrawal.

The Performance Allocation may, indirectly, create an incentive for the Firm to make investments on behalf of the Fund that are riskier or more speculative than would be the case in the absence of such allocation.

D. DISCIPLINARY DISCLOSURE REPORTING

1. ARBITRATION CLAIMS

None

2. CIVIL LITIGATION, SELF REGULATORY ORGANIZATION PROCEEDING OR ADMINISTRATIVE ACTION

None

E. RELATIONSHIPS OR ARRANGEMENTS WITH SECURITIES ISSUERS

Neither EMPIRITRAGE nor its management persons have any relationship or arrangement with any issuer of securities that is not listed in Item 10.C.

PRIVACY POLICY

EMPIRITRAGE takes your privacy seriously.

This policy covers how EMPIRITRAGE treats personal information that the company collects and receives, including user submissions, personal information, and information related to your past use of our products and services. In the course of its client relationships, the Firm may also gather and maintain personal, non-public information regarding its clients' financial circumstances and investment objectives. Personal information is information about you that is personally identifiable like your name, address, email address, or phone number, and that is not otherwise publicly available. EMPIRITRAGE is committed to maintaining the privacy and confidentiality of this client information. Accordingly, EMPIRITRAGE has adopted a privacy policy in accordance with SEC and Federal Trade Commission ("FTC") privacy regulations which require investment advisers to determine and disclose how they treat nonpublic information of their clients and potential clients.

The Privacy Policy relates to all products and services provided by EMPIRITRAGE to our users through client interactions, applications and services that run on a variety of sites, including but not limited to Facebook and other third-party sites (collectively, the 'Products'), and on the EMPIRITRAGE website (the 'EMPIRITRAGE Website'), located

at Empiritrage.com and all subdomains. The Products and Website comprise, collectively, the 'Site'.

Information We Collect

Non-Personally Identifiable Information. Non-personally identifiable information is information that, by itself, cannot be tracked to a specific individual. EMPIRITRAGE may collect non-personally identifiable information while you are visiting the Site. While providing services and features, EMPIRITRAGE may collect web surfing data such as your IP address, web pages on the Site that have you visited, time and date, and whether or not you clicked on advertisements ("Web Surfing Data"). We use different types of technologies to collect this information, including cookies.

If your browser is configured to accept the cookies, these cookies will be used to recognize your computer when you revisit the Site to provide you with a superior user experience -- for example, making it so you do not have to put in your login credentials on every visit. However, if you wish, you can configure your browser to block cookies.

Advertisements of third-party advertisers may be displayed on the Site (Website or Products). If you choose to click on an advertisement or link, EMPIRITRAGE may provide non-personally identifiable information to the advertiser and/or web publisher. Also, the advertiser or web publisher may use cookies or other technologies to collect information when you are visiting their websites. The information advertisers or other third parties collect is governed by their individual privacy policies, not by EMPIRITRAGE's privacy policy.

EMPIRITRAGE's partners or affiliates may provide the Product through their website, including by framing the Product. To the extent the partner or affiliate collects information, the treatment of that information is governed by the privacy policy of the partner or affiliate, not by EMPIRITRAGE's privacy policy.

Personally Identifiable Information. While providing various services or features, we may ask you to provide personal information. For example, if you choose to register at the Site, you will be asked to provide your email address and a Screen Name. If you choose to create a profile at the Site, you may elect to provide information, such as your name, telephone number, street address, email address, age, gender, stocks of interest, and income range.

Another service provided through the Site Product allows you to invite a friend to Sign Up for membership. If you use this service, we will ask you to provide your email address along with your friend's email address. We will send one email message to your friend inviting the friend to Sign Up. We will not use this information for any other purpose.

The Firm may also collect personally identifiable information about EMPIRITRAGE's clients and potential clients from the following sources:

- Information received from account applications, questionnaires, interviews, information forms, and other client interactions;

- Information about transactions with EMPIRITRAGE, EMPIRITRAGE's affiliates, or others;
- Information EMPIRITRAGE obtains or receives from a consumer reporting agency.

Use of the Information We Collect

Use of Non-Personally Identifiable Information. EMPIRITRAGE may use non-personally identifiable information collected to improve the quality of EMPIRITRAGE's services -- for example, by diagnosing service or technology problems, by assessing and maintaining security, by presenting you with ads that we think you would be interested in seeing, or by allowing you to remain logged into EMPIRITRAGE on your computer. We may also use the information to count and recognize returning users.

EMPIRITRAGE may use user submissions, such as screens and searches, to conduct studies and develop forecasts, price forecasts, and stock ratings and reports, which it may display on the Site or otherwise provide to Site users. EMPIRITRAGE may use user submissions to make trades. By using the Site and providing User Submissions and, specifically predictions, you agree to allow us to use the information to make forecasts, trade on the forecasts, and to provide statistics to others.

