

**Item 1 – Cover Page**

**Part 2A of Form ADV  
Brochure for:**

**GSB Capital LLC**

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San Francisco, CA 94104  
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**August 1, 2012**

**This brochure provides information about the qualifications and business practices of GSB Capital LLC. If you have any questions about the contents of this brochure, please contact us at 415-592-7086 / gbennett@gsb-capital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Registration of an Investment Adviser does not imply any certain level of skill or training.**

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

**Item 2 – Material Changes**

GSB Capital's most recent update of this Part 2A of Form ADV was made in February 2012. GSB's business activities have not changed materially since that time.

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## **Item 4 – Advisory Business**

### Description of the Advisory Firm

GSB Capital LLC (the “Investment Manager” or “GSB”) was formed in the state of Delaware as a limited liability company in 2005 primarily for the purpose of providing investment management to private funds.

Geoffrey Bennett is GSB’s Founder and Managing Member.

Geoffrey has been involved with all markets in Asia for over 20 years, and a hedge fund manager since 1999. After 8 years with ING Barings in Asia and the US, Geoffrey started managing Japanese hedged strategies in 1999 with Windham Pacific. In 2005 he founded GSB Capital, and has been managing a pan-Asian long-short equity strategy ever since.

Geoffrey received a Master of International Management degree in International Finance (MA) from The Thunderbird School of Global Management, and a Bachelor of Arts in English Literature (BA) from Kenyon College. Geoffrey holds the CFA charter. He is currently based in San Francisco.

### Description of Advisory Services

GSB provides portfolio management services to private funds. Currently, GSB anticipates providing such services in a sub-advisory capacity to one private fund (the “Client(s)”).

GSB is not restricted in the types of securities or other instruments it may buy, the types of positions it may take, or the amount of leverage it may employ. GSB has broad discretion to employ a wide variety of investment techniques.

### Client Tailored Services and Client Imposed Restrictions

GSB does not tailor portfolio management services to the individual needs of clients.

### Wrap Fee Programs

GSB does not participate in “wrap fee” programs.

### Assets Under Management

As of July 30, 2012 GSB had assets under management on a discretionary basis of \$40,500,000.

## **Item 5 – Fees and Compensation**

### Management Fee

For its services to its clients, GSB generally receives a negotiable management fee. The Management Fee is calculated and paid monthly in advance. As to capital contributed on a date other than the first day of a month, the GSB will be paid a prorated Management Fee.

### Incentive Allocation

GSB generally receives a negotiable “Incentive Allocation.” The Incentive Allocation is generally calculated and made as of each December 31, equal to a negotiated amount of the net realized and unrealized appreciation in the Net Asset Value of each of the clients’ accounts.

Incentive Allocations are subject to a “high water mark” procedure. In other words, GSB is eligible to receive an Incentive Allocation as to the clients’ accounts for a calendar year (or portion of a year, if the allocation is being made as a result of a mid-year withdrawal from that account) only if and to the extent that the appreciation in the Net Asset Value of that sub-capital account for the calendar year exceeds any depreciation in that Net Asset Value for that account that has not been recouped. Generally, the “high water mark” procedure prevents GSB from receiving an Incentive Allocation on profits that simply restore previous losses. Once made, an Incentive Allocation will not be reduced by losses incurred in later periods.

GSB does not solicit or require prepayment of more than \$1,200 in fees six months or more in advance.

### Expenses

The client will bear all of its operating costs. These include, among other things: brokerage commissions on portfolio transactions; borrowing charges on securities sold short; interest on margin and other borrowings; bookkeeping, accounting, tax preparing and reporting, audit, and other professional fees and expenses; legal fees (including fees paid to GSB’s counsel for services for the clients’ benefit); governmental fees and taxes; custodial fees; costs of client governance activities; fees paid to a third-party administrator; and all other reasonable expenses related to the clients’ operation or the purchase, sale or transmittal of clients’ assets, all in GSB’s discretion.

GSB will bear all of its ongoing administrative operating expenses, including but not limited to, personnel, office space, utilities, and other basic “overhead” facilities and services.

Please refer to Item 12 – Brokerage Practices for more information on brokerage transactions and costs.

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

Please see Item 5 for a discussion of GSB’s fee structure.

The prospect that GSB could receive Incentive Allocations may create an incentive for GSB to engage in activities that are riskier or more speculative than would be the case if GSB could not receive Incentive Allocations. This is partly because GSB need not return any amounts allocated as Incentive Allocations if partners experience losses in later periods. It is also partly because, if the clients experience a loss, the accounts that were allocated that loss must later be allocated enough profit (net of Management Fees and other specially allocated costs) to recover those amounts before GSB may again receive an Incentive Allocation as to them.

