

GSB Capital LLC

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January 2014

This brochure provides information about the qualifications and business practices of GSB Capital LLC ("**GSB**"). If you have any questions about the contents of this brochure, please contact us at (415) 675-3351 or email gbennett@gsb-capital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("**SEC**") or by any state securities authority.

Additional information about GSB is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

There have been no material changes since our initial filing of the Form ADV Part 2A. In the future, we will use this section to report any material changes.

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Item 4: Advisory Business

The Adviser

GSB Capital (the “**Adviser**”, “**we**”, “**us**”, “**our**” or the “**Firm**”), is an investment adviser organized as a Delaware limited partnership founded on September 17, 1998. GSB’S Founder and Managing Member is Geoff Bennett.

Advisory Services

The Adviser provides investment advisory services to a separately managed account (the “**Managed Account**” or the “**Client Account**”). As the investment adviser of the Managed Account, the Adviser’s services consist of identifying opportunities for acquisition, management, monitoring, and disposition of investments of the Managed Account. Investment advice is provided directly to the Managed Account.

The Adviser may in the future organize investment funds or manage investment funds or separately managed accounts that may either co-invest with the Managed Account or follow an investment program similar to or different from the Managed Account’s program.

Services are provided to the Managed Account in accordance with an investment management agreement between the Managed Account and the Adviser (the “**Management Agreement**”). Investment restrictions for the Managed Account, as amended from time to time, are established pursuant to the Management Agreement.

The Adviser does not participate in wrap fee programs.

Regulatory Assets Under Management

As of December 31, 2013, the Firm managed us \$285 million in regulatory assets under management on a discretionary basis.

Item 5: Fees and Compensation

The Adviser will receive from the Managed Account both a monthly management fee at a fixed rate and an annual performance fee based upon the performance of the Managed Account. This arrangement is set forth in the Management Agreement between the Adviser and the Managed Account,

Expenses

Expenses shall be borne in accordance with the Management Agreement.

The Adviser and its supervised persons do not accept compensation or commissions for the sale of securities or other investment products.

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

As disclosed above under Item 5, “Fees and Compensation,” the Adviser receives a Performance Fee based on performance of the Managed Account.

No other hourly, flat or asset-based fees are charged to the Managed Account.

Item 7: Types of Clients

We consider the Managed Account to be our client. The minimum investment for opening a separately managed account with GSB Capital is to be agreed upon between GSB and the client.

The Adviser may in the future provide advisory services to funds and other separately managed accounts for high net worth individuals, trusts, estates, charitable organizations, pension plans, corporations, limited partnerships, limited liability companies, and similar entities.

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

Methods of Analysis and Investment Strategies

GSB employs a variety of hedging and other strategies intended to achieve absolute returns within the Asian equity space. We base our investment selection on fundamental analysis focused on a limited universe of Asian equities. While our strategy is driven by our long term views and fundamental analysis, we may also opportunistically trade in various equity positions from time to time.

Investment Risks

- *Long-Term Investments.* The investments that GSB makes may require longer-term holding periods for the positions in order to be successful and positions may experience considerable price volatility over such holding periods. Therefore, our investments may not be appropriate for clients requiring short-term liquidity or stable returns.
- *Illiquid Investments.* We may invest in securities that either lack a readily assessable market value or should be held until the resolution of a special event or circumstance. However, we may not be able to readily dispose of such investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time.
- *Equity and Credit Volatility.* Strategies in which we have taken a long or short position in the volatility of a company (i.e., risk and returns depend primarily on the volatility of the underlying stock). These strategies may consist of equity options or other hedges utilizing credit derivatives depending on our view of the credit and the level of credit risk.
- *FX Volatility.* Strategies in which we have taken a position in a foreign currency which could cause volatility to the portfolio. These strategies may include outright positions in foreign currencies.
- *Non-Diversification.* In general, we are not subject to limitations on the percentage of assets we may invest in a particular security. Being concentrated in a small number of securities, options or futures, exposes a portfolio to the risk of adverse developments in or affecting a single issuer or industry to a greater extent than if the investments were diversified over a large number of issuers and industries.

