



Form ADV Part 2A
Firm Brochure
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This Brochure provides information about the qualifications and business practices of ARS Investment Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 687-9800 or email us at info@arsinvestmentpartners.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. Investment adviser registration does not imply a certain level of skill or training.

Additional information about ARS Investment Partners, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Material Changes

ARS Investment Partners, LLC (the successor to, and formerly known as, A.R. Schmeidler & Co., Inc.) (“ARS” or “the Firm”) last filed an annual update to its Form ADV, Part 2A (the “Brochure”) on March 30, 2020. There have been no material changes to report in this Brochure since the last annual update.

This Item 2 does not purport to identify every change to the Brochure since the last annual update (e.g., format changes). This summary of material changes is qualified in its entirety by reference to the full discussion in this Brochure. Clients are encouraged to read the Brochure in detail and contact their account representative with any questions.

Further, any information set forth herein regarding pooled investment vehicles managed by the Firm is qualified in its entirety by reference to applicable offering and governing documents. In the event of a conflict between the information set forth in this Brochure and the information in the applicable governing and/or offering documents, the governing and/or offering documents shall control.

The Brochure can be accessed via the SEC Website at www.sec.gov, or on the ARS Website at www.arsinvestmentpartners.com.

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Item 4: Advisory Business

Advisory Services Overview

ARS Investment Partners, LLC (“ARS” or the “Firm”), the successor to and formerly known as A.R. Schmeidler & Co., Inc., is a Delaware limited liability company that was originally founded in 1971 by Arnold Schmeidler. ARS is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) with the US Securities and Exchange Commission (“SEC”). Effective December 20, 2016, three of its affiliated registered investment advisers (Artemis Wealth LLC, Somerset Capital Advisers, LLC and PS Management, Inc.) (together, the “Predecessor RIAs”) merged into and formed ARS Investment Partners, LLC.

ARS is majority owned by Artemis US Corporation. Artemis US Corporation is 100% owned by Artemis Corporation, an Ontario, Canada entity, which is in turn 100% owned by Artemis Investment Management Corporation, a financial services firm headquartered in Toronto, Ontario, Canada. Mr. Miles Nadal is the controlling shareholder of Artemis Investment Management Corporation.

ARS provides the following discretionary and non-discretionary investment advisory services:

- to **separately managed accounts** (“SMAs”), managed on either a discretionary or non-discretionary basis as specified in the pertinent investment management agreements. ARS develops an investment strategy and investment guidelines following a review of the client’s investment objectives and financial circumstances. Clients may impose restrictions on investing in certain securities or types of securities. ARS may also engage one or more third-party sub-advisers to manage all or a portion of a client’s portfolio, subject to the terms of the relevant client agreement.

Clients may request that ARS purchase or hold securities that ARS does not currently recommend for client accounts (“Unsupervised Assets”). ARS is not obligated to comply with the client’s request and any activity ARS conducts relating to Unsupervised Assets is provided solely as an accommodation to the client. ARS has no responsibility or liability with respect to the determination to purchase, hold or sell Unsupervised Assets or for making any determination as to whether such Unsupervised Assets are or continue to be suitable or appropriate for the client.

ARS also provides investment advisory services whereby a client of ARS can have access to unaffiliated, third-party traditional and alternative investment manager firms. As part of these services, ARS assists the client with the development of their investment objectives and provides investment and manager recommendations based on the objectives and investment preferences, restrictions, and guidelines a client may

impose on their separately managed account. ARS conducts overall due diligence of recommended third party investment managers and provides periodic reports to clients regarding their investments. See Item 8 for more information about the strategies offered.

- to **pooled investment vehicles**. ARS is the investment manager to **Pine Street Associates, L.P.** (“PS Fund”), **Somerset Capital Partners, L.P.** (“Somerset Fund”), and **Papyrus Capital Fund, L.P.** (“Papyrus Fund”) (each a “Fund”; together the “Funds”), which are pooled investment vehicles intended for sophisticated and institutional investors. The Funds are limited partnerships organized under the laws of the State of Delaware. Interests in the Funds are offered to qualified investors solely on a private placement basis in accordance with Regulation D under the Securities Act of 1933. The Funds are exempt from registration as an investment company in accordance with Section 3(c)(7) or Section 3(c)(1), respectively, of the Investment Company Act of 1940. See Item 8 infra for more information about the Funds.

The Firm also provides **consulting services** to Peerage Investments Limited, an affiliated firm. Under this arrangement, ARS provides due diligence with respect to some of the same securities, investment opportunities, and pooled investment vehicles that certain of the Firm’s clients are invested in.

ARS neither sponsors nor participates in wrap fee programs.

As of December 31, 2020, ARS has approximately \$1.54 billion in assets under management, which consists of approximately \$1.39 billion of discretionary assets under management, and \$148 million in non-discretionary assets under management.

Item 5: Fees and Compensation

Management Fees

Separately Managed Accounts

As a general matter, ARS is compensated for its investment advisory services based on a percentage of assets under management, and fees are generally payable quarterly in advance. In certain circumstances, fees and account minimums may be subject to negotiation.

Advisory fees are set forth in the relevant client agreement. The current fee schedule for new SMA clients is as follows:

ARS Core Equity

- 1.25% per annum of the first \$ 1MM
- 1.00% per annum of the next \$ 20MM

- Negotiable thereafter
- \$ 1MM minimum*

ARS Focused All Cap

- 1.25% per annum of the first \$ 1MM
- 1.00% per annum of the next \$ 20MM
- Negotiable thereafter
- \$ 1MM minimum*

ARS Focused Small Cap

- 1.25% per annum
- \$ 1MM minimum*

ARS Tactical Asset Allocation

- 1.25% per annum of the first \$ 1MM
- 1.00% per annum of the next \$ 20MM
- Negotiable thereafter
- \$ 1MM minimum*

ARS Multi-Strategy

- 1.00% per annum of the first \$5 MM
- Negotiable thereafter
- \$ 5MM minimum*

ARS Institutional Account

- 0.80% per annum of the first \$ 25MM
- 0.70% per annum of the next \$ 25MM
- Negotiable thereafter
- \$5 MM minimum*

ARS Tactical Sector Allocation ETF Strategy

- 0.70% per annum of the first \$ 5MM
- 0.50% per annum of the next \$ 20MM
- Negotiable thereafter
- \$250,000 minimum*

ARS Focused ETF Strategy

- 0.70% per annum of the first \$ 5MM
- 0.50% per annum of the next \$ 20MM
- Negotiable thereafter
- \$ 1MM minimum*

ARS Core Fixed Income

- 0.50% per annum of the first \$ 15MM
- 0.35% per annum of the next \$ 15MM
- Negotiable thereafter
- \$ 1MM minimum*

* Negotiable

This fee schedule applies to new clients that were introduced to the Firm after December 20, 2016. Therefore, management fees for certain clients whose accounts were with the Firm or any of its Predecessor RIAs may differ from above, due to such clients' fees having been grandfathered or because of relationships with ARS or other account differences. ARS may amend its fee schedule upon prior notice to clients, and a client's continued acceptance of ARS' services after the effective date of the amendment will be deemed consent to the amendment.

ARS does not charge investment advisory fees on Unsupervised Assets. However, ARS reserves the right to charge fees on previously Unsupervised Assets if the firm, in its discretion, begins to supervise such securities.

ARS may also recommend an investment in proprietary and/or affiliated pooled investment vehicles, as well as pooled investment vehicles managed by unaffiliated third-party investment managers. In such cases, the fees charged by those third-party vehicles, including management, servicing and distribution fees, may be in addition to the compensation charged by ARS for managing a client's assets.

The specific manner in which fees are charged is established in a client's advisory agreement. ARS will generally bill its investment advisory fees in advance on a calendar-quarter basis. Investment advisory fees that are billed in advance are prorated for each contribution and withdrawal made during the applicable quarter. Clients may request to be, and in certain cases are, billed in arrears. Clients may also elect to be billed directly for fees, or to authorize ARS to instruct the custodian to directly debit fees from their accounts. Accounts initiated or terminated during a calendar quarter will be charged or refunded a prorated fee (see section titled "Termination of Advisory Agreements" in this Item 5 for additional information).

ARS' investment advisory fees do not include brokerage commissions, transaction fees, and other related costs and expenses, which shall be incurred by the client. Clients may incur certain charges imposed by the custodians, brokers, third-party investment firms and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic funds fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees and other fees and expenses that are borne by each client as a shareholder or investor in those funds. These fund fees and expenses are in addition

to ARS' investment advisory fees. Please refer to the relevant fund prospectus for details regarding the underlying fund fees and expenses.

ARS does not receive brokerage commissions or other transaction-based compensation. ARS does not receive any other compensation for the sale of securities or other investment products.

Pooled Investment Vehicles

Fees are charged by ARS for the advisory services it provides to the Funds. Generally, ARS is paid a quarterly management fee based on the assets under management and receives an incentive fee or allocation based upon the performance of the Fund. The amount, structure, and timing of such fees and any expenses may vary between the Funds and are set forth in the respective offering documents for each Fund. In certain cases, investors in the Funds may receive fee reductions of all or a portion of the management fee. Consequently, investors in the Funds may pay higher or lower fees, or be subject to higher or lower incentive allocations, than similarly-situated investors that are invested in the Fund. In addition, ARS may enter into side letter arrangements with certain investors, in which ARS grants them different or preferential terms.

