

***Sumit Capital LLC***

**March 7, 2014**

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**This *brochure* provides information about the qualifications and business practices of Sūmit Capital LLC (the “Adviser”). If you have any questions about the contents of this *brochure*, please contact us at 212-888-7797 and/or [info@sumitcapital.com](mailto:info@sumitcapital.com). This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any *state securities authority*.**

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

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the Firm Brochure.*

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**Advisory Business**

**A. General Description of Advisory Firm.** The Adviser is an investment adviser with its principal place of business in New York, New York. The Adviser commenced operations as an investment adviser on February 16, 2011. Soumyo Sarkar and Chinyu Sarkar are the principal owners of the Adviser.

**B. Description of Advisory Services (including any specializations)** As of February 6, 2013, the Adviser's clients include pooled investment vehicles intended for sophisticated investors and institutional investors (the "Funds"). In addition to the Funds, it is still anticipated that the Adviser may advise an investment adviser on a discretionary basis in relation to certain investment positions held by a segregated cell company managed by the adviser (the "Managed Account Client"), subject to certain investment limitations imposed by the Managed Account Client. The Adviser provides the following advisory services on a discretionary basis to its clients: providing investment supervisory services.

**C. Availability of Tailored Services for Individual Clients:** The Adviser provides advice to *client* accounts based on specific investment objectives and strategies. Under certain circumstances, the Adviser may agree to tailor advisory services to the individual needs of *clients*. Currently, the Adviser tailors its advisory services in the following manner:

- i) *Through the establishment of separate managed account agreements, clients may impose set out the powers, duties and overall investment guidelines. The guideline restrictions would include limiting the investments to certain securities or certain types of securities. In addition, there may be limits or thresholds placed on various risk categories and/or calculations (i.e., leverage, value-at-risk, sectors, etc.)*

**D. Wrap Fee Programs.**

This Item is not applicable.

**E. Client Assets Under Management.** As of February 28, 2013, the Adviser has approximately \$47.800 million in client assets under management. As of that date, the Adviser managed \$47.800 million on a discretionary basis and \$0 on a non-discretionary basis.

## Fees and Compensation

### **A. Advisory Fees and Compensation.**

#### Asset-Based Compensation

Investment management fees are charged each quarter in arrears based on the total market value of the assets in the *client* account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the last day of the quarter at a rate ranging from 1.0% to 2.0% of the net asset value of each client account. If a new *client* account is established during a quarter or a *client* makes an addition to its account during a quarter, the investment management fee will be prorated for the number of days remaining in the quarter. If a *client's* investment management agreement is terminated or a withdrawal is made from a *client* account during a quarter, the fee payable to the Adviser will be calculated based on the value of the assets on the termination date and prorated for the number of days during the quarter which the investment management arrangement was in effect.

Management fees would only be deemed negotiable during the start-up phase and in circumstances where an investor was making a significant investment into the Fund. The Adviser has waived or reduced management fees for Fund investors that are principals and employees of the Adviser and certain of their family members and their trusts or family partnerships.

#### Performance-Based Compensation

The Adviser will be paid a performance-based allocation, which is compensation that is based on a share of capital gains on or capital appreciation of the assets of a *client*. This compensation may be paid to the Adviser or to a *related person* of the Adviser and range from 10 – 20%. Under certain circumstances, receipt of performance-based compensation may be subject to a hurdle rate of 5%.

The performance allocation would only be deemed negotiable during the start-up phase and in circumstances where an investor was making a significant investment into the Fund. The Adviser has waived or reduced the performance allocation for Fund investors that are principals and employees of the Adviser and certain of their family members and their trusts or family partnerships.

**B. Payment of Fees.** The Adviser deducts the investment management fee from *client* accounts by instructing the *client's* custodian. The Adviser deducts *client* accounts for investment management fees quarterly.