There can be no assurance that we will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on our investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict,

such as domestic or international economic and political developments, may significantly affect the results of the Managed Account's activities and the value of its investments.

We may modify our investment objectives and strategies at any time. Our right to modify strategies with respect to the Managed Account(s) depends upon the terms of the agreements governing the Managed Account(s).

Risk of Loss Factors

The following listing sets forth the material risks that are inherent to GSB'S investment strategy. This list does not purport to be a complete enumeration or explanation of the risks involved in GSB's strategy.

Non- U.S. Investments

Investment in non-us issuers or securities principally traded outside the U.S. will likely involve certain special risks due to economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and possible difficulty in obtaining and enforcing judgments against non- U.S. entities. Furthermore, issuers of non- U.S. securities are subject to different, often less comprehensive accounting reporting and disclosure requirements than domestic issuers. The securities of some foreign governments and companies and foreign securities markets are less liquid and at times more volatile than comparable U.S. securities and securities markets.

GSB may invest specifically in the securities and commodity interests of non- U.S. companies such as Japan, China, Hong Kong, Taiwan, Korea, Australia, India, Thailand, Malaysia, Singapore, Indonesia, Philippines and New Zealand. Investing in securities, commodity interests and derivative contracts and instruments denominated in currencies other than us dollars subjects the clients to certain additional risks, such as:

- *Political and Economic.* Recent and future political developments in the Region may lead to policy changes that may adversely affect GSB's investments.
- *Currency Fluctuations.* GSB invests in securities denominated in foreign currencies. A change in the value of any such currency against the U.S. dollar causes a corresponding change in the us dollar value of the clients' securities that are denominated in that currency.
- *Characteristics of Non-us Securities Markets.* GSB generally trades in securities, derivatives and other instruments through the principal country's stock exchange or over-the counter market. Some non-us markets are not as developed or efficient as those in the us and may be more volatile than the us markets.
- *Accounting and Financial Reporting:* Certain countries in which GSB may invest could lack uniform accounting, auditing and financial reporting standards. Accounting, auditing and financial reporting standards may differ in certain respects from those employed in the us In considering a prospective investment, it may, therefore, be difficult for GSB to conduct the level of due diligence that is customarily conducted with respect to investments made in the us
- *Legal.* The legal systems of certain countries may be well-developed however may also fundamentally differ from the U.S. legal system. There may be different

regulation in certain regions which can result in a lesser availability of company information. The Managed Account may also be exposed to risks associated with efforts by regulators to manage and stabilize certain financial markets, which could also result in increased regulation, which in turn may restrict and negatively impact investment performance.

- *Restrictions on Investment and Repatriation.* Certain countries impose restrictions and controls regarding investment by foreigners. These restrictions may at times limit or preclude GSB's investment in certain countries and may increase the costs and expenses for doing business in that country.
- *Foreign Withholding Taxes.* Dividends, interest and other payment on or with respect to certain foreign securities GSB may own may be subject to foreign withholding taxes, which could impact net returns.
- *Currency Hedging and Exchange Rates.* To the extent GSB invest in non-us securities or securities traded in currencies other than us dollars, GSB may seek to hedge its exposure to currency fluctuations, and may enter into foreign currency forward contracts which are agreements to exchange one currency for another at a future date. These contracts can involve considerable risk including the loss of all principal invested for the purchase of a contract. A default by the forward contract counterparty may result in a loss to GSB for the value of unrealized profits on the contract. All of GSB's investments in non-us securities and commodities, whether to hedge the portfolio or to make an investment, may expose the portfolio to considerable exchange rate risk.
- *Non-US Valuation.* GSB may invest in emerging markets which are not as active or deep as other established equity markets, which may result in pricing information which is not reliable. Where third-party pricing information is not available, or where GSB considers the information not to be indicative of an investment's value, investments will be valued in GSB's discretion. GSB may face conflicts of interest in making valuation decisions. As a result, there can be no assurance that the valuation of GSB's investment positions will accurately reflect the amount GSB could obtain (or would be required to pay as to some types of derivatives positions) if they were to try to sell the security or close the position.

