

GLL Investors, LLC

Form ADV Part 2A (Firm Brochure)

ITEM 1 – COVER PAGE

March 28, 2018

This Brochure provides information about the qualifications and business practices of GLL Investors, LLC (“GLL”). This Brochure is also known as the SEC Form ADV Part 2A. If you have any questions about the contents of this Brochure, please contact us at: info@gllinvestors.com or (773) 525-3038. Additional information about GLL is available on our website <https://gllinvestors.com/> and on the SEC’s website: www.adviserinfo.sec.gov

The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

GLL is registered as an investment adviser with the SEC. This registration as an investment adviser does not imply a level of skill or training.

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ITEM 2 – MATERIAL CHANGES

This brochure dated March 28, 2018 contains one material changes relating to GLL Investors, LLC. GLL Investors, LLC has updated all of the information relating to its funds under management. Please see Schedule D, 7B, Private Fund Information.

ITEM 3 – TABLE OF CONTENTS

ITEM 1 – COVER PAGE	1
ITEM 2 – MATERIAL CHANGES	2
ITEM 3 – TABLE OF CONTENTS.....	3
ITEM 4 – ADVISORY BUSINESS OF GLL – PRIVATE FUND MANAGER	6
A. Firm Description; Fund Management Services to Six Fund-of-Funds.....	6
1. Fund-of-Funds Approach.....	6
2. No Other Services or Products Offered	7
3. Assets Under Management	7
4. Investment Decisions By Principals	7
5. Principals Personally Invested in GLL Funds.....	7
6. Investment Objective	7
7. Leverage	7
B. Investment Advisory Committee.....	8
ITEM 5 – FEES AND COMPENSATION TO GLL AS FUND MANAGER	8
A. Management Fee 1.0% of Net Asset Value Annually	8
B. Fees to the Portfolio Managers In Which GLL Funds Invest.....	8
C. Fund Operating Expenses	9
D. Reduced Fees Charged to Certain Investors	9
E. No Other Compensation to Principals of GLL.....	9
F. No Fund Manager Movement of Money; Investor Transfers and Redemptions.....	10
ITEM 6 – PERFORMANCE FEES AND SIDE-BY-SIDE FUND MANAGEMENT	10
A. Incentive Allocation 10% of New Net Profits Quarterly	10
B. Dual Layer of Fees and Expenses – GLL Manager and Portfolio Managers	11
C. Brokerage Trading Fees Incurred by Portfolio Funds	11
ITEM 7 – TYPES OF CLIENTS	11
ITEM 8.A – ANALYSIS METHODS AND INVESTMENT STRATEGIES.....	12
A. Investment Objective of the GLL Funds	12
B. Analysis Methods & Investment Criteria for Investing In Portfolio Managers	12
1. Selection of Portfolio Managers.....	13
2. Due Diligence on Portfolio Managers and Portfolio Funds.....	13

3.	Moderate Initial Investments into Portfolio Funds	13
4.	Monitoring Performance and Risk of Portfolio Managers and Portfolio Funds	14
C.	Risk Management	14
	ITEM 8.B – RISK OF LOSS – RISK FACTORS.....	14
A.	Risk of Investing in a Fund-of-Funds.....	14
B.	Market Risks of GLL’s Investments in Underlying Portfolio Funds.....	15
1.	Strategy Risks	15
2.	Style Drift.....	15
3.	Leverage	15
4.	Derivatives.....	15
5.	Options.....	16
6.	Portfolio Funds in Early Stage; Limited or No Operating History	16
7.	Liquidity Risks	16
8.	Concentration or Crowded Trades.....	17
9.	Short Sales and Short Selling	17
10.	Litigation and Enforcement Risk	17
11.	Side Pocketing or Gating	18
12.	Reputational and Headline Risk of Hedge Funds.....	18
13.	Futures Trading	18
14.	Non-U.S. Securities and Offshore Funds.....	18
15.	Closures and Liquidations of Portfolio Funds.....	19
16.	Past Performance of Portfolio Funds is Not Indicative of Future Results.....	19
	ITEM 9 – DISCIPLINARY INFORMATION	19
	ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	19
A.	Other Activities.....	19
B.	Personal Trading Accounts – Limited Activity.....	20
	ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTERSET IN CLIENT TRANSACTIONS, AND PERSONAL TRADING.....	20
	ITEM 12 – BROKERAGE PRACTICES.....	21
A.	Investment Directly In Portfolio Fund Issuers – No Brokerage Commissions	21
B.	No Soft Dollar Benefits or Research Services	22
C.	Trade Allocation, Aggregation, and Trade Errors	22
D.	Brokerage for Client Referrals and Directed Brokerage.....	22
	ITEM 13 – GLL REVIEW OF CLIENT ACCOUNT AND REPORTS.....	22

ITEM 14 – CLIENT REFERRALS; NO OTHER COMPENSATION.....	22
ITEM 15 – CUSTODY	23
ITEM 16 – INVESTMENT DISCRETION.....	23
ITEM 17 – VOTING CLIENT SECURITIES; PROXY VOTING	23
ITEM 18 – FINANCIAL INFORMATION	23

ITEM 4 – ADVISORY BUSINESS OF GLL – PRIVATE FUND MANAGER

A. Firm Description; Fund Management Services to Six Fund-of-Funds

GLL Investors, LLC (“GLL”) is an SEC-registered investment adviser located in Chicago, Illinois. It is majority owned by Stephen Gilboy and has been in operation since 1994 and registered with the SEC since 2015.

