

B. Riley Capital Management, LLC

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Form ADV Part 2A

FIRM BROCHURE

April 15, 2015

This Form ADV Part 2A firm brochure (this “**Brochure**”) provides information about the qualifications and business practices of B. Riley Capital Management, LLC (“**BRCM**” or the “**Firm**”). If you have any questions about the contents of this Brochure, please contact the Firm’s Chief Compliance Officer, Allison Petchenick, at 310-689-2213 or email her at apetchenick@brileyco.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority. Additional information about BRCM also is available on the SEC’s website at <http://www.adviserinfo.sec.gov>.

BRCM may refer to itself as a “registered investment adviser” in materials distributed to current and prospective clients. As a registered investment adviser with the SEC, BRCM is subject to the rules and regulations adopted by the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). Registration as an investment adviser is not an indication that BRCM or its directors, officers, employees or representatives have attained a particular level of skill or ability.

ALL INVESTMENT ADVISORY AGREEMENTS ENTERED INTO BY BRCM WITH A CLIENT WILL BE EITHER PRECEDED BY THE PROVISION OF WRITTEN DISCLOSURES TO THE CLIENT REGARDING ANY MATERIAL CONFLICTS OF INTEREST RELATED TO BRCM, ITS REPRESENTATIVES, AND EMPLOYEES OR WILL INCLUDE WRITTEN DISCLOSURES AS PART OF OR ATTACHED TO THE INVESTMENT ADVISORY AGREEMENT PROVIDED TO THE CLIENT REGARDING ANY MATERIAL CONFLICTS OF INTEREST RELATED TO BRCM, ITS REPRESENTATIVES, AND EMPLOYEES.

Item 2 Material Changes

This Brochure dated April 15, 2015 is to report that as of April 10, 2015, MK Capital Advisors, LLC (“MKCA”) has changed its name to B. Riley Capital Management, LLC (“BRCM”). In addition, BRCM has filed the following DBAs: MK Capital Advisors, GACP Management, B. Riley Wealth Management, and B. Riley Asset Management. B. Riley Wealth Management will operate as a division of BRCM and will provide advisory and consulting services to separately managed accounts for high net worth individuals, institutional and other investors. B. Riley Asset Management will operate as a division of BRCM that will manage all of the funds and private investment vehicles that BRCM intends to offer. In addition to the name change, BRCM has also appointed a new Chief Compliance Officer, Allison Petchenick, and a new Chief Financial Officer, Michael McCoy. BRCM has also changed its principal office location to 11100 Santa Monica Blvd., Suite 800, Los Angeles, CA 90025 and its primary phone number to 310-966-1446.

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Item 4 Advisory Business

A. Advisory Firm

BRCM is a New York Limited Liability Company formed in 2012. BRCM is a wholly-owned subsidiary of BRF, a publicly traded Delaware corporation (OTCQB: RILY). B. Riley & Co., LLC (“B. Riley”), a broker-dealer registered with FINRA is BRCM’s affiliated broker-dealer.

B. Investment Advisory Services

BRCM provides advisory and consulting services to separately managed accounts for high net worth individuals, institutional and other investors. BRCM also offers certain structured investment programs administered by third party managers and provides services through a WRAP fee program. Additionally, BRCM provides investment advisory services with respect to the MKCA Opportunity Fund, LLC (previously the LTAM Titan Fund, LLC) (“MKCA FOF”), a private investment fund.

C. Personalized Investment Advice

BRCM provides the following advisory services under its B. Riley Wealth Management division:

Managed Account Services

BRCM manages accounts for clients (each a “Managed Account Client” and together the “Managed Account Clients”) on a discretionary basis by purchasing, selling, or otherwise trading securities or other investments. Such securities may include: exchange-listed equity securities, securities traded over-the-counter, foreign equities, corporate debt securities (other than commercial paper), certificates of deposit, municipal securities, options on securities, government securities, exchange-traded funds, and mutual funds. These services are tailored to the specific investment objectives and/or restrictions established by each Managed Account Client. Fee arrangements and terms for each Managed Account Client are individually negotiated. Accordingly, a Managed Account Client may be subject to different terms and fees than those of the MKCA FOF (as defined below), other Managed Account Clients or the Consulting Clients (as defined below).

Managed Account Clients may direct that transactions be executed through B. Riley; BRCM’s affiliated broker-dealer, or by another broker-dealer chosen by the Managed Account Client. BRCM has a relationship with both B. Riley and Ladenburg Thalmann and Co., Inc. (“LTCO”), a broker-dealer, in that some investment advisory representatives employed by BRCM (“IARs”) are also employed by B. Riley or LTCO as registered representatives (“RRs”) and maintain their securities licenses with B. Riley or LTCO. These RRs may be compensated in connection with transactions executed through these firms. (See “Item 12 - Brokerage Practices”) B. Riley and LTCO are full service, retail broker-dealers and not a discount brokerage firms. Brokerage charges and/or commissions may be higher if the client chooses either B. Riley or LTCO.

Consulting Services

Pursuant to a consulting services agreement, BRCM provides personal consultations to clients (“Consulting Clients”) that are intended to address the Consulting Client’s individual questions, financial needs and personal circumstances. The consulting services may encompass a wide variety of issues and topics, which may include investment recommendations. Investment consultation can be general in nature or may focus on particular areas of interest, depending on the Consulting Client’s needs. Advice and/or recommendations are based on information provided by the Consulting Client, which BRCM relies upon, and does not independently verify. Advice and/or services provided to Consulting Clients may be limited in scope. Consulting services are offered on an hourly or fixed fee project basis. The advice given may include the recommendation of annual reviews/updates and it is the Consulting Client’s responsibility to initiate additional services as may be needed. BRCM provides each Consulting Client with a quarterly performance review of the assets identified in the Consulting Client’s consulting

services agreement.

The Consulting Client has sole responsibility for determining whether to implement any recommendations made during any personal consultation. The Consulting Client may, but is not required to, implement any of these recommendations through BRCM as investment adviser. If the Consulting Client chooses to use BRCM to implement any recommendations, those activities are separate and distinct from the financial consulting services provided by BRCM under the applicable consulting services agreement and will involve separate fees. In the event that a Consulting Client chooses to implement a recommendation through BRCM, orders are directed to either B. Riley, LTCO, or a broker-dealer designated by the client for execution. Brokerage charges and/or commissions may be higher if the Consulting Client chooses to execute transactions using B. Riley or LTCO.

Third-Party Programs

BRCM offers a number of structured investment programs administered by other managers. Clients selecting this service inform their IARs of their investment objectives, risk tolerance, and investment time horizon, and any investment policies, guidelines, or reasonable restrictions applicable to the assets they designate for investment through third-party advisory programs. Based on the information provided, the IAR assists the client in selecting one or more third-party advisory programs. Certain of these programs are sponsored by Ladenburg Thalmann Asset Management, Inc. ("LTAM"), an affiliate of LTCO. BRCM has a conflict of interest in recommending programs sponsored by LTAM because BRCM may earn more total compensation than if the client selects unrelated programs. BRCM addresses these conflicts of interest through its policies and procedures that, among other things, require IARs to make recommendations that are suitable for each client.

