

**ITEM 1**

**Cover Page**



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FORM ADV PART 2A: DATED October 2015

This brochure (this "Brochure") provides information about the qualifications and business practices of Blue Rock Advisors, LLC and its affiliates (the "Investment Adviser" or "Blue Rock"). If you have any questions about the contents of this Brochure, please contact Angela Knutzen, Chief Compliance Officer at 952-229-8704 or via email at [knutzen@blue-rock.com](mailto:knutzen@blue-rock.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

The Investment Adviser filed for registration as an investment adviser with the SEC in October 2015. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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

## **ITEM 2**

### **Material Changes**

Since Blue Rock Advisors, LLC (“Blue Rock”) has not previously filed Form ADV Part 2A (“Brochure”) with the Securities and Exchange Commission (the “SEC”), there are no material changes to report. However, clients and investors should note the following:

- In October 2015 Blue Rock submitted its application for registration as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended.
- This is Blue Rock’s initial Brochure.

A complimentary copy of this Brochure may be requested by contacting Blue Rock at (952) 229-8700 or by submitting a written request to Blue Rock Advisors, LLC, 445 East Lake Street, Wayzata, MN 55391.

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## ITEM 4

### Advisory Business

Blue Rock was formed in September 2015 in order to facilitate a restructuring effort by Blue Rock Advisors, Inc. (the “Founding Entity”). Established in 1989 by Robert Fullerton, the Founding Entity is the investment adviser to six private investment funds (each a “Fund” and, collectively, the “Funds”). The Founding Entity has been registered as an investment adviser with the SEC since 1999. Blue Rock and the Founding Entity focus exclusively on low net exposure long-short equity investments. Currently, Blue Rock and the Founding Entity track and maintain opinions on its entire investable universe of low net exposure long-short equity portfolio managers (approximately 450).

Blue Rock and the Founding Entity provide discretionary investment advisory services to the Funds by selecting third party investment managers to offer a “fund-of-funds” or “multi-manager” investment strategy. Through the private investment partnerships, investors in the Funds have access to a diversified mix of Portfolio Managers. The Funds seek to lessen market risk and achieve consistent positive returns across market cycles.

Each Fund utilizes a “fund-of-funds” or “multi-manager” investment strategy pursuant to which the Funds' capital is allocated among a selected group of private investment funds (“Portfolio Funds”) that are managed by portfolio managers that are not affiliated with Blue Rock or the Founding Entity (“Portfolio Managers”) or allocated pursuant to separate investment sub-advisory agreements granting Portfolio Managers discretionary trading authority over the Fund assets committed to such Portfolio Managers. Blue Rock or the Founding Entity allocate the assets of each Fund to Portfolio Managers with differing styles or industry specialization with the objective of reducing individual manager risk. By controlling the level of invested capital allocated to each Portfolio Manager, Blue Rock and/or the Founding Entity seek to tailor such investments to meet each Fund's overall investment objectives.

Blue Rock is 100% employee-owned by (1) Robert Fullerton, Founder and Principal (through ownership of the Founding Entity), (2) Mark Steen, Principal (through ownership of the Founding Entity), and (3) Robbie Burkhardt, Chief Executive Officer and Chief Investment Officer of Blue Rock and the Founding Entity.

Blue Rock may engage in principal transactions not in the ordinary course of business. All such transactions will be conducted in accordance with Section 206(3) of the Investment Advisers Act of 1940 (the “Advisers Act”).

Each of the Funds is a private pooled investment vehicle, the securities of which are offered to investors on a private placement basis, and is exempt from registration under the Investment Company Act of 1940 pursuant to either Section 3(c)(1) or 3(c)(7) thereunder. Despite employing a “fund-of-funds” or “multi-manager” investment strategy, three of the Funds make direct investments into certain derivative instruments (the “Alpha Overlay Funds”).

The Alpha Overlay Funds allocate assets to an affiliated Fund and utilize swap agreements or future contracts in order to achieve their respective investment objectives. Swap agreements and futures contracts are individually negotiated with independent financial institutions (“counterparties”) and can be structured to include exposure to a variety of different types of investments or market factors.

All prospective investors receive a Confidential Memorandum that contains detailed information about the applicable Fund’s structure, investment objectives, restrictions, risks, tax treatment, ERISA considerations and conflicts of interest, among other things. Prior to accepting an initial investment into any of the Funds, investors are required to execute a Subscription Agreement which sets forth the terms, conditions and risks of the Fund. Blue Rock reserves the right to reject an investment into any of the Funds for any reason.

Interests in the Funds may be placed through the affiliated placement agent, Blue Rock Global Partners, Inc. (“Blue Rock Global”), a registered broker dealer and FINRA member firm. Blue Rock Global is used solely to place interests in the Funds and has no trading capabilities.

As of September 30, 2015, Blue Rock had approximately \$850,400,000 in net assets under management, all of which is in discretionary accounts.

## **ITEM 5**

### **Fees and Compensation**

Blue Rock generally receives a management fee (the “Management Fee”) from each of the Funds for which it serves as investment adviser. The Management Fee ranges from 0% to 1.50% per annum of the value of a Fund’s assets under management.

In addition to a Management Fee, Blue Rock may also receive performance-based compensation in the form of a fee or allocation (the “Performance Fee”) from certain Funds. Performance Fees in the form of an allocation range from 0% to 1% of net realized and unrealized gains or losses on applicable Fund assets, while Performance Fees in the form of a fee range from 0% to 30% of net realized and unrealized gains or losses on applicable Fund assets.