GLL manages six of its own private hedge funds (“the GLL Funds”), which in turn invest in other private hedge funds (“Portfolio Funds”). Therefore, the GLL Funds are each referred to as a “fund-of-funds”. The six Funds which GLL manages are:

- GLL Investors, L.P. for Accredited Investors. (A 3(c)(1) Fund)
- GLL Investors II, L.P. for Qualified Purchasers * (A 3(c)(7) Fund)
- GLL Single Strategy, LP, for Accredited Investors. (A 3(c)(1) Fund)
- GLL Investors Ltd, for U.S. Tax-Exempt Investors and for non-U.S. Accredited Investors. (A 3(c)(1) Fund)
- GLL Health Sciences Fund, LLC for Qualified Purchasers (A 3(c)(7) Fund)
- GLL Health Sciences Fund Ltd for Qualified Purchaser (A 3(c)(7) Fund)

A hedge fund strategy of investing into multiple other funds, fund managers, strategies, or portfolios, rather than investing directly in stocks, bonds or other securities, is referred to as “fund-of-funds” strategy, or a “multi-manager” strategy, or “multi-manager hedge fund”, or a “multi-strategy” fund.

“Qualified Purchaser” includes natural persons who own \$5 million or more in investments, and persons who manage \$25 million or more in investments for their account or other accounts of other qualified purchasers, as defined under section 2(a)(51)(A) the 1940 Act.

1. Fund-of-Funds Approach

GLL invests the assets of its GLL Funds into approximately 20 other private hedge funds (“Portfolio Funds”), with varying and diversified investment strategies which are managed by other managers (the “Portfolio Managers”).

Hedge funds are opportunistic, agile and flexible compared with some other asset classes, which can be beneficial to investors during periods of risk aversion. The fund-of-funds approach typically creates more diversification in strategy, agility and scalability, compared to an investment model investing directly into stocks, bonds, options, commodities and other securities. The fund-of-funds approach allows investors to achieve a broad diversification and an appropriate asset allocation of investments in a variety of fund categories are all bundled into one fund.

2. *No Other Services or Products Offered*

GLL is a Fund Manager of six private hedge fund-of-funds. Other than selling the interests in the six funds, and acting as the investment manager for those funds, GLL does not offer or sell any other services or products. No wrap fee programs are offered.

GLL does not tailor its investment management services to individual needs of any investor because the service GLL offers is only that of managing its own Funds and providing investment management services to the Funds. The investor may choose to invest in one of the GLL Funds, and by doing so it accepts GLL is the discretionary Investment Manager. Investors do not have the option of imposing restrictions on investing in certain securities or types of securities, because the investments into the Portfolio Funds are left completely in the discretion of GLL.

3. *Assets Under Management*

GLL managed \$160,577,964 in assets as of December 31, 2017, in the six Funds it managed as of December 31, 2017, which includes two off-shore funds. GLL manages a total of six clients (the six GLL Funds). The GLL Funds are considered "Securities Portfolios" or "Accounts", since the Funds invest into other Portfolio Funds, and those investments are managed on a "discretionary" basis, since GLL as the Fund Manager has the authority to determine into which Portfolio Funds the GLL Funds will invest.

4. *Investment Decisions By Principals*

Investment decisions and business decisions are made by GLL with the three principals evaluating, discussing and agreeing. The three principals are Stephen Gilboy, Jason Gilboy and Mike Newlander ("Three Principals").

5. *Principals Personally Invested in GLL Funds*

The three Principals of GLL have each invested in the GLL Funds, including their own retirement accounts. They invest by purchasing interests in the GLL Funds.

6. *Investment Objective*

The investment objective of GLL is to achieve capital appreciation by allocating the GLL Fund assets among a number of outside investment managers, Portfolio Managers who, as a group, employ a diverse range of alternative investment strategies and trading techniques across various sectors. Strategies currently include: Health Sciences, Equity Volatility Trader, Long/Short Equity Trader with historical negative beta and positive alpha, Long/Short Equity Trader with S & P put option protection, Credit Investors/Traders, and Activist Investing. GLL Health Sciences Fund LLC and GLL Health Sciences Fund Ltd. invest primarily in long/short managers who implement alternative investment strategies focusing primarily in the global health sciences sector as determined by the Portfolio Manager.

7. *Leverage*

GLL is permitted to employ leverage (borrowing of money or securities) as an element of its strategy. The underlying Portfolio Funds are also permitted to employ leverage. See a

detailed explanation and the risks of Leverage, described in Item 8.A, in [Leverage and Risks of Leverage](#).

B. Investment Advisory Committee

An advisory committee of five members outside of GLL serves GLL by providing general business advice and advice that may assist GLL in evaluating investments in the Portfolio Funds, based on the committee member's specific background and expertise ("Investment Advisory Committee"). The Investment Advisory Committee members' backgrounds reflect their diverse business experience and their many years of experience in the derivatives trading business and in other disciplines. The Investment Advisory Committee has no authority over the management and operations of GLL or the GLL Funds. However, GLL generally takes into account the recommendations of the Investment Advisory Committee in GLL's decision-making process for the Funds. Each of the Investment Advisory Committee members is also an investor in one or more of the GLL Funds.

ITEM 5 – FEES AND COMPENSATION TO GLL AS FUND MANAGER

A. Management Fee 1.0% of Net Asset Value Annually

GLL receives an annual Management Fee of 1.0% of the Net Asset Value ("NAV") of each of the Funds, paid quarterly at .25% of the NAV, in exchange for its fund management and investment management services to the six GLL Funds. The Management Fee is calculated before reduction of NAV for accrued Incentive Allocations. The Management Fee is calculated and accrued monthly (at the end of each month), and is paid at the end of each quarter, by a direct deduction from the NAV of the Fund, and therefore, indirectly and by book entry, is deducted from each investors' capital account. The Management Fee is paid to GLL in arrears, rather than in advance of being earned. Management Fees are negotiable under certain circumstances.