BRCM may provide additional consulting services in connection with particular programs. The consulting services that the IAR provides in connection with a particular program are set forth in the agreement that the client signs with BRCM. These services may include assistance with the selection of portfolio managers and/or investment strategies, and the allocation of assets among managers or strategies. BRCM does not have trading discretion over any client assets in these programs; however other managers may have discretion over client assets invested in the program. Certain of these structured investment programs are WRAP programs, and the client will receive a brochure describing each WRAP program selected. The client may also receive a disclosure brochure describing each portfolio manager selected. Clients should read these brochures carefully before deciding whether to invest through a particular program or select a particular portfolio manager.

Currently BRCM offers the following third party programs:

1. Ladenburg Thalmann Asset Management

Ladenburg Thalmann Asset Management Program ("LAMP") is strategic asset allocation strategy with portfolio updates utilizing no-load mutual funds and exchange traded funds. BRCM acts as an investment adviser to clients under the LAMP.

Ladenburg Thalmann Asset Management Investment Consulting Services Program ("ICS Program") is a personalized separate account investment management program. The program utilizes a variety of specialized investment managers who invest across a wide range of major asset classes. Single manager accounts require a minimum investment of \$250,000, which may be reduced at the discretion of the program manager.

2. Paychex Retirement Services

Other programs may be added to, or removed from, this list at BRCM's discretion at any time.

BRCM may receive different compensation in connection with different programs. Thus, BRCM's IARs have an incentive to recommend certain programs over others. BRCM addresses these conflicts of interest through its policies and procedures that, among other things, require IARs to make recommendations that are suitable for each client.

BRCM provides the following advisory services under its B. Riley Asset Management division:

MKCA Opportunity Fund, LLC (Previously the LTAM Titan Fund, LLC) (“MKCA FOF”)

Effective June 30, 2012, BRCM became the portfolio manager of, and provides investment advisory services to, the MKCA FOF, a Delaware limited liability company previously known as the LTAM Titan Fund, LLC. The MKCA FOF invests in other private investment funds that BRCM identifies for investment based on a multi-level review process including past performance and other relevant data. BRCM provides investment management services tailored to the specific investment guidelines set forth in the confidential private placement memorandum of the MKCA FOF. Subject to these investment guidelines, BRCM has complete discretion and authority to manage the assets of the MKCA FOF and to make all related investment decisions. Underlying investors in the MKCA FOF generally do not have the ability to impose restrictions on investing in certain securities or types of securities. Membership interests in the MKCA FOF are offered primarily to “accredited investors” as that term is defined in Regulation D. However, membership interests are also offered to a limited number of non-accredited investors subject to additional disclosure to all investors in the MKCA FOF. Investors must also qualify as “qualified clients” as such term is defined in the rules of the Advisers Act.

The managing member of MKCA FOF may enter into side letter agreements with certain investors which may modify certain terms applicable to such investors’ as well as such investors’ rights or obligations under the MKCA FOF limited liability company agreement. Investors in the MKCA FOF generally may not impose restrictions on investing in certain securities or types of securities. In certain circumstances the MKCA FOF may offer investors the opportunity to participate in certain Special Investments, participation in such investments is optional.

An investment in the MKCA FOF involves substantial risks. For information about the material risks associated with the MKCA FOF’s investment strategies, see the MKCA FOF’s confidential private placement memorandum.

D. Wrap Fee Programs

BRCM also provides advisory services through a WRAP program offered in conjunction with LTCO. Under this program, clients pay a single fee that covers both advisory services provided by BRCM and brokerage services provided by LTCO. BRCM receives a portion of the WRAP fee, which it shares with its IARs servicing the account. Information about the WRAP fee program and the manner in which WRAP accounts are managed is set forth in a separate WRAP program brochure that is available upon request.

E. Assets Managed

As of January 31, 2015, BRCM managed \$371,125,800, on a discretionary basis, and \$176,485,000 on a non-discretionary basis.

Item 5 Fees and Compensation

Management Fees

Each client pays BRCM a management fee that is calculated as a percentage of assets under management by BRCM. Clients generally pay BRCM a quarterly fee in advance, based on the quarter-end asset value as of the last business day of the prior calendar quarter. All management fees for Managed Account Clients, Consulting Clients and clients participating in the third-party and/or WRAP programs are individually negotiated between BRCM and the client and are set forth in the client's agreement with BRCM. The maximum management fee for Managed Account Clients is 1.50% of assets under management annually and is pro-rated for any partial quarters. The maximum fee for Consulting Clients is an annual fee rate of 0.75% of assets under management, which is pro-rated for any partial quarters. The management fees for BRCM WRAP programs are included in the separate WRAP program brochure.

Management fees for the MKCA FOF are set out in detail in the MKCA FOF's confidential private placement memorandum, and are paid in an amount which is equal to a maximum of 2.0% of assets under management in the MKCA FOF per annum. Each underlying investor in the MKCA FOF pays the MKCA FOF the portion of the fee attributable to that investor's holdings in the MKCA FOF. Fees paid in advance are not refundable.

The value of securities held in a client account will be based on information provided by the custodian of the assets, the Managed Account Client, the administrators of the funds in which the MKCA FOF invests, or other third parties, as applicable. BRCM is entitled to rely on the financial and other information received from such persons and does not independently verify this information or guarantee the accuracy or validity of such information.

Fee Differential

As set forth above, all fees for Managed Account Clients, Consulting Clients and clients participating in the third-party and WRAP programs are individually negotiated between BRCM and the client. Accordingly, clients participating in such programs may not pay the same fees as clients participating in different programs or investment products or as other clients participating in the same programs or investment products.

Certain underlying investors in the MKCA FOF may pay lower fees or have other unique arrangements such as the waiver or rebate of fees or preferential liquidity. In addition, investors such as those who are affiliated with BRCM, or who provide large or initial investments in the MKCA FOF, may have specially tailored arrangements with respect to their investment in the MKCA FOF. These arrangements could create preferences or priorities for certain investors in the MKCA FOF as compared to other investors. BRCM may enter into these arrangements without the consent of, or notice to, other MKCA FOF investors. All other MKCA FOF investors are not entitled to participate in any such special arrangements.

Other Fees

All management fees paid to BRCM are separate from fees related to brokerage commissions, transaction fees, custodial fees, exchange fees, SEC fees, deferred sales charges (on mutual funds or annuities), odd-lot differentials, deferred sales charges or "trail" fees (charged by mutual funds), transfer taxes, wire transfer and electronic fund processing fees, and commissions or mark-ups/mark-downs on security transactions ("Other Fees").

Managed Account Clients and Consulting Clients

All or a portion of the Other Fees may be paid to BRCM and/or an IAR to the extent that the client's brokerage account is maintained at B. Riley or LTCO. If a Managed Account Client or a Consulting Client directs brokerage to B. Riley or LTCO, the client will pay commissions and fees to B. Riley or LTCO. The fee that a Managed Account Client or a Consulting Client pays to BRCM for advisory services will not be reduced by any fees that are paid to B. Riley, LTCO or another third party. B. Riley or LTCO may receive distribution or service ("trail") fees from the sale of certain mutual funds (including money market funds) pursuant to a 12(b)-1 distribution plan or

other such plan, as compensation for distribution or administrative services and are distributed from the fund's total assets. In addition, B. Riley and LTCO receive compensation in connection with cash held in the brokerage account. B. Riley and LTCO receive compensation from the custodian based on the value of credit balances in the accounts. In addition, if cash is swept into a money market fund, B. Riley or LTCO receives compensation based on the value of assets in these funds as a broker-dealer. BRCM may participate in some or all of these revenues collected by B. Riley or LTCO. Thus, BRCM's IARs have an incentive to recommend that the client selects a money market fund as a sweep vehicle that pays more compensation to B. Riley or LTCO than other funds.

