

**Item 1. Cover Page**

**Brochure of  
Drobny Global Asset Management, L.P.**

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This brochure provides information about the qualifications and business practices of Drobny Global Asset Management, L.P. ("DGAM"). If you have any questions about the contents of this brochure, please contact us at (310) 545-0293 or [dberry@drobny.com](mailto:dberry@drobny.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

**Item 2. Material Changes**

The following are the material changes to this brochure since it was filed on June 3, 2011:

Item 4 has been amended to reflect that, effective as of January 1, 2012, Drobny Global Trading, LLC ceased to be DGAM's general partner, Andres Drobny ceased to be a limited partner of DGAM, and DGAM LLC, a California limited liability company, became DGAM's general partner.

Item 4 has been amended to reflect that, as of March 1, 2012, DGAM's assets under management have declined from approximately \$155 million to approximately \$19,200,000 million.

Items 4, 5 and 8 have been amended to reflect that DGAM provides non-discretionary advice to certain clients.

Item 10 has been amended to reflect that Drobny Global Advisors, L.P. is no longer a related person of DGAM.

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#### **Item 4. Advisory Business**

DGAM is a Delaware limited partnership that has been in business since 2007. It serves as the general partner of investment limited partnerships and serves as the investment adviser to other accounts. Effective as of January 1, 2012, DGAM's general partner is DGAM LLC. Steven Drobny is DGAM's controlling owner and primary portfolio manager and the manager of DGAM LLC. As of March 1, 2012, DGAM had total discretionary assets under management of approximately \$19,200,000.

DGAM provides services to discretionary accounts, including separately managed accounts and investment funds, and to non-discretionary accounts. DGAM invests in and recommends accounts ("Portfolio Accounts") and investment funds ("Portfolio Funds") managed by investment advisers and other managers ("Managers") selected and monitored by DGAM. DGAM invests in and recommends Portfolio Accounts and Portfolio Funds whose Managers follow a global macro investment strategy. Global macro is an investment approach that uses macro-economic principles to identify trends and opportunities in any asset class around the world. DGAM expects global macro Managers to seek to generate positive returns based on price movements in global equity, currency, interest rate and commodity markets. Accordingly, DGAM expects that these Portfolio Accounts and Portfolio Funds will invest in securities and commodities, consisting principally, but not solely, of equity and equity-related securities that are traded publicly in U.S. and non-U.S. markets, preferred stocks, convertible securities, warrants, rights, options (including covered and uncovered puts and calls and over-the-counter options), swaps and other derivative instruments, bonds and other fixed income securities, non-U.S. currencies, futures, options on futures, other commodity interests, private securities and money market instruments. They also may engage in short selling, margin trading, hedging and other investment strategies.

The investors in the funds that DGAM manages have no opportunity to select or evaluate any fund investments or strategies. DGAM selects all fund investments and strategies.

#### **Item 5. Fees and Compensation**

Investment Funds and Discretionary Accounts. DGAM's compensation is negotiable and varies, but typically, it charges an annual fee of 1% of assets under management, which amount is payable in quarterly installments at the beginning of each calendar quarter based on the net market value of each client's account on that date. DGAM also typically is allocated from each investor in an investment fund a performance allocation equal to 10% of net profits (including both realized and unrealized gains and losses) otherwise allocable to that investor, and receives from each separately managed account a performance fee of up to 10% of net profits of that account (including both realized and unrealized gains and losses). Performance allocations and fees are assessed in arrears on an annual basis (and on withdrawals from funds during the year with respect to the amount withdrawn), and are only applied to the portion of profits that exceed the cumulative losses previously incurred by clients. DGAM complies with Rule 205-3 under the Investment Advisers Act of 1940, as amended, to the extent required by applicable law. Performance allocations and fees may create an incentive for DGAM to make more risky and speculative investments than it would otherwise make.

DGAM typically deducts management fees and performance allocations and fees directly from investment funds and other discretionary client accounts.

The disclosure in this Item 5, together with the disclosure in Item 12, allow a plan that is subject to the Employee Retirement Income Security Act of 1974 and that invests in an investment fund managed by DGAM to use the “alternative reporting option” to report DGAM’s compensation as “eligible indirect compensation” on the Schedule C of the plan’s Form 5500 Annual Return/Report of Employee Benefit Plan.

Non-Discretionary Accounts. DGAM’s compensation is negotiable and varies, but typically, it charges a flat annual fee of \$300,000 to \$1,000,000 to each non-discretionary account client. In addition, DGAM typically receives a fee of \$50,000 to \$100,000 for each investment that a client makes based on DGAM’s recommendation. Such fees typically are payable quarterly in advance. DGAM typically bills non-discretionary account clients for fees.

General. DGAM believes that its fees are competitive with fees charged by other investment advisers for comparable services. Comparable services may be available, however, from other sources for lower fees.

