

GSB Capital, LLC

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This brochure (the “**Brochure**”) provides information about the qualifications and business practices of GSB Capital, LLC (“**GSB**,” “**we**,” “**us**” or “**our**”). 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.

GSB’s registration as an investment adviser does not imply that GSB or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Item 2: Material Changes

There have been no material changes to report to this Brochure since our most recent filing made in January 2014.

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Item 4: Advisory Business

The Adviser

GSB is a Delaware limited liability company that was founded on September 17, 1998. GSB's Founder and Managing Member is Geoff Bennett.

Advisory Services

GSB currently provides discretionary investment advice to a private investment fund (the "**Fund**") through a managed account arrangement. Such arrangement is governed by an investment management agreement with a subsidiary of the Fund (the "**Management Agreement**"). The Fund is currently GSB's only client, but GSB may advise other clients in the future.

The Management Agreement sets forth certain guidelines or restrictions related to our investment activities, which may be modified from time-to-time in consultation with the Fund's general partner (the "**General Partner**"). The General Partner may, in certain situations, impose restrictions on our ability to invest in certain securities or types of securities.

We have limited trading authority with respect to the Fund. In this regard, we: (i) do not have custody of the Fund's assets, (ii) cannot determine the final value of the Fund's positions, (iii) cannot move the Fund's cash or securities, and (iv) cannot enter into any other agreements on behalf of the Fund. The General Partner provides risk management services to the Fund, manages the Fund's leverage, and provides certain administrative services to the Fund.

GSB does not participate in wrap fee programs.

Regulatory Assets Under Management

As of December 31, 2013, we managed approximately US\$222,844,242 in regulatory assets under management on a discretionary basis. We do not manage any assets on a non-discretionary basis.

Item 5: Fees and Compensation

Our management fee is negotiated annually and is based on an operating expense budget agreed to between us and the General Partner. The negotiated management fee is periodically paid by the Fund in advance. Once paid, the negotiated management fee is non-refundable.

We may also be entitled to receive performance-based compensation from the Fund based on our net trading profits at the end of each fiscal year. The Fund's administrator is responsible for calculating, and the General Partner approves payment of, such performance-based compensation.

Expenses

We may incur brokerage and transaction-related expenses on the Fund's behalf (see Item 12). All other expenses to be borne by the Fund are set forth in the Fund's offering documents and have been determined by the General Partner.

We may also allocate a portion of the Fund's capital to exchange-traded funds or other similar vehicles. In addition to the fees and expenses discussed above, the Fund will indirectly incur similar fees and expenses if we invest its assets in such funds or vehicles, as such funds and vehicles in turn pay similar fees and expenses to their investment managers and other service providers.

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

The receipt of performance-based compensation may incentivize GSB to make investments on behalf of the Fund that are riskier or more speculative than it would make if it did not receive performance-based compensation. Because the General Partner provides risk management services to the Fund, we believe that this conflict is mitigated.

Furthermore, since net trading profits (the basis for our performance-based compensation), include unrealized appreciation, we may receive greater performance-based compensation than would be the case if net trading profits was based only on realized gains.

Since GSB does not have authority to determine the final value of the Fund's positions, several conflicts associated with valuation are mitigated.

Item 7: Types of Clients

As discussed in Item 4, we provide investment management services to the Fund through a managed account arrangement. The Fund's minimum initial investment has been determined by the General Partner and is set forth in the Fund's offering documents.

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

Methods of Analysis and Investment Strategies

Our investment strategy is to seek to achieve absolute returns within the Asian equity space. However, we may modify this strategy in the future, in consultation with the General Partner or for new clients.

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 Fund's activities and the value of its investments.

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-U.S. 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 U.S. 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 U.S. dollar value of the clients' securities that are denominated in that currency.
- *Characteristics of Non-U.S. 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 U.S. and may be more volatile than the U.S. 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 U.S. 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 U.S.
- *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 Fund 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-U.S. securities or securities traded in currencies other than U.S. 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-U.S. securities and commodities, whether to hedge the portfolio or to make an investment, may expose the portfolio to considerable exchange rate risk.
- *Non-U.S. 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.

Use of Leverage

The General Partner controls the amount of direct leverage that may be employed on the Fund's behalf and, in its discretion, may reduce or eliminate the use of such leverage. Accordingly, we do not have the authority to use direct leverage for the Fund without the approval of the General Partner. Nonetheless, certain of our investments may expose the Fund to embedded leverage.

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 the Fund would likely be magnified to the extent that any of them are leveraged.

Short Selling Increases Risk of Capital Losses

Short selling, or the sale of securities not owned by the Fund involves certain additional risks. Such transactions expose the Fund 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

There have been no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

None.

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

Code of Ethics and Employee Investment Policy

GSB has adopted a Code of Ethics (the “Code of Ethics”) based on the underlying principles that: (i) employees must at all times place the interests of GSB’s clients first, (ii) employees must comply with applicable U.S. federal securities laws at all times, and (iii) employees should not take inappropriate advantage of their positions at GSB.

All employees are required to certify their adherence to the Code of Ethics.