Blue Rock may waive, reduce or rebate the Management Fee or Performance Fee with respect to any investor. Blue Rock may enter into side letters and other agreements and arrangements ("Side Letters") with certain investors pursuant to which an investor may receive reports and have access to information regarding the Fund's portfolio that may not be generally available to other investors in the Fund. Such investors may be able to base their investment decisions, including, without limitation, withdrawing their capital from the Fund, on information that is not generally available to other investors in the Fund, including information obtained in connection with due diligence reviews. Side Letters may also provide more favorable terms relating to, among other things, management fees or performance allocations. Further, side letters may include investment-related or brokerage restrictions that potentially impact an entire Fund. Although Blue Rock may consider other factors, Blue Rock's determination to enter into a Side Letter is often based on the relevant investor's investment size or the aggregation of accounts for investors sourced from a certain investment advisor, consultant or other third party.

Neither Blue Rock Advisors III, LLC, each Fund's general partner (the "General Partner"), nor any of Blue Rock's or the Founding Entity's owners, principals, officers, employees or affiliates are assessed a Management Fee or Performance Fee in connection with their respective investments in a Fund.

Management Fees and Performance Fees, as applicable, are deducted from the assets of each Fund and reduce the account value or number of units, as applicable. Management Fees and Performance Fees in the form of an allocation are deducted monthly, while Performance Fees in the form of a fee are deducted annually. The Management Fee will be prorated for periods of less than one full month. With respect to the Funds, the General Partner or the Investment Adviser, in their sole discretion, may negotiate a higher or lower fee or waive or reduce all or a portion of the Management Fee and/or Performance Fee.

With respect to the Funds, a portion of the Management Fee and the Performance Fee, if any, may be paid to the "registered representatives" of Blue Rock Global for client servicing.

Each Fund bears its own costs and expenses. In addition to the Management Fee and Performance Fee charged by Blue Rock and/or the General Partner, Portfolio Managers utilized by the Fund generally charge a management fee and may also assess a performance fee. Blue Rock anticipates the management fees assessed by the Portfolio Managers to be between .75% and 2.0% annualized. The performance fee charged by the Portfolio Managers may be as high as 20% of the net realized and unrealized gains on the Fund's assets managed by the Portfolio Manager, after deduction of management fees and expenses. Investors in the Fund will bear their proportionate share of the fees and expenses in the Fund.

The Funds' costs and expenses may also include, but are not limited to, all costs and expenses in

connection with the purchase, holding, sale or exchange of securities or other assets (whether or not ultimately consummated) (i.e., brokerage fees, private placement fees and finder's fees, fees and costs of the Funds' administrators, interest on borrowed money, real or personal property taxes on investments, costs and expenses in connection with the registration of investments under applicable securities laws, and related legal, accounting and other fees and expenses), fees and expenses in connection with the maintenance of bank, brokerage or custodial accounts, legal, accounting, auditing, bookkeeping, tax return preparation and consulting fees and expenses, liability and other insurance premiums for insurance in which a Fund is a named beneficiary, expenses in connection with meetings of and communications with Fund investors, entity-level taxes applicable to a Fund on account of its operations, costs and expenses arising out of a Fund's indemnification obligations, syndication and organizational costs, fees, and expenses in connection with the formation and organization of a Fund (including, without limitation, legal and accounting fees and expenses incident thereto) and costs, fees, and expenses in connection with the liquidation of a Fund and its assets. The Investment Adviser is entitled to prompt reimbursement out of Fund assets for any of such expenses it incurs on a Fund's behalf. (Please refer to *Item 12.: Brokerage Practices* for further discussion on client brokerage.)

## **ITEM 6**

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

Blue Rock has entered into performance-based fee or allocation arrangements with some of the Funds (see the description of Performance Fees in the section titled *Fees and Compensation*). Performance Fee arrangements are structured to comply with Section 205-3 of the Advisers Act. When measuring clients' assets for purposes of calculating performance-based fees, Blue Rock shall include realized and unrealized capital gains and losses.

Blue Rock provides "side-by-side management" because not all Funds are subject to performance-based fees or the same fees or allocation percentages or calculations, thereby creating an incentive to favor higher fee paying accounts in the allocation of investment opportunities or investment recommendations. Blue Rock adheres to a policy of allocating investment opportunities on an equitable basis, taking into account such factors as relative amounts of capital available for investment and tax and regulatory considerations. Blue Rock has designed and implemented procedures to ensure that all clients are treated fairly and equitably, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

## **ITEM 7**

### **Types of Clients**

The Investment Adviser generally provides investment advice to the Funds as described above.

## **ITEM 8**

### **Methods of Analysis, Investment Strategies and Risk of Loss**

The descriptions set forth in this Brochure of specific advisory services that the Investment Adviser offers to clients, and investment strategies pursued and investments made by the Investment Adviser on behalf of its clients, should not be understood to limit in any way the Investment Adviser's investment activities. The Investment Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Investment Adviser considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies the Investment Adviser pursues are speculative and entail substantial risks. Investors in the Funds should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

#### **Methods of Analysis**

Blue Rock does not perform analysis of individual securities. Rather, Blue Rock performs both qualitative and quantitative analyses in evaluating third party Portfolio Managers and their investment strategies and commingled investment vehicles. Qualitative analysis includes, among other things, review and assessment of a Portfolio Manager's investment process, sources of investment ideas, research methodology, valuation methodology, risk management techniques, method of operation, background, assets under management, personal investment in the commingled investment vehicle, organization and staff, and liquidity of the interests. Quantitative analysis includes, among other things, assessment and review of rates of return, standard deviation of return, Sharpe ratio, correlation with various market indices and with other managers, performance compared to other managers employing the same or similar strategy, worst loss period, risk factor exposures, portfolio biases, and fees.