Fees Payable to Managers. DGAM typically invests client and investment fund assets in, and recommends, Portfolio Accounts and Portfolio Funds managed by third party Managers. The Managers typically receive significant management fees and performance-based fees or allocations from their clients and investors, including DGAM’s clients and investment funds. As a result, clients and fund investors will be subject to these fees and allocations, in addition to the management fees and performance-based fees and allocations to DGAM. The management fees and performance-based fees and allocations to DGAM will not be reduced by any fees or allocations paid to the Managers.

Fees Relating to Termination. Relationships with DGAM’s investment fund clients are terminable on expiration of the fund’s term, dissolution of the fund or on DGAM’s withdrawal as general partner or adviser. Each investor generally may withdraw from a fund, on 90 days’ prior written notice, on the last day of any calendar quarter. If an investor withdraws funds before the day preceding the first anniversary of that investor’s admission to the investment fund, in most cases that investor must pay the investment fund a withdrawal fee of up to 5% of the amount withdrawn.

Except as may be otherwise negotiated in particular cases, a separately managed account client may terminate the account by giving 30 to 60 days’ prior written notice.

In all cases, investors and clients bear expenses, the pro rata portion of the management fee and the performance allocation or fee through the date of termination or withdrawal. For separately managed accounts, DGAM refunds all prepaid but unearned advisory fees on termination of the account. An investment fund does not refund any management fee previously paid by an investor who withdraws from a fund on a date other than the last day of a quarter.

Expenses. Each client account is responsible for its own costs and expenses, including trading costs and expenses (such as brokerage commissions, expenses related to short sales, and clearing and settlement charges), ongoing legal, accounting and bookkeeping fees and expenses, and the

fees and expenses charged by any fund administrator for its accounting, bookkeeping and other services. DGAM bears its own operating, general, administrative and overhead costs and expenses, other than the expenses described above. Securities brokerage firms and futures commission merchants that execute clients' securities or commodities trades (either directly or through a Portfolio Account or Portfolio Fund), however, may pay all or a part of these costs and expenses, as discussed in Item 12 below.

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

DGAM manages accounts that pay performance-based compensation as described in Item 5 and accounts that do not pay performance-based compensation. Regardless, DGAM has a conflict of interest if, in any time period, one fee structure would cause higher fees to DGAM than the other fee structure, because DGAM would have an incentive to favor the account that would pay the higher fees. To address this conflict, DGAM typically allocates all investment opportunities within each strategy on a pro rata basis, based on each account's assets, although DGAM may allocate investments differently when it determines that such different allocation is more appropriate or would be more fair to its clients. In addition, DGAM has policies and procedures to review client account investment allocations on a regular basis.

#### **Item 7. Types of Clients**

DGAM provides investment advice to investment funds and separately managed accounts. Investors in the funds are required to invest a minimum of \$1,000,000. DGAM generally requires a minimum of \$20,000,000 to open a separately managed account. DGAM may waive either of these minimums. DGAM's separate account clients may include high-net-worth individuals, institutions, trusts, endowments and pension plans.

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

##### General.

DGAM provides services to discretionary accounts, including separately managed accounts and investment funds, and to non-discretionary accounts. DGAM employs substantially the same investment strategy in selecting Managers for discretionary accounts and non-discretionary accounts.

##### Investment Strategy

*General.* DGAM invests in and recommends Portfolio Accounts and Portfolio Funds whose Managers follow a global macro investment strategy. Global macro is an investment approach that uses macro-economic principles to identify trends and opportunities in any asset class around the world. DGAM expects global macro Managers to seek to generate positive returns based on price movements in global equity, currency, interest rate and commodity markets. Such macro-oriented Managers may concentrate their investments, however, in particular investment types, industries or geographic locations. Moreover, DGAM does not control the Managers' investment strategies, however, and cannot assure clients or fund investors that Managers will continue to use a global macro strategy or that other strategies will not be used.

Global macro strategies attempt to identify extreme price valuations in stock markets, interest rates, foreign exchange rates and physical commodities, and make leveraged bets on the anticipated price movements in these markets. To identify extreme price valuations, Managers generally employ a top-down global approach that concentrates on forecasting how global macroeconomic and political events affect the valuations of financial instruments. These approaches may be systematic, trend-following models or discretionary models. Such strategies have a broad investment mandate, with the ability to hold positions in practically any market with any instrument, including futures. The Managers typically seek to make profits by correctly anticipating price movements in global markets and having the flexibility to use any suitable investment approach to take advantage of extreme price valuations. Managers may use a focused approach or diversify across approaches.

*Managers.* DGAM generally invests a discretionary account client's or investment fund's assets with Managers either by allocating a portion of those assets to a Portfolio Account managed by the Manager or by investing a portion of those assets in a Portfolio Fund managed by the Manager. DGAM also may recommend such Portfolio Accounts and Portfolio Funds to its non-discretionary account clients. Such Portfolio Funds may be structured as limited partnerships, limited liability companies, corporations or other investment vehicles, and may be established in any jurisdiction within the U.S. or in non-U.S. jurisdictions. Each Manager will have sole discretion in the selection of the strategies and investments used to manage the assets that are invested with that Manager.