As set forth above, the BRCM IARs, as well as registered representative of B. Riley that are also employees of BRCM, will generally receive more compensation if brokerage is executed at LTCO or B. Riley rather than being directed to another broker-dealer. Therefore, the BRCM IARs, as well as registered representative of B. Riley that are also employees of BRCM, have an incentive to recommend investment products based on the compensation they receive rather than on a client's needs. Clients have the option to direct brokerage to a broker-dealer that is not related to BRCM. BRCM has policies and procedures in place to ensure that any security recommended is suitable for the client.

In addition, clients may purchase securities through broker-dealers in initial public offerings and/or secondary offering ("new issue") transactions. If LTCO acts as an underwriter or manager or as a member of the selling group for such offerings, it will receive compensation equal to either all or a portion of the "gross spread" (i.e., the difference between the price the client pays for the security and the price at which LTCO purchased the securities). The advisory fee is not reduced to offset this compensation. The amount of the gross spread is described in the relevant prospectus, offering circular or official statement related to each IPO. Further details of potential additional compensation to BRCM IARs are discussed below in "Item 12 - Brokerage Practices."

If a Consulting Client chooses to execute any transactions recommended by BRCM through B. Riley or LTCO, or to participate in any of the third-party programs offered by LTCO, BRCM will receive additional compensation. For example, if the client decides to implement a portion of the recommendations through LAMP as part of the total advisory fee that is negotiated with LAMP, BRCM will receive additional compensation. IARs of BRCM will generally receive a portion of the advisory fees for services rendered under the LAMP program.

BRCM's portfolio managers generally manage multiple portfolios for various clients. When a portfolio manager manages more than one client account, a potential conflict exists for the portfolio manager to intentionally or unintentionally treat one account more favorably than another. This potential conflict can be most apparent when one portfolio has a higher fee or a different fee structure than another portfolio. Another potential conflict may arise if BRCM manages accounts of its principals and employees on a side-by-side basis with third-party client accounts. BRCM has internal review policies and oversight to ensure that no one client is intentionally or unintentionally favored at the expense of another.

In addition, each mutual fund, exchange-traded fund (ETF) or private fund in which a client may invest also bears its own investment advisory fees and other expenses.

Third-Party Programs

Clients participating in the third-party and/or WRAP programs may pay other fees charged by third parties such as fees charged by managers.

The MKCA FOF

The MKCA FOF will be subject to additional fees imposed by the managers of the underlying funds ("Investment Vehicles") in which it invests. The Investment Vehicles are typically subject to base management fees (usually 1% to 3% per annum) and incentive allocation fees (usually 15% to 30% of the appreciation in net asset value of the MKCA FOF's investment in the Investment Vehicles during the applicable accounting period). These fees associated with the Investment Vehicles reduce the amount of the MKCA FOF's return on the investments subject to such fees. MKCA FOF may reimburse certain administrative and operational expenses of the manager as outlined in the confidential private placement memorandum of the MKCA FOF.

Billing Method

The MKCA FOF's custodian deducts from the account of each investor in the MKCA FOF the quarterly management fee after such fee is calculated by the MKCA FOF's administrator. BRCM does not rebate any portion of a management fee once it has been paid.

BRCM does not deduct advisory fees or other expenses directly from the Managed Accounts. Certain Managed Accounts Clients have authorized their custodians to pay BRCM the quarterly management fee in the amount set forth on the client's agreement, which is submitted to the custodian. BRCM sends invoices to Managed Account Clients who have not authorized their custodians to deduct fees from the account. Unless a Consulting Client has instructed its custodian to take instructions from BRCM with respect to payment of fees, BRCM generally sends Consulting Clients an invoice for the consulting fee. These payments are due within thirty days of the client's receipt of the invoice.

Item 6 Performance-Based Fees and Side-By-Side Management

BRCM does not currently charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client), however it may elect to do so in the future.

Item 7 Types of Clients

Managed Account Clients, Consulting Clients and clients using the third-party and/or WRAP programs offered by BRCM include:

- individuals, including high net worth individuals,
- small business owners,
- pension and profit sharing plans, including the plan participants,
- trusts,
- charitable organizations, and
- corporations, LLCs, partnerships or other business entities.

Private Investment Fund

BRCM serves as investment adviser to MKCA FOF, a Delaware limited liability company.

BRCM generally requires investors in MKCA FOF to make a minimum initial investment of at least \$250,000; however, BRCM may, in its sole discretion accept lesser amounts or waive the minimum investment required.

Investors in MKCA FOF generally are “accredited investors,” as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the “Securities Act”); however, MKCA FOF does accept a limited number of non-accredited investors. Investors must also qualify as “qualified clients” as such term is defined in the rules of the Advisers Act. BRCM generally requires MKCA FOF investors to make representations concerning their financial sophistication and ability to bear the risk of loss of their entire investment in MKCA FOF. The investor requirements may be waived by BRCM in its sole discretion.

Separately Managed Accounts

BRCM generally requires Managed Account Clients to initially provide and maintain a minimum of \$250,000 in assets under management. However, the Account minimum may be waived by BRCM in its sole discretion.

Consulting Clients

BRCM provides personal consultations to clients. Consulting services are offered on an hourly or fixed fee project basis. BRCM provides each Consulting Client with a quarterly performance review of the assets identified in the Consulting Client’s consulting services agreement. The Consulting Client has sole responsibility for determining whether to implement any recommendations made during any personal consultation. The Consulting Client may, but is not required to, implement any of these recommendations through BRCM as investment adviser.

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

A. Methods of Analysis and Investment Strategies

Managed Account Services

IARs will perform security analysis, and methods used may include charting, fundamental, technical, or cyclical analysis. The main sources of information that the IAR may use include financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the SEC and company press releases.

Charting: In this type of technical analysis, BRCM reviews charts of market and security activity in an attempt to identify when the market is moving up or down and to attempt to predict how long the trend may last and when that trend might reverse.

Fundamental Analysis: BRCM attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Technical Analysis: BRCM analyzes past market movements and applies that analysis to the present to supplement its fundamental research and to recognize recurring patterns of investor behavior in an attempt to predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk that a poorly-managed or financially unsound company may underperform regardless of market movement.

Cyclical Analysis: In this type of technical analysis, BRCM measures the movements of a particular stock against the overall market in an attempt to predict the price movement of that security.

Consulting Services

The IAR assists Consulting Clients in the selection of other money managers or asset allocation programs. Based on specific information provided by the Consulting Client to the IAR, including but not limited to the client's investment objectives, investment restrictions or limitations, and risk tolerance, the IAR will assist the client in arranging for those objectives and restrictions to be implemented, including by selecting managers, funds or portfolios, explaining portfolio strategies and transactions, and answering questions. The IAR may also be asked to evaluate the overall investment strategy and performance of a third-party money manager or asset allocation program. Factors to be considered in monitoring third-party manager performance may include comparing client portfolio performance relative to certain market indices and other money managers.

Third –Party Programs

Factors BRCM considers in selecting and monitoring third-party program performance may include comparing the performance of accounts in the program relative to certain market indices or asset allocation objectives, other money managers, strategies, and or programs. Other factors include allocation and or manager risk analysis, comparison of expenses, and other qualitative factors and analyses. Clients investing in a third-party program will receive a disclosure brochure setting forth the material risks related to that program or the specific portfolio managers associated with the program.