Pine Street Associates, L.P., a proprietary fund.

The PS Fund will bear expenses other than administrative expenses, such as the management fee, taxes, investment expenses (i.e., expenses which, in the Controlling General Partner's determination, are related to the investment of the PS Fund's assets), audit and tax preparation expenses, accounting, legal, and regulatory and compliance fees and expenses, the cost of director and officer liability insurance premiums or fiduciary liability insurance premiums for directors and officers of the General Partners, auditing and accounting expenses and other professional fees, expenses incurred in connection with the offering and sale of interests, its pro rata share of the expenses of each underlying fund in which it invests, including commissions, interest expense, custodial fees and other trading expenses, general overhead and administrative expenses and compensation to the underlying Portfolio Managers, as applicable, and extraordinary expenses. Such expenses will be shared by all of the Partners, including the General Partners. To the extent that services which do not give rise to administrative expenses (e.g., legal and accounting expenses) are provided or paid for by ARS or by the General Partners in excess of its ratable share, the PS Fund will reimburse ARS or the General Partners for such expenses. Most of the underlying funds in which the PS Fund invests provide for the payment of base management fees (generally 1.5% to 2.0% of net assets) and incentive fees or allocations (generally 20% to 25% of the increase in value of the PS Fund's net

assets during any applicable accounting period).

In addition to any management fee paid to ARS or incentive allocation paid to the PS Fund's general partners, the PS Fund also pays compensation to the underlying Portfolio Managers. Performance fees/incentive allocations are generally not paid to a Portfolio Manager until prior losses are made up. Such underlying fees are subject to change in the future.

ARS may recommend that a Fund invest in affiliated pooled investment vehicles, as well as pooled investment vehicles managed by unaffiliated third-party investment managers. The Fund will bear all fees and expenses applicable to an investment in the pooled investment vehicles, including asset-based management fees, performance-based fees, carried interest, incentive allocations, and other compensation payable to the managers in consideration of the services the managers provide to such pooled investment vehicles. An investor in the Fund will also bear a proportionate share of the fees and the expenses of each pooled investment vehicle in which the Fund invests. Such fees and expenses of the underlying pooled investment vehicle are in addition to the advisory fees and other expenses each Fund pays to ARS. Therefore, when allocations are made to affiliated pooled investment vehicles, the investments will be subject to a double layer of fees. As of December 31, 2020, 2.61% of the PS Fund's assets were allocated to Somerset Capital Partners, L.P., an affiliated fund.

Compensation received by ARS and its affiliates related to services provided to affiliated pooled investment vehicles in which a Fund invests will generally be retained by ARS and its affiliates. Except to the extent required by applicable law, ARS and its affiliates are not required to offset such compensation against the fees and expenses the Fund pays to ARS and its affiliates.

Somerset Capital Partners, L.P., a proprietary fund.

The Somerset Fund pays to ARS (or an affiliate thereof) a management fee, payable in advance on the first Business Day (as defined below) of each calendar quarter, equal to one-quarter of one and a half percent (0.375%) of the Somerset Fund's net assets (excluding the value of net assets allocated to the General Partner) as of the opening of business on the first Business Day of such calendar quarter. The management fee shall be adjusted on a pro rata basis for any contributions made during the calendar quarter. The Investment Manager may, in its sole discretion, waive all or any portion of the management fee allocable to any Limited Partner.

The Somerset Fund will pay (or reimburse its General Partner or ARS for): (a) all reasonable expenses related to the Somerset Fund's organization, including, but not limited to, legal and accounting fees, government filing fees, printing and mailing expenses, and other expenses of the offering of Somerset Fund interests; (b) any reasonable legal, accounting and audit fees and

expenses, including those associated with regulatory compliance matters and investigating potential investments or maximizing return on existing investments; and (c) reasonable custodial fees, interest on borrowed funds, transfer taxes, brokerage commissions, finder's fees, fees and expenses for consulting, research and statistical services and any extraordinary expenses such as litigation expenses and any other ongoing operating expenses of the Somerset Fund as determined by its General Partner. The General Partner or ARS will pay all other expenses related to the administration of the Somerset Fund, including, but not limited to, salaries of employees, supplies, office space, and administrative services.

Papyrus Capital Fund, L.P.

The Papyrus Fund pays to ARS (or an affiliate thereof) a management fee, payable in advance on the first Business Day (as defined below) of each calendar month, equal to one-eighth of one and a half percent (0.125%) of the Papyrus Fund's net assets (excluding the value of net assets allocated to the General Partner) as of the opening of business on the first Business Day of such calendar month. The management fee shall be adjusted on a pro rata basis for any contributions made during the calendar quarter. The Investment Manager may, in its sole discretion, waive all or any portion of the management fee allocable to any Limited Partner.

The Papyrus Fund will pay (or reimburse its General Partner or ARS for): (a) all reasonable expenses related to the Papyrus Fund's organization, including, but not limited to, legal and accounting fees, government filing fees, printing and mailing expenses, and other expenses of the offering of Papyrus Fund interests; (b) any reasonable legal, accounting and audit fees and expenses, including those associated with regulatory compliance matters and investigating potential investments or maximizing return on existing investments; and (c) reasonable custodial fees, interest on borrowed funds, transfer taxes, brokerage commissions, finder's fees, fees and expenses for consulting, research and statistical services and any extraordinary expenses such as litigation expenses and any other ongoing operating expenses of the Papyrus Fund as determined by its General Partner. The General Partner or ARS will pay all other expenses related to the administration of the Papyrus Fund, including, but not limited to, salaries of employees, supplies, office space, and administrative services.

Termination of Advisory Agreements for Separately Managed Accounts

The client may terminate their advisory contract at any time, for any reason or no reason at all, upon 30 days written notice. Based on the effective date of termination, any prepaid, unearned fees will be refunded no later than the beginning of the next quarter after termination, and any earned, unpaid fees will be due and payable, terms of which are outlined in the client's investment management agreement.

ARS may terminate the agreement without payment of penalty or compensatory damages by providing 30 days prior written notice to the other party, or immediately in the event that there are changes to a client's instructions, information, or circumstance that, in the Firm's judgment, are inconsistent with the Firm's investment management philosophy and policies. The Firm may also immediately terminate an advisory contract in the event that the assets of a client fall below the Firm's minimum asset level.

Terminating the respective agreement will not affect any outstanding orders or transactions or any legal rights or obligations that have already arisen. Transactions in progress at the date of termination will be completed by ARS as soon as practicable.

Fund Redemptions

Withdrawals and redemptions from the Funds are dictated by the terms set forth in the Offering Documents.

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

A. Performance-Based Fees

Separately Managed Accounts

As a general matter, ARS does not charge or receive performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of the client) for SMAs. However, the Firm is paid or allocated performance-based compensation by certain legacy accounts (certain SMAs opened prior to December 20, 2016 under a Predecessor RIA). In addition, the compensation of certain ARS personnel will include a performance-based component. Because of this, both the firm and its investment personnel have an incentive to favor client accounts that pay or allocate performance-based compensation over those only pay a management fee.

The Investment Policy Committee and/or Chief Compliance Officer periodically reviews client accounts for the allocation of investment opportunities. Any conflicts between client accounts that appear inappropriate will be addressed accordingly.

Pine Street Associates, L.P.

With respect to incentive allocations (performance fees) paid by the PS Fund to its general partners, any loss in an underlying investor's account is carried forward so that no performance fee is charged to such investor's account until any loss to such investor's account have been recouped, subject to certain adjustments (*i.e.*, a high-water mark provision).

Therefore, the payment of incentive allocations (performance fees) to the general partners

of the PS Fund could create an incentive for ARS to make investments that are riskier or more speculative than would be the case if it were paid only a fixed fee. In addition, since incentive allocations (performance fees) with respect to the PS Fund are calculated on a basis that includes realized and unrealized appreciation of the assets and liabilities of the PS Fund, such compensation may be greater than if it was based solely on realized gains. Further, the payment of incentive allocations (performance fees) to the general partners of the PS Fund may result in substantially higher payments than alternative compensatory arrangements.

Somerset Capital Partners, L.P.

Somerset Capital Management, LLC, an affiliate of ARS and General Partner to the Somerset Fund, is entitled to a performance reallocation equal to twenty percent (20%) of the net profits (realized and unrealized) allocated to each Limited Partner's Capital Account in the Somerset Fund for the applicable fiscal period.

The reallocation of net profits to the General Partner is subject to a loss carryforward limitation, so that no reallocation is made to the General Partner until prior net losses allocated to the Limited Partners are recouped. Such reallocation of net profits shall be adjusted to account for any distributions or withdrawals (if not previously adjusted) to such Limited Partner.

The General Partner may, in its sole discretion, waive all or a portion of its 20% performance reallocation for certain Limited Partners.

Papyrus Capital Fund, L.P.