**C. Other Fees and Expenses** In addition to paying investment management fees and, if applicable, performance-based allocations or other compensation, *client* accounts will also be subject to other investment expenses such as custodial charges, brokerage fees, commissions and related costs; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs associated with products or services that may be necessary or incidental to such investments or accounts. Fund legal, compliance, administrator, audit (including custody audits) and accounting expenses (including third party accounting services); shareholder proxy voting services; organizational expenses; Fund-related insurance costs (including D&O and E&O insurance for the Adviser and outside directorship liability); directors' fees and expenses; the Fund's pro rata share of the expenses of the master fund; and any other expenses reasonably related to the purchase, sale or transmittal of Fund assets.

*Client* assets are invested in a master-feeder structure. Feeder funds bear a pro rata share of the expenses associated with the related master fund. In addition, *clients* will incur brokerage and other transaction costs. Please refer to Item 12 of this Firm *Brochure* for a discussion of the Adviser's brokerage practices.

***D. Prepayment of Fees.***

This Item is not applicable.

***E. Additional Compensation and Conflicts of Interest.***

This Item is not applicable.

**Performance-Based Fees and Side-by-Side Management**

The Adviser and its investment personnel provide investment management services to multiple portfolios for multiple *clients*. The Adviser is entitled to be paid performance-based compensation by its private pooled investment vehicle *clients* and certain other *client* accounts. In addition, the Adviser's investment personnel are typically compensated on a basis that includes a performance-based component. The Adviser and its investment personnel, including investment personnel that share in performance-based compensation, manage both client accounts that are charged performance-based compensation and accounts that are charged an asset-based fee, which is a non-performance-based fee. In addition, certain client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. When the Adviser and its investment personnel manage more than one client account a potential exists for one client account to be favored over another client account. The Adviser and its investment personnel have a greater incentive to favor client accounts that pay the Adviser and indirectly the portfolio manager performance-based compensation or higher fees.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities.

- a) **Allocation Policy** - All investment opportunities shall, to the extent practical, be allocated among its portfolios on a basis that over a period of time is fair and equitable to each portfolio relative to other portfolios of the clients. The factors that are taken into account in making allocations decisions, include (without limitation):
  - (1) The investment objectives and strategies of each client,
  - (2) Differences with respect to available capital (e.g., current cash position and current or anticipated capital additions or withdrawals), size, and remaining life of the client;
  - (3) Differences in risk profile at the time the opportunity becomes available;
  - (4) The potential transaction, settlement and custody costs of allocating an opportunity among various clients;
  - (5) Potential conflicts of interest, including whether a client has an existing investment in the security in question or the issuer of such security;
  - (6) The nature of the security or the transaction, including minimum investment amounts and the source of the opportunity; and
  - (7) Current and anticipated market conditions.
- b) **Determination of Allocation Ratios**- Adviser manages various strategies in which trade orders are required to be split within the individual strategies and then among client accounts on a pro rata basis. The ratios set for the strategies is a function of-
  - (1) Established allocations among each strategy

- (2) Book size
- (3) Each ratio adjusts for the targeted gross book size versus total of all gross book sizes in such strategies.
- (4) Allocations are done based on predetermined ratios set by the Adviser on a pre-execution basis. This information is provided to the respective broker, administrator, etc., where and when applicable.

The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated fairly. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities require that, to the extent orders are aggregated, the *client* orders are price-averaged.

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

The Adviser's clients consist of private funds and an investment adviser.

Separate managed accounts would be required to maintain a minimum account size of \$ 10,000,000. If the account size falls below the minimum requirement due to market fluctuations only, a *client* will not be required to invest additional funds with the Adviser to meet the minimum account size.

With respect to any *client* that is a pooled investment vehicle, any initial and additional subscription minimums are disclosed in the offering memorandum for the pooled investment vehicle.



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

**A. Methods of Analysis and Investment Strategies.** The Adviser utilizes a variety of methods and strategies to make investment decisions and recommendations. The methods of analysis primarily incorporate fundamental research combined with technical analytical tools and approaches.