MKCA FOF Management

BRCM selects funds for investment based on quantitative as well as qualitative factors. Quantitative factors include analysis of historical returns, risk figures and correlation. Qualitative analysis may include assessment of a portfolio manager's investment process, its information sources, generation of its investment ideas, its competitive

advantage, its performance in down markets, the depth of its management skills and its liquidity management.

Investment in securities involves risk of loss that clients and investors in MKCA FOF should be prepared to bear. There can be no assurance that a client's investment strategies will be achieved. Further, many of the investment techniques and activities described above are high risk activities that could result in substantial losses under certain circumstances.

B. Material Risks Associated Investment Strategies and Portfolio Investments

Investing in securities involves a risk of loss that clients and investors in a MKCA FOF should be prepared to bear. There can be no assurance that a client or investors in MKCA FOF will be able to make and realize any particular investment or generate returns. Clients and investors in a MKCA FOF should carefully consider, among other factors, the following material risks involved with BRCM's investment strategies.

General Risk of Loss Statement

Investing in securities involves risk of loss that clients should be prepared to bear. BRCM does not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. BRCM cannot and does not offer any guarantees or promises that any client's financial goals and objectives will be met. Securities markets are volatile and at any time the value of assets invested may fluctuate and be worth less than the amount originally invested. Past performance is not an indication of future performance. A client should only invest assets it will not need for current purposes and that can be invested on a long-term basis. These risks apply to underlying investors in the MKCA FOF as well. Certain advisory strategies may consist of portfolios being either fully or primarily invested in money market funds and/or short term bond funds, depending on the client's unique financial planning needs and/or our economic market outlook. As set forth above, to the extent the transactions are executed at LTCO or B. Riley, IARs may receive additional compensation. BRCM has policies and procedures to address such conflicts of interest.

Dependence on Key Personnel

The success of a client account will be highly dependent on the expertise and performance of BRCM's senior investment professionals. There can be no assurance that these senior investment professionals will continue to be associated with BRCM or any of its affiliates throughout the life of MKCA FOF or during the term of the investment advisory agreement with an Account Client. The loss of the services of one or more of these individuals could have a material adverse effect on the performance of BRCM as well as the client accounts.

Margin Risk

BRCM may direct the purchase of securities for clients with money borrowed from the client's brokerage account. This allows the client to buy more stock than the client would be able to with the cash that is available, and allows the client to purchase new or additional securities for the client without selling other holdings. Leverage increases a portfolio's risk as price swings are amplified in a margin account and clients can lose more funds than deposited if the value of securities decline.

Options Risks

The investment strategies used to manage accounts may include long-term purchases, short-term purchases, selling securities within thirty days, short sales, margin transactions, and option writing. An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells their option in the secondary market nor exercises it prior to its expiration will necessarily lose their entire investment in the option. An option writer may be assigned an exercise at any time during the period the option is exercisable.

Starting with the day it is purchased, an American-style option is subject to being exercised by the option holder at

any time until the option expires. This means that the option writer is subject to being assigned an exercise at any time after they have written the option until the option expires or until they have closed out their option position in a closing transaction. By contrast, the writer of an European-style or capped option is subject to assignment only when the option is exercisable or, in the case of a capped option, when the automatic exercise value of the underlying interest hits the cap price. For more information regarding the risks of options, please read the 'Characteristics and Risks of Standardized Options' brochure, which can be found at www.optionsclearing.com. The information available on, or that can be accessed through, www.optionsclearing.com is not part of this Form ADV.

Market Risk

Stock prices are volatile and are affected by the real or perceived impacts of such factors as economic conditions and political events. The performance of a client account's investments could be adversely affected by macroeconomic factors, including general economic conditions affecting capital markets and participants therein (such as the obligations on or issuers of the client's investments). Such macroeconomic factors include (i) the economic downturns and uncertainties affecting economies and capital markets worldwide, (ii) continuing military conflicts, incidents of terrorism and domestic unrest occurring outside the United States and other consequences thereof and similar events, (iii) concerns about financial performance, accounting and other issues relating to various companies and (iv) recent and proposed changes to laws and regulations affecting the financial industry, including those related to banking, credit default swaps and other derivatives, mortgage lending, accounting and reporting standards and other exogenous factors in general.

Evolving and New Investment Approaches

BRCM's investment approach and trading techniques are continually evolving. BRCM is not restricted in developing or incubating new strategies or approaches and may deploy capital in accordance with such new strategies and approaches and consistent with its fiduciary duties, even though BRCM has limited experience in the type of markets or instruments involved. The strategies and approaches developed by BRCM may not be successful and the resources devoted to the implementation of new approaches or strategies may diminish the effectiveness of BRCM's implementation of its established approaches or strategies.

Additional Risk of Loss Applicable to an Investment in the MKCA FOF

As set forth above, the MKCA FOF invests in other private Investment Vehicles, which in turn invest in a wide array of securities. Investing in the MKCA FOF introduces unique risks that may differ from the risks associated with an investment in other debt or equity securities and entails a moderate to high degree of risk. Risk factors include the illiquidity of the Investment Vehicles in which the MKCA FOF invests, lack of control over, or even satisfactory knowledge of, the trading of the portfolio managers, the possibility of missed valuations by one or more Investment Vehicles, entrusting custody of the MKCA FOF's assets to third parties and dependence on the portfolio managers of the Investment Vehicles for all relevant net asset value and trading information. Underlying investors in the MKCA FOF should review the MKCA FOF's confidential private placement memorandum for a more detailed discussion of the methods of analysis, investment strategies and risk of loss associated with an investment in the MKCA FOF.

INVESTORS IN THE MKCA FOF SHOULD BE AWARE THAT THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL RISKS INVOLVED IN CONNECTION WITH AN INVESTMENT IN MKCA FOF OR A MKCA FOF' INVESTMENT VEHICLES. PROSPECTIVE INVESTORS SHOULD READ THE MKCA FOF'S OFFERING DOCUMENTS, CONSULT WITH THEIR OWN LEGAL, TAX, ACCOUNTING, COMPLIANCE AND INVESTMENT ADVISERS AND SIMULTANEOUSLY CONDUCT THEIR OWN INDEPENDENT DUE DILIGENCE INVESTIGATION AND ANALYSIS REGARDING MKCA FOF, BRCM, THE PRINCIPALS OF BRCM, AND THE INVESTMENT VEHICLES, BEFORE DETERMINING TO INVEST IN THE MKCA FOF.

Item 9 Disciplinary Information

- A. None.
- B. None.
- C. There are no material legal or disciplinary events in the past ten (10) years concerning BRCM or its management. In its capacity as a FINRA-registered broker-dealer, in matters unrelated to BRCM or BRCM's Clients, B. Riley has been the subject of certain administrative proceedings commenced by FINRA relating to certain rule violations pertaining to the operations of a broker-dealer that have resulted in the imposition of fines and other sanctions.
 - 1. None.
 - 2. In 2009, B. Riley was censured and fined \$10,000 by FINRA for 19 transmissions to the Order Audit Trail System that contained inaccurate or incomplete data. In 2007, B. Riley and Knut Grevle, a principal of B. Riley, were censured and fined \$265,000 by FINRA for various order reporting errors and omissions, inadequate enforcement of written supervisory procedures and failure to register a person acting as a principal. A portion of this fee was paid by B. Riley's Order Management System provider as a result of system deficiencies which contributed to the aforementioned errors and omissions. In 2003, B. Riley was censured and fined \$2,000 for failing to make publicly available a report of routing orders in covered securities. In 2002, B. Riley was censured and fined \$13,500 for failing to properly report certain executions through the Automated Confirmation Transaction Service and failure to preserve certain order records. In 2001, B. Riley was censured and fined \$7,500 for insufficient supervisory systems and failure to report certain order data.