The main sources of information used by Blue Rock include recommendations from other investment professionals, personal interviews, and reviews of offering memoranda, limited partnership agreements, or other similar documents and performance records.

### Investment Strategy

The low net exposure long-short equity (“LNLSE”) investment strategy is a highly specialized investment discipline whose performance, by design, has a low correlation with the performance of conventional equity and fixed-income markets. LNLSE investments may be desirable because a substantial portion of the volatility risk associated with most investments within a diversified portfolio is a function of market direction. Unlike most traditional investments, LNLSE investments have an increased probability of profiting in both rising and falling market environments. For most investors, the low correlation of returns between LNLSE investments and traditional equity and fixed-income markets means that LNLSE investments may offer significant portfolio diversification. There are a variety of ways to implement LNLSE investment strategies.

LNLSE strategies attempt to neutralize the risk of fluctuations in the equity markets by constructing two diversified portfolios of equity securities, one comprised of long positions in stocks believed to be undervalued, and the other comprised of short positions in stocks believed to be overvalued. Undervalued common stocks purchased long tend to increase in value in a rising market, while short positions in overvalued common stocks tend to increase in value in a falling market. By sacrificing some potential returns in order to establish a low net exposure to market direction risk, the LNLSE strategy attempts to limit risk and consistently produce positive returns.

Generally, the Portfolio Managers selected by Blue Rock provide their own exposure and risk reports on a monthly basis. In addition, the Portfolio Managers are required to have portfolio data sent directly from their administrator or prime broker to Blue Rock’s external vendor or to Blue Rock so that Blue Rock can perform an independent analysis and review aggregate portfolios. Blue Rock requires monthly statements directly from the Portfolio Managers’ third party administrators, as well as an annual audit. Finally, Blue Rock conducts on-site due diligence visits.

### Risks

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Funds advised by the Investment Adviser, but are examples of certain risks that investors in the Funds may bear. These risk factors include only those risks the Investment Adviser believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Investment Adviser.

**There can be no assurance that any of the Funds will achieve their stated investment objectives. Past results are not necessarily indicative of future performance. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.**

Any risks borne by the individual Portfolio Managers will be indirectly borne by the Funds.

Dependence on Skill and Integrity of Portfolio Managers. The success of each Fund is dependent upon the ability and integrity of the Portfolio Managers selected by the Investment Adviser. While the Investment Adviser carefully scrutinizes new Portfolio Managers and monitors all Portfolio Managers employed by each Fund, the current and future performance of any individual Portfolio Manager may vary from its historical performance. In addition, there is the possibility that Portfolio Managers may deviate from their stated investment disciplines, be negligent in their investment management or commit fraud or willful misconduct. The Investment Adviser attempts to take many qualitative criteria pertaining to the Portfolio Managers and their personnel into consideration in the engagement and continuation of any particular manager, but such risks cannot be entirely eliminated.

Withdrawals from Portfolio Funds; Re-Allocation of Investments. Each Fund may have limited rights pursuant to which it may withdraw, transfer or otherwise liquidate its investments in the Portfolio Funds. Investments in Portfolio Funds are not themselves marketable and, therefore, the Funds are not able to readily dispose of their interests in Portfolio Funds. Under the terms of the governing documents of the Portfolio Funds, the ability of each Fund to withdraw any amount invested therein may be subject to certain restrictions and conditions, including restrictions on the withdrawal of interests for an initial period, restrictions on the amount of withdrawals and the frequency with which withdrawals can be made, and investment minimums which must be maintained. Additionally, the Portfolio Funds typically reserve the right to reduce (i.e., "gate") or suspend withdrawals and to satisfy withdrawals by making distributions in-kind, under certain circumstances. The ability of investors in a Fund to withdraw all or any portion of their capital account(s) may be adversely affected to varying degrees by such restrictions depending on, among other things, the length of any restricted periods imposed by the Portfolio Funds, the amount and timing of a requested withdrawal by an investor in a Fund in relation to the time remaining of any restricted periods imposed by related Portfolio Funds, the aggregate amount of withdrawal requests, the next regularly scheduled withdrawal dates of such Portfolio Funds, the imposition of "gates" or suspensions, the decision by a Portfolio Fund to satisfy withdrawals in-kind and the satisfaction of other conditions.

Events in the world financial markets, such as the 2008 global economic crisis may materially adversely affect the Portfolio Funds, potentially limiting each Fund's ability to fully exercise its

withdrawal rights with regard to Portfolio Funds due to the imposition of "gates," suspensions of withdrawals and distributions in-kind. Additionally, in some cases, Portfolio Managers may suspend the determination of the net asset value of all or a portion of their portfolios. The absence of such valuations will make it more difficult for the Investment Adviser to accurately value each Fund's portfolio.

In-Kind Distributions. There can be no assurance that each Fund will have sufficient cash to satisfy withdrawal requests, or that it will be able to liquidate investments at the time of such withdrawal requests at favorable prices. Portfolio Funds may be permitted to meet withdrawal requests with in-kind distributions. Thus, upon each Fund's withdrawal of all or a portion of its interest in a Portfolio Fund, each Fund may receive securities or other instruments that are illiquid or difficult to value. Under the foregoing circumstances, and under other circumstances deemed appropriate by the General Partner, an investor in a Fund may receive securities or other instruments owned by each Fund in lieu of or in combination with cash. The securities or other instruments that are distributed to an investor in a Fund in connection with an in-kind distribution may be in the form of interests or shares of a special purpose vehicle owned by each Fund with the special purpose vehicle holding assets contributed by each Fund or a participation interest in investments of each Fund. To the extent a withdrawing investor in a Fund is distributed interests or shares in a special purpose vehicle, such withdrawing investor in a Fund will continue to be at risk of each Fund's business (including its credit risk) until all such financial instruments are sold. The value of the in-kind distributions may increase or decrease before they are sold either by the withdrawing investor in a Fund, if received directly, or by the Investment Adviser or its affiliates, if held through a special purpose vehicle. In either case, the withdrawing investor in a Fund will incur transaction costs in connection with the sale of any such instruments and, in the case of interests or shares in a special purpose vehicle, will bear a proportionate share of the operating and other expenses borne by such special purpose vehicle. Additionally, any risk of loss and delay in liquidating these securities or other instruments will be borne by the investors in a Fund, with the result that such investor in a Fund may receive less cash than it would have received on the date of withdrawal.