The Adviser employs the following investment strategy:

- a) The Adviser manages a liquid equity strategy that invests across publicly listed stocks traded on U.S. exchanges. The strategy incorporates a broad range of equity investment approaches. Correspondingly, the account seeks investment opportunities in more than one capitalization category (small-cap, mid-cap and large-cap, to mega-cap) or across all capitalization levels. The Adviser manages both diversified approaches invested across industry sectors, as well as sector approaches that may concentrate on specific industries, such as health care, technology or finance. The core strategy is a theme-based approach that focuses on identifying global, regional, national and country specific macroeconomic trends, sentiments and market regimes to generate ideas that can capitalize on inefficiencies in the stock market. The portfolio evaluates prospects of both growth and value based weightings. In overall dollar terms, the strategy maintains a relatively low net exposure.
- b) The Adviser has also developed a set of proprietary tools to view the market and that monitor various styles of trading that are prevailing and/or emerging in the market place. A summary of the tools include the following:
  - i) Proprietary Universe Classification
    - (1) At the core of the Adviser's approach is a unique proprietary classification system that includes more than 700 industries and more than 60 sectors (the "Universe Classification System"). These groupings are created by the careful analysis of recent relative stock performance as well as business news items of the issuers of such stocks. The Adviser spends a significant amount of time maintaining these groupings. The Adviser seeks to discover how information affecting the market impacts the proprietary equity universe classification system.
  - ii) Proprietary Themed-Baskets
    - (1) The Adviser utilizes the Universe Classification System to create and maintain baskets of stocks that best express themes that are deemed pertinent to the market.
    - (2) This methodology typically gives rise to anywhere between 25 and 50 mostly uncorrelated themed-baskets at any given time. The Adviser monitors the portfolio in real-time and adjusts positions to account for certain changes.
- c) Observing the market in the above manner provides the Adviser a greater understanding and awareness into the internal behavior of the market and market regime shifts.
- d) Adviser believes that the disciplined approach combined with liquidity and diversification is the key to effective risk management.

Our equity approaches are typically based on a combination of fundamental research and technical analytical methods and strategies.

The Adviser may also incorporate elements of relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued.

The Adviser may utilize a variety of financial instruments such as exchange traded funds, derivatives, options, interest rate swaps, futures and forward contracts for risk management purposes.

The Adviser's investment program employs a significant amount of leverage which involves the borrowing of funds from brokerage firms, banks and other institutions in order to be able to increase the amount of capital available for marketable securities investments.

The Adviser engages in short selling strategies. In a short sale transaction, the Adviser sells a security it does not own in anticipation that the market price of that security will decline. The Adviser makes short sales [(i) as a form of hedging to offset potential declines in long positions in similar securities, (ii) in order to maintain flexibility and, (iii) for profit.

These methods, strategies and investments involve risk of loss to *clients* and *clients* must be prepared to bear the loss of their entire investment.

***B. Material Risks (Including Significant, or Unusual Risks) Relating to Investment Strategies.***

*Client* accounts will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, *client* portfolios are subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments.

Performance may be more volatile if a *client's* account employs leverage.

In the event that the perceived mispricings underlying the Adviser's relative value trading positions were to fail to converge toward, or were to diverge further from, relationships expected by the Adviser, *client* accounts may incur a loss.

Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources. Note: The Account does not actively trade credit type securities, but may utilize these type securities to better manage the trading and hedging activities.

The Adviser's investment program includes a significant amount of short selling. Short selling transactions expose the Adviser to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Adviser in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Adviser might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

The Adviser's primary strategy uses moderate to frequent trading which results in significantly higher commissions and charges to *client* accounts due to increased brokerage, which will offset *client* profits.

There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such

transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser's investment portfolios than if the Adviser did not engage in any such hedging transactions.

Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities. Note: The Account does not actively trade fixed income securities, but may utilize these type securities to better manage the trading and hedging activities.

***C. Risks Associated With Types of Securities that are Primarily Recommended (Including Significant, or Unusual Risks).***

The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

- i) Note: While it is anticipated that the Adviser will invest primarily in U.S. equities and equity-related securities, the client's investments may at any time include a number of other security types, without limitation due to varying reasons including hedging.
- ii) Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the Adviser's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Adviser to obtain market quotations based on actual trades for the purpose of valuing a fund's portfolio.