EMPIRITRAGE may conduct research on the Web Surfing Data to determine user demographics, interests, and behavior and may market the Site by sharing Web Surfing Data with potential advertisers or partners. If it does so, EMPIRITRAGE will share the Web Surfing Data in such a way that users are not identified. For example, we may provide demographic or usage information to an advertiser so they may see how many registered users are from a specific geographic area or clicked on a certain ad in the previous month. EMPIRITRAGE also may provide your non-personally identifiable information to contractors so that they can perform services for us.

Use of Personally Identifiable Information. EMPIRITRAGE does not intentionally provide personally identifiable information to third parties except under the following conditions: If you provide personally identifiable information as part of an inquiry about products or services provided by one of the advertisers or partners, we will provide that information to that advertiser or partner so that they may attempt to provide you with information regarding the products or services about which you inquired.

EMPIRITRAGE may use the personally identifiable information provided by users or advertisers for internal purposes, such as sales, human resources, marketing, and administration.

Other Sharing of Information

EMPIRITRAGE may release information when necessary to comply with the law or a court order or an investigation. EMPIRITRAGE also may release information to law enforcement to protect its rights, property, or other interests, including those of its

customers or users or to prevent illegal activities or violations of EMPIRITRAGE's Terms of Service Agreement.

Because the Site may make available certain financial market data, quotes, price forecasts, other forecasts, news, research, predictions, recommendations, and opinions or other financial information (collectively "Information"), which has been independently obtained by certain financial market information services, financial publishers, various securities markets, including stock exchanges and their affiliates, investment bankers, and other providers (collectively the "Information Providers"), EMPIRITRAGE reserves the right to share limited information of users, including, for example, name and address, to the Information Providers if the user is violating EMPIRITRAGE's Terms of Service Agreement or an Information Provider's terms of use.

In the event that EMPIRITRAGE, in whole or in part, establishes a partnership with another company, or is acquired by or merged with another company, collected information may be transferred to the partner or the acquiring or merging company.

Deletions/Corrections/Updates

You can delete your account by emailing info@empiritrage.com. EMPIRITRAGE also allows users who choose to provide personally identifiable information on their profile to edit their profile to ensure that it is correct and up-to-date.

Child Protection

EMPIRITRAGE does not offer services to, or target, persons under the age of 13. In compliance with the Children's Online Privacy Protection Act, any information we receive from people we believe to be children under 13 will be purged from our database.

Security

EMPIRITRAGE makes significant efforts to protect against the loss, misuse, and alteration of the collected information. These measures may include the use of secure server technology. Be aware, however, that the Internet is not 100% secure. Therefore, we cannot ensure the security of any information transmitted to us over the Internet, and we accept no liability for any unintentional disclosure.

Some areas of the Site are password-protected. To increase security, please do not share your passwords with anyone.

Links to Advertisers and Other Websites

EMPIRITRAGE's services are combined with content from web publishers and advertisers. The Site may contain links to other websites, including advertisers. In addition, User Submissions may contain links to other websites. EMPIRITRAGE is not

responsible for the privacy practices or the content of web publishers, advertisers, or other websites that may be linked to the Site.

Acceptance of Privacy Policy

BY USING OUR WEBSITE AND/OR PRODUCTS, YOU ARE ACCEPTING THE PRACTICES SET OUT IN THIS PRIVACY POLICY AND OUR TERMS OF USE AGREEMENT.

Effective Date

We reserve the right to modify this privacy policy at any time by posting the changes on our website. Please check the effective date at the bottom of this page to determine if the privacy policy has been modified since you last reviewed it. We also will notify you about significant changes to the privacy policy by sending you a notice to the primary email address specified in your account or by placing a prominent notice on the Site. Your continued use of our Site following posting of the updated privacy policy will constitute your acceptance of the changes.

Privacy Policy Notification

EMPIRITRAGE will provide clients with a privacy notice (the “Privacy Notice”) when the client engages EMPIRITRAGE for advisory or other services. The Privacy Notice shall detail the types of nonpublic client information EMPIRITRAGE collects, the information EMPIRITRAGE shares with third parties or with affiliates, the kinds of third parties with which EMPIRITRAGE shares information, the policies and practices EMPIRITRAGE has in place to protect the confidentiality and security of nonpublic client information; and the procedures EMPIRITRAGE has in place to permit clients or potential clients to opt-out of information-sharing arrangements with third parties (inapplicable to EMPIRITRAGE so long as EMPIRITRAGE only shares information with third parties for purposes of servicing client accounts).

EMPIRITRAGE shall distribute an updated Privacy Notice to all of its clients on or before July 1 of each year, even if the policy has not changed since the previous year. Privacy Notices shall be sent by electronic mail unless otherwise requested by the client, and may be included in a quarterly report, newsletter or other client mailing. The Privacy Notice will also be available via our Site.

The Compliance Officer is responsible for evaluating EMPIRITRAGE’s compliance with this privacy policy. Compliance deficiencies must be addressed by the Compliance Officer and brought to the immediate attention of EMPIRITRAGE’s management.