Layered Compensation Structure. In addition to the management fee charged by the Investment Adviser and the performance compensation, if any, that is made to the General Partner or Blue Rock, Portfolio Managers will charge each Fund management fees and receive incentive fees or allocations. As a result, an investor in a Fund will indirectly bear multiple management fees, incentive fees or allocations and other expenses imposed by Portfolio Managers, as well as directly bear the expenses of each Fund. These direct and indirect fees, allocations and expenses, in the aggregate, will exceed the fees that would typically be incurred by a direct investment with a single Portfolio Manager or private investment vehicle. Each Portfolio Manager generally

charges each Fund an asset-based fee and receives a performance-based allocation. The asset-based fees of the Portfolio Managers are generally expected to range from 0.75% to 2.00%, and the performance-based allocations of the Portfolio Managers are generally expected to be as high as 20% of net capital appreciation. However, such fees and allocations may be greater or less than the ranges listed above.

Independent Portfolio Managers. The Portfolio Managers invest wholly independently of one another and may at times hold economically offsetting positions. To the extent that the Portfolio Managers do, in fact, hold such positions, each Fund, considered as a whole, cannot achieve any gain or loss despite incurring expenses. In addition, a Portfolio Manager may be compensated based on the performance of its portfolio. Accordingly, a particular Portfolio Manager may receive an incentive allocation in respect of its portfolio for a period even though each Fund's overall portfolio depreciated during such period. Furthermore, at any given time, each Fund may be invested in only a small number of Portfolio Managers, thus limiting the Investment Adviser's ability to diversify each Fund's positions.

Diversification. Each Fund seeks to diversify its investments by selecting multiple Portfolio Managers. Although the Investment Adviser has implemented self-imposed guidelines on diversification, there are no limits on the Investment Adviser's investment discretion. The number of Portfolio Managers employed by each Fund, and consequently each Fund's diversification, may vary over time. Further, in part because of Portfolio Managers' investment minimums, the level of diversification will depend on the amount of capital invested in each Fund at any particular time. It is also possible that the Portfolio Managers may select investments that are concentrated in a particular market or industry, or in a limited number or type of securities. This limited diversity could expose each Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those investments.

"Style Drift". The Investment Adviser relies primarily on information provided by Portfolio Managers in assessing a Portfolio Manager's defined investment strategy, the underlying risks of such a strategy and, ultimately, determining whether, and to what extent, it will allocate each Fund's assets to particular Portfolio Managers. "Style drift" is the risk that a Portfolio Manager may deviate from its stated or expected investment strategy. Style drift can occur abruptly if a Portfolio Manager believes it has identified an investment opportunity for higher returns from a different approach (and the Portfolio Manager disposes of an interest quickly to pursue this approach) or it can occur gradually, such as if, for instance, a "value"-oriented Portfolio Manager gradually increases a Portfolio Fund's investments in "growth" stocks. Style drift can also occur if a Portfolio Manager focuses on factors it had deemed immaterial in its offering documents, such as particular statistical information or returns relative to certain benchmarks. Additionally,

style drift may result in a manager pursuing investment opportunities in an area in which it has a competitive disadvantage or is outside the Portfolio Manager's area of expertise (e.g., a large-cap Portfolio Manager focusing on small-cap investment opportunities). Moreover, style drift poses a particular risk for multiple-manager structures since, as a consequence, each Fund may be exposed to particular markets or strategies to a greater extent than was anticipated by the Investment Adviser when it assessed the portfolio's risk-return characteristics and allocated assets to a Portfolio Manager (and which may, in turn, result in overlapping investment strategies among various Portfolio Managers).

Misconduct or Bad Judgment of Portfolio Managers. It is difficult, if not impossible, for the Investment Adviser to protect each Fund from the risk of Portfolio Manager fraud, misrepresentation, material strategy alteration or poor judgment. Although Portfolio Managers are required to adhere to the offering documents for their respective funds or the investment subadvisory agreements for separately managed accounts, the Investment Adviser cannot control the investment decisions made by a Portfolio Manager.

Limited Information Regarding Portfolio Managers; Estimates and Valuations from Portfolio Managers. In performing its risk management, manager evaluation and manager review analysis, the Investment Adviser may be limited by the availability of data provided by the Portfolio Managers. The Investment Adviser will endeavor to conduct the due diligence analyses it deems necessary in order for it to be able to determine whether to make an investment with a Portfolio Manager or in a Portfolio Fund. In some cases, the Funds may not be able to perform the analyses referred to in this Brochure because of limited information provided by the Portfolio Managers.

Certain securities in which the Portfolio Managers invest may not have a readily ascertainable market price. The net asset values received by the Investment Adviser from such Portfolio Managers typically will be estimates only, subject to revision through the end of each underlying Portfolio Fund's annual audit. Revisions to each Fund's gain and loss calculations will be an ongoing process, and no net asset value figure can be considered final until the Fund's annual audit is completed. In most cases, the Investment Adviser will have no ability to assess the accuracy of the valuations received from a Portfolio Manager.