*(1) Note: While the Adviser does not invest or employ strategies in illiquid securities, certain securities may become illiquid over time due to varying reasons.*

The risks of foreign type investments (including American Depositary Receipts ("ADRs") and Global Depositary Receipts ("GDRs")) typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments,

especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

Equity securities issued by REITs in which the Adviser invests are affected by underlying real estate values, which may have an exaggerated effect to the extent that REITs in which the Adviser invests concentrate investments in particular geographic regions or property types. Investments in REITs are also subject to the risk of interest rate volatility. Further, rising interest rates will cause investors in REITs to demand a higher annual yield from future distributions, which will in turn decrease market prices for equity securities issued by REITs. REITs are subject to risks inherent in operating and financing a limited number of projects because they are dependent upon specialized management skills, and have limited diversification. REITs depend generally on their ability to generate cash flow to make distributions to investors.

The Adviser's equity strategy invests in fixed-income and debt type securities such as bonds, notes, deposits, exchange traded funds, etc. Although, these securities are primarily used as hedges and are not part of the core strategy, it will subject a *client's* portfolios to risk. This risk would be that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly, investments in debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

Commodity futures markets (including commodity based exchange traded funds) are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a pooled investment vehicle engaging in commodity futures trading. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to such a pooled investment vehicle. Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted, and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

The following instruments and associated risks have not as yet been incorporated into the Advisers strategy, although it is envisioned that these products will be utilized in conjunction with the Advisers overall mandate:

- i) In connection with the use of futures contracts and options, there may be an imperfect correlation between the change in market value of a security and the prices of the futures contracts and options in the *client's* account. In addition, the Adviser's investments in security futures and options may encounter a lack of a liquid secondary market for a futures contract and the resulting inability to close a futures position prior to its maturity date.
- ii) Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments

in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the *client* or the Adviser. Further, transactions in derivative instruments are not undertaken on recognized exchanges, and will expose the *client's* account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

**Disciplinary Information**

This Item is not applicable.

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## Item 10. Other Financial Industry Activities and Affiliations

### Other Financial Industry Activities and Affiliations

#### ***A. Broker-Dealer Registration Status.***

This Item is not applicable.

#### ***B. Commodities-Related Registration***

This Item is not applicable.

#### ***C. Material Relationships or Arrangements with Industry Participants.***

Each of the limited partnership or private fund for which the Adviser or its *related person* serves as general partner or investment manager has and/or may in the future enter into agreements, or “side letters,” with certain prospective or existing limited partners or shareholders whereby such limited partners or shareholders may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum for the partnership or fund. For example, such terms and conditions may provide for special rights to make future investments in the partnership, other investment vehicles or managed accounts; special redemption rights, relating to frequency or notice; a waiver or rebate in fees or redemption penalties to be paid by the limited partner or shareholder and/or other terms; rights to receive reports from the partnership on a more frequent basis or that include information not provided to other limited partners or shareholders (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the partnership or fund and such limited partners or shareholders. The modifications are solely at the discretion of the partnership or fund and may, among other things, be based on the size of the limited partner's or shareholder's investment in the partnership or fund or affiliated investment entity, an agreement by a limited partner or shareholder to maintain such investment in the partnership or fund for a significant period of time, or other similar commitment by a limited partner or shareholder to the partnership or fund.

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

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

**A. Code of Ethics**

The Adviser has adopted a Code of Ethics (the “Code”) that obligates the Adviser and its *related persons* to put the interests of the Adviser’s *clients* before their own interests and to act honestly and fairly in all respects in their dealings with *clients*. All of the Adviser’s personnel are also required to comply with applicable federal securities laws. *Clients* or prospective *clients* may obtain a copy of the Code by contacting John Rebuth (Chief Compliance Officer) by email at john.rebuth@sumitcapitalcom, or by telephone at (212) 888-7797. See below for further provisions of the Code as they relate to the pre-clearing and reporting of securities transactions by *related persons*.

The Adviser, in the course of its investment management and other activities (e.g., board or creditor committee service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its *related persons* have invested or seek to invest on behalf of *clients*. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other *person*, regardless of whether such other *person* is a *client*. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to *persons* who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to *clients* and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the *client* or using such information for the *client*’s benefit. In such circumstances, the Adviser will have no responsibility or liability to the *client* for not disclosing such information to the *client* (or the fact that the Adviser possesses such information), or not using such information for the *client*’s benefit, as a result of following the Adviser’s policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

**B. Client Transactions in Securities where Adviser has a Material Financial Interest**

This Item is not applicable.