The Managers that DGAM engages to manage a client's or an investment fund's assets or recommends to a client may use strategies that include trading, investing and short selling of any securities, which may include, without limitation:

- equity and equity-related securities traded privately and publicly in U.S. and non-U.S. markets;
- any debt obligations, commodities, commodity futures and currencies;
- any derivative instruments of any kind pertaining to, or providing investment exposure with respect to, any of the foregoing, whether relating to a specific security, debt instrument, commodity, commodity futures or currency, or relating to a basket or index comprised of, or based on changes in the level of prices, rates or values of, any group or combination thereof;
- any other instruments or contracts of a kind dealt in by security or commodity brokers or dealers, futures commission merchants or other financial institutions; and
- puts, calls or other options (including the writing of such options), contracts for forward or future delivery and any other contracts of any kind relating to any of the foregoing or any combination of any of the foregoing (including, without limiting the generality of the foregoing, capital stock; private securities; shares or other units of mutual funds and investment companies; pre-organization certificates and subscriptions; warrants; partnership interests or units; bonds, notes

and debentures, whether subordinated, convertible or otherwise, and whether issued by a governmental or private issuer; commercial paper; certificates of deposit; bankers acceptances; trade acceptances; trust receipts; depository receipts; assignments of or participation in bank loans; trade credit claims; equity swaps, commodity swaps and interest rate swaps; equity index contracts; interest rate index contracts; repurchase agreements and reverse repurchase agreements; and guaranties, in each case whether now existing or hereafter developed), and whether the transaction is effected on any securities or futures exchange, board of trade or contract market or through any inter-dealer or other over-the-counter market in any jurisdiction or location.

The investment strategies summarized above represent DGAM's current intentions, are general in nature and are not exhaustive. In general, there are no limits on the types of securities in which DGAM or the Managers may take positions on behalf of DGAM's clients, the types of positions that they may take, the concentration of their investments or the amount of leverage that they may use. DGAM may use any trading or investment techniques for its clients' accounts, whether or not contemplated by the expected investment strategies described above. In addition, there are limitations in describing any investment strategy due to its complexity, confidentiality and indefinite nature. Depending on conditions and trends in securities and commodities markets and the economy generally, DGAM may pursue any objectives, use any techniques or make any recommendations that it considers appropriate and in its clients' interests.

### Risk Factors

Investing in securities and commodities involves risk of loss that clients should be prepared to bear. Below are brief summaries of some of the risks that clients and investors should consider before investing in any account that DGAM manages. Any or all of such risks could materially and adversely affect investment performance and the value of any account or any security or commodity held in an account, and could cause investors to lose substantial amounts of money. Potential investors in a fund should review such fund's offering circular carefully and in its entirety, and consult with their professional advisers before deciding whether to invest. The risks described below also generally apply to separately managed accounts. A potential client should discuss with DGAM's representatives any questions that such person may have before opening an account or investing in a fund that DGAM manages.

- Client accounts may not achieve their investment objectives. A strategy may not be successful and investors may lose some or all of their investment.
- DGAM has limited operating history on which prospective clients and investors may evaluate its performance.
- DGAM invests in and recommends Portfolio Accounts and Portfolio Funds. Each such Portfolio Account and Portfolio Fund is subject to the risks described below with respect to its investment portfolio. The value of a client's investment in a Portfolio Account or Portfolio Fund may be materially adversely affected if any of the following occurs with respect to an investment made by that Portfolio Account or Portfolio Fund.

- Investor sentiment on the market, an industry or an individual stock, fixed income or other security is unpredictable and can adversely affect an account's investments.
- An account may hold stocks that disappoint earnings expectations and decline, and may short stocks that beat earnings expectations and rise.
- DGAM or a Manager may not be able to obtain complete or accurate information about an investment and may misinterpret the information that it does receive. DGAM or a Manager also may receive material, non-public information about an issuer that prevents it from trading securities of that issuer for a client when the client could make a profit or avoid losses.
- DGAM or a Manager may take positions in securities of small, unseasoned companies that are less actively traded and more volatile than those of larger companies.
- DGAM or a Manager may engage in hedging, which may reduce profits, increase expenses and cause losses. Price movement in a hedging instrument and the security hedged do not always correlate, resulting in losses on both the hedged security and the hedging instrument. Neither DGAM nor any Manager is obligated to hedge a client's portfolio positions, and it frequently may not do so.
- An account may have higher portfolio turnover and transaction costs than a similar account managed by another investment adviser. These costs reduce investments and potential profit or increase loss.
- Managers may sell securities short, resulting in a theoretically unlimited risk of loss if the prices of the securities sold short increase.
- Management and stockholders of an issuer may sue short sellers to deter short sales of the issuer's securities. DGAM or a Manager could be subject to such actions, even if they are baseless, and clients could incur substantial costs defending them.
- DGAM or a Manager may use leverage by borrowing on margin, selling securities short and trading futures, other commodity interests and derivatives, which increases volatility and risk of loss. These instruments can be difficult to value. An incorrect valuation could result in losses.
- DGAM or a Manager may sell covered and uncovered options on securities. The sale of uncovered options could result in unlimited losses.
- Counterparties such as brokers, dealers, futures commission merchants, custodians and administrators with which DGAM or a Manager does business on behalf of clients may default on their obligations. For example, a client may lose its assets on deposit with a broker if the broker, its clearing broker or an exchange clearing house becomes bankrupt.



