

## **GLASfunds, LLC**

SEC File Number: 801-70512

IA Firm Number: 70512

1100 Superior Avenue E

Suite 600

Cleveland, OH 44114

[www.glasfunds.com](http://www.glasfunds.com)

### **PART 2A OF FORM ADV: FIRM BROCHURE**

**November 29, 2021**

*This brochure (the “Brochure”) provides information about the qualifications and business practices of GLASfunds, LLC. If you have any questions about the contents of this Brochure, please contact us by e-mail at [ir@glasfunds.com](mailto:ir@glasfunds.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.*

*Registration as an investment adviser does not imply that GLASfunds, LLC or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.*

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

## **ITEM 2**

### **MATERIAL CHANGES**

GLASfunds, LLC's most recent annual amendment to its Brochure is dated March 1, 2021 and was filed on March 17, 2021. This Brochure has been revised to include updated information about GLASfunds, LLC's ownership structure and address. It also reflects certain clarifications regarding GLASfunds, LLC's investment advisory services.

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## **ITEM 4**

### **ADVISORY BUSINESS**

GLASfunds, LLC (“Registrant”, “GLAS”, “we”, or “Advisor”) is an Ohio Limited Liability Company established in January 2009. Michael A. Maroon is the majority owner of the Registrant. GLAS also has two minority owners: Anthony Maroon and Lawrence Wolf. Lawrence Wolf also acts in an advisory role with the firm.

GLAS provides discretionary investment advisory services to GLASfunds, LP and GLASfunds, SPC, (the “Funds”) and is responsible for investment management including selecting and monitoring Portfolio Managers. GLAS is also responsible for managing the Funds’ operations, as well as overseeing and coordinating legal, compliance, audit and administrative functions of the respective Funds.

GLAS employs one strategy for both Funds, which is characterized as a customized fund of hedge funds and private capital.

As of September 30, 2021, GLAS had approximately \$1,110,500,000 assets under management, all under a discretionary basis.

## **ITEM 5**

### **FEES AND COMPENSATION**

GLAS typically receives a management fee, payable quarterly in advance which is debited from each investors’ capital account. Amounts vary by investor and range between .40% and 1.0% on an annual basis.

The Funds bear all their own operating expenses, such as fees payable to custodians and administrators, and investment expenses (i.e., expenses which, in the GLAS’s determination, are related to the investment of the Fund’s assets, such as the negotiation of the terms of an investment, legal expenses, accounting, audit and tax preparation expenses, expenses incurred in managing or liquidating in-kind distributions received from Portfolio Funds, any interest on Fund borrowings, the costs of any liability insurance and extraordinary expenses). Such expenses are shared by all of the investors of each respective Fund, including the General Partner, as determined by GLAS.

Redemptions may be subject to a one to two year lock up period depending on the requirements of the underlying portfolio manager. Payment of withdrawn amounts in certain circumstances may be subject to withdrawal restrictions, or payment delays, imposed by Portfolio Funds.

## **ITEM 6**

### **PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT**

GLAS does not charge performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client’s account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

## **ITEM 7 TYPES OF CLIENTS**

Investors in these Funds typically include institutions and high net worth individuals. For the Funds, a minimum investment of \$250,000 is generally required. Details can be found in the Funds' Private Placement Memoranda (PPMs) and subscription agreements.

## **ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND AFFILIATIONS**

**Please refer to the Fund's PPM or Offering Documents for a more detailed discussion of our investment strategy and related risks.**

GLAS offers custom portfolios of hedge funds and private capital. GLAS provides each investor with the ability to create a customized portfolio of hedge fund investments based upon such investor's individual risk/return profile. Interests in the Funds are offered in separate series (each a "Series"), based upon the Investment Strategy employed by the underlying Portfolio Manager(s). During the subscription process, each investor determines individual investment objectives and risk tolerance, resulting in the allocation of investments across multiple series of investment strategies. To achieve this objective each individual employs an investment strategy in which each investor allocates its investment capital to one or more investment strategies.

Underlying Portfolio Managers invest primarily in publicly traded equity and debt securities of the United States and foreign issuers. Portfolio Funds are managed by select professional managers ("Portfolio Managers") with significant investment histories and/or prospects, and who focus primarily on long/short equity or multi-faceted event-driven investment strategies, equity and balance sheet arbitrage, special situations investing or other non-traditional investment disciplines.

GLAS will perform the investment management of the Underlying Portfolio Funds. Key personnel at GLAS have considerable experience in evaluating alternative investment vehicles and instruments and in investment manager selection and oversight. GLAS screens the Investment Strategies offered by the Funds, selects those Underlying Portfolio Funds we believe will provide attractive risk-adjusted performance within an Investment Strategy, and monitors the performance of the Underlying Portfolio Funds.