**C. Investing in Securities Recommended to Clients.** The Adviser or its *related persons* invests in the same securities (or related securities, e.g., warrants, options or futures) that the Adviser or a *related person* recommends to *clients*. Such practices present a conflict where, because of the information an Adviser has, the Adviser or its *related person* are in a position to trade in a manner that could adversely affect *clients* (e.g., place their own trades before or after *client* trades are executed in order to benefit from any price movements due to the *clients*’ trades). In addition to affecting the Adviser’s or its *related person*’s objectivity, these practices by the Adviser or its *related persons* may also harm *clients* by adversely affecting the price at which the *clients*’ trades are executed. The Adviser has adopted the following procedures in an effort to minimize such conflicts: The Adviser requires its access persons to pre-clear all stock related transactions in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of its *clients*. In addition, the Adviser’s Code prohibits the Adviser or its access persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer. All of the Adviser’s *related persons* are required to disclose their securities transactions on a quarterly basis and holdings on an annual basis. All of the Adviser’s *related persons* are also required to provide broker confirmations of each transaction in which they engage and a quarterly certification of such transactions. Trading in *employee* accounts will be reviewed



by the Chief Compliance Officer and compared with transactions for the *client accounts* and reviewed against the restricted securities list.

To the extent that the Adviser or a *related person* or any of their *employees* own securities that the Adviser or its *related person* also recommends to *clients*, such *clients'* proxies will be voted according to predetermined guidelines rather than subject to the Adviser's (or its *related person's*) discretion. Please refer to Item 17 for further information regarding the Adviser's proxy voting policy and procedures.

***D. Conflicts of Interest Created by Contemporaneous Trading.***

This Item is not applicable.

**Brokerage Practices*****A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions***

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and error resolution, on-line access to computerized data and reporting regarding *client's* accounts, etc. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a *client* may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser's Chief Compliance Officer and traders meet periodically to evaluate the broker-dealers used by the Adviser to execute *client* trades using the foregoing factors.

**1. Research and Other Soft Dollar Benefits.** The Adviser receives research or other products or services other than execution from a broker-dealer *and/or* a third party in connection with *client* securities transactions. This is known as a "soft dollar" relationship. The Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self regulatory organization such as comparison services, electronic confirms or trade affirmations.

When the Adviser uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser's Chief Compliance Officer, traders and portfolio managers, etc. meets periodically to review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

The use of *client* commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services.

Research and brokerage services obtained by the use of commissions arising from a *client's* portfolio transactions will only be used by the Adviser for the benefit of that *client's* accounts.

During the Adviser's last fiscal year, there were no soft dollars generated as the Adviser did not enter into any soft dollar commission arrangements with brokers.

**2. Brokerage for Client Referrals.** In selecting or recommending broker-dealers, the Adviser may consider whether the Adviser or a *related person* receives *client* referrals from a broker-dealer or third party. The Adviser may have an incentive to select or recommend a broker-dealer based on its interests to receive *client* referrals rather than on the *client's* interests to receive most favorable execution. To address this conflict of interest, the Adviser will execute *client* trades through broker-dealers that refer *clients* to the Adviser only if it is determined by the Chief Compliance Officer, etc. of the Adviser that *client* trades with such broker-dealers are otherwise consistent with seeking best execution.

From time to time the Adviser may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a private fund managed by the Adviser or recommend these private funds as an investment to *clients*. The Adviser may place *client* portfolio transactions with firms who have made such recommendations or provided capital introduction opportunities, if the Adviser determines that it is otherwise consistent with seeking best execution. In no event will the Adviser select a broker-dealer as a means of remuneration for recommending the Adviser or any other product managed by the Adviser (or an affiliate) or affording the Adviser with the opportunity to participate in capital introduction programs.

### **3. Directed Brokerage.**

This Item is not applicable.