Papyrus Capital GP LLC, General Partner to the Papyrus Fund, is entitled to a performance reallocation. In addition to its proportionate share of the Net Income and Net Losses based on its Capital Account balance, the General Partner will receive an allocation, generally annually, equal to a percentage of the Net Income allocated for the year to each Limited Partner (the "Incentive Allocation"). The Incentive Allocation will be calculated differently for each Class of Interests.

Incentive Allocations are subject to a "high water mark" provision under which the General Partner receives an Incentive Allocation from a Partner only to the extent Net Income allocated to that Limited Partner's Capital Amount exceeds any Net Losses previously allocated to it since the last date an Incentive Allocation was assessed (or the original date of contribution if no Incentive Allocation has previously been assessed). If a Partner makes a partial withdrawal or receives a distribution at a time when he or she has unrecovered losses, for purposes of calculating future Incentive Allocations those unrecovered losses will be reduced in proportion to the withdrawal. The "high water mark" provision prevents the General Partner from receiving an Incentive Allocation on Net Income that simply restores previous Net Losses. The General Partner, in its sole discretion, may waive or modify the Incentive Allocation for any

Limited Partner.

The General Partner may, in its sole discretion, waive all or a portion of its performance reallocation for certain Limited Partners.

B. Side by Side Management

ARS has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple Clients (including accounts with multiple fee arrangements) and the allocation of investment opportunities between Clients. ARS reviews investment decisions to ensure that all Clients with substantially similar investment objectives are treated fairly and equitably over time. It is ARS' policy to aggregate Client orders where an opportunity to purchase or sell an investment is appropriate for more than one Client. In addition, ARS' procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities *pari passu* based on asset size, and require that, to the extent orders are aggregated, the client orders are price-averaged. See also *infra* Item 12. If all investment orders placed for Client accounts cannot be fully executed under prevailing market conditions, then the securities traded should be allocated among Client accounts in a manner ARS deems to be fair and equitable, taking into account the size of the order placed for each account and any other relevant factors within the discretion of ARS. Finally, ARS' procedures also require the objective allocation for limited opportunities (such as new issues or other capacity-constrained investment opportunities) to ensure fair and equitable allocation among accounts over time. The Investment Policy Committee and/or Chief Compliance Officer periodically reviews client accounts for the allocation of investment opportunities. Any conflicts between client accounts that appear inappropriate will be addressed accordingly.

Please refer to Item 12 for additional detailed information regarding policies and procedures addressing aggregation.

Item 7: Types of Clients

ARS' clients consist primarily of individuals; high net worth individuals; Taft-Hartley Plans; pension and profit-sharing plans; foundations and charitable organizations; trusts, estates and endowments; and pooled investment vehicles. The underlying investors of the Funds include high net worth individuals and a variety of institutional investors (e.g., trusts, IRAs, endowments, foundations, corporations, and other types of entities, including private funds) that satisfy the exceptions and exemptions under which the Funds operate, including applicable eligibility criteria.

The investment minimum for opening a discretionary SMA is typically \$1 million, subject to anti-money laundering due diligence review. ARS may accept accounts with less than the minimum amount, in its discretion, depending on the nature of the account, the potential for future additions to the account, and other factors.

The investors in the Funds must qualify as both “accredited investors,” as defined in the US Securities Act of 1933, as amended, and “qualified purchasers” or “knowledgeable employees,” as defined in the Investment Company Act of 1940, as amended, and the rules thereunder.

Minimum subscription levels for both initial and additional investments in the Funds are disclosed in the offering documents. ARS has the discretion to, and on occasion may, accept investments for a lesser amount.

In no event, should this Brochure be considered to be an offer of interests in the Funds or relied on in determining to invest in the Funds. It is also not an offer of, or agreement to provide, advisory services directly to any recipient of the Brochure. Rather, this Brochure is designed solely to provide information about ARS for the purpose of compliance with certain obligations under the Advisers Act and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in the offering documents for the Funds. To the extent that there is any conflict between discussions in this Brochure and the Funds, the offering documents for the Funds should govern with respect to the terms of the Funds.

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

Methods of Analysis

ARS’ investment process is as follows: The portfolio managers, as well as the two Senior Partners and Managing Partner, form the Investment Policy Committee. This group conducts all company research, which results in the Firm’s buy list. In addition, the Investment Policy Committee develops a view of current and anticipated market conditions, which forms the basis for asset allocation decisions. In addition, the Investment Policy Committee periodically holds an investment policy meeting to review portfolio weightings, conduct risk assessments, and provide research updates.

The Investment Team, which is a group comprised of the Investment Policy Committee and other investment professionals within ARS, generally meets daily to review the portfolios, discuss positions and weightings, assess the market environment, and reassess the investment thesis for portfolio holdings. The investment process involves 5 steps which include defining the global environment, determining the appropriate asset allocation, identifying the sectors/industries that benefit, researching and selecting securities, and constructing portfolios based on investment guidelines and objectives.

ARS draws its investment ideas from three areas: global catalysts, sector/industry dynamics,

and individual company research. The global catalysts and industry dynamics provide the framework that forms or reinforces the view of the growth prospects. The fundamental research process provides ARS with an assessment of the enterprise value (current and future) and the growth prospects for the business. This view is then translated into a level of conviction regarding company and industry weightings. Companies are evaluated on an enterprise value basis as if ARS were purchasing the entire company. ARS screens a narrow list of companies on three levels: value screens, growth screens, and soft screens. Valuation screens include: price/earnings, price/cash flow, price/sales, market value/asset value, and market value/reserve value. The growth screens target the earnings growth rate, cash flow growth rate, free cash flow growth rate, and product cycles. The soft screens identify factors such as institutional ownership, relative value to peers, insider ownership, relative value to the S&P 500, analyst coverage, relative historic valuation, and dividend yield. The ability of company management to execute is a critical factor in the investment selection process.

For certain strategies, ARS invests client assets in unaffiliated pooled investment vehicles. ARS will perform initial due diligence on prospective third-party advisers/sub-advisers and funds, including review of their strategy, performance history and decision-making processes, in order to evaluate them. ARS conducts a review, which is designed to evaluate the adviser/fund's overall business and operational resources. ARS may consider a variety of factors in selecting third party advisers/sub-advisers and funds, including: the experience of the manager/fund's personnel; past performance during favorable and unfavorable market conditions; diversification characteristics in relation to other similarly situated managers; amount of assets under management; conflicts of interest; risk management practices; overall integrity and reputation; percentage of business time devoted to investment activities; operational capabilities; fees charged; organization structure; trade operations; accounting and valuation; counterparty management; legal and compliance; and disaster recovery plans. ARS or its outside legal counsel also will review each fund's offering documents and ARS may engage an independent third-party background check firm to check on relevant key personnel associated with a third-party adviser.

ARS monitors the ongoing performance of third-party advisers/sub-advisers and funds. ARS may increase its ongoing monitoring of, or ultimately terminate, a relationship with third party advisers/sub-advisers and/or investment in a third party fund due to, among others: investment drift; reduction in transparency; poor long-term performance; unexplained strong or negative performance outside of expected ranges; organizational turnover (both outgoing and incoming) particularly with respect to key personnel; and the third party advisers/sub-advisers and funds' reliance on a non-reputable service provider.

Investment Strategies

ARS Core Equity Strategy invests in those companies we deem high-quality, with strong balance

sheets and reasonable earnings growth. Typically, these companies have above-average dividend yields with the prospect for dividend growth. The strategy intends to be well-diversified across sectors.

ARS Focused All Cap Strategy invests across the capitalization spectrum. The strategy seeks to identify the best-positioned and undervalued companies and includes investments characterized as growth and/or value in their orientation. The primary goal is to build and maintain the purchasing power of the portfolio over time.

ARS Focused Small Cap Strategy invests in companies with market capitalizations typically ranging from \$100 million to \$2.5 billion. The strategy is a best-ideas approach resulting in a portfolio of 10-20 micro-small cap companies. The portfolio is long-biased, aiming to control risk via cash levels, prudent shorts, inverse ETFs, and option strategies.

ARS Tactical Asset Allocation Strategy is a blended portfolio of equity and fixed income securities designed to meet a client's income and/or risk tolerance requirements. ARS utilizes the fixed income allocation within the portfolio to increase the income generated and to lower overall volatility.

ARS Multi-Strategy is a custom portfolio designed to meet a client's specific needs utilizing proprietary and third-party managed investment strategies. The strategy allocations are tailored to a client's profile, focused on liquidity, income, growth, and risk tolerance. ARS may use traditional or alternative investment strategies in constructing the portfolio.

ARS Tactical Sector Allocation ETF Strategy leverages our macro outlook by constructing a portfolio that utilizes ETFs to express our sector views. There are six distinct portfolios designed to meet investment objectives across the risk spectrum from growth to preservation of capital. Each portfolio has sector guidelines designed to provide risk controls and proper diversification.

ARS Focused ETF Strategy leverages our macro outlook by constructing a portfolio that utilizes ETFs to express our views. The strategy is designed to concentrate our investments in ETFs that provide the greatest exposure to our highest-conviction themes. This may lead to investments in "narrow" industry ETFs. Typically, the portfolio will focus on 5-10 themes that will result in 8-10 ETF investments.