## **Item 7 – Types of Clients**

GSB generally provides portfolio management services to pooled investment vehicles and private funds for institutions, including pension plans and corporations.

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

### Investment Objective

GSB is primarily focused on a hedged Asia strategy, and is seeking absolute return within the Asian equity space.

### Investment Philosophy

GSB is an organization based on fundamentals, and our philosophy is that diligent and detailed fundamental analysis on a limited universe of Asian equities is the best way to ensure strong performance.

### Investment Process

We employ a proprietary screening methodology, and then follow this up with detailed fundamental work on relevant industries and stocks. While we have longer term fundamental views, we also frequently trade around positions.

### Risks

There is high risk associated with an investment with GSB. GSB cannot and does not guarantee or represent that its investment program will be successful. As is true of any investment, there is a risk that an investment with GSB will be lost entirely or in part. An investment with GSB is not a complete investment program and, if you invest, that investment should represent only a portion of your overall asset management strategy. The following does not represent an exhaustive explanation of risks associated with investing with GSB.

#### General Risks

*Dependence on Investment Manager; Investment Discretion.* GSB's ability to develop and implement investment strategies that achieve certain investment objectives determines the prospects of such investments. Failures of GSB's analysis or assessments may cause investments to incur losses or to miss profit opportunities on which GSB could otherwise have capitalized.

*Reliance on Key Personnel.* GSB's operations are substantially dependent upon the skill, judgment and expertise of employees of GSB. The death, disability, departure or other unavailability of any key personnel could have a material and adverse effect on the Fund and GSB.

*No Operating History.* GSB is newly formed and has no operating history on which to evaluate its likely performance. While the Managing Member has substantial experience at other investment management firms, PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. GSB CANNOT AND DOES NOT GIVE ANY ASSURANCE THAT INVESTMENTS WILL ACHIEVE PROFITS OR WILL NOT INCUR SUBSTANTIAL LOSSES.

*Not a Complete Investment Program.* GSB will pursue the investment strategy described above; an investment with GSB is not intended as a complete investment program for any investor. If GSB's strategy is not successful, or if the Investment Manager is unable to implement the strategy effectively, investors could lose some or all of their capital. For these reasons an investment with GSB may be considered speculative and is appropriate only for sophisticated and experienced investors who are able to bear the risk of loss of their entire investments.

#### Portfolio Investment Risks

*Concentration of Investments.* While GSB will attempt to spread capital among a number of investments, the portfolio may not be as diversified as many other investment client(s). It may focus its investments on a relatively small number of positions, each representing a relatively large portion of the portfolio's capital. Losses in one or more large positions, or a downturn in an

industry or market sector in which the portfolio is concentrated, could materially adversely affect the portfolio's performance and could have a materially adverse effect on the Fund's overall financial condition.

*General Market Conditions and Disruptions; Interconnected Markets.* Developments and disruptions in financial and securities markets generally, including such aspects and attributes as interest rates, the availability of credit, and liquidity of particular types of investments, as well as changes in general economic conditions, including unemployment and inflation, can significantly adversely affect the prospects of companies in which GSB invests, the GSB's ability to assess those prospects, and GSB's ability to adapt the Fund's portfolio and market exposures. Market disruptions can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

#### Client Risks

*Limited Liquidity.* An investment in GSB's Fund is illiquid and is not suitable for an investor who needs liquidity. There is no public market for Interests and the Partnership Agreement imposes significant limitations on Limited Partners' abilities to transfer their Interests. Further, rights to withdraw capital are subject to several limitations.

*Counterparty and Custody Risk.* Financial institutions with which GSB does business, including the Prime Brokers or counterparties that hold GSB assets as collateral could become insolvent. In particular, if a Prime Broker were to declare bankruptcy or become insolvent, GSB may not be able to recover all or a portion of its assets either permanently or for some years.

*Effect of Substantial Withdrawals.* Substantial Limited Partner withdrawals over a short period could require GSB to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the clients' assets and/or disrupting GSB's investment strategy. Among other things, such a reduction could impair GSB's ability to take advantage of particular investment opportunities, and it would decrease the ratio of the Fund's income to its expenses. In addition, withdrawals or redemptions by investors in other investment vehicles or accounts GSB or an affiliate manages, some of which may have more advantageous information and/or liquidity rights than those provided to Limited Partners, could adversely affect the value of the clients' portfolio positions.