### **B. Order Aggregation.**

The Adviser may purchase or sell the same security for many *clients* contemporaneously/at or near the same time and using the same executing broker. It is the Adviser's practice, where possible, to aggregate *client* orders for the purchase or sale of the same security submitted contemporaneously/at or near the same time for execution using the same executing broker. The Adviser will also aggregate in the same transaction, the same securities for accounts where the Adviser has brokerage discretion. Such aggregation may enable the Adviser to obtain for *clients* a more favorable price or a better commission rate based upon the volume of a particular transaction. Trade orders with respect to multiple accounts/strategies are directly sent to the executing brokers who after receiving allocations at the end of day, send these details onto the Adviser's prime broker who then compares these trades automatically to the Adviser's detailed trade file which includes allocations based on an established/agreed ratio. However, in cases where the *client* has negotiated the commission rate directly with the broker, the Adviser will not be able to obtain more favorable commission rates based on an aggregated trade. In such cases, the *client* will be precluded from receiving the benefit of any possible commission discounts that might otherwise be available as a result of the aggregated trade. In cases where trading or investment restrictions are placed on a *client's* account, the Adviser may be precluded from aggregating that *client's* transaction with others. In such a case, the *client* may pay a higher commission rate and/or receive less favorable prices than *clients* who are able to participate in an aggregated order. When an aggregated order is completely filled, the Adviser allocates the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Aggregate trades will be allocated manually at the average price and transaction costs are shared equally on a pro-rata basis. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to *clients*. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all participating *clients*. The Chief Compliance Officer will review the aggregated trades on a monthly basis to ensure all prices and related costs are allocated appropriately. Results of this review will be logged and any issues will be communicated to the appropriate parties and resolved.



**Review of Accounts**

**A. Frequency and Nature of Review.** Each client account is reviewed by portfolio managers of the Adviser, on a monthly basis to determine whether securities positions should be maintained in view of current market conditions. Matters reviewed for managed accounts will include specific securities held, adherence to investment guidelines and the performance of each client account.

**B. Factors Prompting a Non-Periodic Review of Accounts.** Changes in the investment objectives or guidelines of a particular *client* or specific arrangements with particular *clients* may trigger reviews of *client* accounts on other than a periodic basis.

**C. Content and Frequency of Regular Account Reports.** Certain clients require the Adviser to produce specialized monthly and annual reports from the Adviser. These reports incorporate position, profit and loss and tax related details in an agreed format. Such reports may be delivered electronically to the client in accordance with the client's agreement with the Adviser.

A client's investors receive reports from the client pursuant to the terms of each client's offering memoranda or as otherwise described in the offering document and/or side letter of the client.

**Client Referrals and Other Compensation**

***A. Economic Benefits Received from Non-Clients for Providing Services to Clients.***

The Adviser receives certain research or other products or services from broker-dealers through “soft-dollar” arrangements. These “soft-dollar” arrangements create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser’s interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of its *clients*. Please see Item 12 for further information on the Adviser’s “soft-dollar” practices, including the Adviser’s procedures for addressing conflicts of interest that arise from such practices.

***B. Compensation to Non-Supervised Persons for Client Referrals***

The Adviser may make cash payments to third-party solicitors for *client* referrals, provided that, to the extent required, each such solicitor has entered into a written agreement with the Adviser pursuant to which the solicitor will provide each prospective *client* with a copy of the Adviser’s Form ADV Part 2, and a disclosure document setting forth the terms of the solicitation arrangement, including the nature of the relationship between the solicitor and Adviser and any fees to be paid to the solicitor. Where applicable, cash payments for *client* solicitations will be structured to comply fully with the requirements of Rule 206(4)-3 under the Advisers Act and related SEC staff interpretations.

During the Adviser’s last fiscal year, there were no payments made by the Adviser.

***Custody***

Managed account clients will receive account statements from a broker-dealer, bank or other qualified custodian and clients should carefully review those statements.

**Investment Discretion**

The Adviser provides investment advisory services on a *discretionary basis* to *clients*. Please see Item 4 for a description of any limitations *clients* may place on the Adviser's *discretionary authority*.