ARS Core Fixed Income Strategy invests primarily in high-grade corporate, U.S. Treasury and municipal debt securities. The portfolio is positioned to earn what we deem an appropriate level of income consistent with the preservation of principal. ARS does not lower the standards for credit quality in the search for extra yield due to the increased risk levels in pursuing such an approach.

Material Risks for Each Significant Method of Analysis and Investment Strategy

Investments in SMAs entail substantial risks and there can be no assurance that the investment objectives of the account will be achieved. All investments in securities and other financial instruments risk the loss of principal. There are certain risks of investing, and investors could lose money. ARS believes that its SMA investment strategies will moderate this risk through a careful selection of securities and other financial instruments, but no guarantee or representation is made that the account will be successful. ARS cannot guarantee or provide any assurance that a client's investment objective will be achieved. ARS does not guarantee the future performance of any client's account or any specific level of performance, the success of any investment decision or strategy that it may use, or the success of its overall management of any account.

The material risks for ARS' significant methods of analysis and investment strategy lie in the particular risks of the securities in which ARS' clients invest as generally described below. (See above discussion of Investment Strategies). The associated risks will vary depending upon which investment products and strategies are employed but they may utilize aggressive trading and investment techniques that involve substantial risks to the client's portfolio associated with, but not limited, to the following.

The types of securities that ARS offers advice on include equity and fixed income securities (including exchange-listed securities); securities traded over-the-counter and U.S.-listed depositary receipts of foreign issuers; corporate and municipal debt; certificates of deposit; U.S. government securities; mutual fund and exchange-traded fund shares; warrants and certain rights; and options contracts on securities. Further, ARS invests in multiple types of investments to achieve the investment objectives of the portfolios it manages and sub-manages.

The investment decisions ARS makes for client accounts are subject to various market, currency, economic, political, and business risks, and the risk that investment decisions will not always be profitable. The securities selected may underperform the market or other securities or decline in value.

Separately Managed Accounts

ARS may utilize a range of different investment strategies depending on the risk/return profile of the client. The associated risks will vary depending upon which investment products and strategies are employed. Risks associated with ARS' investment strategies, as applicable, include, but are not limited, to the following:

- *Equity Securities Risk:* The risk that the prices of equity securities held by a portfolio may fall over short or extended periods of time. Equity securities have greater price volatility than fixed income instruments. The value of a portfolio that invests principally in stocks will

fluctuate as the market price of its investments increases or decreases.

- *Small- and Mid-Cap Securities Risk:* ARS may make significant investments in small- to medium-capitalization companies of a less-seasoned nature whose securities are traded in the over-the-counter market. These securities often involve significantly greater risks than the securities of larger, better-known companies. Securities of small- and mid-sized companies may be more volatile and subject to greater risk than securities of larger companies. Small- and mid-cap companies may have limited financial resources, product lines, and markets, and their securities may trade less frequently and in more limited volumes than the securities of larger companies, which could lead to higher transaction costs.
- *Municipal Market Volatility:* Municipal securities can be significantly affected by political changes as well as uncertainties in the municipal market related to taxation, legislative changes, or the rights of municipal security holders. Because many municipal securities are issued to finance similar projects, especially those relating to education, healthcare, transportation, and utilities, conditions in those sectors can affect the overall municipal market. The municipal securities may be backed by current or anticipated revenues from the specific project which can be negatively affected by the discontinuance of the taxation supporting such project or the inability to collect revenues from the project. In addition, changes in the financial condition of an individual municipal insurer can affect the overall municipal market. Further, in many cases, state or municipal agencies issue securities without the backing of the states and municipalities themselves, resulting in significant credit risk.
- *Inflation Risk:* Inflation risk is the risk that the present value of assets or income from investments will be less in the future as inflation decreases the value of money. The present value of assets can decline as inflation increases.
- *American Depositary Receipts (“ADR”) Risk:* There may be less material information available regarding issuers of unsponsored ADRs and, therefore, there may not be a correlation between such information and the market value of the depositary receipts. ADRs are generally subject to the same risks as foreign securities (see below).
- *Foreign Securities/Emerging Markets Risk:* Investments in foreign securities are generally considered riskier than investments in U.S. securities. Investments in foreign securities may lose value due to unstable international political and economic conditions, fluctuations in currency exchange rates, lack of adequate company information, and other factors. The prices of securities in emerging markets can fluctuate more significantly than the prices of securities of companies in more developed countries. The less developed the country, the greater effect the risks may have on an investment. As a result, an investment may exhibit a higher degree of volatility than either the general domestic securities market or the securities markets of developed foreign countries.

- *Interest Rate Changes:* Debt securities have varying levels of sensitivity to changes in interest rates. In general, the price of a debt security can fall when interest rates rise and can rise when interest rates fall. Securities with longer maturities can be more sensitive to interest rate changes. In other words, the longer the maturity of a security, the greater the impact a change in interest rates could have on the security's price. In addition, short-term and long-term interest rates do not necessarily move in the same amount or the same direction. Short-term securities tend to react to changes in short-term interest rates, and long-term securities tend to react to changes in long-term interest rates.
- *Short Sales:* Certain strategies may engage in short sales. A short sale involves the sale of a security that the portfolio does not own in the expectation of purchasing the same security later at a lower price. If the price of such securities instead increases, the portfolio may be forced to cover its short position at a higher price than the short sale price, resulting in a loss. To make delivery to the buyer, the portfolio must borrow the security and the portfolio is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the portfolio. When the portfolio makes a short sale in the United States, it must leave the proceeds thereof with the broker and it must also deposit with the broker an amount of cash or U.S. government or other securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. If short sales are traded on a foreign exchange, such transactions will be governed by local law. A short sale involves the risk of a theoretically unlimited increase in the market price of the security sold short, which could result in an inability to cover the short position and a theoretically unlimited loss to the portfolio. In addition, a short sale involves the risk that borrowed securities will have to be returned to the lender at a time when such securities cannot be borrowed from other sources, potentially requiring the portfolio to close a short sale transaction at an inopportune time or under disadvantageous circumstances.
- *Leverage:* Certain strategies may borrow money in order to employ leverage. Additionally, strategies that use commodity futures contracts and other derivative financial instruments that have inherent leverage built into them. The use of leverage will expose the strategies to additional levels of risk including (i) greater losses from investments than would have been the case had the strategies not borrowed to make the investments; (ii) margin calls or changes in margin requirements that may force premature liquidations of investment positions; and (iii) amplified fluctuations in the market value of the portfolio.
- *Investments in Fixed Income Securities:* Fixed income securities held long in the portfolio may face ongoing uncertainties and exposure to adverse political, financial, or economic conditions which could lead to the issuer's inability to make timely interest and principal payments. The market values of lower-rated debt securities may tend to reflect individual municipal developments to a greater extent than would higher-rated securities, which

react primarily to fluctuations in the general level of interest rates. Lower-rated securities tend to be more sensitive to economic conditions than are higher-rated securities. It is likely that a major economic recession or an environment characterized by a shortage of liquidity could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn or liquidity squeeze could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities. Further, although it is expected that the majority of such securities purchased for client portfolios will be “investment grade,” in certain cases such securities may at the time of purchase or thereafter be below “investment grade.”

- *Investments in Exchange Traded Funds:* ARS may invest client assets in exchange traded funds (“ETFs”). Investments in ETFs entail substantial market risk, many of which are listed below. ETFs are designed to provide market exposure tracking broad market indices and specific market sectors. ARS believes that a diversified portfolio of ETFs will help moderate specific market risks, but there is no guarantee or representation made that the portfolio will be successful.
- *Tax Exempt Securities:* Certain purchases of municipal securities may, in the opinion of bond counsel, not be subject to federal income tax for the interest income earned from such securities. ARS does not guarantee that the legal opinion of bond counsel is correct, and there is no assurance that the IRS will agree with bond counsel’s opinion. Issuers or other parties generally enter into covenants requiring continuing compliance with federal tax requirements to preserve the tax-free status of interest payments over the life of the security. If at any time the covenants are not complied with, or if the IRS otherwise determines that the issuer did not comply with relevant tax requirements, interest payments from a security could become federally taxable, possibly retroactively to the date the security was issued. For certain types of structured securities, the tax status of the pass-through of tax-free income may also be based on the federal tax treatment of the structure.
- *Options:* Certain strategies may invest in options, which can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market’s perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of your entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value. Over-the-counter options generally are not assignable except by agreement between

the parties concerned, and no party or purchaser has any obligation to permit such assignments. The over-the-counter market for options is relatively illiquid, particularly for relatively small transactions, which the portfolio may use.

