

Item 1 – Cover Page

CBM Capital, Inc.
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212-404-4646
December 20, 2012

This Brochure provides information about the qualifications and business practices of CBM Capital, Inc. (“CBM Capital”) and CBM Management, L.P. (“CBM Management”). If you have any questions about the contents of this Brochure, please contact us at 212-404-4646. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

CBM Capital and CBM Management are registered investment advisers. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain an investment adviser.

Additional information about CBM Capital and CBM Management also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Mr. Lawrence S. Pidgeon, the President of CBM Capital, died on November 13, 2012. It is proposed that CBM Partners, L.P. and CBM Partners, Ltd. will liquidate and distribute their net assets to their partners and shareholders and that CBM Capital and CBM Management thereafter will terminate their advisory business and file form ADV-W to terminate their registrations as investment advisers.

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Item 4 – Advisory Business

CBM Capital and CBM Management are New York based investment management firms formed in October 1995 and June 2001, respectively, by Lawrence S. Pidgeon. Mr. Pidgeon died on November 13, 2012. The Lawrence S. Pidgeon Separate Property Trust is currently the principal owner of CBM Capital. Mr. Brian I. Pidgeon, the brother of Lawrence S. Pidgeon, is currently serving as President of CBM Capital. CBM Capital serves as the general partner of CBM Management. Barbara Petrino serves as the Chief Compliance Officer (“CCO”) for both CBM Capital and CBM Management. For convenience, CBM Capital and CBM Management may be referred to throughout this brochure, individually, as a “Firm” or, together, as the “Firms.”

CBM Capital provided continuous portfolio management services to a U.S. based fund, CBM Partners, L.P. (the “Domestic Fund”). A special committee (the “Committee”) established pursuant to the Second Amended and Restated Limited Partnership Agreement, dated as of January 1, 2011, as amended from time to time, of the Domestic Fund has appointed CBM Capital as the Liquidator so as to effect an orderly and efficient liquidation of the Domestic Fund. CBM Management provided continuous portfolio management services to, and is now working to liquidate, a non-U.S. based fund, CBM Partners, Ltd. (the “Offshore Fund”). The Domestic Fund and the Offshore Fund are each exempted from registration as an investment company pursuant to Section 3(c)(1) of the Investment Company Act of 1940, as amended (the “1940 Act”). For convenience, the Domestic Fund and the Offshore Fund may be referred to throughout this brochure, individually, as the “Fund” and, together, as the “Funds.”

Each Firm’s investment activities primarily involved identifying and making long-term equity investments in undervalued businesses. Each Firm’s investment strategies, objectives and restrictions are set forth in greater detail in the respective Fund’s offering documents.

The Firms do not participate in wrap fee programs.

As of December 31, 2011, CBM Capital and CBM Management together managed approximately \$463,682,345 in assets on a discretionary basis. The Firms do not manage assets on a non-discretionary basis.

This brochure and the material contained herein is not meant to be, nor shall it be construed as, an offer or solicitation of an offer for the purchase or sale of the Funds.

Item 5 – Fees and Compensation

CBM Capital is no longer receiving any management fees from the Domestic Fund, but the Committee has authorized the Domestic Fund to pay CBM Capital as compensation for its services as Liquidator a fee for the period November 13, 2012 through December 31, 2012 at a rate of 1.0% per annum of the Domestic Fund’s net assets as of the close of business on November 12, 2012 (excluding net assets attributable to the Domestic Fund’s general

partner, Hanawalt Associates, L.L.C., (“Hanawalt”) and the limited partners currently or previously affiliated with CBM Capital), which fee was paid in advance. The Domestic Fund shall also reimburse CBM Capital for any expenses incurred as Liquidator on behalf of the Domestic Fund. For its services to the Offshore Fund, CBM Management receives an annual management fee equal to 1% of the assets of the Offshore Fund. The management fee is calculated and payable quarterly in advance within the first five days of each quarter. The Board of Directors of the Offshore Fund, following Mr. Pidgeon’s death, authorized the continuation of the investment management agreement with CBM Management until December 31, 2012.