Prior to assuming full/limited discretion in managing a *client's* assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary *client*, the Adviser has the authority to determine (i) the securities to be purchased and sold for the *client* account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) (ii) the amount of securities to be purchased or sold for the *client* account. Because of the differences in *client* investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among *clients* in invested positions and securities held. The Adviser submits an allocation statement to the Adviser's trading desk describing the allocation of securities to (or from) *client* accounts for each trade/order submitted. The Adviser may consider the following factors, among others, in allocating securities among *clients*: (i) *client* investment objectives and strategies; (ii) *client* risk profiles; (iii) tax status and restrictions placed on a *client's* portfolio by the *client* or by applicable law; (iv) size of the *client* account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is the Adviser's policy to allocate investment opportunities to eligible *client* accounts on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead the Adviser to allocate securities to *client* accounts in varying amounts. Even *client* accounts that are typically managed on a *pari passu* basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment type (e.g., equities) divided by the total assets of all accounts eligible to invest in the particular investment.

The Adviser may effect cross transactions between discretionary *client* accounts, except as otherwise noted below. Cross transactions enable the Adviser to effect a trade between two *clients* for the same security at a set price, thereby possibly avoiding an unfavorable price movement that may be created through entrance into the market and saving commission costs for both accounts. Cross transactions include rebalancing transactions that are undertaken so that, after withdrawals or contributions have occurred, the portfolio compositions of similarly managed accounts remain substantially similar. The Adviser has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions. Cross transactions between *client* accounts are not permitted if they would constitute principal trades or trades for which the Adviser or its affiliates are compensated as a broker unless *client* consent has been obtained based upon written disclosure to the *client* of the capacity in which the Adviser or its affiliates will act. In addition, cross transactions are not permitted for benefit plan or other similar accounts that are subject to ERISA. Cross transactions involving a registered investment company for which the Adviser serves as adviser are permitted only in accordance with the company's rule 17a-7 procedures.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, the Adviser's error correction procedure is to ensure that *clients* are treated fairly and, following error correction, are in the same position they would have been if the error had not occurred. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. In the event that a *client* account incurs a trade error as a result of the Adviser's gross negligence, willful misconduct, or fraud, trade errors will be corrected by the Adviser as soon as practicable, in a manner such that the *client* incurs no loss. Trade errors that result other than by breach of the standard duty of care above will undergo a complete investigation and



evaluation of the circumstances surrounding an error. An individual error will be resolved on a case by case basis provided that losses as a result of trading errors shall be borne by the Adviser and any gains resulting from trading errors shall be credited to the clients.

**Voting *Client* Securities**

***A. Policies and Procedures Relating to Authority to Vote Client Securities.***

To the extent the Adviser has been delegated proxy voting authority on behalf of its *clients*, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to *client* securities, such proxies are voted in the best interests of its *clients*. In voting proxies, the Adviser votes in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors and increases in or reclassification in common stock. The Adviser will vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals, the Adviser will determine whether a proposal is in the best interests of its *clients* and may take into account the following factors, among others: [(i) whether the proposal was recommended by management and the Adviser's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

The Adviser's *clients* may in certain instances be permitted to direct their votes in a particular solicitation. A *client* that wishes to direct its vote in a particular solicitation shall give reasonable prior written notice to the Adviser third-party proxy agent indicating such intention and provide written instructions directing the Adviser's/third-party proxy agent's vote in regard to the particular solicitation. Where such prior written notice is received, the Adviser third-party proxy agent will vote proxies in accordance with such written instructions received from a *client*, provided that such instructions are provided to the Adviser third-party proxy agent in a timely manner.

If a material conflict of interest between the Adviser and a *client* exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the *client* or take some other appropriate action. The Adviser does not make any qualitative judgment regarding its *client*'s investments.

*Clients* may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a *client*'s proxies by contacting John Rebuth (Chief Compliance Officer) by email at [john.rebuth@sumitcapital.com](mailto:john.rebuth@sumitcapital.com) or by telephone at (212) 888-7797.

**Financial Information**

This Item is not applicable.

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

This Item is not applicable.

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**Appendix: Item 2. Material Changes**

This Item is not applicable.



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