Delays in Investment in Portfolio Funds. Each Fund may make additional investments in a Portfolio Fund only at certain times pursuant to limitations set forth in the governing documents of such Portfolio Fund. In any such event, pending the investment in additional Portfolio Funds, or the agreement of the existing Portfolio Funds to accept additional capital contributions from each Fund, initial or additional capital contributions made by investors in a Fund may be temporarily invested in short-term investments or cash (including demand deposit balances).

Under such circumstances, continued purchases in a Fund by new investors (or additional investments by existing investors) in such Fund will dilute the participation of existing investors in such Fund in the Portfolio Funds in which the Fund is invested.

Turnover. Generally, the Funds' activities involve investment with Portfolio Managers, which may invest on the basis of short-term market considerations. The turnover rate within the Portfolio Funds may be significant, potentially involving substantial brokerage commissions and fees. The Fund will have no control over this turnover. In addition, the withdrawal of a Fund from a Portfolio Fund could involve expenses to each Fund under the terms of such Fund's investment.

Newly Formed Portfolio Funds and Portfolio Managers. From time to time, each Fund may invest in recently formed Portfolio Funds and "emerging" Portfolio Managers. To the extent such a Portfolio Fund or Portfolio Manager is in an early stage of formation or operation, there may be a number of operational and other issues that make these types of investments highly speculative. For example, in its early stages, an investment manager may have little capital available to cover expenses and, accordingly, may have difficulty attracting qualified personnel. Emerging investment managers may face competition from other investment funds, which may be more established, have a larger number of qualified personnel and benefit from a larger capital base. There is no guarantee that such investment management firms will be able to overcome these obstacles and generate any profits.

Investment and Trading Risks in General. All investments made by each Fund risk the loss of capital. The Portfolio Managers may utilize such investment techniques as margin transactions, short sales, forward contracts and option transactions, which practices can, in certain circumstances, maximize the adverse impact to which each Fund may be subject. The Investment Adviser believes that each Fund's investment program and research techniques moderate this risk through careful selection of investment strategies and Portfolio Managers. No guarantee or representation is made that each Fund's investment program will be successful, and investment results may vary substantially over time.

Trading in Securities and Other Investments May be Illiquid. Certain investment positions in which the assets of each Fund are invested may be illiquid. The Portfolio Managers may invest in restricted or non-publicly traded securities, and securities on foreign exchanges. Such investment positions could prevent the Portfolio Managers from liquidating unfavorable positions promptly and subject each Fund to substantial losses. This could also impair each Fund's ability to make distributions to a withdrawing investor in a timely manner.

Short Selling. The Portfolio Managers with which the assets of each Fund are invested will engage in short selling. Short selling involves selling securities which may or may not be owned

and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Options. The Portfolio Managers may purchase and sell ("write") options on equities on national and international securities exchanges and in the domestic and international over-the-counter market. The seller ("writer") of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security, plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

The writer of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the value of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset, in whole or in part, by any gain on the short sale of the underlying security.

Options may be cash settled, settled by physical delivery or by entering into a closing purchase transaction. In entering into a closing purchase transaction, a Portfolio Manager may be subject to the risk of loss to the extent that the premium paid for entering into such closing purchase transaction exceeds the premium received when the option was written.

Swap Agreements. The Portfolio Managers may enter into swap agreements. Swap agreements are individually negotiated and can be structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease a Portfolio Manager's exposure to long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, corporate borrowing rates, or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. A Portfolio Manager is not limited to any particular form of swap agreement if consistent with such Portfolio Manager's investment objective and policies.

Swap agreements tend to shift a Portfolio Manager's investment exposure from one type of investment to another. For example, if a Portfolio Manager agrees to exchange payments in dollars for payments in non-U.S. currency, the swap agreement would tend to decrease such Portfolio Manager's exposure to U.S. interest rates and increase its exposure to non-U.S. currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of a Portfolio Manager's portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from a Portfolio Manager. If a swap agreement calls for payments by a Portfolio Manager, such Portfolio Manager must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by such Portfolio Manager.

Hedging Transactions. The Portfolio Managers may utilize various financial instruments both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of an investment portfolio resulting from fluctuations in the securities markets and/or changes in interest rates, (ii) protect a Portfolio Fund's unrealized gains in the value of its investment portfolio, (iii) facilitate the sale of any portfolio investments, (iv) enhance or preserve returns, spreads or gains on any investment in the portfolio, (v) hedge the interest rate or currency exchange rate on any Portfolio Fund's assets, (vi) protect against any increase in the price of any securities that a Portfolio Manager anticipates purchasing at a later date, or (vii) for any other reason that a Portfolio Manager may deem appropriate.

The success of a hedging strategy will be subject to a Portfolio Manager's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a Portfolio Manager's hedging strategies will also be subject to its ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner.



For a variety of reasons, a Portfolio Manager may not seek to establish a perfect correlation between hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent a Portfolio Manager from achieving the intended hedge or expose it to additional risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of a Portfolio Fund's holdings.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by a Portfolio Manager due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which the Portfolio Manager would otherwise recommend, to the possible detriment of each Fund. Market illiquidity or disruption could result in major losses to each Fund. In addition, managed accounts or investment funds in which the assets of each Fund are invested may be exposed to credit risks with regard to counterparties with whom the Portfolio Managers trade as well as risks relating to settlement default. Such risks could result in substantial losses to each Fund. To the extent possible, the Investment Adviser will endeavor to select Portfolio Managers that it believes will deal only with counterparties that are creditworthy and reputable institutions, but such counterparties may not be rated investment grade.