- *Futures Trading:* The prices of futures and options are highly volatile. Price movements of futures and options contracts are influenced by, among other things, changing supply and demand relationships, domestic and foreign governmental programs and policies, national and international political and economic events, interest rates, and governmental monetary and exchange control programs and policies. Moreover, commodity exchanges limit fluctuations in commodity futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” During a single trading day, no trades may be executed at prices beyond the daily limit. Commodity futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the portfolio from promptly liquidating unfavorable positions and subject the portfolio to substantial losses.
- *Counterparty and Custodial Risk:* To the extent certain strategies invests in swaps, “synthetic” or derivatives instruments, repurchase agreements, certain types of options, or other customized financial instruments, or, in certain circumstances, non-U.S. securities, the portfolio takes the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions which generally are supported by guarantees of clearing organizations, daily market-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. In addition, there are risks involved in dealing with the custodians or brokers who settle portfolio trades particularly with respect to non-U.S. investments. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the portfolio and hence the portfolio should not be exposed to a credit risk with respect to such parties. However, it may not always be possible to achieve this segregation and there may be practical or timing problems associated with enforcing the portfolio rights to its assets in the case of an insolvency of any such party.
- *Commodity Brokers May Fail:* Under CFTC regulations, future commissions’ merchants (“FCMs”), such as a commodity broker, are required to maintain customers’ assets in a segregated account. ARS may invest client’s assets in funds where this regulation is relevant. If ARS’ commodity broker fails to do so, in the event of a commodity broker’s bankruptcy, the client may be subject to a risk of loss of the overlay funds on deposit. In addition, under certain circumstances, such as the inability of another customer of the commodity broker or the commodity broker itself to satisfy substantial deficiencies in the other customer’s account, the client may be subject to a risk of loss of its overlay assets on deposit with such commodity broker. In the case of any bankruptcy or customer loss, the client might recover, even with respect to property specifically traceable to the client, only a pro rata share of all property available for distribution to all of the commodity broker’s customers.

- *Electronic Trading and Order Routing Systems:* Trades placed by electronic means are governed by the terms of the relevant electronic brokerage trading agreements and by exchange rules. Trading through an electronic trading or order routing system exposes the portfolio to risks associated with system or component failure. In the event of system or component failure, the portfolio may not be able to enter new orders, execute existing orders, modify, or cancel orders that were previously entered or determine the status of existing orders. Possible failure may result in duplicate orders, orders being executed that we did not enter, orders being lost in the system and similar events. This could result in financial losses to the portfolio. While there are safeguards against system and component failure, there is no guarantee that problems will not occur. Investors must also be aware that exchanges have adopted rules to limit their liability and the amount that may be collected in connection with system failures and delays.
- *Lack of Diversification:* Some strategies will not be diversified among a wide range of securities. Accordingly, such portfolios are subject to more rapid change in value than would be the case if ARS were required to maintain a wider diversification among types of securities and other instruments in the portfolio. The result of such concentration of investments is that a loss in such area of investment could significantly reduce the portfolio's value.
- *Illiquid Instruments.* Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and upon ARS' ability to sell particular securities, when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of the issuer's creditworthiness. Reduced liquidity in the secondary market for certain securities may also make it more difficult for ARS to obtain market quotations based on actual trades for the purpose of valuing a portfolio.
- *In-Kind Distributions:* Although ARS expects to liquidate all of a portfolio's investments prior to the termination of an account and distribute only cash to clients, there can be no assurance that ARS will meet this objective. In addition, if a significant withdrawal is requested, ARS may be unable to liquidate the portfolio's investments at the time such withdrawal is requested or may be able to do so only at prices which ARS or the sub-advisor (where applicable) believes do not reflect the true value of such investments and which would adversely affect the client. Under the foregoing circumstances, you may receive in-kind distributions, if permitted by law or by contract. Such securities and instruments may not be readily marketable or saleable and may have to be held by clients or by ARS in a trust for an indefinite period.
- *Valuation:* To the extent that ARS directly or indirectly invests in securities or instruments for which market quotations are not readily available, the valuation of such securities and instruments will be determined by ARS, its advisers, or certain third parties whose

determination will be final and conclusive as to all parties. In addition, ARS may face a conflict of interest in determining the market value of the portfolio since ARS will be receiving a management fee and, where applicable, an incentive allocation that is based upon market value and market value appreciation.

Pine Street Associates, L.P.

The PS Fund is a “fund of hedge funds”. The portfolio investments are allocated across a number of alternative investment strategies designed to mitigate downside volatility. The Fund’s investment objective is to achieve long-term capital appreciation (net of fees and expenses) while attempting to control risk and volatility. The PS Fund will attempt to accomplish this objective by allocating its assets primarily among a select group of portfolio managers that invest in a variety of markets, either through the medium of private investment partnerships or through discretionary managed accounts managed in each case by such managers (“Underlying Funds”).

As a “fund of hedge funds,” ARS and the Controlling General Partner of the Fund analyze and select potential Underlying Funds, and monitor current Underlying Funds, through a rigorous screening and due diligence process. ARS and the Controlling General Partner of the Fund analyze potential and current Underlying Funds by (i) using a variety of quantitative and qualitative screening methods and (ii) employing a number of portfolio and diversification risk controls to identify, source, and monitor the Portfolio Managers in order to seek to achieve the Fund’s investment objective. Because the Fund is investing in various Underlying Funds managed by other managers, certain potential conflicts of interest including personal trading, service on boards of companies, brokerage, and execution, etc. are not directly relevant to ARS and the Fund. However, ARS and the Controlling General Partner of the Fund consider these factors in their due diligence process regarding Underlying Funds.

ARS (with the assistance of the Controlling General Partner of the PS Fund) may select certain Underlying Funds that are affiliated with ARS or the general partners of the Fund. Because the Underlying Funds receive separate compensation from the PS Fund, including a fixed management fee and incentive allocations, the payment of such fees might incentivize ARS to select affiliated Underlying Funds over unaffiliated Underlying Funds that might also be appropriate for the Fund.

ARS has implemented policies and procedures that are designed to prevent actual conflicts of interest among and between its affiliates. For example, ARS policies and procedures are designed to ensure that the aggregate management fees and incentive allocations paid to ARS or any affiliated Underlying Funds do not exceed the fees that would otherwise be paid if the Underlying Funds were unaffiliated with ARS or the General Partners.

Almost all investments entail the risk of the loss of capital. The Underlying Funds selected for management of the Fund's assets may utilize investment techniques such as leverage, margin transactions, short sales, option transactions, and forward and futures contracts, which may, in certain circumstances, increase any positive or negative impact on the performance of the Fund. No guarantee or representation has been made by ARS that the Fund's program will be successful or that the Fund will achieve its investment objective. In addition, the Fund's investment results may vary substantially over time.

The Underlying Funds trade wholly independently of one another and may at times hold economically offsetting positions. To the extent that the Underlying Funds do, in fact, hold such positions, the Fund will incur expenses relating to such offsetting transactions while not achieving the desired result of each relevant Underlying Fund. In addition, an Underlying Fund may be compensated based on the performance of its management of the portion of the Fund's assets allocated to it. Accordingly, a particular Underlying Fund may receive incentive compensation regarding its performance results for the portion of the Fund's assets allocated to that Underlying Fund even though the Fund's overall portfolio depreciated during such period.

In addition, an investment in the Fund provides limited liquidity to investors since the interests in the PS Fund are not freely transferable and generally limited partners may withdraw their capital only at the end of each fiscal year.

[Somerset Capital Partners, L.P.](#)

The Somerset Fund's investment objective is to achieve superior, risk-adjusted returns while emphasizing the preservation of capital and generally follows a value-oriented and risk-averse strategy involving the purchase of securities. In order to maintain flexibility and to capitalize on investment opportunities as they arise, the Somerset Fund is not required to invest any particular percentage of its portfolio in any type of investment, strategy or region, and the amount of the Somerset Fund's portfolio which is invested in any type of investment or strategy, which is long or short, or which is weighted in different countries or different sectors can change at any time based on the availability of attractive market opportunities.

The strategy focuses on the lower end of the capitalization spectrum which we believe is less efficient, resulting in securities that are often mispriced and deeply undervalued. ARS employs an "involved investors" approach, engaging with company management to suggest strategies that could be helpful in maximizing shareholder value. Investments consist primarily of US equities, but may also include bonds, ADRs, options and ETFs. ARS' research-driven long/short investment discipline focuses on absolute, not relative, returns. However, the Somerset Fund is permitted to invest and trade in any category of securities. There are no limitations on the

type, operating history or dividend paying record of companies or industries in which the Partnership may invest, the principal criteria of investment being that the securities provide opportunities for capital growth and return.

In the long portion of its portfolio, ARS looks for value that can grow up the style ladder. Utilizing a dynamic investment discipline rooted in value and leveraged by growth, ARS seeks to generate superior long-term results and to avoid the “value trap” which can plague traditional value investors.

ARS believes stocks represent ownership in the cash flows of businesses and that the markets can be inefficient in valuing those interests. ARS looks for situations where there is a substantial disparity between what its research suggests the stock to be worth and its share price in the public marketplace. Once such a valuation gap is identified, ARS seeks to understand why it exists and attempts to determine whether there is a specific catalyst which can help in closing it. In certain situations, ARS may assume a more active role by working with company management in forming strategies which could help to maximize shareholder value.

ARS benchmarks of value include EBITDA (earnings before interest, tax & depreciation), free cash flow yields, price to earnings ratio, hidden assets, strategic value, and earnings power that may be masked by an underperforming division or a product transition.

ARS differentiates between “alpha” shorts which focus on companies facing strategic, operational or financial hurdles, from those initiated to reduce the volatility or market risk of the portfolio. ARS primarily uses ETFs and options strategies to cap the downside risk and to reduce the portfolio’s exposure to sharp market drops. Short positions are generally smaller in size and held for shorter durations than long positions.