Item 10 Other Financial Industry Activities and Affiliations

BRCM's Ownership Structure and Affiliations; Conflicts of Interest

The BRF group of companies includes a number of entities, related principally through common ownership. Clients should be aware that BRCM, Riley Investment Management, LLC ("RIM"), B. Riley, B. Riley Asset Management, LLC ("BRAM") and certain entities owned or controlled by or affiliated therewith (including BRAM-NC, LLC, which is the general partner to the BRC Special Situations Fund, LP, a private investment fund advised by BRAM, BRAM, which is an investment adviser registered with the SEC, BRC Emerging Managers Fund of Funds, LP, a private investment fund managed by BRAM, and the B. Riley Diversified Equity Fund, a mutual fund, RIM, which is an investment adviser registered with the State of California, and Riley Investment Partners, LP ("RIP"), which a private investment fund managed by RIM) are, directly or indirectly, owned by BRF, and controlled by Bryant R. Riley, Chairman of BRF. BRF is the sole owner of B. Riley Capital Markets, LLC, a holding company that owns B. Riley. BRF also owns BRCM, BRAM, BRAM-NC, LLC, and RIM, and, therefore, has the ability to influence the management and operation of RIM, BRCM and BRAM.

While all of the above-described companies, including BRCM, generally operate independently from B. Riley, each of these entities may utilize, to varying extents, B. Riley's infrastructure, office space, administrative and executive employees, and resources. Certain resources are shared among BRCM, RIM, B. Riley, BRAM-NC, LLC, BRAM and their respective affiliates, which are provided by B. Riley but may or may not be reimbursed.

BRCM intends to engage B. Riley to effectuate its clients' trading and investment activities, in addition to LTCO, and to act as placement agent in connection with the sale and distribution of interests in the MKCA FOF, and to utilize B. Riley's research reports which are generally published on a regular basis.

As indicated above some of BRCM's IARs are registered representatives of LTCO or B. Riley. Managed Account Clients and Consulting Clients may, but are not required to, direct brokerage to LTCO or B. Riley. These affiliations, and associated conflicts of interest, are described throughout this Form ADV, including in detail in Item 4. Fees and Compensation in this brochure and are also disclosed to clients in the agreements they sign with BRCM.

Subject always to BRCM's duty and policy to obtain the best execution of its clients' transactions, BRCM intends to direct a portion of its clients' brokerage transactions to LTCO or B. Riley. B. Riley may make a market in the securities in which BRCM recommends one or more of its clients should invest. In executing trades for a client, B. Riley may charge the client customary brokerage commissions or markups, fees and expenses in connection with the transaction. Consequently, B. Riley will share in a portion of the revenues normally and customarily generated by a broker-dealer from the securities transactions of BRCM's clients. BRCM has no obligation to effect any particular volume of transactions through B. Riley and BRCM must establish that the use of B. Riley is appropriate. In all cases in which portfolio securities transactions are directed to B. Riley (or to any other broker), BRCM will determine in good faith that the brokerage commissions or markups, fees and expenses charged in connection with such transactions are reasonable in relation to the value of the brokerage, research and other services provided by that broker, viewed in terms of either the specific transaction or BRCM's overall responsibilities to its clients. BRCM expects that any brokerage commissions paid to B. Riley are among the lowest available consistent with best execution; however, BRCM is not required to select the broker or dealer that charges the lowest transaction cost in connection with executing trades for a client. B. Riley has advised BRCM that such rates are the same, or lower, than those that it charges its other clients for similar services.

BRCM intends to utilize B. Riley as placement agent for the MKCA FOF and interests in the MKCA FOF, may be recommended to BRCM's other clients. In connection with B. Riley's role as placement agent to the MKCA FOF, B. Riley's registered representatives may be paid a commission or finder fees by BRCM out of BRCM's fees earned advising the MKCA FOF and/or other clients. Additional information on referral arrangements with B. Riley and its other affiliates is in "Item 14 - Client Referrals and Other Compensation".

B. Riley, BRCM and the IARs, as well as its other affiliates use or will use B. Riley's proprietary research. Research products or services provided to BRCM and/or its clients by B. Riley may include research reports on

particular industries and companies, economic surveys and analyses, recommendations as to specific securities and other products or services (e.g., quotation equipment and computer related costs and expenses) providing information to BRCM which enhances its investment decision-making performance. All investment advisory arrangements with related parties are conducted on an arm's length basis so as to neither advantage nor disadvantage other clients or BRCM's related parties. In addition, BRCM and/or its clients will receive copies of research products and/or services from B. Riley at the same time as B. Riley provides copies of such research products and/or services to other clients. BRCM and/or its clients will not be given preferential access to such research products and/or services by B. Riley.

BRCM may recommend that certain clients invest in securities of issuers with which B. Riley has an investment banking relationship or seeks to do business. Accordingly, B. Riley and/or its affiliates may receive compensation for investment banking services or other similar services from the issuers of securities in which BRCM recommends that one or more of its clients should invest. Therefore, BRCM could also have an incentive to recommend that its clients invest in securities of issuers based on B. Riley's investment banking relationship with such issuers. BRCM will not recommend that a client invest in the securities of an issuer with which B. Riley has an investment banking relationship or seeks to do business unless BRCM has determined that such recommendation is in the best interests of the client.

B. Riley has implemented procedures designed to address the foregoing conflicts of interest which include extensive written policies and protocols to ensure that all professionals and related persons within the firm are fully informed of the current regulations and that appropriate controls are in effect to address these conflicts and ensure compliance with all laws, rules and regulations related to the management of such conflicts of interest and the operation of its broker-dealer and asset management divisions.

A. Current or Pending Registration as a Broker-Dealer

Mark Klein, an IAR of BRCM, owns a majority and controlling interest in M. Klein and Company, LLC, which is the 100% owner of The Klein Group, LLC ("The Klein Group"), a registered broker-dealer and a member of FINRA. Mr. Klein is a registered representative and principal of The Klein Group. The Klein Group's business is limited to providing investment-banking advice to issuers and advice on mergers and acquisitions. Mr. Klein also serves as Director of GSV Capital Corp., a publically traded fund focused on business development, and of New University Holdings Corp., a capital pool company listed on the TSE Venture Exchange, with a principal business of identifying, evaluating and negotiating the acquisition of assets or businesses. Mr. Klein also holds shares in GSV Capital Corp. Pursuant to BRCM's policies and procedures, Mr. Klein is required to recuse himself from investment decisions related to the Managed Accounts and/or the Consulting Clients to the extent that his involvement in investment-banking or other matters pertains to issuers in which any of the Managed Accounts may invest.

Additionally, as indicated above some of BRCM's IARs are registered representatives of LTCO or B. Riley. The affiliations, and associated conflicts of interest between BRCM and LTCO and B. Riley, are described throughout this Form ADV, including in detail in Item 4. Fees and Compensation in this brochure are also disclosed to clients in the agreements they sign with BRCM.