*Risks of Investing in Non-U.S. Securities.* GSB will be investing in securities and commodity interests of non-U.S. companies in Japan, China, Hong Kong, Taiwan, Korea, Australia, India, Thailand, Malaysia, Singapore, Indonesia, Philippines and New Zealand (the "Region"). Investing in securities, commodity interests and derivative contracts and instruments denominated in currencies other than U.S. dollars subjects the clients to certain risks not typically associated with investing in securities and commodity interests in the U.S., including:

- *Political and Economic Instability.* 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 trade securities, derivatives and other instruments on the principal stock exchange or over-the-counter

market of the country in which the principal offices of the issuer of the security are located. Some non-U.S. 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 Standards—Less Company Information.* Generally, there is less publicly available information about non-U.S. companies than about U.S. companies. Additionally, some countries lack uniform accounting, auditing and financial reporting standards, practices and requirements and/or their accounting, auditing and financial reporting standards and practices 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 customarily conducted with respect to investments in the U.S.
- *Legal System.* The legal systems of countries in the Region may be well-developed but will differ from the U.S. legal system. There may be less regulation resulting in less company information or investors with GSB may be exposed to risks associated with efforts by regulators to manage and stabilize certain financial markets, resulting in more regulation, which may restrict and negatively impact 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 of the clients.
- *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 will reduce net proceeds to the clients.

*Currency Hedging.* 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 (agreements to exchange one currency for another at a future date). These contracts involve a risk of loss. A default by the forward contract counterparty may result in a loss to GSB for the value of unrealized profits on the contract or for the difference between the value of its commitments, if any, for purchase or sale at the current currency exchange rate and the value of those commitments at the forward contract exchange rate.

*Valuation Risks.* Many of the securities in which GSB may invest will be traded in markets that are not as active or deep as many other equity markets, resulting in unreliability of pricing information. 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.

THE RISKS DESCRIBED ABOVE ARE NOT A COMPLETE LIST OF RISKS INVOLVED WITH INVESTING WITH GSB.



**Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of GSB Capital LLC or the integrity of GSB Capital LLC's management. GSB Capital LLC has no information applicable to this Item.

**Item 10 – Other Financial Industry Activities and Affiliations**

Neither GSB Capital LLC nor any of GSB Capital LLC's principals are registered or have an application pending to register as:

1. a broker-dealer or a registered representative of a broker-dealer; or
2. a futures commission merchant, commodities pool operator, a commodity-trading advisor, or an associated person of the foregoing entity

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

GSB Capital LLC has adopted a Code of Ethics ("Code") that describes the standards of business conduct that it requires of employees and accounts owned predominantly by persons associated with GSB Capital LLC, and establishes procedures intended to prevent GSB Capital LLC, and its personnel and certain of their relatives, from inappropriately benefiting from GSB Capital LLC's relationships with its clients.

The Code provides that:

- i. GSB Capital LLC's clients' interests come before GSB Capital LLC's or employees' interests;
- ii. GSB Capital LLC must disclose to clients all material facts about conflicts of which it is aware between GSB Capital LLC's and its employees' interests on the one hand and clients' interests on the other;
- iii. employees must operate on GSB Capital LLC's and their own behalf consistently with GSB Capital LLC's disclosures to and arrangements with clients regarding conflicts and its efforts to manage the impacts of those conflicts;
- iv. GSB Capital LLC and its employees must not take inappropriate advantage of GSB Capital LLC's clients or their positions of trust with or responsibility to clients; and
- v. GSB Capital LLC and its employees must comply with all applicable securities laws. The Code generally prohibits employees from trading in any securities held by client accounts and requires employees to report personal securities holdings on an annual basis.

In addition, GSB Capital LLC monitors all employees' securities transactions: employees must arrange for duplicate copies of their brokerage statements and trade confirmations to be sent to the Chief Compliance Officer. The Code includes procedures for and restrictions on employee trading intended to prevent employees from benefiting from, or appearing to benefit from, any price movement that may be caused by client transactions or GSB Capital LLC's recommendations regarding securities. Among other things, these include requirements that employees make a written request for and receive clearance from GSB Capital LLC's Chief Compliance Officer (or his or her designee) before they buy or sell any security (other than certain government securities, shares of mutual funds not managed by GSB Capital LLC, and certain other types of securities that GSB Capital LLC does not believe create a potential for

conflicts of interest). Pre-cleared transactions must be completed within a specified time frame. The Code also contains restrictions on and procedures to prevent inappropriate trading while GSB Capital LLC is in possession of material nonpublic information.