Operational Risk

Operational risk is the potential for loss caused by a deficiency in information, communication, transaction processing and settlement and accounting systems. We (or our agents) maintain controls that include systems and procedures to record and reconcile transactions and positions, and to obtain necessary documentation for trading activities.

Performance Based Fee

As described in Item 5, we generally charge our clients, and in particular the Managed Account, a performance based fee. A performance based fee arrangement may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities.

Use of Leverage

We leverage investment positions by borrowing funds from securities broker-dealers, banks or others. While leverage presents opportunities for increasing the total return on an investment, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment by a client account would likely be magnified to the extent that any of them are leveraged.

Short Selling Increases Risk of Capital Losses

We may effect short sales. Short selling, or the sale of securities not owned by the Client Account involves certain additional risks. Such transactions expose the Client Account 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 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 GSB might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Derivatives

Derivative instruments, or “derivatives,” include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading, including liquidity risk and counterparty risk.

Item 9: Disciplinary Information

GSB has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of GSB have been subject to such action.

Item 10: Other Financial Industry Activities and Affiliations

The management and employees of GSB dedicate substantially all of their professional efforts to GSB and its affiliates, and currently have no significant outside business interests.

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

Code of Ethics Pursuant to Rule 204A-1 of the Advisers Act

Pursuant to Rule 204A-1 of the Advisers Act, GSB has adopted a Code of Ethics to establish various procedures with respect to investment transactions in accounts in which employees of GSB have a beneficial interest or accounts over which an employee has investment discretion.

The foundation of the Code of Ethics is based on the underlying principles that:

- Employees must at all times place the interests of the clients first;
- Employees must make sure that all personal securities transactions are conducted consistent with the Code of Ethics; and
- Employees should not take inappropriate advantage of their position at GSB.

All GSB employees (and members of their immediate households) are deemed to be “Access Persons” and are required to adhere to a comprehensive Code of Ethics and Compliance Manual, which cover the duty of confidentiality as well as personal trading. All employees are required to certify their adherence to the Code of Ethics upon commencement of employment and quarterly thereafter. Further, all employees are required to instruct their brokers to deliver transaction confirmations and statements directly to GSB’s CCO. The Code of Ethics also places restrictions on personal trades by employees, including that they disclose their personal securities accounts and transactions to the CCO, and that employees pre-clear certain types of personal securities transactions with the CCO.

Privacy Policy

We are committed to maintaining the confidentiality, integrity and security of our client’s personal information. It is our policy to collect only information necessary or relevant to our management business and use only legitimate means to collect such information. We do not disclose any non-public personal information about our clients or former clients to anyone except for servicing and processing transactions and as required by law. We restrict access to non-public personal information about investors to those employees with a legitimate business need for the information. We maintain security practices, physical, electronic, and procedural safeguards to guard Investor’s non-public personal information.

Upon request, we will provide you with a copy of our privacy policy.

Item 12: Brokerage Practices

It is the Adviser’s policy to execute portfolio transactions for the Client Account in the best interests of clients, including to seek to obtain “best execution” of each and every transaction made by the Adviser for a client’s account (except where the Adviser does not have the authority to select the broker or dealer or to negotiate the price or commission). The term “best execution” means seeking the best price and execution for a security in the marketplace as well as ensuring that, in executing client transactions, clients do not incur unnecessary brokerage costs and charges. The Adviser is not obligated to obtain the lowest possible commission cost, but rather, should determine whether the transaction represents the best qualitative execution for clients. The Adviser has adopted procedures to help it apply this policy.