In addition, CBM Management and Hanawalt receive certain performance-based compensation. CBM Management and Hanawalt receive an allocation of net income, or “carried interest”, equal to between 15% and 18% of the net income in excess of certain hurdles as described in each Fund’s offering documents. The performance percentage applied is different for each investor in the Funds depending on how long the investor has been invested in the particular Fund. The performance compensation is generally charged at the end of each calendar year or at the time an investor withdraws/redeems from or transfers its interest in a Fund. The above fees are generally not negotiable, however, CBM Capital, CBM Management and/or Hanawalt may reduce or waive its management fee and/or performance compensation, as applicable, with respect to any investor of a Fund designated by CBM Capital, CBM Management and/or Hanawalt, as applicable. CBM Capital, CBM Management and Hanawalt generally waived their respective management fees and performance compensation, as applicable, with respect to any account opened by employees of CBM Capital and their spouses and their children.

Any “monitoring”, directors’ or other fees received by the Firms, Hanawalt, or the members, shareholders or employees of the Firms, Hanawalt, or their affiliates from companies in which a Fund has investments in securities are credited against and reduce the management fee payable to a Firm by such Fund in respect of such securities.

The fees and performance compensation described in this Item 5 are deducted from Fund assets.

In addition, each Fund bears certain operating and offering expenses, including, but not limited to, fees and expenses of attorneys, administrators, accountants, directors, experts and custodians as well as administrative expenses, the costs of maintaining a registered office, insurance premiums, taxes, governmental fees, commitment fees, interest and all expenses relating to investments and to the acquisition, holding and sale or other disposition of investments. These operating and offering expenses are charged to the Funds on a quarterly basis at quarter end. See Item 12 for further information on the Firm’s brokerage practices.

As stated above, management fees are payable in advance. If an investor in a Fund withdraws/redeems capital prior the end of a quarter, the investor will be refunded its *pro rata* portion of the management fee which the investor paid in advance of the quarter.

CBM Capital, CBM Management and their supervised persons do not accept compensation for the sale of securities or other investment products.

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

As described in response to Item 5 above, CBM Management and Hanawalt (general partner of the Domestic Fund) receive performance-based compensation from the Funds. The performance compensation will be made in conformity with Section 205 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and Rule 205-3 promulgated thereunder. The performance-based compensation may create an incentive for CBM Capital and CBM Management to make investments for a Fund that are riskier or more speculative than would be the case in the absence of performance-based compensation.

Item 7 – Types of Clients

The Domestic Fund and the Offshore Fund is each exempted from registration as an investment company pursuant to Section 3(c)(1) of the 1940 Act.

The investors in the Funds generally include individuals, trusts, partnerships and corporations. In order to invest in the Domestic Fund, investors are required to represent that they are “accredited investors” within the meaning of Regulation D under the Securities Act of 1933, as amended, and any new investors subsequent to March 31, 2012, were required to represent that they are “qualified clients” as defined by Section 205 of the Advisers Act and Rule 205-3 promulgated thereunder. The Offshore Fund was offered to non-U.S. persons and certain U.S. tax-exempt investors. Tax-exempt investors in the Offshore Fund were required to represent that they are “accredited investors,” and any new investors subsequent to March 31, 2012 were required to represent that they are “qualified clients.” The minimum initial investment in the Funds was \$10,000,000, subject to the discretion of Hanawalt or the Fund’s directors, as applicable, to accept a lower minimum investment.

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

INVESTMENT STRATEGIES

The Firms’ activities primarily involved identifying and making long-term investments in undervalued businesses. The Firms did this by reviewing and analyzing current and historical information going back many years. Competitors were analyzed in a similar manner to gauge relative performance. Moreover, the Firms spent almost no time trying to anticipate stock market price movements, macroeconomic events, or interest rate changes (though they obviously consider what impact some of those developments might have on the earning power and intrinsic value of the underlying businesses they are evaluating).