- DGAM or a Manager may cause a client to enter into repurchase agreements or reverse repurchase agreements. These instruments can have effects similar to margin trading and leveraging strategies.
- DGAM or a Manager may invest in stock index futures on behalf of its clients. Price movements in the stock index and the underlying securities do not always correlate. Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange, and there is no secondary market for those contracts. There may be no active market for the contracts at any particular time. Some exchanges do not permit trading in particular contracts at prices that fluctuate more than a set limit in any day. If prices fluctuate during a single day beyond those limits, DGAM or the Manager may not be able to liquidate unfavorable positions promptly and clients may lose money.
- DGAM or a Manager may cause clients to invest in securities of non-U.S., private and government issuers. The risks of these investments include political risks; economic conditions of the country in which the issuer is located; limitations on foreign investment in any such country; currency exchange risks; withholding taxes; limited information about the issuer; limited liquidity; and limited regulatory oversight.
- Changes in economic conditions can adversely affect investment performance. At times, economic conditions in the U.S. and elsewhere have deteriorated significantly, resulting in volatile securities markets and large investment losses. Government actions responding to these conditions could lead to inflation and other negative consequences to investors.
- DGAM or a Manager may acquire for a client a large position in an issuer's securities but the client nevertheless is unlikely to have any control over the issuer's management. In addition, if DGAM or a Manager holds a large position in an issuer's securities, its subsequent sale of all or any portion of that position could depress the market for those securities.
- Some of an account's positions may be or become illiquid, in which case DGAM or a Manager may not be able to sell those positions.
- An account may invest in restricted securities that are subject to long holding periods or that are not traded in public markets. These securities are difficult or impossible to sell at prices comparable to the market prices of similar publicly-traded securities and may never become publicly traded.
- An account's investments may not be diversified. Therefore, a loss in any one position, industry or sector in which a fund has invested may cause significant losses.
- DGAM and the Managers determine the value of securities and commodities held in client accounts, whether or not a public market exists for such instruments. If DGAM's or a Manager's valuation is inaccurate, DGAM or that Manager might receive more compensation than that to which it is entitled, a new investor in a fund might receive an

interest that is worth less than the investor paid and an investor that is withdrawing assets might receive more than the amount to which the investor is entitled, to the detriment of other investors.

- DGAM and its affiliates and agents generally are not responsible to any client or investor for losses incurred in an account unless the conduct resulting in such loss breached DGAM's fiduciary duty to the client or investor.
- If the assets that DGAM and its affiliates manage grow too large, it may adversely affect performance, because it is more difficult for DGAM to find attractive investments as the amount of assets that it must invest increases.
- The attorneys who represent DGAM or its general partner do not represent clients or investors in the Funds managed by DGAM. Clients and investors must hire their own counsel for legal advice and representation.
- DGAM, a Manager, an administrator or any government agency may freeze assets that any of them believes a client holds in violation of anti-money laundering laws or rules or on behalf of a suspected terrorist, and may transfer such assets to a government agency. None of DGAM, a Manager, a fund or an administrator will be liable for losses related to actions taken in an effort to comply with anti-money laundering regulations.
- Federal, state and international governments may increase regulation of investment advisers, private investment funds and derivative securities, which may increase the time and resources that DGAM must devote to regulatory compliance, to the detriment of investment activities.
- DGAM is not registered with the SEC as a broker-dealer, or with the Commodity Futures Trading Commission as a commodity pool operator. The equity interests in the funds that DGAM manages are not registered under the Securities Act of 1933, and the funds are not registered investment companies under the Investment Company Act of 1940. DGAM believes that none of these registrations is required because exemptions are available under applicable law. If a regulatory authority deems that any of these registrations is required, DGAM and any fund could be subject to expensive and distracting legal action and potential termination. In addition, clients and investors in the funds do not have certain regulatory protection that they would have if these registrations were in place.
- DGAM's activities could cause adverse tax consequences to clients and investors, including liability for interest and penalties.
- DGAM's activities may cause an account that is subject to the Employee Retirement Income Security Act of 1974 to engage in a prohibited transaction under that Act.
- DGAM and its affiliates may spend time on activities that compete with a client without accountability to that client, including investing for other clients and their own accounts. If DGAM receives better compensation and other benefits from managing other assets or

advising other client accounts compared to managing or advising a client, it has incentive to allocate more time to those other activities. These factors could influence DGAM not to make investments on a client's behalf or recommend investments to a client even if such investments would benefit the client.