Futures Contracts. The value of futures depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which the Portfolio Funds' positions trade or of their clearing houses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures

contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Portfolio Fund from promptly liquidating unfavorable positions and subject each Fund to substantial losses or prevent it from entering into desired trades. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Necessity for Counterparty Trading Relationships; Counterparty Risk. The Funds and the Portfolio Funds will generally establish relationships to obtain prime brokerage services, derivative intermediation and other services that permit the Funds and the Portfolio Funds to trade in any variety of markets or asset classes over time; however, there can be no assurance that a Fund or a Portfolio Fund will be able to maintain such relationships or establish such relationships. An inability to establish or maintain such relationships would limit a Fund's or a Portfolio Fund's trading activities, could create losses, preclude a Fund or a Portfolio Fund from engaging in certain transactions, financing, derivative intermediation and prime brokerage services and prevent a Fund or Portfolio Fund from trading at optimal rates and terms. Moreover, a disruption in the services provided by any such relationships before a Fund or Portfolio Fund establishes additional relationships could have a significant impact on such Fund's or Portfolio Fund's business due to their reliance on such counterparties.

Some of the markets in which the Funds or the Portfolio Funds may effect their transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with such "over-the-counter" transactions. This exposes a Fund or a Portfolio Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing such Fund or Portfolio Fund to suffer a loss. This counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Fund or Portfolio Fund has concentrated its transactions with a single or small group of counterparties. A Fund or Portfolio Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, the Portfolio Managers have no internal credit function which evaluates the creditworthiness of their counterparties. The ability of the Funds or Portfolio Funds to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of the financial capabilities of counterparties and the

absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds and the Portfolio Funds.

Counterparty Default. The stability and liquidity of repurchase agreements, swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that each Portfolio Manager will monitor on an ongoing basis the creditworthiness of firms with which it will enter into repurchase agreements, interest rate swaps, caps, floors, collars or other over-the-counter derivatives. If there is a default by the counterparty to such a transaction, the Funds and the Portfolio Fund will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of a Fund or a Portfolio Fund being less than if the Fund or the Portfolio Fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of a Fund's or a Portfolio Fund's counterparties were to become insolvent or the subject of insolvency proceedings in the United States (either under the Securities Investor Protection Act or the United States Bankruptcy Code), there exists the risk that the recovery of such Fund's or Portfolio Fund's securities and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

In addition, a Fund or a Portfolio Fund may use counterparties located in jurisdictions outside the United States. Such local counterparties are subject to the laws and regulations in such non-U.S. jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to a Fund's or a Portfolio Fund's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the Fund and Portfolio Fund and their assets. Investors should assume that the insolvency of any counterparty would result in a loss to the Fund or the Portfolio Fund, which could be material.

Non-United States Investments. The Portfolio Managers may invest in securities of non-United States corporations and foreign countries. Investing in the securities of companies (and, from time to time, governments) in foreign countries involves certain considerations not usually associated with investing in securities of United States companies or the United States Government, including political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain or other income; the small size of the securities markets in such countries and the low volume of trading,

resulting in potential lack of liquidity and in price volatility; and certain government policies that may restrict each Fund's investment opportunities. In addition, accounting and financial reporting standards that prevail in foreign countries generally are not equivalent to United States standards and, consequently, less information is available to investors in companies located in foreign countries than is available to investors in companies located in the United States. There is also less regulation, generally, of the securities markets in foreign countries than there is in the United States.

Highly Volatile Markets. Price movements of forward contracts and other derivative contracts in which each Fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and interest rate-related options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Funds and the Portfolio Funds also are subject to the risk of the failure of the exchanges on which their positions trade or of their clearinghouses.

Managed Account Allocations. Each Fund may place assets with Portfolio Managers by opening discretionary managed accounts rather than investing in funds and other private investment companies. Managed accounts expose each Fund to theoretically unlimited liability, and it is possible, through the use of the leverage at which certain of the Portfolio Managers may trade, that each Fund could lose more in a managed account directed by a particular Portfolio Manager than each Fund had allocated to such Portfolio Manager to invest.

Dilution. In the case of Portfolio Managers which limit the amount of additional capital which they will accept from each Fund, continued sales of the Interests will dilute the participation of existing investors in a Fund in such Portfolio Managers.

Portfolio Leverage Without Borrowing. Each Fund will not borrow money to increase the amount that it invests with Portfolio Managers. The Portfolio Managers, however, are permitted to use leverage in connection with their respective investment programs. A Fund's or a Portfolio Fund's long positions will frequently be used to collateralize its short positions (to create an equity market hedge). This will result in each Fund's investments containing up to one dollar in long positions and one dollar in short positions for each dollar invested in the Fund.

The Portfolio Managers. The success of the Funds is heavily dependent upon the ability of Blue Rock's Investment Committee to develop and effectively implement the Fund's investment objectives as well as the ability and integrity of the Portfolio Managers selected by Blue Rock.

While Blue Rock carefully scrutinizes new Portfolio Managers and monitors all Portfolio Managers employed by each Fund, the current and future performance of any individual Portfolio Manager may vary from its historical performance. In addition, there is the possibility that Portfolio Managers may deviate from their stated investment disciplines, be negligent in their investment management or commit fraud or willful misconduct. Blue Rock attempts to take many qualitative criteria into consideration in the engagement and continuation of any particular Portfolio Manager, but such risks cannot be entirely eliminated.

Portfolio Managers may receive performance-based fees based on the performance of their investments. Such compensation arrangements may create an incentive to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In addition, because performance-based compensation is calculated on a basis which includes unrealized appreciation of the Funds' assets, it may be greater than if such fees were based solely on realized gains.