B. Fees to the Portfolio Managers In Which GLL Funds Invest

The GLL Funds also pay management fees and incentive fees to each of the Portfolio Fund Managers into which the GLL Funds invest their assets: A management fee and incentive fee is charged to each GLL Fund by the underlying Portfolio Funds into which the GLL Funds invest. The management fees and incentive fees that GLL pays to other Portfolio Managers who manage the Portfolio Funds into which GLL invests range from 1.5% to 2% management fee on an annual basis and from 15% to 25% **annual** incentive fee. The most common fee structure in the Portfolio Funds is a 2% annual management fee and a 20% **annual** incentive fee paid by each Portfolio Fund into which GLL invests, and therefore indirectly by the GLL Funds. .

C. Fund Operating Expenses

The GLL Funds incur operating Expenses in the operation and compliance for the Funds. The GLL Funds pay those Expenses directly to the service providers for: Accounting Fees, Auditing Fees, Legal Fees, Fund Administration Fees, Custody Fees, Compliance Costs, Compliance Services, Registration and license fees, outside Directors' fees and other Expenses. On occasion, GLL will front the cost of those expenses on behalf of the GLL Funds, and then GLL will seek reimbursement from each of the Funds, pro rata. Other Expenses of the Funds, such as technology expense, due diligence expense and travel expense are fronted by GLL, and then GLL submits expense summaries to the GLL Funds for reimbursement by the Funds. NAV Consulting is required to approve all Expense reimbursements. All expenses described in this section are subject to the annual cap of 0.4% of the Assets Under Management of the GLL Funds, except the Health Sciences Fund, LLC and the Health Sciences Fund, Ltd..

The Fund Administration fees are deducted directly from the Net Asset Value of the Fund, and therefore, are indirectly and by book entry, deducted from each investor's capital account in the Fund, before the final calculation of Net Asset Value is made.

The private placement memorandums ("PPMs") for each of the GLL Funds describe and authorize the Expense reimbursement from the Funds to GLL. All funds, except the Health Sciences Fund, LLC and the Health Sciences Fund, Ltd., have an annual cap on Expenses of 0.4% of assets under management of those GLL Funds. Expense amounts over the 0.4% cap are absorbed by GLL as the Fund Manager, and are not charged to or absorbed by the GLL Funds. See the Risk Factor regarding Fund Operating Expenses in a fund-of-funds strategy like GLL's. [Fund-of Funds Operating Expenses and Manager's Fees](#).

D. Reduced Fees Charged to Certain Investors

GLL charges reduced Management Fees and Incentive Fees to certain of its investors, typically to the GLL Principals' own accounts, and to those of their family members and close friends, or to accounts of certain long-time fund investors ("Preferred Accounts"), and in some cases waives the fees altogether on Preferred Accounts.

E. No Other Compensation to Principals of GLL

There are no other fees paid directly or indirectly to GLL or to its Principals, other than the Principals' pro-rata share of the Management Fee and the Incentive Fee paid to GLL as Fund Manager. The principals are not paid hourly fees, commissions, wrap fees, referral fees, or any other fees.

F. No Fund Manager Movement of Money; Investor Transfers and Redemptions

GLL does not move any investor money of its own accord, or without third party approval. Investors may request in writing that their investment be transferred from one GLL Fund to another GLL Fund, or that the investor's investment account be redeemed. In those cases, GLL must first approve the transfer or redemption, and may hold the request for the redemption waiting period specified in the PPM. Then GLL and NAV Consulting must approve the transfer, at which point NAV initiates the wire transfer to move the investment amount between the investor's Fund accounts, or initiates a wire transfer redeeming the investor's investment.

ITEM 6 – PERFORMANCE FEES AND SIDE-BY-SIDE FUND MANAGEMENT

A. Incentive Allocation 10% of New Net Profits Quarterly

GLL receives a quarterly Incentive Allocation of 10% of the New Net Profits of the Funds (except the Health Sciences Fund, LLC and the Health Sciences Fund, Ltd), based on the amount by which the Net Asset Value of each partners' capital account exceeds the High Water Mark in the capital account over previous Net Asset Value. The Incentive Allocation is paid to GLL as a share of the profits on the Funds, in exchange for its investment management services to the Funds. GLL receives a quarterly Incentive Allocation of 7.5% of the New Net Profits of the Health Science Fund, LLC and the Health Sciences Fund, Ltd, based on the amount by which the Net Asset Value of each partners' capital exceeds the High Water Mark in the capital account over the previous Net Asset Value.

The Incentive Allocation is calculated and accrued monthly, and paid quarterly, before the reduction for the accrued Incentive Allocation, and after the reduction for the other fees and expenses. The Incentive Allocation is paid at the end of each quarter, by a direct deduction from the NAV of the Fund, and therefore, indirectly and by book entry, is deducted from each investor's capital account. The Incentive Allocation is paid to GLL in arrears, rather than in advance of being earned. **The Incentive Fee is negotiable under certain circumstances.** This Item addresses performance-based fees charged by GLL as Fund Manager; while it operates six GLL Funds side-by-side, as well as lower fees charged by GLL to Preferred Accounts for services provided side-by-side with the advisory services to other GLL Funds. This Item addresses potential conflicts that might arise in the arrangement. GLL receives a performance-based fee (the "Incentive Fee") from each Fund, which constitutes GLL receiving a share of the capital appreciation or capital gains on the Net Asset Value of the GLL Funds. See above, [ITEM 5 – FEES AND COMPENSATION TO GLL AS FUND MANAGER](#).

GLL does not currently provide advice or services to separately managed accounts, nor do any of its employees or Principals. Therefore, no other types of fees are charged to the investors, side-by-side with the performance-based Incentive Fee. Therefore, there is no conflict of interest between incentive fee paying clients and clients who do not pay an incentive fee.

Due to the fact GLL receives an Incentive Allocation based on the performance of the Funds, GLL may have an incentive to make riskier or more speculative Portfolio Fund investments than would be the case in the absence of the Incentive Allocation. However, the Incentive Allocation also aligns the investors' interests with the Fund Manager's interests on financial returns.