ALL INVESTMENT ADVISORY AGREEMENTS ENTERED INTO BY BRCM WITH A CLIENT WILL BE EITHER PRECEDED BY THE PROVISION OF WRITTEN DISCLOSURES TO THE CLIENT REGARDING ANY MATERIAL CONFLICTS OF INTEREST RELATED TO BRCM, ITS REPRESENTATIVES, AND EMPLOYEES OR INCLUDE WRITTEN DISCLOSURES TO THE CLIENT REGARDING ANY MATERIAL CONFLICTS OF INTEREST RELATED TO BRCM, ITS REPRESENTATIVES, AND EMPLOYEES.

B. Current or Pending Registration as a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor, or an Associated Person of Same

Neither BRCM nor any of its management persons are registered as or have a pending application to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. However, BRCM has claimed an exemption from registration as a commodity pool operator with respect to the MKCA FOF.

C. Material Relationships related to the Advisory Business

Investors in the MKCA FOF must understand that the MKCA FOF was formed as an investment product to be managed by BRCM, and that BRCM does not intend to cause any MKCA FOF to terminate its investment management relationship with BRCM absent BRCM's liquidation or bankruptcy. However, BRCM has a fiduciary duty to act in the best interest of the MKCA FOF, and investors in the MKCA FOF have the right to withdraw from the MKCA FOF at any time subject to any notice requirement, lock-up period or other withdrawal limitations described in the MKCA FOF's confidential offering memorandum.

BRCM may from time to time enter into a side letter agreement with one or more investors in a MKCA FOF which may, among other terms, provide for (i) withdrawal rights that are more favorable than the rights granted to all other MKCA FOF investors, (ii) a reduced management fee, or (iii) greater or more frequent transparency with respect to the MKCA FOF.

Neither BRCM nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular client. While such persons intend to devote such time to BRCM's clients' business as they deem necessary, they will have other ongoing investment and business responsibilities, including the provision of services to LTCO, which could have the effect of reducing the time they will devote to the investment activities of BRCM's clients. BRCM and its related persons intend to allocate investment opportunities in accordance with BRCM's trade allocation policy. Since BRCM and/or its related persons may serve as advisers, directors, members, investors, partners, officers, investment adviser representatives, or provide other services to clients of B. Riley and/or its affiliates, BRCM and/or its related persons may be given access to confidential information relating to portfolio funds or companies in which a client may invest. As a result, the client may be prohibited from engaging in transactions with certain entities, portfolio companies, or affiliates or purchasing or selling certain investments held in an account, which may have an adverse effect on the client.

Principals, officers and employees of BRCM, members of their families and related persons of BRCM may invest, directly or indirectly, in the MKCA FOF, and may receive preferential fee terms in connection with such investment. BRCM may recommend to clients the purchase or sale of securities in which it, or an affiliate or related person thereof, has a financial interest. In addition, BRCM permits certain of its covered persons to engage in personal securities transactions, subject to compliance with BRCM's Code of Ethics. For a general discussion of how resulting conflicts of interest are addressed, see discussion under "Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" below.

As discussed in Items 4 and 7 of this ADV, BRCM serves as the investment manager to the MKCA FOF and to certain Managed Account Clients and provides consulting services to Consulting Clients. We do not believe that contemporaneous management of the MKCA FOF and the assets of Managed Account Clients and the consulting services provided to Consulting Clients causes a conflict because their respective strategies and or portfolio holdings are sufficiently different and allocations are made in accordance with the investment guidelines for the MKCA FOF and/or each Managed Account Client or Consulting Client, as applicable.

Certain clients may maintain brokerage accounts at LTCO or B. Riley for which a BRCM IAR, in his/her dual capacity as RR for LTCO or B. Riley, may serve as broker. BRCM does not receive any compensation related to these brokerage accounts and does not act in an advisory capacity with respect to these accounts.

D. Selection or Recommendation of Other Advisers

BRCM does not have any business relationships with other non-affiliated investment advisers that create a material conflict of interest.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Transactions and Personal Trading

As an investment manager or consultant to various clients, BRCM may give advice, take action, or hold or deal in securities for some clients or accounts, including BRCM's own accounts or accounts of related parties, if applicable, which may differ from advice given, action taken or not taken or the timing of any action for any other client. Further, BRCM may recommend or effect transactions on behalf of certain clients in securities which it or any of its affiliated persons may buy or sell for their own accounts. BRCM is not a broker-dealer and does not act as a principal or broker in connection with client transactions. BRCM and persons related to BRCM, including its officers, directors and employees, may buy, sell, or have a financial interest in securities recommended to clients, through independent transactions in personal accounts subject to BRCM's Code of Ethics described below. In addition, IAR's who are also employees of LTCO and B. Riley are subject to LTCO and B. Riley's Code of Ethics, respectively.

BRCM has adopted a Code of Ethics in an effort to avoid possible conflicts of interest, the inappropriate use of material non-public information and to ensure the propriety of its employees' and clients' trading activities. The Code of Ethics is distributed to each employee at the time of hire and employees receive annual training in issues related to the Code of Ethics. The Code of Ethics is based on the principle that officers, directors and other BRCM personnel owe a fiduciary duty to BRCM's clients and must place the interests of BRCM's clients above their own.

BRCM employees are required to conduct their personal investment activities in a manner that is not detrimental to its advisory clients. BRCM employees are not permitted to transact in securities except under circumstances specified in the Code of Ethics.

Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that these transactions would not materially interfere with the best interest of BRCM's clients. In addition, the Code of Ethics requires pre-clearance of some transactions and restricts trading in close proximity to client trading activity. BRCM and its employees may not enter orders for accounts in which they have a beneficial ownership interest to benefit from their knowledge of clients' orders in a particular security ("front-running"). This includes orders in securities that are derivatives (options, warrants, etc.) of the security being purchased or sold by the client. Because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and is reasonably designed to prevent conflicts of interest between BRCM and its clients.

Employees are required to provide BRCM with a complete report of their securities holdings at the time they are hired. Employees provide BRCM with duplicate copies of trade confirmations and account statements for all of their brokerage accounts. Employees are also required to provide annual securities holdings reports. Most types of securities are subject to these reporting requirements.

The Code of Ethics also prohibits employees from serving on the boards of public companies or from maintaining outside affiliations without prior approval.

The Code establishes sanctions if its requirements are violated, up to and including dismissal from employment. Employees are required to certify annually that they have complied with the Code of Ethics.

The foregoing is only a summary of the provisions of the Code of Ethics and is qualified in its entirety by the detailed provisions appearing in the full text of the Code. Clients and prospective clients and/or investors in the MKCA FOF may obtain a copy of the BRCM Code of Ethics by writing to: BRCM, 11100 Santa Monica Blvd. Suite 800, Los Angeles, CA 90025.

BRCM does not generally act as a principal, either as buying securities for itself or its affiliates from a client or

selling securities it or its affiliates own to a client. In the event that BRCM decides to engage in any such principal transaction in the future, BRCM will comply with the requirements of Section 206(3) of the Advisers Act by: (i) disclosing to the client in writing the material terms of the transaction; and (ii) obtaining the written consent of the client for such transaction. BRCM will include the following in such disclosure: (a) its capacity as principal; (b) the cost to BRCM of the security, in the case of a sale to a client, or the price of the security in a resale, in the case of a purchase from a client; and (c) the best price at which the transaction could be effected by or for the client elsewhere if such price is more advantageous to the client than the purchase or sale with BRCM.

BRCM generally does not engage in cross trades. In the event that it is determined that effecting a cross trade is appropriate, prior approval by BRCM's CCO is required. In the event that an inadvertent cross trade occurs, BRCM's CCO will determine to what extent material harm, if any, was caused to the applicable client accounts or the market and then proceed accordingly, which may include consulting with BRCM's outside counsel.