Geoff Bennett will be responsible for monitoring Client Account(s) for compliance with the Adviser's policy on best execution. The Adviser also evaluates, and seeks to resolve, any conflicts of interest that it may have in selecting brokers to execute client transactions.

Selection of Broker-Dealers

Subject to the consent of the owner of the Client Account with respect to the choice of brokers generally, the Adviser is solely responsible for choosing the broker(s) used for each securities transaction for the Client Account. In negotiating commission rates and selecting broker/dealers, the Adviser will take into account such as the following, among other factors:

- Reliability of execution
- Pricing
- Financial stability and reputation of the broker
- Responsiveness
- Accuracy of recommendations
- Financial responsibility
- Operational efficiency
- Quality of research services provided

Since commission rates are generally negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

Research and Soft Dollar Benefits

Brokerage and research services may either be obtained from brokerage firms or paid for by brokerage firms and may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; news, quotation, statistics and pricing services, as well as discussions with research personnel and consultants; and software, data bases and other technical and telecommunications services and equipment utilized in the investment management process and consulting fees in connection with investigating and monitoring potential and existing investments. Research services may be proprietary research (created or developed by the broker-dealer) and research rendered or developed by a third party.

Research services, whether obtained by the use of commissions arising from the Client Account transactions or paid for by the Adviser and charged to the Managed Account as described above, may be used by the Adviser for the benefit of other separate accounts or funds that may be organized or managed by the Adviser in the future.

When an Adviser uses brokerage commissions to obtain research or other products or services, the Adviser receives a benefit because the Adviser does not have to produce or pay for such research, products or services ("**soft dollars**"). GSB does not currently have soft dollar arrangements in place with any of its brokers. If in the future GSB will put into place such arrangements, GSB may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than in the Adviser's clients interest in receiving most favorable execution.

In formulating and implementing its arrangements and its policies with regards the use of commissions of soft dollars it will be GSB's intention to remain within the parameters of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Principal Trading

Our policy and practice is to not engage in any principal transactions.

Trade Errors

As a fiduciary, we have the responsibility to effect orders correctly, promptly and in the best interests of the Managed Account. In the event any error occurs in the handling of any transactions, due to our actions, or inaction, or actions of others, our policy is to assess each trade error on a case-by-case basis.

Item 13: Review of Accounts

Review of Accounts

We review and reconcile the portfolios of the Managed Account on a continual basis to assure conformity with investment objectives and guidelines.

We engage in active management for the Managed Account and, accordingly, review our transactions, positions and cash balances on a daily basis.

Reporting

The Adviser provides reports with respect to the Managed Account in accordance with the Management Agreement.

Item 14: Client Referrals and Other Compensation

GSB does not currently utilize the services of any third-party marketers.

Item 15: Custody

GSB does not currently have custody of the Managed Account.

Item 16: Investment Discretion

GSB provides investment advice directly to the Managed Account pursuant to the Management Agreement. Powers of attorney and any restrictions on the Adviser authority are set forth pursuant to the Management Agreement.

Item 17: Voting Client Securities

GSB does not vote proxies on behalf of the Managed Account. Should proxy voting authority be delegated to GBS on behalf of its Client, GSB will ensure that in cases where GSB votes proxies with respect to Client securities, such proxies are voted in the best interest of the Client Account. Should this occur, there may be circumstances in which GSB is advised in writing by the Managed Account not to vote and in such circumstances, and in these cases GSB will refrain from voting.

This summary of the Adviser's voting policies and procedures is qualified in its entirety by the Adviser's voting policies and procedures. The Adviser will make information regarding how proxies were voted available upon request to any client and a copy of the Adviser's voting policies and procedures is available to any client upon request sent to gbennett@gsb-capital.com.

Item 18: Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition.

GSB has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to the Managed Account(s), and has not been the subject of a bankruptcy proceeding.