The Firms' investments consisted principally of equity and/or equity-linked securities, including but not limited to, common stock, securities convertible into common stock, preferred stock, and warrants, rights, options or other contracts to buy or sell common stock. However, the Firms also had the right to make investments in other types of securities, such as senior or subordinated debt.

RISKS IN LIQUIDATION

As described above, the Firm's sole portfolio manager, Mr. Lawrence S. Pidgeon died on November 13, 2012. CBM Capital has been appointed Liquidator by the Domestic Fund. CBM Management will also be acting to effect an orderly and efficient liquidation of the Offshore Fund. Although other individuals at the Firms have extensive knowledge of the business, portfolio, assets and liabilities of the Domestic Fund and Offshore Fund, the fact that the primary portfolio manager, Mr. Pidgeon, is not longer involved in managing the portfolio may adversely effect total returns upon liquidation. Additionally, as described above, the investment strategy was to make long term investments, and although the Funds' investments were, at the time of Mr. Pidgeon's death, liquid securities, the sale of such securities during liquidation will be subject to short term fluctuations in price which may adversely effect total returns.

Additionally, a number of the Risk Factors described below may have greater impact on the Funds' investments since the Funds will not have the ability to hold their positions for the long term even though a particular risk may be perceived as only short-term in nature.

INVESTMENT RISKS

Investing in securities and other financial instruments involves risk of loss which clients should be prepared to bear, including the loss of their entire investment. The investment strategy employed by the Firms involves a significant degree of risk, arising both from the risks associated with equity and debt investments as well as the Firms' ability to achieve the Funds' investment objectives. Set out below is a description of the material risks of the Firms' investment strategy. The below discussion does not purport to be a complete explanation of all of the risks and considerations involved in the purchase of interests in the Funds. For a more complete discussion of risks applicable to a client that is a private fund, please see the respective Fund's offering documents.

Investment Risk of Equity, Debt, and Equity-Linked and Debt-Linked Securities

The Funds invested in equity and equity-linked securities, as well as debt and debt-linked securities. These securities involve a high degree of financial risk. The financial performance of individual equity and debt investments is impacted by a number of fundamental factors, such as the skill with which a portfolio company executes its business plan, as well as a number of external factors which are beyond the control of the Funds, the portfolio company, or its management. Such external factors may include, among other things, changing economic, regulatory and market conditions. There can be no assurance

that a Fund's rate of return objectives will be realized or that there will be any return of capital on any equity or debt investment.

Limited Number of Investments

The Funds invested in the equity securities and debt of a relatively limited number of companies, and, as a consequence, the return realized by investors with respect to their investment in the Funds may be substantially adversely affected by the unfavorable performance of a small number of such investments.

Competition

The securities industry is extremely competitive. The Firms compete with firms, including many of the larger investment banking firms, and other funds, which have substantially more securities traders than do the Firms.

Economic Conditions

Changes in economic conditions, including, for example, interest rates, inflation rates, industry conditions, competition, technological developments, trade relationships, political and diplomatic events and trends, tax laws and innumerable other factors, can affect substantially and adversely the business and prospects of the Funds. None of these conditions will be within the control of the Funds, the Firms or their affiliates.

Reliance on Certain Information

The Firms may have from time to time elected to invest in securities on the basis of information and data filed by the issuers of such securities with the SEC or made directly available to the Firms by the issuers of the securities and other instruments or through sources other than the issuers. Although the Firms evaluate all such information and data and seek independent corroboration when they consider it appropriate and when it is reasonably available, the Firms are not in a position to confirm the completeness, genuineness or accuracy of such information and data.

Volatility of Issuers

There was no limitation on the size or operating experience of the companies in which the Funds invested. Some small companies in which the Funds invested may lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Further, such companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Such companies may be small factors in their industries and may face intense

competition from larger companies and entail a greater risk than investment in larger companies.