Employees must obtain pre-clearance from our Chief Compliance Officer (“CCO”) for personal securities transactions in their “covered accounts.” This policy does not apply to transactions involving government securities, open-end mutual funds, money market funds or other instruments which afford an investor no discretion over individual securities. In addition, employees are prohibited from: (i) participating in initial public offerings and (ii) crossing certain ownership thresholds of public companies.

Each employee is required to disclose all of his or her personal account holdings to GSB upon employment. Employees must provide certain periodic securities holdings and transaction reports and brokerage statements to the CCO.

The CCO regularly monitors trading activity in employees’ personal accounts to determine whether such activity is consistent with the requirements set forth in the Code of Ethics and does not otherwise indicate any improper trading activities.

GSB’s Code of Ethics is available to clients upon request.

Item 12: Brokerage Practices

The General Partner provides us with a list of approved counterparties from which we select counterparties to execute transactions for the Fund. To the extent that we wish to use a counterparty for the Fund that is not included on such list, such counterparty must be reviewed and approved by the General Partner.

Generally, it is our policy to execute portfolio transactions for the Fund in the best interests of the Fund, including seeking to obtain “best execution” for the Fund. 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. We are not obligated to obtain the lowest possible commission cost, but rather, should determine whether the transaction represents the best qualitative execution for the Fund.

Geoff Bennett will be responsible for monitoring compliance with our policy on best execution. We also evaluate, and seek to resolve, any conflicts of interest that we may have

in selecting brokers to execute Fund transactions. In negotiating commission rates and selecting broker/dealers, we will take into account a number of factors, including the following:

- 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

Soft dollar arrangements generally arise when an investment adviser obtains products and services, other than securities execution, from a broker-dealer in return for directing client securities transactions to the broker-dealer. Soft dollar arrangements may pose a conflict of interest for GSB in that such arrangements allow GSB to pay with Fund brokerage commissions expenses that would otherwise be borne by GSB. In the event that GSB uses Fund brokerage commissions (or markups or markdowns) to obtain research or other products or services, GSB could receive a benefit because it would not have to produce or pay for the research, products or services.

It is currently GSB's policy not to use soft dollars. However, GSB enters into securities transactions on behalf of the Fund with broker-dealers that provide, as part of their bundled services, GSB with access to research and research-related services. GSB may have an incentive to select a broker based on GSB's interest in receiving the research or other products or services offered by such broker, rather than on the Fund's interest in receiving most favorable execution.

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. In formulating and implementing our arrangements and policies with regards the use of commissions of soft dollars, we intend to remain within the parameters of Section 28(e) of the Securities Exchange Act of 1934, as amended.

When GSB uses brokerage commissions to obtain research or other products or services, GSB receives a benefit because it does not have to produce or pay for such research, products or services. 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 Fund receiving most favorable execution.

During our last fiscal year, we acquired with client brokerage commission (or markups or markdowns): (i) research, such as proprietary research, which may have been written or oral; (ii) research products, such as quotation services; and (iii) research services, such as research concerning markets, economic and financial data, a particular aspect of economics or on the economy in general; statistical information; pricing data and availability of securities; financial publications; electronic market quotations; performance measurement services; analyses concerning specific securities, companies, industries or sectors; market, economic and financial studies and invitations to attend conferences or meetings with management or industry consultants.

Brokerage for Client Referrals

In selecting or recommending broker-dealers, we do not consider whether we receive investor referrals from a broker-dealer or third party.

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 Fund. In the event any trade error occurs our policy is generally to reimburse the Fund for net losses resulting from such error.

Allocation of Investment Opportunities and Aggregation of Orders

Currently, the Fund is our only client. To the extent that we manage additional clients in the future, we will follow documented procedures for allocating investment opportunities and aggregating orders.

Item 13: Review of Accounts

Review of Accounts

Our Managing Member, Geoff Bennett, reviews our positions in the Fund on a continual basis to assure that our investment activity conforms to our stated investment objectives and guidelines.

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

Reporting

The General Partner has full Fund transparency, including with respect to our trading activity. It reviews our trading activity on a regular basis and discusses such activity with us as needed. As such, we do not provide regular reports to the Fund.

Item 14: Client Referrals and Other Compensation

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

Item 15: Custody

GSB does not currently have custody over the Fund's assets.

Item 16: Investment Discretion

We generally have discretionary authority to determine the securities to be bought or sold for a portion of the Fund. The Management Agreement sets forth certain guidelines or restrictions related to our investment activities, which may be modified from time-to-time in consultation with the General Partner. In addition, the General Partner may, in certain situations, impose restrictions on our ability to invest in certain securities or types of securities.

Item 17: Voting Client Securities

GSB does not vote proxies on behalf of the Fund. Should proxy voting authority be delegated to GSB on behalf of the Fund, GSB will ensure that in cases where GSB votes proxies with respect to any securities in the Fund, such proxies are voted in the best interest of the Fund.

Upon request from a client via phone or telephone, we will provide such client with a copy of our proxy voting policies and procedures and/or a record of all proxy votes cast on behalf of that client. Requests for such information should be addressed to Geoff Bennett, 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 clients, and has not been the subject of a bankruptcy proceeding.