For income tax purposes, the Incentive Allocations paid to GLL are based on unrealized as well as realized gains and losses. Consequently, Incentive Allocations could be made on unrealized gains of the Funds that are never realized as actual gains by the Funds.

B. Dual Layer of Fees and Expenses – GLL Manager and Portfolio Managers

The GLL Funds may incur a dual layer of fees. The GLL Funds incur GLL's Management Fee and Incentive Allocation, while the GLL Funds also indirectly incur their pro rata share of the management fees and incentive fees the Portfolio Managers charge to the Portfolio Funds into which the GLL Funds invest. In addition, the GLL Funds' incur their own Operating Expenses, while the GLL Funds also indirectly incur their pro rata share of the operating expenses of the Portfolio Funds in which the GLL Funds invest. As a result of incurring dual layer of fees, the GLL Funds' expenses may constitute a higher percentage of its net assets than expenses associated with other investment types that do not use a multi-manager approach. The combined effect of this dual level of fees could have a material effect on investor performance over time. See, [Operating Expenses and Managers' Fees on Fund-of-Funds](#).

C. Brokerage Trading Fees Incurred by Portfolio Funds

Many of the strategies employed by the Portfolio Funds require frequent trading, which could increase turnover in their securities holdings, and could increase brokerage commissions and other transaction fees and expenses. GLL does not make any direct trades; therefore, the trading commissions and fees, and frequency of trading disclosures do not apply to GLL itself.

ITEM 7 – TYPES OF CLIENTS

GLL's only business is providing fund management services and investment management services to six fund-of-funds (hedge funds), which invest into other Funds. GLL provides investment advice by selecting and monitoring the underlying Portfolio Funds for investment by GLL. GLL typically accepts the following types of investors into the GLL Funds: High net worth individuals, their retirement plans, trusts, estates, businesses and business owners, and institutional investors.

The qualification requirements for opening or maintaining an investment into one of the GLL Funds are as follows:

- GLL Investors, L.P. for Accredited Investors. (A 3(c)(1) Fund)
- GLL Investors II, L.P. for Qualified Purchasers. (A 3(c)(7) Fund)
- GLL Single Strategy, LP, for Accredited Investors. (A 3(c)(1) Fund)
- GLL Investors Ltd, for U.S. Tax-Exempt Investors and for non-U.S. Accredited Investors. (A 3(c)(1) Fund)
- GLL Health Sciences Fund (A 3(c)(7) Fund).
- GLL Health Sciences Fund Ltd (A 3(c)(7) Fund)

ITEM 8.A – ANALYSIS METHODS AND INVESTMENT STRATEGIES

A. Investment Objective of the GLL Funds

GLL is a fund manager of six “fund-of-funds”, and uses a “multi-manager”, “multi-strategy” diversified investment philosophy. GLL seeks to generate consistent capital appreciation, with relatively low volatility, and little correlation to the equity and bond markets. GLL aims to mitigate risk of loss to the investors through diversifying the six GLL Funds’ investment portfolios, by allocating assets among multiple Portfolio Managers, who collectively implement a broad range of investment strategies. GLL seeks to provide predictable, less variable, returns that are comparable to the stock market, without the market’s commensurate risk or volatility, even under a wide range of market conditions. While a single investment manager or strategy may achieve superior performance during a specific period or market cycle, a single manager or strategy lacks diversification, and exposes the investment to higher risk.

GLL applies the following analysis methods and investment criteria to its investment strategies of its six Funds, and takes the following steps to mitigate risks in investments into Portfolio Funds it selects for investment by the GLL Funds.

B. Analysis Methods & Investment Criteria for Investing In Portfolio Managers

GLL manages six funds-of-funds, which typically invest the GLL Funds’ assets with approximately 20 different Portfolio Managers, implementing a broad range of investment strategies. GLL uses 8 different uncorrelated strategies to select those Portfolio Managers. GLL pools resources to allow investor participation in Portfolio Funds which have high minimum investment requirements beyond the reach of most individuals, and even beyond the reach of many family offices. GLL’s pooled investments into Portfolio Funds allow GLL Fund investors to collectively make investments into Portfolio Funds that are often closed to new investors.

GLL considers a number of factors in identifying and evaluating investment strategies which may include, but are not limited to: A strategy’s historical returns during various market cycles and economic environments; performance volatility and the variability of returns; the liquidity of the financial instruments traded; the costs associated with implementing a strategy (including transaction costs and Portfolio Manager fees and expenses); the extent to which a

strategy's performance may be expected to correlate with other strategies; and the effect of including a strategy on the overall diversification of the Portfolio Funds' holdings.

1. Selection of Portfolio Managers

GLL selects Portfolio Managers on the basis of various qualitative and quantitative factors which include a prospective manager's reputation, experience, investment philosophy and method of operation, organizational depth and key personnel, as well as the Portfolio Manager's clearing, execution and custodial relationships. GLL also may consider the Portfolio Manager's assets under management, performance history over various periods, rate of return relative to apparent risk, performance correlation with various market indices, comparison with other prospective managers implementing the same or similar investment strategy, fees charged, and liquidity constraints.

Although quantitative analysis is an important element in evaluating Portfolio Managers, GLL's subjective assessment of the ability and character of prospective Portfolio Managers plays a significant role in the selection process. GLL may conduct evaluations based upon personal meetings, reviews of performance records of the prospective manager and other analyses, due diligence and investigations GLL deems appropriate.

While many Portfolio Managers are established members of their industry, GLL may select emerging Portfolio Managers based on an assessment of their potential and anticipated stability.