Achievement of the Investment Objective

No guarantee or representation is made that a Fund's investment strategy will be successful or that investors will not suffer losses as a result of an investment in a Fund. A Fund's investment program may include such investment techniques as short sales, illiquid investments, and limited diversification which practices can, in certain circumstances, maximize the adverse impact to which a Fund's investments may be subject. No assurance can be given that a Fund will achieve its investment objective or that the ultimate achievement of a Fund's investment objective will be profitable for the Fund.

Market Risk

Securities of the kind invested in by the Funds and their issuers are affected by, among other things: changing supply and demand, governmental laws, regulations and enforcement activities, trade, fiscal and monetary programs and policies; and national and international political and economic developments. The effect of such factors on the prices of securities in general, or a particular security, is difficult to predict.

Compliance; Regulatory Risks for Hedge Funds

The Firms, Hanawalt and the Funds must comply with various legal requirements, including requirements imposed by the securities laws, tax laws and pension laws in various jurisdictions. Should any of those laws change over the scheduled term of the Funds, the legal requirements to which the Firms, Hanawalt, the Funds and the investors may be subject could differ materially from current requirements. Regulatory changes could adversely affect the Funds by restricting their trading activities and/or increasing the costs or taxes to which the Funds and/or their investors are subject.

Recent Market Events; Restrictions on Short Selling

Market movements with respect to securities and other investments may significantly affect the value of the Funds' investments. Legislative bodies globally have introduced forms of legislation that could potentially impact the Funds' operations, investing activities and risk profiles. In addition, certain regulators and self-regulatory organizations and exchanges are authorized to intervene, directly and by regulation, in certain markets, and may restrict or prohibit market practices, such as the short-selling of certain stocks. The length of such prohibitions and types of securities prohibited vary from country to country and may significantly affect the value of the Funds' holdings. The Funds are also subject to the risk of the failure of any exchanges on which their positions trade or of the exchanges' clearinghouses. Due to recent market events, there is a greater likelihood that financial regulators will increase regulation in the near future. The effect of any regulatory change on the Funds could be substantial and adverse, and such regulation may impair the Funds'

ability to successfully execute their investment strategies and may increase the costs of their operations.

In addition, over the past several years, declines in the market value of asset-backed securities, especially securities backed by subprime mortgages, have been associated with significant market events. Increasing credit and valuation problems in the asset-backed securities market generated extreme volatility and illiquidity in the markets for securities directly or indirectly exposed to subprime mortgage loans and other types of asset-backed securities. This volatility and illiquidity extended to the global credit and equity markets generally, and, in particular, to the high-yield bond and loan markets, exacerbated by, among other things, growing uncertainty regarding the extent of the problems in the mortgage industry and the degree of exposure of financial institutions and others, decreased risk tolerance by investors and significantly tightened availability of credit. The duration and ultimate effect of such market conditions cannot be predicted, nor is it known whether or the degree to which such conditions may worsen. Prolonged uncertainty or further deterioration of market conditions could result in further declines in the market values of investments. Such declines could prevent the Funds from successfully executing their investment strategies or require the Funds to dispose of investments at a loss while such adverse market conditions prevail. The markets continue to experience periods of extreme volatility.

Exchange Rules

Each securities exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension would render it impossible for the Funds to liquidate positions and, accordingly, could expose the Funds to losses.

Counterparty Risk

The Funds are subject to the risk of the failure or default of any counterparty to the Funds' transactions. If there is a failure or default by the counterparty to such a transaction, the Funds will have contractual remedies pursuant to the agreements related to the transaction (which may or may not be meaningful depending on the financial position of the defaulting counterparty). The Funds seek to minimize their counterparty risk through the selection of financial institutions and types of transactions employed. However, the Funds' operational mechanisms may involve counterparty and other risk elements that may create unforeseen exposures.