ARS may engage in hedging transactions to reduce overall market risk or to hedge foreign currency exposure.

As more fully described above under “Separately Managed Accounts”, the Somerset Fund is subject to risks associated with, but not limited, to the following: Investments in equity securities, small- to medium capitalization companies, illiquid investments, non-US securities, ETFs, options and fixed income securities; as well as lack of diversification; short selling risk; leverage; and interest rate risk.

In addition, the Somerset Fund is subject to the following risks, not mentioned above:

- *Hedging:* There can be no assurances that a particular hedge will be effective, or that inherent risk has been measured precisely. Thus, while the intent is to reduce risk, such

transactions may result in poorer overall performance and increased, rather than reduced portfolio risk than if such hedging transactions had not been employed.

- *Issuer-Specific Changes:* Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.
- *Event-Driven Investing Risk:* Due to the inherently speculative nature of event-driven investing, the results may fluctuate from period to period and are not expected to correlate with the direction of the equity markets. Accordingly, the results in any period will not necessarily be indicative of results that may be expected in future periods.
- *Frequent Trading:* The Fund's strategy sometimes requires frequent trading, which results in significantly higher commissions and charges to client accounts; this could offset profits.
- *Derivatives:* Swaps, certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument. This includes risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by ARS. Further, transactions in derivative instruments are not undertaken on recognized exchanges and can expose the client's account to greater risks than regulated exchange transactions, which provide greater liquidity and more accurate valuation of securities.

Lastly, an investment in the Somerset Fund provides limited liquidity to investors since the interests in the Fund are not freely transferable and generally limited partners after one year may withdraw their capital only twice a year on the last day of June or December.

[Papyrus Capital Fund, L.P.](#)

The Fund's objective is to generate significant absolute returns while emphasizing intrinsic value generation over time. The Fund seeks to achieve its objective primarily through investments in equities and other public securities but may also invest in other instruments. ARS believes the Fund can produce the best risk-adjusted returns by investing principally in Well-Managed Longs (as defined below) while layering on Opportunistic Longs (as defined below).

Well-Managed Longs. The Fund intends to make significant investments in the long positions of issuers that ARS believes are run by high quality owner managers, exhibit positive secular trends, possess strong barriers to entry and trade at attractive valuations (collectively, “Well-Managed Longs”).

Opportunistic Longs. The Fund expects to layer its Well-Managed Longs with smaller long positions in certain opportunistic issuers that ARS believes are trading at extremely low earnings multiples or asset values and suffering from poor investor perception (collectively, “Opportunistic Longs”).

ARS will seek to combine investments in Well-Managed Longs and Opportunistic Longs with a small number of short investments in businesses ARS believes are expensive, low barrier and structurally overearning.

ARS has implemented policies and procedures that are designed to prevent actual conflicts of interest among and between its affiliates. For example, ARS policies and procedures are designed to ensure that the aggregate management fees and any incentive allocations paid to ARS do not exceed the fees that would otherwise be paid if the Fund were unaffiliated with ARS or the General Partners.

Almost all investments entail the risk of the loss of capital. The investments selected for management of the Fund’s assets may utilize investment techniques such as leverage, margin transactions, short sales, option transactions, and forward and futures contracts, which may, in certain circumstances, increase any positive or negative impact on the performance of the Fund. No guarantee or representation has been made by ARS that the Fund's program will be successful or that the Fund will achieve its investment objective. In addition, the Fund’s investment results may vary substantially over time.

In addition, an investment in the Fund provides limited liquidity to investors since the interests in the Papyrus Fund are not freely transferable and generally limited partners may withdraw their capital only at the end of each fiscal year.

In no event, should this Brochure be considered to be an offer of interests in the Funds or relied on in determining to invest in the Funds. It is also not an offer of, or agreement to provide, advisory services directly to any recipient of the Brochure. Rather, this Brochure is designed solely to provide information about ARS for the purpose of compliance with certain obligations under the Advisers Act and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in the offering documents for the Funds. To the extent that there is any conflict between discussions in this Brochure and the Funds, the offering documents for the Funds should govern with respect to the terms of the Funds.

Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of ARS or the integrity of ARS' management.

In 2010, A.R. Schmeidler & Co., Inc. ("A.R. Schmeidler & Co.") was fined \$15,000 because it failed to report on a timely basis and/or failed to report the correct time of trade, and failed to supervise the reporting of certain bond transactions pursuant to the Trade Reporting and Compliance Engine ("TRACE") corporate bond reporting rules as promulgated by FINRA. Subsequent to FINRA's findings, A.R. Schmeidler & Co. revised its policies and procedures to address the TRACE reporting deficiencies.

In 2012, A.R. Schmeidler & Co. was fined \$11,000 because it failed to report the correct Firm identifier in the Order Audit Trail System ("OATS"); identify the person responsible for OATS reporting; and, the frequency, maintenance and documentation of the OATS reporting. In response, A.R. Schmeidler & Co. revised its policies and procedures to address the OATS reporting deficiencies.

On July 31, 2013, A.R. Schmeidler & Co. consented to the entry of an Order Instituting Administrative and Cease-And-Desist Proceedings ("Order") by the SEC. In the Order, the SEC found that A.R. Schmeidler & Co. renegotiated an agreement with its clearing firm in February 2007, which increased A.R. Schmeidler & Co.'s share of commissions generated by certain taxable client accounts, without altering the allocation of responsibilities between A.R. Schmeidler & Co. and the clearing firm. Although all clients continued to pay the same commission rate during the relevant period, the SEC concluded that A.R. Schmeidler & Co. failed to conduct sufficient analysis to determine whether it properly sought best execution for trades executed on behalf of taxable accounts and failed to implement its best execution policies and procedures. Without admitting or denying the SEC's findings, A.R. Schmeidler & Co. agreed to a censure, to cease and desist from future violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, to pay a civil monetary penalty of \$175,000, to pay disgorgement of \$757,876.88 and pre-judgment interest of \$78,688.57 and to retain a qualified independent consultant.

Item 10: Other Financial Industry Activities and Affiliations

ARS is registered as an investment adviser under the Advisers Act with the SEC. Neither ARS nor any of its management persons have any pending registrations as a broker dealer or a registered representative of a broker dealer or have any application for pending registrations as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. However, ARS claims a 4.14(a)(8)

exemption from the rules and regulations adopted by the Commodity Futures Trading Commission (“CFTC”) and National Futures Association (“NFA”)

ARS is a related person of PS Ventures, LLC, which serves as the controlling general partner of the PS Fund and is wholly owned by its managing member, Artemis US Corporation, and claims a 4.13(a)(3) exemption from the rules and regulations adopted by the CFTC and NFA.

Similarly, ARS is a related person of Somerset Capital Management, LLC, which serves as the general partner of the Somerset Fund and is wholly owned by its managing member, Artemis US Corporation, and claims a 4.13(a)(3) exemption from the rules and regulations adopted by the CFTC and NFA.

ARS is a related person of Artemis Investment Management Limited, an Ontario Securities Commission (“OSC”) registered fund manager, portfolio manager, exempt market dealer, and commodity trading manager.

ARS is a related person of Vestcap Investment Management Inc., a portfolio manager registered in Alberta, British Columbia, Manitoba, Nova Scotia, and Ontario, Canada.

ARS is a related person of Echelon Wealth Partners, Inc., an investment dealer and IIROC member.

ARS is a related person of Echelon Partners USA Inc., an SEC-registered investment adviser.

ARS is a related person of Highgate Group Inc., an investment dealer in Quebec and IIROC member.

As noted in Item 4 above, ARS is majority-owned by Artemis US Corporation which is a part of an ownership structure controlled by Mr. Miles Nadal. ARS provides consulting services to Peerage Investments Limited which is also controlled by Mr. Nadal. The services include providing due diligence on some of the same funds in which other clients are invested. With the exception of the ownership and control relationships as described, ARS does not have any other relationship or arrangement that is material to its advisory business or its clients nor does ARS receive any compensation from any other investment adviser.

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

Code of Ethics

ARS has adopted a written Code of Ethics pursuant to Rule 204A-1 of the Advisers Act, which sets forth standards of ethical and business conduct expected of its personnel and addresses

conflicts that may arise from personal trading by its personnel. ARS' Code of Ethics, among other things, requires compliance with the US federal securities laws, reflects ARS' fiduciary responsibilities and those of its advisory personnel, prohibits certain personal securities transactions, requires ARS' personnel to periodically report their personal securities transactions and to obtain pre-approval for certain securities transactions, and addresses prevention of the misuse of material non-public information. All ARS personnel receive Code of Ethics training and are required to acknowledge the terms of the Code of Ethics on an annual basis, or as amended. The Code of Ethics will be provided upon request.

Participation or Interest in Client Transactions

ARS may invest client accounts in or recommend investments in securities in which ARS and its Affiliated Persons have a direct or indirect financial interest. Such financial interest could include, but is not limited to, having a business relationship, or serving as investment adviser, general partner, or managing member for a particular investment product. In such situations, the purchase or sale of a security as directed by ARS may have an impact on the price of such security, which may indirectly benefit ARS or its Affiliated Persons.