2. Due Diligence on Portfolio Managers and Portfolio Funds

GLL Principals personally meet Portfolio Managers, and GLL conducts thorough due diligence and background checks on Portfolio Managers, before investing in a fund. GLL also meets with, and observes, the Portfolio Fund's key personnel while in operation at their place of business. GLL confirms that the Portfolio Manager has invested a large portion of its own personal net worth into the Portfolio Fund which seeks GLL's investment. Our personal investment criteria align the Portfolio Manager's interests with those of the GLL Funds.

GLL seeks to diversify across multiple Portfolio Managers invested in multiple uncorrelated investment strategies. GLL favors Portfolio Managers, and Portfolio Funds, which employ hedging strategies to facilitate reduction of negative outcomes. GLL invests in Portfolio Funds in which the strategies essentially hedge against other Portfolio Funds' strategies in the GLL Funds' investment portfolio, as an overall hedging and risk mitigation tool. GLL matches risks, including complimentary and contradictory risks.

3. Moderate Initial Investments into Portfolio Funds

GLL also initially invests a moderate amount of capital with each Portfolio Fund. GLL follows that first investment with continued due diligence on the Portfolio Manager and Portfolio Funds. GLL continues with steps to develop intimate familiarity with the Portfolio Manager's operations and to attain deeper operational experience with the Portfolio Manager. GLL increases its investment with the Portfolio Fund, only after confirming that the Portfolio Fund's operational expertise matches its stated prior performance history.

4. Monitoring Performance and Risk of Portfolio Managers and Portfolio Funds

GLL monitors the Portfolio Managers and Portfolio Funds on a continuing basis, to screen for leverage, liquidity, rising or falling assets under management, return levels, size of the top investors in their funds, number and size of redemption requests, style drift, strategy drift, market reputation of the Portfolio Fund, financial soundness or distress of the Portfolio Fund or the Portfolio Manager, comparison to other Portfolio Managers, and other factors. GLL receives periodic reports from Portfolio Managers containing results and metrics on their investments, and GLL analyzes them to the extent GLL has data that facilitates analysis.

In addition to monitoring performance, GLL also periodically attempts to determine whether a change in the Portfolio Manager's strategy or discipline has occurred, or whether a Portfolio Manager has experienced a significant change of circumstances, such as changes in assets under management, key personnel or personal circumstances.

GLL avoids or divests from Portfolio Funds that drift from their stated strategy, style, or area of expertise, and those that present other cause for concern.

C. Risk Management

GLL uses both diversification and monitoring to manage risks related to the Funds. It is responsible for the selection of portfolio managers and allocation of assets among them. GLL's approach is to diversify investments of the Funds as to portfolio manager, strategy and market in an effort to achieve low volatility of returns and limit down-side risk. There is no assurance that even robust risk management will mitigate or prevent the Funds' portfolios from experiencing significant losses.

ITEM 8.B – RISK OF LOSS – RISK FACTORS

The risks outlined below apply directly to the Funds, and others apply to the strategies employed by the Portfolio Funds in which GLL invests, as well as general market risks. The following Risk Factors do not purport to be a complete description of the risks involved in investing in the Funds or the Portfolio Funds. .

A. Risk of Investing in a Fund-of-Funds

Investing in a fund-of-funds entails a combination of risks and complexities that may not be applicable in traditional hedge funds or "long only" funds. Investments in fund-of-funds, a pooled investment vehicle, which invests in other pooled investment vehicles, as its investment strategy ("fund-of-funds" investments), are speculative and involve substantial risks.

Investment risk factors, structuring risks, operational risks, legal and compliance risks, and service provider's risks apply, as well as the roles and risks of the multi-manager hedge fund manager being an intermediary. Issues may arise specific to accessing hedge funds by investing in any structure that requires daily net asset value calculations and daily liquidity.

An investment in the GLL Funds, as well as in the Portfolio Funds, involves limited liquidity. Redemptions are typically permitted only on quarter-end, and only after 90 calendar days' notice. The value an investor receives in redemption may differ materially from the value at the time the investor requested redemption 90 or 180 days prior. The Portfolio Funds', and therefore GLL Funds', ability to satisfy redemption requests is largely contingent on their abilities to redeem assets from Portfolio Funds, which may restrict redemptions.

B. Market Risks of GLL's Investments in Underlying Portfolio Funds

The following summarizes the risks and types of trading strategies, investment strategies, techniques and sectors that may be selected by GLL for the Funds.

1. Strategy Risks

Strategy risk is associated with the failure or deterioration of an entire strategy; most or all investment managers employing that strategy would suffer significant losses. Strategy specific losses may result from excessive concentration by multiple investment managers in the same investment or general economic events that adversely affect particular strategies (*e.g.*, the disruption of historical pricing relationships). The strategies employed by the Portfolio Managers are speculative and involve substantial risk of loss if failure or deterioration occurs.

2. Style Drift

Portfolio Managers retain much flexibility in their investment strategies, and therefore, may start to drift into investing in strategies or securities in which they are not sufficiently experienced, or outside their core area of expertise. GLL monitors for style-drift, to the extent it is possible to monitor. GLL reviews exposure reports and ongoing research, and has created databases to effectively track potential style drift within a Portfolio Manager's holdings.

3. Leverage

Leverage, or borrowing, including borrowing to invest, magnifies profits and losses. Three areas of leverage could affect performance and risk of the Funds: Leverage of GLL the Fund Manager, leverage of the GLL Funds, and leverage of the underlying Portfolio Funds. See full explanation of Leverage, including Risk Factors and Disclosures, in [Leverage in the Underlying Portfolio Funds](#).

4. Derivatives

Hedge funds use derivatives or financial instruments that partially derive their performance from the performance of an underlying asset, index or interest rate. Derivatives can be volatile and involve various types and degrees of risk, depending upon the characteristics of the derivative, and the portfolio, potentially increasing leverage, liquidity and regulatory risks. The GLL Fund Manager anticipates monitoring the Portfolio Fund's use of derivatives including the financing of and liquidity of them. Derivative positions should be captured on a notional basis, and are analyzed based on the volatility of the underlying asset.