A client may co-invest with BRCM and/or principals of BRCM and other clients in respect of certain investment opportunities. Any such co-investments will be on the same terms as made available to the client, and no additional fees will be incurred by virtue of such investments. On occasions, clients may acquire debt or equity interests in projects financed by other entities managed by affiliates of BRCM. Clients may also loan to or invest in entities in which other clients of BRCM are investors or lenders, either in similar investment positions or in different positions in the capital structure with different risk and return parameters. In any such event, disputes may arise between the two entities regarding the terms of the investments and the enforcement of the entities' respective rights therein. Furthermore, BRCM is not precluded from causing the client to invest in the securities issued by companies represented in the investment portfolios of other partnerships managed by BRCM or its principals, affiliates, or other clients. Any such purchases or sales will not be on a "principal-to-principal" basis and will only be offered where BRCM is satisfied that the client's interests are not unfairly prejudiced.

B. Riley is a registered broker-dealer and a member of FINRA. B. Riley may recommend to clients that they buy or sell securities in which it or its related persons have some financial interest, including but not limited to interest in the MKCA FOF, and B. Riley or its related persons may own, buy or sell for themselves the same securities that they may have recommended to clients. Some conflicts of interests are described below:

- BRCM or its related persons may invest their own capital in securities in which BRCM's clients may also have made investments. For example, B. Riley may make a market for securities as a broker-dealer, and BRCM may trade or invest in the same securities held by a client account.
- BRCM may make an investment decision that is contrary to research that its affiliate, B. Riley, publishes.
- Employees of BRCM and B. Riley may transact in securities that BRCM has recommended to, or transacted on behalf of a client account.
- Registered representatives of B. Riley may recommend that a brokerage client invest in the MKCA FOF. The employee's compensation may be based, in part, on revenues earned by MKCA FOF in connection with the management fees paid to BRCM in connection with such investment. B. Riley will recommend an investment in MKCA FOF only if it is assured that it is suitable for such brokerage client.

Item 12 Brokerage Practices

Managed Account Services, Consulting Services and Third Party Programs

As described in “Item 5 - Fees and Compensation” above, BRCM may recommend that Managed Account Clients, Consulting Clients or clients in third-party programs execute transactions through B. Riley or LTCO as broker-dealer. If the client elects to execute transactions through B. Riley or LTCO, the compensation paid by the client for executing those transactions is negotiated separately with B. Riley or LTCO, as the case may be, as part of a separate brokerage relationship between the client and the broker-dealer. If the client selects B. Riley or LTCO for brokerage execution, BRCM may receive a higher level of compensation.

BRCM requires Managed Account Clients and Consulting Clients to direct brokerage to a particular broker-dealer and to designate a custodian. This broker-dealer may be B. Riley, LTCO or a third-party broker-dealer. The direction is given by the client at the outset of an advisory relationship in the managed account or consulting agreement, as applicable. As a result of the direction, the client may be unable to achieve most favorable execution of account transactions. Transaction costs may be higher or lower depending on which broker-dealer the client chooses. For example, the client may pay higher brokerage commissions if it chooses a broker-dealer that other clients have not chosen because BRCM may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

If a Managed Account Client directs brokerage to LTCO, LTCO trades for the benefit of BRCM's clients through National Financial Services (“NFS”) in a relationship that is designed to allow trading with multiple brokers while centralizing clearance and custody through NFS. Under this arrangement, BRCM places trades through LTCO which routes them to NFS, which in turn executes through accounts with different executing brokers in the name of LTCO for the benefit of BRCM's clients. NFS is responsible for custody, clearance and settlement services including matching trades with executing brokers and delivering account confirms and statements. MKCO believes that this relationship, and the robust nature of the NFS trade management system, provides our clients with reasonable access to best execution. NFS provides extensive analyses of execution speed and price to its customers. BRCM regularly reviews best execution reports provided by NFS to LTCO.

NFS is obligated to seek best execution for its customers, including LTCO, and its customer, BRCM. Best execution generally means lowest transaction cost (commission) for brokerage services rendered combined with best market price in order to minimize total purchase cost or maximize total sales proceeds. NFS's best execution policy applies to all transactions in all instruments, regardless of the client. NFS is not required to seek competitive bids and does not have an obligation to seek the lowest available commission cost. Thus, in any transaction, a client may pay commissions to a broker in an amount greater than an amount another broker might charge. In selecting a counterparty and market through which to effect a trade, and in determining whether a transaction represents the best execution, NFS is permitted to consider a range of quantitative and qualitative factors, including but not limited to the following:

Counterparty Considerations

- Access to liquidity;
- Execution efficiency;
- Capital utilization;
- Clearance and settlement capabilities;
- Reasonableness of commission rate or spread; and
- Financial responsibility.

Market Considerations

- Size and type of transaction;
- Characteristics of the market(s) in which the security may be traded; and
- Nature of post-trade settlement, custody and foreign exchange structures.

BRCM reviews NFS' order execution on a regular basis.

As described in more detail in "Item 5 - Fees and Compensation" above, if the client directs brokerage to B. Riley or LTCO, the client will pay commissions and fees to the broker-dealer. The fee that a client pays to BRCM for advisory services will not be reduced if fees are paid to B. Riley or LTCO. IARs who are RRs of LTCO or B. Riley may receive additional compensation when brokerage is directed to LTCO or B. Riley in addition to commissions, such as compensation in connection with the sale of funds.

BRCM does not use soft dollars to pay for third-party research. However, BRCM does execute portfolio transactions with B. Riley and LTCO, which provides BRCM with research services, consistent with Section 28(e) of the Securities Exchange Act of 1934. Under Section 28(e) an investment adviser is generally deemed to have acted lawfully and in a manner consistent with its fiduciary duties under federal and state law, if the adviser determines in good faith that the commissions charged by a broker are reasonable in relation to the value of the brokerage and research products or services provided by such broker. For purposes of Section 28(e), research products or services provided by a broker may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities and other products and services providing lawful and appropriate assistance to the investment adviser in the performance of its investment decision making responsibilities, without regard to whether the research products or services benefit the account bearing the commission charge.

Fund Management

Certain of the underlying funds in which the MKCA FOF invests may also effect transactions through B. Riley and LTCO and registered representatives of B. Riley or LTCO, as the case may be, may receive commissions or selling concessions as a result of such transactions.

Trade Allocation Policies for Managed Account Clients and Consulting Clients

Certain of the Managed Account Clients and/or the Consulting Clients may have similar investment strategies and policies. As such, BRCM may invest several clients' capital in the same security and/or may elect to liquidate a position in one client account but retain it in another. In determining whether a particular situation or strategy is suitable and feasible for each Managed Account Client and/or Consulting Client, BRCM will evaluate relevant factors (some of which include the capital available for investment at any particular time, the nature of the opportunity in the context of the client's other positions, the client's liquidity needs and risk tolerance, whether a directed brokerage arrangement is in place and the characteristics of such arrangement, the transaction and borrowing costs involved and the tax consequences). BRCM is not obligated to present every investment opportunity to every client so long as BRCM, to the extent within its control, does not favor itself or its employees to the detriment of its clients and acts in a manner that over the long term is fair and equitable to all its clients. No one client will be entitled to priority of choice as among available investments.