GSB Capital LLC will provide a copy of its Code of Ethics to any client or prospective client upon request. Such a request may be made by submitting a written request to GSB Capital LLC at the address on the cover page to this brochure.

## **Item 12 – Brokerage Practices**

GSB has complete discretion in deciding what brokers, dealers, and other financial intermediaries and counterparties through or with which to execute or enter into portfolio transactions (collectively, “Transacting Parties”). GSB also has complete discretion to negotiate compensation arrangements and transaction terms with Transacting Parties. These arrangements may include not only paying commissions for transactions effected on any agency basis, but also compensation implicit in prices of transactions directly with Transacting Parties acting as principal (such as market-makers for over-the-counter securities) and dealers in fixed income securities and derivatives. As a result, GSB will face conflicts of interest in exercising its discretion.

### Selection Criteria

In choosing Transacting Parties, GSB is not required to consider any particular criteria. Nevertheless, GSB seeks “best execution” of the clients’ securities transactions. What constitutes “best execution” and determining how to achieve it are inherently uncertain. In evaluating whether a Transacting Party will provide best execution, GSB considers a range of factors, including historical net prices; Transacting Party’s execution, clearance and settlement and error correction capabilities generally and in connection with securities of the type and in the amounts to be bought or sold; the Transacting Party’s willingness to commit capital; the Transacting Party’s reliability and financial stability; the size of the transaction; the availability of securities to borrow for short sales; and the market for the security. GSB is not required to select the Transacting Party that charges the lowest transaction cost, even if that Transacting Party can provide execution quality comparable to other Transacting Parties.

### “Soft Dollars”

GSB, as a matter of practice, does not make use of “soft dollars.”

### Directed Brokerage

GSB does not request or require that a client direct GSB to execute transactions through a specified broker-dealer (i.e. “direct brokerage”). Additionally, GSB does not permit a client to direct brokerage.

### Aggregation of Orders

GSB may combine client orders. When it does, GSB will allocate the proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants. GSB believes combining orders in this way will, over time, be advantageous to all participants. However, the average price could be less advantageous to a particular client than if that client had been the only account effecting the transaction or had completed its transaction before the other participants.

GSB may place orders for the same security for different clients at different times and in different relative amounts due to, among other things, differences in investment objectives, cash

availability, size of order and practicability of participating in “block” transactions. The level of participation by different clients in the same security may also be dependent upon other factors relating to the suitability of the security for the particular client. GSB has adopted policies and procedures intended to ensure that its trading allocations are fair to all its clients.

In addition, GSB and/or its related persons or clients may buy or sell specific securities for its or their own account that are not deemed appropriate for a client at the time, based on personal investment considerations that differ from the considerations on which decisions as to investments for the client are made. Where execution opportunities for a particular security are limited, GSB attempts in good faith to allocate such opportunities among clients in a manner that, over time, is equitable to all its clients.

#### Cross Transactions

GSB may (but is not obligated to) cause clients to effect “cross” transactions (i.e., buy and sell securities from and to each other), subject to applicable law or regulation. GSB may do so, if GSB believes that the cross transaction will be beneficial to both parties. ERISA and other laws or regulations may prevent a client from engaging in “cross” transactions that could be beneficial to that client.

#### **Item 13 – Review of Accounts**

All managed portfolios will be reviewed periodically by GSB for overall adherence to the investment philosophy employed by GSB. Managed portfolio holdings will also be reviewed at any time changing market conditions warrant.

#### **Item 14 – Client Referrals and Other Compensation**

GSB does not directly or indirectly compensate any person who is not a supervised person for client referrals.

#### **Item 15 – Custody**

GSB does not have custody of any advisory clients’ cash or bank accounts or securities. The primary investment adviser to the client is responsible for administration and maintaining custody of client accounts.

#### **Item 16 – Investment Discretion**

GSB Capital LLC has broad discretion, without limitation, to determine the:

- securities to be bought or sold for the Client account(s);
- amount of securities to be bought or sold for the Client account(s);
- broker or dealer to be used for a purchase or sale of securities for the Client account(s);
- commission rates to be paid to a broker or dealer for the Client’s securities transaction(s).

#### **Item 17 – Voting Client Securities**

GSB will not vote proxies on behalf of clients. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client should be voted, and (2) making all elections relative to any mergers, acquisitions, tender

offers, bankruptcy proceedings or other type events pertaining securities held in your Account. Clients should instruct their respective qualified custodians to forward copies to the client of all proxies and shareholder communications relating to securities held in the account.

**Item 18 – Financial Information**

GSB Capital LLC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. GSB Capital LLC has not been the subject of a bankruptcy petition.