In addition, clients should not expect that ARS will implement the same investment decisions across all client accounts. ARS may give advice and take action in the performance of its duties to one client or group of clients that may differ from advice given, or the timing and nature of action taken, for another client or group of clients. This is particularly true for clients for whom ARS is implementing an opportunistic investment approach. The accounts of such clients may be invested in different securities or ARS may buy or hold these securities in more concentrated or less concentrated positions than what ARS determines is appropriate to buy or hold for other client accounts. As a result, the performance of accounts for which ARS is implementing an opportunistic approach may be materially different, either higher or lower, than that of other client accounts.

Personal Trading

ARS and its Affiliated Persons may buy and sell certain securities for their own accounts that ARS buys and sells for its clients, including buying or selling securities along with clients in aggregate orders as described in Item 12, so long as pre-clearance is obtained before executing any personal trade. To the extent not prohibited by its Code of Ethics or internal procedures, ARS and its Affiliated Persons may acquire, increase, decrease, or dispose of securities in a manner that is, or may be deemed to be, inconsistent with the actions taken by such persons on behalf of clients. For example, clients should understand that ARS and its Affiliated Persons have in the past and may in the future buy or hold these securities in more concentrated or less concentrated positions than what ARS determines is appropriate to buy or hold for client accounts. ARS and its Affiliated Persons also invest in securities that the firm

evaluates for purposes of client investment opportunities but decides are not appropriate for client accounts. As a result of this investment activity, the performance of accounts for ARS and its Affiliated Persons may be materially different than that of client accounts.

ARS has established internal policies, including the adoption of a Code of Ethics (discussed above), reasonably designed to prevent ARS personnel from unfairly benefitting from personal trading at the expense of any of ARS' clients.

Item 12: Brokerage Practices

Selecting Brokerage Firms

Whenever a client has established a custody account with a financial institution willing to settle trades executed at broker-dealers selected by ARS and ARS has been granted discretion to select broker-dealers to execute transactions for client's account, ARS will do so consistent with its duty to seek best execution. ARS has adopted best execution policies and procedures that are intended to function as guidelines for seeking best execution for client transactions.

ARS maintains and periodically updates an "Approved Broker-Dealer List" based on an evaluation of several quantitative and qualitative factors. In selecting broker-dealers to effect transactions for client accounts, ARS, subject to its written policies and procedures, has authority to consider the full range and quality of the services and products provided by various brokers.

ARS will consider, in addition to many others, such relevant factors as:

- price;
- broker-dealer's facilities, reliability, and financial responsibility;
- ability of the broker-dealer to effect securities transactions, particularly regarding such aspects as timing, order size and execution of orders;
- research, brokerage, and other services provided by such broker-dealer to ARS; and
- ancillary services such as capital introduction.

ARS will have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate or to select any broker-dealer based on its purported or "posted" commission rate. Transactions will not always be executed at the lowest available price or transaction cost.

Research and Other Soft Dollar Benefits

ARS may select broker-dealers that furnish brokerage and research services that provide appropriate assistance in the investment decision-making process. Accordingly, ARS may cause a client to pay a broker-dealer that provides brokerage or research services (either

directly or through third-party relationships) an amount of commission or transaction cost in excess of that which another broker-dealer would have charged, if ARS determines in good faith that such commission or transaction cost is reasonable in relation to the value of the brokerage or research services provided.

As a result, ARS may pay for such brokerage services with “soft” or commission dollars. ARS receives a benefit from soft dollars in that it does not have to produce or pay for the research or services directly. However, when selecting broker-dealers that provide brokerage and research services, ARS will determine whether the amount of client commissions paid is reasonable in light of the value of products or services provided by the broker-dealer in accordance with Section 28(e) of the Securities Exchange Act of 1934, as amended.

The types of brokerage and research services that ARS acquired in the last calendar year included research reports on companies, industries, and securities; global economic and market research; access to broker-dealer analysts, corporate executives and industry experts; and attendance at trade industry seminars and broker-organized conferences and events.

The brokerage and research services obtained using commissions arising from a client’s portfolio transactions may be used by ARS in its other investment activities, including for the benefit of all clients. ARS does not attempt to allocate soft dollar benefits proportionally among clients or to track the benefits of brokerage and research services to the commissions associated with a particular account or group of accounts.

Brokerage for Client Referrals

ARS does not receive client referrals from a broker-dealer or third party. ARS has no incentive to select or recommend a broker-dealer nor does ARS direct client transactions to a particular broker-dealer in return for client referrals.

Directed Brokerage

Potential Conflicts of Interest Associated with Direct Brokerage

All clients have the option to direct trades for their advisory accounts to Pershing Advisor Solutions for execution through Pershing.

ARS may not always be able to obtain the most favorable execution for client transactions and clients may pay higher transaction costs or receive less favorable net prices as a result of their decision to direct brokerage to Pershing Advisor Solutions. Clients should understand that not all investment advisers recommend, request, or require their clients to direct brokerage. The prices, commissions, other execution costs and transaction charges for trades directed through

Pershing Advisor Solutions may not be as favorable as those that might be obtained if trades were placed through another broker-dealer.

The value of the brokerage and other services provided through ARS' agreement with Pershing Advisor Solutions includes:

- equity commission costs charged by Pershing Advisor Solutions that will be limited to no more than \$6 per transaction;
- access to margin at low rates (0.5% below Pershing Advisor Solutions' Broker Call rate);
- trade execution services, provided by Pershing Advisors Solutions;
- various account services, including online access to account information and facilitation of wires and money movement;
- streamlined account consolidation capabilities;
- loans, private banking, and retirement planning services for clients;
- a better user experience enabled through more intuitive online and mobile account access, including an interface with accounting and tax preparation software; and
- Pershing Advisor Solutions' responsiveness and financial stability.

Brokerage commissions may be negotiated or waived based on the circumstances of each client. Commissions and other execution charges paid by similar clients may differ depending on the circumstances of each client, including the size of the relationship or account, the required service levels, or other factors. ARS employees may maintain personal accounts with Pershing Advisors Solutions.

Pershing Advisor Solutions also makes available to ARS other products and services that benefit ARS but may not benefit its client accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitating trade execution (and allocation of aggregated trade orders for multiple client accounts); providing research, pricing information and other market data, facilitating payment of ARS' advisory fees from client accounts; and assisting with back-office functions, recordkeeping, and client reporting. Many of these services generally may be used to service all or a substantial number of ARS accounts, including accounts not custodied at Pershing.

Pershing Advisor Solutions also makes available other services intended to help independent investment advisers manage and further develop their business enterprise. ARS may or may not take advantage of these services in the future. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Pershing Advisor Solutions may make available, arrange, and/or pay for these types of services rendered to ARS by

independent third parties.

Without this arrangement with Pershing Advisor Solutions, ARS might be compelled to purchase the same or similar services at its own expense. As a result of receiving such services for no additional cost, ARS has an incentive to continue to use Pershing Advisor Solutions' services. While ARS endeavors to act in its client's best interests, ARS' selection of Pershing Advisor Solutions is based in part on the benefit to ARS of the availability of the foregoing products and services, and not solely the nature, cost or quality of custody and brokerage services provided by Pershing Advisor Solutions.

ARS examined this conflict of interest when it chose to enter into the relationship with Pershing Advisor Solutions and has determined that the relationship is in the best interests of ARS' clients. The benefits ARS receives through Pershing Advisor Solutions do not depend on the amount of brokerage transactions directed to Pershing Advisor Solutions for execution through Pershing.

[Wrap Fee Programs and Other Directed Brokerage Arrangements](#)

ARS does not currently participate in any wrap fee programs.

[Other Client Directed Brokerage Arrangements](#)

ARS also acts as investment adviser for clients that have accounts domiciled with other broker-dealers and banks, where the client may direct ARS to use a particular broker-dealer to execute all transactions for their investment advisory account, under such terms and conditions negotiated with the particular broker-dealer by the client. Any such direction must be provided to ARS in writing. Clients should understand that if they have directed ARS to use a particular broker-dealer that (i) ARS will not be responsible for negotiating commission rates or for selecting broker-dealers on the basis of best execution; (ii) transactions may not be aggregated (or "bunched" – see Item 12.B) for execution with orders of the same security for other accounts managed by ARS; and (iii) it may result in higher commission costs or less favorable net prices than might be the case if ARS were empowered to negotiate commission rates or to select broker-dealers on the basis of best execution.

[Order Aggregation and Best Execution](#)

ARS may aggregate, or combine ("bunch"), sales and purchase orders of securities for orders being made simultaneously for more than one account managed by ARS. ARS has a fiduciary obligation to use its best efforts to ensure that no client is treated unfairly in relation to any other client in the allocation of securities or investment opportunities or in the order in which transactions are executed. ARS will seek to allocate orders and investment opportunities

among clients in a manner that it believes is equitable and in the best interest of all its clients. Although such allocations may be pro rata among participating clients, they will not necessarily be so where ARS' allocation policies (e.g., considering differing objectives or other considerations) dictate a different result. There can be no assurance that a particular order or investment opportunity will be allocated in a particular manner. The foregoing policy does not require that each opportunity be made available to all accounts, leaving significant discretion to ARS. For example, there may be accounts with different objectives, so that the same transaction would not necessarily be made available to all accounts.