Portfolio Managers may use over-the-counter (“OTC”) derivative financial instruments, including, without limitation, warrants, options, swaps, notional principal contracts, and contracts for differences, forward contracts, futures contracts, credit default swaps and options, both for hedging and speculative purposes. The use of derivative instruments involves a variety of material risks, including the extremely high degree of leverage often embedded in the instruments and the possibility of counterparty non-performance as well as of material and prolonged deviations between the actual and the theoretical value of a derivative (i.e., due to nonconformance to anticipated or historical correlation patterns). In addition, the markets for derivatives are frequently characterized by limited liquidity, which can make it difficult as well as costly for the Funds to close out positions in order either to realize gains or to limit losses. The Reform Act (as defined below) requires that OTC derivatives be executed in regulated markets and submitted for clearing to clearing houses that are regulated.

5. Options

Portfolio Managers may buy and sell options on securities and stock indices. The writer of a covered call option assumes the risk of a decline in the market price of the underlying security to a level below the purchase price of the underlying security, less the premium received on the call option. The writer of a covered call option also gives up the opportunity for gain on the underlying security above the exercise price of the call. The writer of a call option that is not covered assumes the additional risk that it will be required to satisfy its obligation to the buyer of the call option by making an open-market purchase of the underlying securities on unfavorable terms. The buyer of a put or call option assumes the risk of losing the premium invested in the option.

6. Portfolio Funds in Early Stage; Limited or No Operating History

The Funds may invest in Portfolio Funds that are in the early stages of formation or operation. Portfolio Funds and Portfolio Managers may have no operating history upon which GLL can evaluate their anticipated performance. Furthermore, Portfolio Managers may have limited or no experience running an investment fund and, consequently, may need to focus a greater portion of their time on operations, which could reduce the time the Portfolio Managers spend implementing the investment strategies of Portfolio Funds. Portfolio Funds may also face competition from other investment funds which may be more established, have larger capital bases and have Portfolio Managers with larger numbers of qualified management, investment and technical personnel.

7. Liquidity Risks

Illiquid assets in the GLL Funds and in the underlying Portfolio Funds can cause risk of loss where various factors come into play, including market factors, or Portfolio Fund or Portfolio Managers dictate prompt liquidation, which may not be accomplished due to lack of liquidity. It can be challenging to GLL to monitor not only its own GLL Fund's liquidity risk, but also monitor top of the underlying Portfolio Funds' liquidity risks.

The ability to sell or cover a long or short position in a timely manner is typically lower in hedge funds, as many hedge funds often trade in more esoteric instruments that may have

relatively less liquidity than more traditional instruments. Mismanaging a fund's overall liquidity profile may expose the fund to a potential asset versus liability mismatch.

GLL's and the Portfolio Managers' ability to adjust portfolio allocations and satisfy redemption requests may be limited by restrictions imposed by the Portfolio Funds, including "lock-up" periods, early redemption fees, restrictions on redemptions, and general limits on liquidity based on market factors. GLL may not always be able to reallocate its investment in a timely matter in response to changes in market conditions or if the Portfolio Fund becomes a less desirable investment.

GLL invests in multiple managers and therefore risks the added responsibility to monitor the total liquidity and leverage for all the Portfolio Managers combined. GLL, and the Portfolio Managers, are subject to the risk of their own preparedness, or lack of it, to sell in a distressed market.

8. Concentration or Crowded Trades

Hedge funds typically do not have meaningful limits on position, industry or geographic exposures. Trades that are common among hedge funds are referred to as "crowded trades." A higher incident of crowded trades in a portfolio may limit a Portfolio Manager's ability to quickly get in or out of a position without impacting the market price. GLL attempts to gather resources, experience, and exposure information from underlying Portfolio Managers.

9. Short Sales and Short Selling

Portfolio Managers may engage in selling securities short or "Short Sales". Short sales involve the selling of a security that the Portfolio Fund does not own, in anticipation of a price decline, and then buying it back when the price is lower, theoretically generating a profit from the later price drop. The payoff to selling short is the opposite of a long position. A short seller will make money if the stock goes down in price, while a long position makes money when the stock price rises.

Short selling is subject to a theoretically unlimited risk of loss, because there is no limit on how much the price of a security may rise before the short position is closed out. The Portfolio Fund may prematurely be forced to close out a short position if a counterparty from which it borrowed the securities chooses to demands return of the securities, resulting in a loss on what might otherwise have been a profitable position.

10. Litigation and Enforcement Risk

The Portfolio Funds may accumulate substantial positions in the securities of a specific company and engage in a proxy fight, become involved in litigation, or attempt to gain control of a company. Under these circumstances, the Funds could be named as a defendant in a lawsuit or regulatory action. There have been a number of widely reported instances of violations of securities laws through the misuse of confidential information. Violations may result in substantial liabilities for damages caused to others, for the disgorgement of profits realized, and for penalties. Investigations and enforcement proceedings are ongoing, and it is possible that

hedge funds in which the Funds invests may be charged with involvement in violations. If that were the case, the performance records of hedge funds would be misleading. If a hedge fund in which the Funds invested engaged in violations, the Funds could be exposed to losses.

11. Side Pocketing or Gating

Hedge funds risk the illiquidity of the underlying Portfolio Funds in which they invest. Portfolio Managers attempt to restrict liquidity in their funds in various forms including the creation of side pockets or the use of gates. In the 2008 financial crisis, many hedge funds were forced to limit or restrict entirely their clients' access to their money, resulting in a significant backlash against the industry. GLL attempts to monitor Portfolio Managers who will measure potential asset to liability mismatches and take steps to remedy them. This risk is effectively eliminated by investing only in Portfolio Managers who provide daily liquidity, and who therefore are investing solely in highly liquid instruments.