Currency Risk to the U.S. Dollar

The Funds' functional currency is the U.S. Dollar. Accordingly, the financial strength of the Funds may depend in part on the strength of the U.S. Dollar relative to the currency of other countries. Forces of supply and demand in U.S. exchange markets determine the rate of exchange between the U.S. Dollar and the currency of other countries. These rates are

affected by the international balance of payments, inflation and other economic and financial conditions, government intervention, speculation and other factors, including, without limitation, the level of short-term interest rates, differences in relative values of similar assets in the different currencies, long-term opportunities for investment and capital appreciation and political developments. In an effort to balance the currency risk to the U.S. Dollar, the Funds may invest in foreign currencies or forward foreign currency exchange contracts, but there can be no assurance that such strategies will be effective.

Institutional Risk

The Funds will be subject to the risk of failure of the brokerage firms that custody its assets or execute its trades, the clearing firms that such brokers use, or the clearing houses of which such clearing firms are members. The Funds will be dependent upon third-party brokerage firms to clear trades and maintain custody of securities. Securities and cash held in customers' accounts at prime brokers that are U.S. registered broker-dealers will not be available to the non-customer creditors of the prime broker. Nonetheless, if the prime broker becomes insolvent and there were not sufficient customer assets to pay all customers in full, then the securities and cash held in customers' accounts at the prime broker would be distributed *pro rata* among customers. Different results may occur in the event that a U.S. prime broker sub-custodies its assets with a foreign sub-custodian outside the United States. Different results, including loss of U.S. regulatory protections, also may occur in the event that the customer of a U.S. prime broker permitted the prime broker to (i) rehypothecate or lend its assets, or (ii) transfer its assets to a prime broker or other entity that is not a U.S. registered broker-dealer. If assets are held by a prime broker that is not a U.S. registered broker-dealer, the U.S. regulatory protections do not apply. In certain jurisdictions, with authority from the customer, such assets may be borrowed, lent or otherwise used by the prime broker for its own purposes. In the event of the insolvency of the prime broker, customers may rank as unsecured creditors and may not be able to recover equivalent assets in full.

Reserves

Under certain circumstances, the Funds may find it necessary to establish a reserve for contingent liabilities or withhold a portion of an investor's settlement proceeds at the time of withdrawal/redemption, in which case the reserved portion would be isolated from fluctuations in the profits and losses of the Funds but remain subject to the claims of the Funds' creditors.

Valuation Risk

In certain circumstances, there may be judgment and discretion employed by the Firms or their affiliates or agents in valuing the Funds' assets. The valuation given to the securities and other instruments of the Funds might not be obtained if the Funds were required to liquidate those positions. To the extent that the value assigned to any such investment differs from the actual value, the net asset value of the Funds may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that an investor who

withdraws capital from, or redeems all or part of its investment in, a Fund while the Fund holds such investments will be paid an amount less than it would otherwise be paid if the actual value of such investments is higher than the value designated by the Fund. This underpayment would increase the value of the non-withdrawing/non-redeeming investor's interest in the Fund. Similarly, there is a risk that an investor might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the Fund. This overpayment would reduce the value of the non-withdrawing/non-redeeming investors' interest in the Fund. In general, the Funds do not intend to adjust their net asset value retroactively.

Item 9 – Disciplinary Information

There have been no legal or disciplinary events to report.

Item 10 – Other Financial Industry Activities and Affiliations

Neither of the Firms nor any of their management persons are registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer or as a futures commission merchant, a commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.

The Lawrence S. Pidgeon Separate Property Trust dated June 8, 2012, is the sole shareholder of CBM Capital and the sole member of Hanawalt, the Domestic Fund's general partner. The Trust also indirectly controls, through CBM Capital, CBM Management.

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

The Firms have adopted a Code of Ethics (the "Code") which sets forth standards of business conduct for the Firms and their Supervised Persons (as defined below), which include all employees, access persons, other persons providing investment advice on behalf of the Firms and others designated by the CCO. The Code is based on the principle that the Firms and their Supervised Persons have a fiduciary duty to act in the best interest of the Firms' clients. The Code of Ethics is in compliance with Rule 204A-1 promulgated under the Advisers Act. The duties of Supervised Persons under the Code are summarized below:

- Supervised Persons are required to submit to the CCO an annual report listing their securities holdings and submit duplicate copies of trade confirmations and brokerage statements (unless a specific exemption applies). The reports of the CCO are submitted to the President.
- The Code sets forth recordkeeping requirements and the responsibilities of the CCO and President with respect to review of personal holdings and trading reports, preclearance of transactions and monitoring compliance with the Code. The Code also outlines policies for sanctioning Supervised Persons who violate the Code.