If BRCM determines to buy or sell the same security on behalf of more than one client (based upon the investment mandates of such clients), and such transaction are to be executed at B. Riley or LTCO, the applicable broker-dealer will, but is not obligated to, aggregate, to the extent permitted by applicable law and regulations, the securities to be purchased or sold by certain BRCM clients in order to seek more favorable prices, lower brokerage commissions or more efficient execution. In such case, BRCM will place an aggregate order with the broker on behalf of all such accounts in order to ensure fairness for all accounts for which no directed brokerage arrangement is in place (or which permit "step-out" trades); provided, however, that trading shall be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. Transactions for BRCM employees and/or affiliated entities may be aggregated with orders for clients and are not given preferential treatment over client orders. BRCM will not aggregate trades for accounts subject to regulation under ERISA with trades for any other client accounts. Generally allocations are determined by the portfolio managers in accordance with these policies. Allocations are determined prior to a trade and documented on trade date. Allocations of an aggregated order are made to each client using the average execution price for such aggregated orders.

IPO Allocations

According to its policies and procedures, BRCM generally allocates IPOs and new issues and other public offerings, on the basis of pre-established criteria across those eligible accounts seeking to purchase the securities and for which the securities are appropriate. IPOs and new issues will be restricted to certain Managed Account Clients or Consulting Clients who are eligible to participate in new issue profits. Accounts which are not prohibited from participating in the profits and losses associated with the purchase or sale of IPOs or new issues may participate in such transactions. IPOs and new issues will generally be allocated on a pro rata basis to all eligible Managed Account Clients or Consulting Clients, as applicable, based on the asset size of each account, its risk tolerance, suitability of investment and other factors. As a result, certain clients may have greater opportunities than others to invest in IPOs and new issues.

Item 13 Review of Accounts

Account Reviews. BRCM generally reviews the accounts of Managed Account Clients and the MKCA FOF on a regular basis, which may be daily, weekly, monthly, quarterly or annually on an individual account, security, advisor, and firm level. The Managed Account Client reviews may focus on among other things: asset allocation, diversification, suitability, concentration, or performance and are conducted primarily by the senior IAR for each client.

Portfolio monitoring of the MKCA FOF is performed by the MKCA FOF's portfolio managers, who use performance and risk analysis data to evaluate each holding and the portfolio composite as a whole. The review may include: a review of monthly performance reports, periodic risk reports and fund commentary, periodic discussions with representatives or portfolio managers, and participation in conference calls. BRCM's Compliance Officer also reviews the MKCA FOF portfolio annually. The financial statements for the MKCA FOF are audited annually by an independent certified public accountant.

IARs review the accounts of Consulting Clients quarterly based on information provided to BRCM by the client, the client's custodian(s) or other third parties.

Client Reports. BRCM makes available to the underlying investors in the MKCA FOF, via email or on a password protected website, unaudited quarterly written reports. These reports set forth the performance of the investor and other financial data and information. BRCM also provides investors with a copy of the MKCA FOF's audited financial report and the information necessary for investors to complete their annual federal income tax return, as applicable. BRCM also responds to periodic requests by MKCA FOF investors to value their investments and to provide certain additional information.

BRCM generally provides Managed Account Clients and Consulting Clients with a quarterly report that includes performance information and portfolio management reporting, analyzing the risk characteristics of the client's portfolio.

Item 14 Client Referrals and Other Compensation

Compensation by Non-Clients. No person (other than a Client) provides an economic benefit to BRCM for providing investment advice or other advisory services to BRCM's clients.

Compensation for Client Referrals. Subject to applicable law, BRCM may employ solicitors to whom it will pay either a portion of the advisory fees received from Clients referred by such solicitors or cash at BRCM's own expense. In such cases, this arrangement will be disclosed in writing to the Client and BRCM will comply with any other applicable requirements under Rule 206(4)-3 under the Advisers Act. In particular, BRCM will ensure that each solicitor provides Clients with a current copy of BRCM's Form ADV brochure and the solicitor's written disclosure document.

Item 15 Custody

BRCM does not have custody of Managed Account Client or Consulting Client assets.

BRCM may be deemed to have custody of the underlying assets of the MKCA FOF due to its status as the managing member of the MKCA FOF. BRCM holds cash and all certificated securities of the MKCA FOF at an unaffiliated qualified custodian, as required by Rule 206(4)-2 under the Advisers Act. BRCM is not required to comply with the requirement to use a qualified custodian with respect to “privately offered securities,” as defined in Rule 206(4)-2 under the Advisers Act. In compliance with the audit approach exception to the custody rules for privately offered securities set forth in Rule 206(4)-2 under the Advisers Act, BRCM distributes the MKCA FOF’s audited financial statements prepared in accordance with GAAP to the MKCA FOF’s investors within 120 days after its fiscal year end. Financial statements are prepared by a Public Company Accounting Oversight Board-registered and inspected firm. Investors should review these audited financial statements carefully.

Item 16 Investment Discretion

BRCM has a fiduciary duty to furnish investment advice that is suitable and appropriate to each client, and to have an adequate basis in fact for its investment recommendations.

BRCM has been granted discretionary authority to manage the securities accounts of certain of its clients pursuant to an investment management agreement entered into with each such client and/or pursuant to the organizational documents of the MKCA FOF. Pursuant to this grant of discretionary authority, BRCM is authorized to determine:

- the securities that are to be bought and sold;
- the total amount of the securities to be bought and sold;
- the brokers through which securities are bought and sold; and
- negotiate commission rates at which securities transactions for client accounts are effected subject to the guidelines applicable to the MKCA FOF and/or the Managed Account, as applicable.

Item 17 Voting Client Securities

With respect to clients participating in third party programs, BRCM is expressly precluded from taking any action or rendering any advice regarding voting of proxies solicited by, or with respect to, the issuers of any securities without written permission from the beneficial owner. BRCM's ability to vote proxies associated with the accounts of Managed Account Clients and Consulting Clients depends on whether the client has delegated such authority to BRCM. When written permission has not been provided, clients expressly retain the authority and responsibility with respect to voting proxies for their accounts or will delegate discretion with respect to voting such proxies to a third party. If BRCM receives any proxy materials that pertain to securities held in these accounts, BRCM will forward the materials to the person designated by the client. Proxy voting for WRAP accounts is addressed in the appropriate brochures.

To the extent that clients have given BRCM written permission to vote proxies associated with their accounts, as required by the Advisers Act, BRCM has adopted a proxy voting policy, which provides that it will act in the best interest of the client accounts in determining whether and how to vote on any proxy voting matter. BRCM's portfolio managers consult with the investment team concerning the best method to resolve any actual or apparent conflicts of interest between the interests of BRCM and its clients, in a manner that affords priority to the interests of the clients. If the conflict is personal to a portfolio manager, the portfolio manager will designate others to address the issues presented by the proxy vote. BRCM retains the proxy voting records for six years or such other period as may be required by applicable law or regulation.

Investors in the MKCA FOF and clients who have granted BRCM authority to vote proxies on their behalf may obtain a copy of these policies and procedures and information from BRCM on how their proxies were voted by submitting a written request to B. Riley Capital Management, LLC at 11100 Santa Monica Blvd., Suite 800, Los Angeles, CA 90025.

BRCM does not vote proxies on behalf of MKCA FOF.

Item 18 Financial Information

A. Not applicable.

B. BRCM has discretionary authority of the securities that are to be bought and sold for certain clients. However, BRCM does not charge or solicit pre-payment of fees six months or more in advance.

C. BRCM has no financial commitment that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to clients. BRCM has never been the subject of a bankruptcy petition.

Item 19 Requirements for State-Registered Advisers

Not applicable.