12. Reputational and Headline Risk of Hedge Funds

Hedge funds can be the target of negative coverage in the press, a significant concern for many investors, who then request redemption of their investments from the fund. Hedge fund investment activities are now widely followed by individual investors and by the press, due to the availability of reporting of positions on SEC filings in EDGAR. Insider-trading investigations by the SEC and the U.S. Attorney can cause some market concern by investors. "Activist" Portfolio Managers seek to influence management and bring about corporate events.

13. Futures Trading

Portfolio Managers may trade commodity futures and options, generally for hedging purposes. Futures prices can be highly volatile. Because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses. Commodity exchanges limit fluctuations in commodity futures contract prices during a single day. During a single trading day no trades may be executed at prices beyond the "daily limit." Once the price of a futures contract for a particular commodity has increased or decreased by an amount equal to the daily limit, positions in the commodity can be neither taken nor liquidated unless the Portfolio Managers are willing to effect trades at or within the limit.

14. Non-U.S. Securities and Offshore Funds

The Funds may invest, directly or indirectly, in foreign securities and investment entities located in, or managed from, countries outside of the United States. Those investments may be subject to greater risk than domestic investments, due to various political issues, foreign and domestic tax issues, currency controls, the fluctuation of currency exchange rates and other factors.

Portfolio Managers may invest in securities of non-U.S. issuers. Non-U.S. investments involve special risks, including (1) political or economic instability, (2) the unpredictability of international trade patterns, (3) the possibility of foreign governmental actions such as expropriation, nationalization or confiscatory taxation, (4) the imposition or modification of currency controls, (5) price volatility, (6) the imposition of withholding taxes on dividends,

interest and gains and (7) different bankruptcy laws and practice. As compared to U.S. entities, non-U.S. entities generally disclose less financial and other information publicly, and are subject to less stringent and less uniform accounting, auditing and financial reporting standards. Also, it may be more difficult to obtain and enforce legal judgments against non-U.S. entities than against U.S. entities.

One of the six GLL Funds itself is an offshore fund, formed in the Cayman Islands. However, it is formed in the Caymans Islands for tax purposes. It follows strategies similar to the other three GLL Funds and may invest in Portfolio Funds that invest in off-shore securities or off-shore funds.

15. Closures and Liquidations of Portfolio Funds

Hedge funds are particularly vulnerable to the risk of going out of business, as are other types of funds. The Portfolio Manager's compensation structure of hedge funds contains an incentive fee component, which is paid at the end of a quarter, and which can significantly strain the finances of an organization if it is forced to operate below its "high water mark", during which time it will receive no incentive fees. Hedge funds are inherently fragile businesses whose success or failure is often determined swiftly by a demanding and unforgiving marketplace.

16. Past Performance of Portfolio Funds is Not Indicative of Future Results

The number and identity of the investment strategies and Portfolio Managers included in the GLL Funds' portfolios are subject to change, and are evaluated on an ongoing basis. Portfolio Managers and investment strategies included in the Funds' portfolio at one time may be allocated in a higher or lower percentage of the Funds' assets, or may be removed or replaced with new strategies and Portfolio Managers. A Portfolio Managers' trading methods are dynamic and change over time. A Portfolio Manager will not always use the same trading method in the future that was used to compile its past performance record. Consequently, past performance of a Portfolio Manager or Portfolio Fund will not be indicative of future performance, and may represent a materially different underlying portfolio or strategy.

ITEM 9 – DISCIPLINARY INFORMATION

None of the three Principals of GLL, or the Director of the offshore fund GLL Investors, Ltd., has ever had disciplinary actions.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Other Activities

GLL participates in no other businesses. Two of its principals have participated in private real estate investments and in hobby-related businesses, but they do not have interests in any businesses in the financial services industry.

GLL is registered as a commodity pool operator with the National Futures Association, in the event that its Portfolio Funds might be deemed a Commodity Pool. GLL claimed an exemption from registration for each of its own six GLL Funds. GLL's Funds invest into other Portfolio Funds that may employ the use of hedging with a limited amount of futures to hedge. GLL's Principals are affiliated with the CPO registered with the NFA. GLL does not invest directly into any commodities or futures.

GLL is not registered as a broker-dealer, commodity trading adviser, nor is it required to apply for any of these registrations, under its current business model. It does not have any other affiliated broker-dealers or investment advisers. GLL is not a sub-adviser to any other entities. No other entities are Sub-advisers for GLL. GLL does not recommend or select brokers or advisers for its investor clients.

None of the Principals of GLL are affiliated with any other financial industry entities, including broker-dealers, investment advisers, CTAs, FCMs or any other. The principals of GLL do not recommend or select brokers or advisers for its investor clients. GLL is not registered with any Foreign Financial Regulatory Authorities.

GLL has an arrangement in which it pays fees to Gilboy Group, Inc. (owned by Peter Gilboy) for accounting services, and Andrew Gilboy for consulting services. Peter Gilboy, Gilboy Group, Inc., and Andrew Gilboy are not affiliated persons of GLL.

B. Personal Trading Accounts – Limited Activity

The Three Principals of GLL have small personal trading accounts. They are prohibited from buying or selling securities in the Portfolio Funds which the GLL Funds invest. They are also prohibited from buying or selling, to their knowledge, any securities in which the Portfolio Funds invest. However, it is very difficult to monitor the content and allocation of the underlying portfolios of the Portfolio Funds, since those Portfolio Funds keep their investments confidential. See "Personal Securities Trading Policy", next Item 11.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

GLL has adopted a written Code of Ethics that is applicable to all of its managing directors, officers and employees, as well as officers and employees of its affiliates and certain independent contractors (collectively, "Adviser Personnel"). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the "Advisers Act"), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households may *not* purchase investments for their own accounts that are the same investments as may be purchased or sold for a Fund, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with GLL's Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act.