Blue Rock may have little or no means of independently verifying information provided by the Portfolio Managers regarding adherence to investment strategies, risk management policies and investment valuations. This could involve unanticipated risks under certain market conditions or adversely affect the net asset value of the Funds.

Alpha Overlay Funds. The specialized investment programs of the Alpha Overlay Funds involve significant risks which are summarized below.

The Alpha Overlay Funds may enter into short-term or long-term swap agreements in connection with the Fund's beta exposure. Swap agreements are individually negotiated and may be structured to replicate a specific index. Depending upon how they are used, a swap agreement may increase or decrease the volatility of a portfolio. If a swap agreement calls for payments by the Fund, it must be prepared to make such payments when due. In addition, the value of a swap agreement is expected to decline if a counterparty's credit worthiness declines, potentially resulting in losses. The Fund may be required to pledge assets under a swap agreement. Such pledge would give the swap counterparty a lien on the assets of the Fund and any such lien could limit the ability of the Fund to sell its assets and may require the General Partner to suspend withdrawals. Upon the termination of a swap agreement, there can be no assurance that a new swap agreement can be entered into. The Fund's inability to enter into a swap agreement may adversely affect its ability to provide the beta exposure return component of its investment strategy.

Some of the markets in which Blue Rock effects its transactions may be "over-the-counter" or "inter-dealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, as are members of "exchange based" markets. This exposes

the Fund to the risk that a counterparty will not settle a transaction because of a credit or liquidity problem. This could potentially result in losses to the Fund. Blue Rock may attempt to evaluate the credit worthiness of its counterparties, but there can be no guarantee that it will be successful in doing so.

The Alpha Overlay Funds may utilize other derivative instruments with respect to the beta exposure that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the Alpha Overlay Funds and legally permissible. Special risks may apply to instruments that are invested in by the Alpha Overlay Funds in the future that cannot be determined at this time or until such instruments are developed or invested in by the Alpha Overlay Funds. Certain derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

## **ITEM 9**

### **Disciplinary Information**

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

## **ITEM 10**

### **Other Financial Industry Activities and Affiliations**

The Founding Entity is registered as a commodity trading adviser with the U.S. Commodity Futures Trading Commission ("CFTC") and is a member of the National Futures Association ("NFA").

Blue Rock does not have any arrangements material to its advisory business and its clients, other than its affiliation with the General Partner of the Funds and that the Funds may be placed by registered representatives of Blue Rock Global, a registered broker dealer, and member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). Blue Rock may compensate registered representatives of Blue Rock from

its resources, based upon a percentage of the management fee and/or performance/compensation received by the Funds.

## **ITEM 11**

### **Code of Ethics**

Blue Rock has adopted and implemented a formal Code of Ethics as part of its overall compliance program. The purpose of the Code of Ethics is to reinforce the fiduciary principles that govern the conduct of Blue Rock and its personnel. Each employee of Blue Rock and all other affiliated persons must, at all times, act in the best interest of the Funds and the underlying investors in the Funds, avoid, resolve, and/or disclose any real or potential conflicts of interest and conduct their personal investment activities with the utmost integrity. Under the Code of Ethics, procedures have been reasonably designed to prevent and detect the misuse of material, non-public information and to establish standards and procedures for the detection and prevention of activities by which persons having knowledge of the investments and investment intentions of Blue Rock may abuse their fiduciary duties to the Funds.

The Code of Ethics includes provisions relating to the standard of business conduct, compliance with federal securities laws, confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of gifts and reporting of certain gifts and business entertainment items, personal securities trading procedures, and the obligation to report violations and enforce sanctions, among other things. All representatives of Blue Rock must acknowledge the terms of the Code of Ethics annually.

The Code places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to the Investment Adviser on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions. The Investment Adviser, its affiliates and its employees may, under certain circumstances, invest on behalf of themselves in securities and other instruments that may be appropriate for, may be held by, or may fall within the investment guidelines of Blue Rock's clients.

The Investment Adviser, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for clients. Potential conflicts also may arise due to the fact that (i) the Investment Adviser, its affiliates and its personnel may have investments in some Funds but not in others or may have different levels of investments in the various Funds, and (ii) the Investment Adviser may engage in principal transactions not in the ordinary course of business with the Funds.

The Investment Adviser has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as client trades. Additionally, the Investment Adviser adheres to a policy of allocating investment opportunities on an equitable basis and has designed and implemented procedures in an effort to ensure that all clients are treated fairly and equitably. The Investment Adviser will conduct any such transactions in accordance with Section 206(3) of the Advisers Act.

To request a copy of the Code of Ethics, contact Angela Knutzen, Chief Compliance Officer at 952-229-8704 or via email at [knutzen@blue-rock.com](mailto:knutzen@blue-rock.com).

## **ITEM 12**

### **Brokerage Practices**

Investment advisers are generally required to have policies and procedures related to the brokers that they choose to utilize for order execution, aggregating of securities orders and to monitor and evaluate the quality of trade executions from the broker(s) handling investor transactions. Except for the Alpha Overlay Funds, Blue Rock does not engage in trading individual securities (stocks, bonds, options, etc.) internally or with external broker dealers. Consequently, the duty to maintain internal brokerage procedures or to monitor best execution is generally not applicable to Blue Rock's business. Portfolio Managers may, however, engage in trading of individual securities (stocks, bonds, options, etc.) internally or with external broker dealers. From time to time, the Portfolio Managers may pay a broker dealer commissions (or markups or markdowns with respect to certain types of riskless principal transaction) for effecting Portfolio Fund and/or managed account transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The Portfolio Managers may effect such transactions, and receive such brokerage and research services that fall outside of the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, and subject to prevailing guidance provided by the SEC regarding Section 28(e).