- The Firm may maintain one or more restricted lists which will be composed of companies whose securities are subject to certain trading prohibitions (without the prior approval of the CCO) due to the fact that the Firm or a Supervised Person are privy to inside information relating to the security.
- Supervised Persons may only trade in certain permitted investments as defined in the Code of Ethics and are prohibited from (1) “front-running”, (2) short-selling a security when they have access to confidential information that a client account is about to sell a particular security, (3) “intermarket front-running”, (4) entering a “stop loss” order in any personal account in any security which is also purchased, sold or held in client accounts and (4) short selling a security in a personal account which at the time is held long in any client account.
- Supervised Persons must comply with the federal securities laws, certify they have read and understand the Code and the Firms’ Compliance Manual and report any violations of the Code to the Firms.
- The Code sets forth limitations on Supervised Persons receiving gifts from third parties and prohibits Supervised Persons from soliciting gifts from third parties with which the Firms conduct or could conduct business.
- Supervised Persons are prohibited from trading either in their personal accounts or client accounts on the basis of material non-public information.

The term “Supervised Person” means any officer, director, Member of the Firms, (or person performing a similar function or having a similar status) or any employee of the Firms, or other person providing investment advice on behalf of the Firms and subject to the supervision and control of the Firms. The term “Supervised Person” also includes persons working for or with Supervised Persons in the Firms’ offices, and all other persons (such as independent contractors) determined by the CCO to be subject to the Code of Ethics and the Compliance Policies and Procedures Manual.

Clients and prospective clients may request a copy of the Code by writing to CBM Capital, Inc., 645 Madison Avenue, 6th Floor, New York, New York 10022.

Item 12 – Brokerage Practices

The Firms utilize various brokers to execute, settle and clear securities transactions. In selecting brokers to effect portfolio transactions, the Firms consider such factors, among others, as the broker’s ability to keep the investment strategies and ideas of the Firms confidential, price, the ability of the brokers to effect the transactions, the brokers’ facilities, reliability and financial responsibility, and any research or brokerage services provided by such brokers, provided such research and brokerage services are to be used in connection with the investment management process. Accordingly, if the Firms determine in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the research and brokerage services provided by such broker, the Funds

may pay commissions to such broker in an amount greater than the amount another broker might charge.

The Firms currently do not, and did not in the prior fiscal year, receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions.

The Firms currently do not select or recommend broker-dealers based upon client referrals from a broker-dealer or third party.

The Firms' clients do not direct brokerage.

The Firms may combine orders on behalf of the Funds, however, they are under no obligation to do so. In certain circumstances, not aggregating the Funds' orders may result in additional costs, including one Fund having a less favorable execution than the other Fund. When the Firms aggregate orders, they will generally allocate the securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the Funds.

Subject to requirements of applicable law, the Firms may cross-trade securities between the Funds. In most instances, such transactions will be effected to rebalance the positions held by the Funds with a view towards achieving uniform results between the Funds in light of differing cash flows due to subscriptions, withdrawals and redemptions. Such transactions will be effected at the last bid or ask or sale price at the end or the first sales price at the beginning of the trading day through one or more broker-dealers. On these occasions, the Firms will consider whether such transactions are consistent with the investment objectives, policies and restrictions of the Funds and are appropriate for the Funds.