- Certain of DGAM's affiliates provide research and other services to other investment advisers. DGAM may cause an account to invest in Portfolio Accounts and Portfolio Funds that are managed by Managers who purchase research or other services from one or more of DGAM's affiliates. While DGAM does not intend to allocate account assets to Managers on the basis of whether those Managers purchase research or other services from one of its affiliates, DGAM may be influenced in selecting prospective Managers by the relationships between those prospective Managers and DGAM's Affiliates.
- DGAM may provide certain investors or clients more frequent or detailed reports, special compensation arrangements and withdrawal rights that it does not provide to other investors or clients.

The following are additional risks associated with the investment funds that DGAM manages:

- There is not and will not be an active market for fund interests. It may be impossible to transfer any such interests, even in an emergency.
- A fund may not be able to generate cash necessary to satisfy investor withdrawals. Substantial withdrawals in a short period could force DGAM to liquidate investments too rapidly, and may adversely affect the allocation of the fund's investments. This is particularly true when a fund has a limited number of investors and withdrawals by one investor represent a significant part of the fund's assets.
- A fund may limit or suspend withdrawals of an investor's assets from the fund.
- A fund may establish a reserve for contingencies if DGAM considers it appropriate. Investors may not withdraw assets covered by that reserve until it is lifted.
- A fund may dissolve or expel any investor at any time, even if such actions adversely affect one or more investors.
- The funds do not intend to make distributions, but intend instead to reinvest substantially all income and gains. Therefore, an investor may have taxable income from a fund without a cash distribution to pay the related taxes.
- If a fund becomes insolvent, investors may be required to return with interest any distributions and forfeit any undistributed profits.

The above is only a brief summary of some of the important risks that a client or fund investor may encounter. Before deciding to become a DGAM client or invest in a fund that DGAM manages, you should consider carefully all of the risk factors and other information in the fund's offering circular.

**Item 9. Disciplinary Information**

Not applicable.

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

Steven Drobny is a manager and owner of Drobny Global Trading, LLC. Drobny Global Trading, LLC serves as the general partner of Drobny Global Conferences, L.P., a Delaware limited partnership. Drobny Global Conferences, L.P. is an event organizer that hosts forums for investment managers. It may provide information or services to DGAM or one of its clients, but the client will not be charged any fees for such services without the client's consent.

**Item 11. Code of Ethics, Participation or Interest In Client Transactions and Personal Trading**

DGAM has adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, that establishes standards of conduct for DGAM's supervised persons. The Code of Ethics requires DGAM's supervised persons to comply with their fiduciary obligations to clients and applicable securities laws, and includes specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to comply with the personal trading restrictions described below and periodically to report their personal securities transactions and holdings to DGAM's Compliance Officer, and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Compliance Officer. Each supervised person of DGAM receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received those materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during the preceding year. Clients and prospective clients may obtain a copy of DGAM's Code of Ethics by contacting David Berry at (310) 545-0293 or [dberry@drobny.com](mailto:dberry@drobny.com).

Under DGAM's Code of Ethics, DGAM and its partners, officers and employees may personally invest in the same securities and commodities that a Manager purchases for clients and may own the same securities and commodities that are subsequently purchased for clients by the Managers. This practice creates a conflict of interest in that any of such persons can use his or her knowledge about actual or proposed securities or commodities transactions and recommendations by a Manager for a client account to profit personally by the market effect of such transactions and recommendations. To address this conflict, DGAM and its partners, officers and employees typically must obtain pre-approval from DGAM's compliance officer before engaging in most securities and commodities transactions, other than transactions in mutual funds, exchange traded funds, U.S. government securities, money market instruments and shares of money market funds. DGAM and its partners, officers and employees may also buy or sell specific securities or commodities for their own accounts (including interests in securities and commodities hedge funds) based on personal investment considerations aside from company or industry fundamentals, which DGAM does not believe appropriate to buy or sell for clients.

DGAM solicits investors who may or may not be DGAM's clients to invest in the investment funds that it manages. DGAM has an incentive to cause a client to invest in such a fund instead

of a separately managed account because of the reduced expenses and administrative burdens of managing a fund compared to a separately managed account, DGAM's performance compensation from a fund receives more favorable tax treatment than that from a separately managed account and fund investors have less transparency and liquidity than individual account clients. In addition, if a fund investor also has a separately managed account with DGAM that uses an investment strategy that is similar to that of the fund, the investor may use knowledge of the other account's portfolio to decide if and when to make an additional investment or withdraw assets from the fund at times when other fund investors would have made similar decisions had they had similar transparency. DGAM discloses these conflicts of interest to clients and investors.