Except for the Alpha Overlay Funds and managed accounts, Blue Rock does not use brokers or dealers to make investments or execute transactions. Blue Rock does not have any arrangements



with a broker dealer or third party under which it receives products or services from the broker dealer or third party in exchange for commissions paid to the broker dealer for executing securities transactions. Blue Rock also does not generally aggregate the purchase or sale of securities for client accounts, as it only makes direct investments for the Alpha Overlay Funds, which typically only make direct investments in certain derivatives instruments that are not subject to aggregation.

With regard to the Alpha Overlay Funds, Blue Rock or a Portfolio Manager enters into derivatives contracts (typically total return swaps and futures contracts) directly with counterparties in order to implement the beta component of the investment strategy. Blue Rock retains the authority to determine the counterparties, which normally are registered broker dealers, however, no commissions are paid in connection with such transactions and no brokers or dealers effect transactions for Blue Rock. As such, Blue Rock does not select brokers or dealers to be used or commission rates to be paid, when engaging in derivatives transactions. Blue Rock does not accumulate soft dollar credits in connection with these transactions, clients do not pay commissions higher than those obtainable from other brokers and research is not received in connection with these transactions.

## **ITEM 13**

### **Review of Accounts**

Since all investments are placed into private "fund of funds" or "multi-manager" investment vehicles, Blue Rock conducts regular and rigorous review of its Funds that focuses on the underlying Portfolio Manager(s) selected by Blue Rock. Blue Rock's Investment Committee oversees and implements investment management decisions for all of the Funds. Members of the Investment Committee also conduct frequent, ongoing telephone and email communication with the underlying Portfolio Managers. On an intra-monthly basis, Blue Rock receives performance updates and portfolio commentary. On a monthly basis, Blue Rock personnel conduct a risk and attribution analysis. On a regular basis, Blue Rock's Investment Committee receives in-depth updates from each Portfolio Manager. On an annual basis, at least one member of Blue Rock's Investment Committee conducts an onsite visit of each Portfolio Manager. Blue Rock requires an independent return verification by a recognized third party administrator or prime broker. And finally, Blue Rock obtains an updated background investigation of each Portfolio Manager biannually.

Investors in the Funds receive account statements each month directly from the Funds' administrator, quarterly performance updates from Blue Rock and annual audited financial

statements for each Fund, generally within 120 days of the Fund's fiscal year end. In addition, one of the Funds provides a semi-annual audit to its investors.

## **ITEM 14**

### **Client Referrals and Other Compensation**

Blue Rock does not currently have any relationships with third parties (marketing firms, placement agents, etc.) to solicit investors on its behalf in exchange for a referral fee or similar compensation.

As previously mentioned in *Item 4: Advisory Business*, Blue Rock Global is a registered broker dealer and member of FINRA and SIPC. Blue Rock Global serves as an exclusive placement agent for the Funds. Certain personnel of Blue Rock or Blue Rock Global serve as registered representatives for Blue Rock and may be compensated for selling interests in any of the Funds. No employee of Blue Rock or Blue Rock Global will receive compensation or benefits from any unaffiliated third parties in connection with the placement of Interests in the Funds.

The Investment Adviser does not receive economic benefits from non-clients for providing investment advice and other advisory services.

## **ITEM 15**

### **Custody**

Blue Rock is deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account. Account statements related to the clients are sent by qualified custodians to the Investment Adviser.

The Investment Adviser is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

## **ITEM 16**

### **Investment Discretion**

Blue Rock primarily offers advice regarding third party Portfolio Managers and collective investment vehicles managed by such third party Portfolio Managers. In such cases, Blue Rock does not make investments directly. Blue Rock does have discretionary authority to retain third party Portfolio Managers and to invest in other collective investment vehicles or separately managed accounts by third party Portfolio Managers.

The Investment Adviser's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents.

The Investment Adviser or an affiliate of the Investment Adviser entered into an investment management agreement, or similar agreement, with each Fund or investor in a Fund, as applicable, pursuant to which the Investment Adviser or an affiliate of the Investment Adviser was granted discretionary trading authority to make investments.

## **ITEM 17**

### **Voting Proxies on Client Securities**

Blue Rock has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions ("proxies") in a manner that serves the best interest of Blue Rock's clients, as determined by Blue Rock in its discretion, taking into account relevant factors including: (i) the impact on the value of returns; (ii) the attraction of additional investment capital; (iii) the alignment of the interests of the Fund's or Portfolio Fund's management with the interests of the beneficial owners, including establishing appropriate incentives for management; (iv) the costs associated with the proxy; (v) the impact on Fund or Portfolio Fund redemption or withdrawal rights; (vi) the continued or increased availability of Portfolio Fund information; and (vii) industry and business practices. Blue Rock's policy also addresses proxy voting with regard to specific matters such as voting rights, termination or liquidation of a Fund or a Portfolio Fund, approval of Portfolio Fund board members or advisers and other issues.

With respect to client assets managed pursuant to a sub-advisory agreement between Blue Rock and a Portfolio Manager, proxy voting is delegated by Blue Rock to the Portfolio Manager. The

applicable Portfolio Manager will maintain proxy voting policies and procedures and vote proxies in connection with such assets.

To request a complete copy of the Proxy Voting Policy, contact Angela Knutzen, Chief Compliance Officer at 952-229-8704 or via email at [knutzen@blue-rock.com](mailto:knutzen@blue-rock.com).

## **ITEM 18**

### **Financial Information**

Blue Rock is obligated to disclose certain information about its financial condition. Blue Rock is financially solvent and has no debt or any financial commitment that impairs its ability to meet contractual and fiduciary commitments. Blue Rock has not been the subject of any bankruptcy proceeding.