Where ARS believes aggregation is appropriate and in the best interest of clients, orders for multiple accounts, including certain affiliated and insider accounts (i.e., accounts of employees or other Affiliated Persons of ARS), may be aggregated when possible to facilitate best execution and/or to allocate equitably among such clients of any market fluctuations that might have occurred had such orders been placed independently.

When evaluating the circumstances and needs for an SMA, ARS may deviate from the standard allocation method for the account. The portfolio manager will consider particular circumstances such as cash limitations or excess cash; account-specific investment suitability or restrictions; existing portfolio composition and applicable industry, sector or capitalization weightings size of the account (allocation may be adjusted to minimize transaction fees for smaller accounts or otherwise improve the overall efficiency of the transaction); undesirable position size (if a pro rata allocation would create an undesirably small or large position); tax status; regulatory restrictions; and other equitable adjustments that clearly led to meaningful cost savings or other transactional efficiencies.

Additionally, if a standard allocation would result in an SMA receiving a very small allocation (e.g., because of its smaller asset size), or if ARS is unable to fully execute an aggregated order and determines that it would be impractical to allocate a small number of securities to the account participating in the transaction on a pro-rata basis (partial fills), ARS may allocate such securities in a manner determined in good faith by ARS to be a fair and equitable allocation over time.

Transactions may be averaged as to price, but commission charges will be determined based on the commission schedule in effect for each client. ARS will retain records of completed trade orders, specifying each participating account. Partially filled trade orders will generally be allocated on a pro rata basis. Any exceptions will be explained on the trade order.

When ARS intends to trade for multiple accounts held on different platforms, it may not be practicable to aggregate all trades. In these cases, ARS has adopted a policy under which ARS

aggregates orders for clients generally based on custodian and then determines the order of execution based on a trade rotation. ARS rotates the sequence of execution in accordance with a trade rotation policy maintained by the trading desk. Transactions for multiple accounts within a particular platform are aggregated. Accounts that trade later in the rotation may suffer adverse effects depending on market conditions, however, the process is designed to be fair and equitable over time.

Item 13: Review of Accounts

Andrew Schmeidler, as Partner in concert with ARS' internal portfolio managers, is primarily responsible for ensuring that the portfolio holdings are consistent with the terms of the advisory agreements. Although the final investment decisions are made by the Partners and internal portfolio managers, the investment process generally is organized as a team effort under the direction of the Investment Policy Committee. ARS' Investment Policy Committee reviews each account's portfolio holdings periodically to determine that the securities and other financial instruments held by each account remain consistent with the advisory agreements and will generally review each account's performance on an annual basis.

The frequency, level, and triggering factors of an account review will depend on the arrangements made with clients based on their investment strategy, portfolio holdings, and other matters discussed with the client. ARS provides quarterly appraisal reports to clients, and, if requested, ARS will provide appraisals on a more frequent basis. Such appraisals may include the following categories of information:

- List of portfolio holdings;
- Details of management, including fees and taxes arising from transactions; and
- Details of valuation of the portfolio to the best ability of ARS.

SMA clients will receive, at least quarterly, a report on the investment performance for such period. Also, SMA clients will receive, at least quarterly, a custodian statement of the assets held in their account that contains a complete description of each asset, detailing cost and current market values as well as all transaction activity, including management fee disbursements where applicable, within the account. ARS generally meets with clients on an annual basis to review the client's investment strategy, performance, and administrative matters.

Investors in the Funds receive reports as described in the offering documents of the respective Fund. Generally, they receive quarterly reports, which may include investment summaries as well as the performance of the respective Fund against a particular benchmark. Investors also receive a monthly report of the estimated performance of the Fund. Each investor also receives a Form K-1 for tax purposes. Annual audit reports are generally provided

within 120 days following the Fund's fiscal year end but in the case of the PS Fund, since it is operated as a fund of funds, audit reports may be provided within 180 days of its fiscal year end. Reports may be sent by a third-party service provider on behalf of ARS. The Funds may offer certain investors, upon request, additional information and reporting that other investors may not receive, and such information may affect an investor's investment decisions, including its decision to request a withdrawal from its capital account.

Item 14: Client Referrals and Other Compensation

As described in Item 12 above, ARS will receive certain economic benefits associated with the conversion of certain client accounts to Pershing Advisor Solutions. ARS also may or may not take advantage of the benefit of ongoing access to various products and services that Pershing Advisor Solutions makes available to ARS and other independent investment advisers whose clients elect to custody their assets at Pershing. The benefits that ARS will receive from Pershing Advisor Solutions are not based on the investment recommendations or securities that ARS buys or sells for client accounts, nor do they depend on the amount of brokerage transactions directed to Pershing Advisor Solutions for execution through Pershing.

Clients are ultimately responsible for selecting the financial institution to custody their assets. Clients are not required to custody assets at Pershing, nor are they required to designate Pershing Advisor Solutions as introducing broker-dealer. Clients may select a different custodian for their account.

ARS may use independent third-party solicitors to refer clients to the Firm and pay a portion of its advisory fees to such solicitors, in accordance with Rule 206(4)-3 of the Advisers Act. ARS may engage underwriters, brokers, dealers or finders to assist in the offering of Interests in a Fund, or in finding other clients. Except for commissions on brokerage transactions (which will be paid by clients), ARS will pay (and will not charge clients) fees and commissions that may be payable to any such brokers or finders for assisting in the offering or sale of interests in a Fund, or in finding other clients.

Item 15: Custody

Separately Managed Accounts

ARS does have actual custody of some client funds or securities. In addition, ARS is deemed to have custody of client funds and securities under certain circumstances, including as a result of the deduction of ARS' advisory fees from client accounts and the processing by ARS of client instructions. Client funds and securities are held in custody by qualified custodians, such as unaffiliated broker-dealers or banks. Clients will receive quarterly account statements

or appraisals directly from their qualified custodian that holds and maintains client assets. Clients should carefully review such statements and compare such official custodial records to any account information provided by ARS. ARS' statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Any material variance should be brought to the attention of both the custodian and ARS to determine a basis for the variance.

The Funds

ARS is deemed to have custody of client assets for certain of its Fund clients for which ARS or a related person of ARS serves as general partner. In accordance with Advisers Act Rule 206(4)-2, the Funds are subject to an annual audit in every year and each investor in the Funds is provided with audited financial statements for the Fund within 120 days following the Fund's fiscal year end but in the case of the PS Fund, since it is operated as a fund of funds, audit reports may be provided within 180 days of its fiscal year end. All audited financial statements are prepared in accordance with generally-accepted accounting principles. The Funds will further receive a final audit upon liquidation and will distribute such audited financial statements promptly after completion.

Item 16: Investment Discretion

ARS generally has discretionary authority to determine, without obtaining specific account consent, the amount and type of securities to be bought or sold, the broker-dealer to be used, and the commission rates paid, per the account's investment policies and objectives. Any limitations on authority are included in the relevant advisory agreement.

Item 17: Voting Client Securities

ARS is subject to Rule 206(4)-6 under the Advisers Act, which places specific requirements on registered investment advisers with proxy voting authority. To meet its obligations under the rule, ARS has adopted written proxy voting policies and procedures, which are designed to ensure that ARS votes proxies in the best interest of its clients and addresses how ARS will resolve any conflict of interest that may arise when voting proxies.

With respect to SMA clients, except for certain legacy SMAs and those SMAs invested in the small cap strategies, ARS generally does not vote, nor give any advice about how to vote, proxies for securities held in SMAs. Clients should arrange for their qualified custodian to send proxy materials and other issuer communications relating to securities held in their accounts directly to the Clients or their proxy designee.

In the limited circumstances where ARS is granted the authority to vote proxies for securities held in client accounts, other than certain legacy accounts, and ARS accepts the responsibility

to vote such proxies, ARS relies on a third-party proxy research company (ProxyEdge) to provide voting recommendations and votes in accordance with such recommendations. The use of a third-party proxy research company's voting recommendations eliminates any potential conflict of interest that ARS may have in determining how to vote proxies. If ProxyEdge's voting recommendations cannot be accessed for a particular security, the proxy will be voted by ARS in accordance with the respective issuer management's recommendations. A summary of ProxyEdge's current voting recommendations with respect to the most common matters submitted for shareholder votes is available upon request of ARS.

With respect to the Somerset Fund, certain legacy SMAs, and those SMAs invested in the small cap strategies, when ARS has discretion to vote the proxies of its clients, it will endeavor to vote those proxies in their best interests and in accordance with its proxy voting policies and procedures. Because ARS votes in what it believes to be the best interests of each individual client, voting results could differ for proxies for the same issuer.

With respect to the PS Fund, the underlying Portfolio Managers for the PS Fund have their own proxy voting policies that are designed to (i) prevent conflicts of interest from influencing proxy voting decisions each Portfolio Manager makes on behalf of the PS Fund and (ii) ensure that such decisions are made in accordance with each Portfolio Manager's fiduciary obligations to its clients (including the PS Fund).

Request for a copy of ARS' proxy voting policy & procedures and for a record of all proxy votes cast by ARS can be made by contacting ARS' Chief Compliance Officer at 212-687-9800.

Item 18: Financial Information

ARS has no known financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.