Because DGAM manages and advises more than one account, there may be conflicts of interest over its time devoted to managing or advising any one account and allocating investment opportunities among all accounts that it manages and advises. For example, DGAM selects or recommends investments for each client based solely on investment considerations for that client. Different clients may have differing investment strategies and expected levels of trading. DGAM may buy or sell a security or commodity for one type of client but not for another, or may buy (or sell) a security or commodity for one type of client while simultaneously selling (or buying) the same security or commodity for another type of client. DGAM may give advice to, and take action on behalf of, any of its clients that differs from the advice that it gives or the timing or nature of action that it takes on behalf of any other client. DGAM is not obligated to acquire for any account any security or commodity that DGAM or its partners, officers or employees may acquire for or recommend to its or their own accounts or for any other client, if in DGAM's absolute discretion, it is not practical or desirable to acquire a position in such security for that account.

## **Item 12. Brokerage Practices**

DGAM has retained Citibank, N.A. to serve as the custodian for the investment funds that it manages. DGAM may replace Citibank or appoint an additional custodian at any time. The custodian's address is Alternative Investment Services B3-30, Global Transaction Services, 3800 Citibank Center, Tampa, Florida 33610, U.S.A.

An investment fund's obligations to Citibank and any other custodian (and their affiliates) are secured by a first priority perfected security interest over all of their assets held in custody by that custodian. A custodian may transfer to itself or an affiliate all rights, title and interest in and to those assets as collateral and may deal with, lend, dispose of, pledge or otherwise use all such collateral for its own purposes. If any such transfer occurs, the fund will rank as such custodian's (or affiliate's) unsecured creditor. If such custodian or affiliate becomes insolvent, the fund may not be able to recover such equivalent securities in full. In addition, the fund's cash held by a custodian may not be segregated from such custodian's own cash and, if not so segregated, may be used by such custodian or affiliate in the course of its business and the fund will therefore rank as unsecured creditors in relation thereto.

If any of an investment fund's investments are registered in the name of a custodian or its affiliate due to the nature of the law or market practice of a particular jurisdiction, such investments will not be segregated from the custodian's or its affiliate's own investments and if

such custodian or affiliate becomes insolvent, the investment fund may not be able to recover such equivalent investments in full.

DGAM does not select brokers or futures commission merchants for client transactions. The Managers have complete discretion in selecting the broker or futures commission merchant that it uses for client transactions and the commission rates that clients pay such brokers and futures commission merchants. In selecting a broker or futures commission merchant for any transaction or series of transactions, the Managers may consider a number of factors, including, for example:

- net price, clearance, settlement and reputation;
- financial strength and stability;
- efficiency of execution and error resolution;
- the availability of stocks to borrow for short trades;
- block trading and block positioning capabilities;
- willingness to execute related or unrelated difficult transactions in the future;
- special execution capabilities;
- order of call;
- offering on-line access to computerized data regarding clients' accounts;
- economic and market information;
- portfolio strategy advice;
- industry and company comments;
- technical data;
- performance measuring data; and
- on-line pricing.

Managers may also purchase from a broker or futures commission merchant or allow a broker or futures commission merchant to pay for the following (each a "soft dollar" relationship):

- research reports, services and conferences, including third-party research fees;
- custody, recordkeeping and similar services;
- proxy voting services;
- periodical subscription fees;
- news wire and data processing charges;
- quotation services;
- computer hardware and software;
- office rent;
- office equipment;
- supplies;
- salaries;
- secretarial, clerical and administrative services and assistance;
- telephone and utility charges;
- accounting and bookkeeping services (including the fees and expenses of third parties that provide such services); and
- legal fees.

The Managers may cause the Portfolio Accounts and Portfolio Funds to pay brokerage commissions in excess of that which another broker or futures commission merchant might charge for effecting the same transaction in recognition of the value of the brokerage, research, other services and soft dollar relationships provided by that broker or futures commission merchant. The Managers also may direct Portfolio Account and Portfolio Fund brokerage transactions to brokers and futures commission merchants who refer prospective investors to the Fund, the Portfolio Funds or the Managers' other accounts.

Section 28(e) of the Securities Exchange Act of 1934 provides a "safe harbor" to investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. Conduct outside of the safe harbor of section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. If the Managers use commission dollars to pay for products or services that provide administrative or other nonresearch assistance to the Managers or their affiliates, such payments may not fall within the safe harbor of section 28(e). In addition, the Managers may receive soft dollar credits on principal, as well as agency, securities transactions with brokers and futures commission merchants. DGAM generally does not require the Managers to comply with section 28(e) or otherwise restrict their use of soft dollars.