CBM Capital, CBM Management, Hanawalt and/or their affiliates and/or their officers or employees may from time to time have an interest, direct or indirect, in a security, the purchase or sale of which by the Funds is recommended, or which in fact is purchased or sold by or otherwise traded for the Funds. Such recommendation, purchase, sale or trading may occur in connection with a transaction involving another fund or account managed by the Firms and/or an affiliate. Accordingly, the Firms and/or an affiliate may sell or recommend the sale of a particular security for certain accounts, including accounts in which they have an interest, and they or others may buy or recommend the purchase of such security for other accounts, including accounts in which they have an interest, and, thus, transactions in particular accounts may not be consistent with transactions in other accounts or with the Firms' investment recommendations.

Item 13 – Review of Accounts

CBM Capital has established a committee of its directors consisting of Brian I. Pidgeon, Joshua G. Welch and Paul D. Farrell, to oversee the liquidation of the Funds' portfolios.

Investors in the Funds will receive audited financial statements for year ending December 31, 2012.

See Item 15 for additional information with respect to custody of assets.

Item 14 – Client Referrals and Other Compensation

The Firms do not receive an economic benefit from a person who is not a client for providing advice or other advisory services to clients of the Firm. Neither the Firms nor their affiliates retained any marketing consultants.

Item 15 – Custody

Based on the Firms' control over the flow of the assets of the respective Funds, the Firms are deemed to have custody of the assets of the respective Funds. Pursuant to Rule 206(4)-2 promulgated under the Advisers Act, the Firms will maintain compliance by ensuring that:

- the Funds' cash and securities are maintained with a qualified custodian.
- the Funds are audited on an annual basis by an independent accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board in accordance with its rules.
- audited financial statements prepared in accordance with generally accepted accounting principles will be distributed to all investors in a Fund within 120 days of the end of its 2012 fiscal year.

Beneficial owners should carefully review those financial statements.

Item 16 – Investment Discretion

CBM Capital as the liquidator and CBM Management as the investment manager have discretionary authority to liquidate the securities portfolios of the Domestic Fund and Offshore Fund, respectively. The Firms' discretionary authority is generally subject to such restrictions as set forth in the Funds' offering documents and/or the rules and regulations of any exchange or market on which the Firms sell securities on behalf of the Funds.

Item 17 – Voting Client Securities

The Firms are ultimately responsible for ensuring that all proxies received with respect to a client's account are voted in a timely manner and in a manner consistent with the client's best interest and consistent with the Firms' adopted Policies and Procedures on a case-by-case basis. The Firms seek to ensure that all votes are consistent with the best interests of their clients and are free from unwarranted and inappropriate influences. The Firms are not required to vote a proxy if the cost of voting a particular proxy due to special

translation, delivery or other costs would outweigh the benefit of voting for the particular Fund.

It is the policy of the Firms in voting proxies to consider and vote each proposal with the objective of maximizing long-term investment returns for their clients. The Firms do not take positions outside of the Funds they manage and therefore do not anticipate a situation where there would be a conflict between maximizing long-term investment returns for clients and the Firms' interests. If such a situation should arise, the President of CBM Capital (investment adviser to the Domestic Fund and general partner of the investment adviser of the Offshore Fund) will independently review and evaluate the proxy proposal and the circumstances surrounding the conflict to determine the vote, which will be in the best interest of the client. He may also determine whether the conflict of interest will be disclosed to clients and whether to obtain their consent prior to voting. In addition, the Firms will maintain copies of (i) their proxy voting policies and procedures and all amendments thereto; (ii) proxy statements received regarding client securities; (iii) records of votes they cast on behalf of clients; (iv) records of client requests for proxy voting information; and (v) any documents prepared by the Firm that were material to making a decision on how to vote; and (vi) records relating to requests by investors or clients for proxy policies or voting information or for consent concerning situations with material conflicts of interest. The Firms' Proxy Voting Policy will be reviewed and, as necessary, updated periodically to address new or revised proxy voting issues.

Clients may obtain a copy of the Firms' Proxy Procedures and information about how the Firms voted client proxies by contacting the Firms' Chief Compliance Officer at 212-404-4646.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about the adviser's financial condition. The Firms have no financial commitment that impairs their ability to meet contractual and fiduciary commitments to clients and have not been the subject of a bankruptcy proceeding.