Adviser Personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. Adviser Personnel are required to annually certify compliance with the Code of Ethics. A copy of the Code of Ethics is available to any client or prospective client.

ITEM 12 – BROKERAGE PRACTICES

A. Investment Directly In Portfolio Fund Issuers – No Brokerage Commissions

GLL makes its private fund investments directly into privately-held Portfolio Fund issuers, without the use of any broker-dealer firms. Because GLL investments are private placement transactions, it does not need to, and does not use, any broker-dealer firms either to sell the interests in its own GLL Funds, or to buy interests in the Portfolio Funds into which the GLL Funds invest. Accordingly, GLL does not pay any brokerage commissions on any transactions. GLL does not conduct any transactions in foreign currencies.

GLL does not invest directly into any public companies, publicly traded securities or listed securities. Therefore, it does not invest through broker-dealer firms, and does not use broker-dealers to effect any investment transactions. GLL conducts its own due diligence on the Portfolio Funds in which the GLL Funds invest, and therefore, GLL does not use brokers for due diligence and does not pay any due diligence expenses to broker-dealer firms.

GLL does not pay any finder's fees or commissions in exchange for our investing in any of the Portfolio Funds it selects for investment. GLL does not select or recommend broker-dealers to execute trading orders, as there are no trading orders to execute. Accordingly, broker selection and best execution policies do not apply to the fund-of-funds business model.

For the privately held Portfolio Funds in which GLL invests, GLL strives to obtain the best price possible. However, the Portfolio Fund investments are made in private investment transactions, not subject to the same market pricing factors or open market forces that govern a liquid public market security, and therefore generally are not negotiable to GLL.

The Portfolio Funds may be paying brokerage commissions to broker-dealers on the securities and investments that they buy and sell as part of their own portfolios. However, GLL does not receive statements or other information to that effect; therefore GLL does not know if the Portfolio Funds are paying commissions or how much those commissions are if they do pay commissions.

If GLL should receive securities in redemption from an underlying Portfolio Fund, which it has on rare occasion received, then GLL will use Options House, LLC or BMO Harris, N.A. in Chicago, to sell any securities that GLL receives, and GLL will seek the best price and execution available.

B. No Soft Dollar Benefits or Research Services

GLL does not receive market research or other products or services from a broker-dealer or any third party ("soft dollar benefits"). GLL does not make any trades through broker-dealer firms. Therefore, no "soft dollar" arrangements are in place between GLL and any other firm, including no arrangements in which a broker-dealer firm would provide research to GLL in exchange for GLL placing its trading services with the broker-dealer firm in exchange for fees.

C. Trade Allocation, Aggregation, and Trade Errors

Due to the nature of GLL's business, it will rarely have an issue of limited trade allocation among its funds. Moreover, it rarely will have to aggregate multiple purchases of the same fund for its six clients, the Funds. Finally, if GLL has a trade error, it will ensure that the affected client will be made whole from any loss.

D. Brokerage for Client Referrals and Directed Brokerage

GLL does direct brokerage and receive client referrals. Nor does GLL accept directed brokerage arrangements from any of its underlying investors in its client Funds.

ITEM 13 – GLL REVIEW OF CLIENT ACCOUNT AND REPORTS

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly GLL's review of them is not directed toward a short-term decision to dispose of securities. However, in the case of each Fund, GLL monitors the investments in each Fund and generally maintains an ongoing oversight position in such investments. The portfolios of the Funds are reviewed by a team of investment professionals on an on-going basis. The team generally includes Managing Directors and Three Principals of GLL.

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund within 120 or 180 days after the fiscal year end of such Fund. In addition, GLL provides an annual letter to investors, summarizing the year in review and the performance in review. GLL periodically emails quarterly unaudited financial information to Fund investors.

ITEM 14 – CLIENT REFERRALS; NO OTHER COMPENSATION

GLL contacts and meets its own investors through its own relationships and its own efforts, and does not pay anyone else to find investors. GLL does not receive compensation for, nor does it pay any compensation to, any person for investor referrals. No broker-dealers or finders are used for any transactions, and no brokers or finders are ever paid any commission.

GLL has an arrangement in which it pays fees to Gilboy Group, Inc. (owned by Peter Gilboy) for accounting services, and Andrew Gilboy for consulting services. Peter Gilboy, Gilboy Group, Inc., and Andrew Gilboy are not affiliated persons of GLL.

ITEM 15 – CUSTODY

GLL's clients' funds and securities are held at qualified custodians as that term is defined in Rule 206(4)-2(a) ((1)). In addition, each Fund will be audited annually by an auditor which is registered with and under the supervision of the Public Company Accounting Oversight Board. Copies of the audited financial statements are sent to investors within 270 days of the respective Fund's fiscal year end.

ITEM 16 – INVESTMENT DISCRETION

Pursuant to the governing documents of the Funds, GLL, as investment manager, has complete investment discretion and authority with respect to all trading conducted by the Funds. This authority is conveyed by the subscription agreements in which investors invested in the Funds and the Funds' governing documents.

ITEM 17 – VOTING CLIENT SECURITIES; PROXY VOTING

GLL only invests in private funds. Therefore, no proxy voting is required or solicited for the GLL Funds or for the GLL Fund investors. The underlying Portfolio Funds are also privately-held funds, and therefore have not requested that GLL vote proxies on behalf of the GLL Funds. Those Portfolio Funds would vote proxies for any investments underlying those Portfolio Funds, if applicable. GLL signs a subscription agreement with each Portfolio Fund under which GLL waives its right to vote proxies, assigning GLL's voting rights to the Portfolio Manager.

ITEM 18 – FINANCIAL INFORMATION

Neither GLL nor any of its three Principals has any financial information to report.