DGAM expects that Managers generally consider the amount and nature of research, execution and other services provided by brokers and futures commission merchants as well as the extent to which the Portfolio Accounts and Portfolio Funds rely on such services, and attempt to allocate a portion of the brokerage transactions of the Portfolio Accounts and Portfolio Funds on the basis of that consideration. The Managers may use the investment information and other services received from brokers and futures commission merchants, however, in servicing all of their accounts (including the Portfolio Accounts and Portfolio Funds), but they may not use all such information and services for the Portfolio Accounts and Portfolio Funds. DGAM believes that allocating brokerage transactions in this manner helps the Portfolio Accounts and Portfolio Funds to obtain research and execution capabilities and provides other benefits to the Portfolio Accounts and Portfolio Funds.

The Managers' relationships with brokerage firms and futures commission merchants that provide soft dollar services to the Managers and their affiliates influence the Managers' judgment in allocating brokerage transactions and create a conflict of interest in using the services of those brokers and futures commission merchants to execute the Portfolio Accounts' and Portfolio Funds' brokerage transactions. The brokerage fees that the Portfolio Accounts and Portfolio Funds pays benefit the Managers at the expense of the Portfolio Accounts and Portfolio Funds, to the extent that soft dollars are used to pay the expenses of the Managers that are not otherwise reimbursable by the Portfolio Accounts and Portfolio Funds. Portfolio Account and Portfolio Fund trades executed through these firms or any other brokerage firm or futures commission merchant may or may not be at the best price otherwise available. Prospective investors who consider such soft dollar practices material to their investment decision should request DGAM's most recent information on soft dollar practices.

Managers may aggregate sale and purchase orders of Securities held by the Portfolio Accounts and Portfolio Funds with similar orders being made simultaneously for other accounts. Such transactions may be made at slightly different prices, because of the volume of Securities purchased or sold. In such event, the Portfolio Accounts and Portfolio Funds may be charged or credited, as the case may be, the average transaction price of all Securities purchased or sold in such transactions. As a result, the price may be less favorable to the Portfolio Accounts and Portfolio Funds than it would be if similar transactions were not being executed concurrently for other accounts.

If a client directs DGAM or a Manager to use a specific broker, neither DGAM nor the Manager has negotiated the terms and conditions (including, among others, commission rates) relating to the services provided by such broker. DGAM is not responsible for obtaining from any such broker the best prices or particular commission rates. A client that directs DGAM or a Manager to use a specific broker may not be able to participate in aggregate securities transactions and may trade after such aggregate transactions and receive less favorable pricing and execution. The client may pay higher commissions and mark-ups than it would pay if DGAM or the Manager had discretion to select broker-dealers other than those that the client chooses.

#### **Item 13. Review of Accounts**

DGAM's chief investment officer, Steven Drobny, reviews all accounts weekly. Those reviews take into account such matters as asset allocation, cash management, the prospects of individual securities, industry outlook, market outlook and price levels. Each account receives a monthly letter stating performance for the month and investment outlook.

#### **Item 14. Client Referrals and Other Compensation**

DGAM may engage solicitors to whom it pays cash or a portion of the advisory fees paid by clients referred to it by those solicitors. In such cases, this practice is disclosed in writing to the client and DGAM complies with the other requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, if applicable.

#### **Item 15. Custody**

The custodian of each individually managed account sends account statements at least quarterly to the client. Each client should carefully review those statements and compare them with the statements that such client receives directly from DGAM, if any.

#### **Item 16. Investment Discretion**

DGAM has discretionary authority to manage investment accounts on behalf of certain clients pursuant to a grant of authority in each fund's operative agreement or a limited power of attorney in each client's account agreement. Except for DGAM's investment funds, such discretion is limited by the requirement that clients advise DGAM of:

- the investment objectives of the account;
- any changes or modifications to those objectives; and



- any specific investment restrictions relating to the account.

A separate account client must promptly notify DGAM in writing if the client considers any investments recommended or made for the account to violate such objectives or restrictions. A client may at any time direct DGAM to sell any securities or take such other lawful actions as the client may specify to cause the account to comply with the client's investment objectives. In addition, a client may notify DGAM at any time not to invest any funds in the client's account in specific securities or specific categories of securities.

#### **Item 17. Voting Client Securities**

DGAM has proxy voting authority over its discretionary accounts, including its investment funds. DGAM does not have proxy voting authority over its non-discretionary accounts.

DGAM decides whether to vote ballots from Portfolio Funds and proxies on behalf of each account over which DGAM has proxy voting authority after considering whether the proposal will have a material effect on the account's investment strategy. This analysis typically leads DGAM to not vote ballots or proxies. In determining whether a proposal serves an account's best interests, DGAM considers a number of factors, including:

- the proposal's economic effect on investor value;
- the threat that the proposal poses to existing rights of investors;
- the dilution of existing investors that would result from the proposal;
- the effect of the proposal on management or director accountability to investors; and
- if the proposal is an investor initiative, whether it wastes time and resources of the company or Portfolio Fund or reflects the grievance of one individual.

DGAM abstains from voting proxies when DGAM believes that it is appropriate to do so.

If a material conflict of interest over proxy voting arises between DGAM and a client, DGAM will vote all ballots and proxies in accordance with the policy described above. If DGAM determines that this policy does not adequately address the conflict of interest, DGAM will notify the client of the conflict and request that the client consent to DGAM's intended response to the ballot or proxy solicitation. If the client consents to DGAM's intended response or fails to respond to the notice within a reasonable time specified in the notice, DGAM will vote the ballot or proxy as described in the notice. If the client objects in writing to DGAM's intended response, DGAM will vote the ballot or proxy as the client directs.

A client can obtain a copy of DGAM's proxy voting policy and a record of votes cast by DGAM on behalf of that client by contacting DGAM.

#### **Item 18. Financial Information**

Not applicable.

#### **Item 19. Requirements for State-Registered Advisers**

All of the information required by this Item is disclosed elsewhere in DGAM's Form ADV.

## **Privacy Policy**

DGAM and the investment funds that it manages:

- collect non-public personal information about their clients and investors from the following sources:
  - information received from clients or investors on applications or other forms, and
  - information about clients' or investors' transactions with DGAM, its affiliates or others;
- do not disclose any non-public personal information about their clients or investors or former clients or investors to anyone, except as permitted by law;
- restrict access to non-public personal information about their clients and investors to their employees who need to know that information to provide services to clients; and
- maintain physical, electronic and procedural safeguards that comply with federal standards to guard clients' and investors' personal information.

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**Item 1      Cover Page**

**Brochure Supplement of  
Drobny Global Asset Management, L.P.**

**3701 Highland Avenue, Suite 300  
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Telephone: (310) 545-0293  
Facsimile: (310) 388-1452  
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**April 30, 2012**

This brochure supplement provides information about those supervised persons named in Item 2 below, and supplements the brochure of Drobny Global Asset Management, L.P. ("DGAM"). You should have received a copy of that brochure. Please contact us at (310) 545-0293 or [dberry@drobny.com](mailto:dberry@drobny.com) if you did not receive DGAM's brochure or if you have any questions about the contents of this supplement.

## **Item 2            Educational Background and Experience**

**Steven Drobny**, born in 1972.

### Formal education after high school:

London School of Economics, Masters of Arts in Finance and Accounting, 1997

Bucknell University, Bachelors of Arts, 1994

### Business background for the preceding five years:

7/2006 - Present	Drobny Global Asset Management, L.P., an investment adviser located in Manhattan Beach, CA; Founder and Chief Investment Officer
10/2000 - Present	Drobny Global Conferences, L.P., a conference sponsor located in Manhattan Beach, CA; Partner
10/2000 - Present	Drobny Global Trading, LLC, the general partner of Drobny Global Conferences, located in Manhattan Beach, CA; Manager
10/2000 - 12/2011	Drobny Global Advisors, L.P., a research firm, located in Manhattan Beach, CA; Partner
1/2004 - 7/2008	GovDesk, a registered broker-dealer located in Redondo Beach, CA; registered representative

**Lawrence Loughlin**, born in 1978.

### Formal education after high school:

James Madison University, Bachelors Business Administration in Finance, 2001

### Business background for the preceding five years:

7/2007 - Present	Drobny Global Asset Management, L.P., an investment adviser located in Manhattan Beach, CA; Head of Manager Sourcing and Portfolio Construction
8/2004 - 5/2007	GAM USA Inc, a fund of funds manager located in Manhattan Beach, CA; Senior Global Macro Analyst

## **Item 3            Disciplinary Information**

Not applicable.

**Item 4            Other Business Activities**

Lawrence Loughlin:

Not applicable.

Steven Drobny:

Mr. Drobny is a partner of Drobny Global Conferences, L.P., which organizes conferences for investment managers. His duties consist primarily of obtaining sponsors for conferences and organizing conference agendas. He devotes approximately 1 to 2 hours per month to this business, and receives a percentage of all net revenues of the business. Drobny Global Conferences, L.P. may provide information or services to DGAM or one of its clients, but the client will not be charged any fees for such services without the client's consent.

**Item 5            Additional Compensation**

Not applicable.

**Item 6            Supervision**

David Berry, DGAM's chief operating officer and chief compliance officer, whose telephone number is (310) 545-0293, supervises DGAM's supervised persons by monitoring their compliance with DGAM's Statement of Policies and Procedures, including its Code of Ethics. Steven Drobny, DGAM's chief investment officer, whose telephone number is (310) 545-0293, monitors the securities transactions that each supervised person enters into on behalf of clients generally using the review process described in Item 13 of DGAM's Brochure.

**Item 7            Requirements for State-Registered Advisers**

Not applicable.

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