GLAS believes an investment in the Fund(s) provides investors with access to difficult-to-find niche managers and alternative investment funds, access to, and analysis of, complex investment strategies, as well as access to otherwise unavailable investment managers with high minimum investment requirements. GLAS manages each Fund's overall investment position and its investment position within each Investment Strategy, including ongoing monitoring of the performance of Underlying Portfolio Funds. GLAS may make periodic changes in the allocation of funds within a particular Investment Strategy, to existing and new Portfolio Funds, as it deems appropriate, with notice to the investors participating in the applicable Series.

The Underlying Portfolio Funds chosen by GLAS are based on many qualitative and quantitative factors, such as the strategy implemented by the Portfolio Fund, the style within the strategy being implemented, and the quantitative analysis and evaluation of the Portfolio Manager's and Portfolio Fund's track record.

### **RISK FACTORS**

An investment in the Funds may be deemed to be a speculative investment and is not intended as a complete investment program. It is designed only for sophisticated persons who are able to bear the risk of an investment in the Fund(s). The following does not purport to be a summary of all of the risks associated with an investment in the Fund(s). Rather, the following describes certain specific risks to which the Fund(s) is subject and with respect to which GLAS strongly encourages potential investors to carefully consider and to consult regarding the same with their professional advisors, as they deem necessary.

***Dependence Upon the General Partner and Portfolio Managers.*** The success of the GLAS depends upon the ability of the General Partner and Portfolio Managers to develop and implement investment strategies that achieve the Fund's investment objectives. Subjective decisions made by the General Partner and the Portfolio Managers may cause the Fund to incur losses or to miss profit opportunities on which it would otherwise have capitalized. Although the Fund evaluates the ability and strategy of each Portfolio Fund, it cannot cause the Portfolio Managers of such Portfolio Funds to take or not take any specific actions.

The Principal of the General Partner may engage in other business activities, including the management of other funds of funds. However, the General Partner and the Principal will not devote their full time and attention to the operations outside of the Fund. Also, since the Principal is responsible for the management of the General Partner, if he were to die or become disabled, or otherwise cease to be affiliated with the General Partner, such event may have an adverse effect on the business of the Fund.

Though the Principal has considerable experience in evaluating Portfolio Managers and Portfolio Funds, the past performance of the General Partner, its affiliates or the Portfolio Managers is no guarantee of future performance.

***Risks of the Multi-Manager Strategy.*** The General Partner does not have any control over the investments made by Portfolio Managers. The General Partner may, however, be able to reallocate the funds within each Investment Strategy among one or more Portfolio Funds, subject to withdrawal limitations imposed by the Portfolio Funds. These withdrawal limitations may prevent the Fund from reacting rapidly to market changes should a Portfolio Manager fail to effect portfolio changes consistent with such market changes. In addition, these withdrawal limitations may affect the ability of each Investor to rebalance its assets among the various Investment Strategies. In addition, at times when Portfolio Funds offer limited availability to investors, the General Partner may allocate such limited availability among and between multiple entities managed by it or its affiliates, resulting in a Fund portfolio which differs from the portfolio which might result if the General Partner only managed the Fund. It is possible that not all of the entities managed by the General Partner and its affiliates will invest, whether on a pro rata basis or otherwise, in all of the Portfolio Funds invested in by the Fund. The multi-manager approach may also limit the General Partner's access to information about the Fund's investments on a daily or regular basis. Investors in the various Portfolio Funds typically have no right to demand such information of the Portfolio Managers. Nevertheless, the General Partner will use its commercially reasonable efforts to periodically gather quantitative and qualitative information from the Portfolio Managers. There is no guarantee that the information will be accurate or timely. Moreover, the information may be proprietary and may not be provided.

The Portfolio Funds trade wholly independently of each other and, at times, may hold economically offsetting or conflicting positions. To the extent that the Portfolio Funds do, in fact, hold such positions, an Investor's investment in such funds may be unable to achieve otherwise anticipated gains or losses despite incurring expenses. In addition, a Portfolio Manager may be compensated based on the performance of its portfolio. Accordingly, a particular Portfolio Manager may receive incentive compensation in respect of its portfolio for a period even though the Fund's overall portfolio depreciated during such period.

Many of the portfolio transactions of the Portfolio Funds in which the Fund is invested will be made at prices different from those prevailing at the time they may be reflected in a report to the Investors. These transactions will reflect investment decisions made by the Portfolio Managers of such Portfolio Funds in light of the investment objective and strategies thereof and such other factors as the portfolio holdings and tax considerations of the Portfolio Fund. Therefore, such transactions should not be construed as recommendations for similar action by Investors directly.

***Limited Diversification Within Each Portfolio Fund.*** While the customization of an investor's portfolio generally limits the percentage of each investor's assets that are invested with any Portfolio Manager or that are employed for any given Investment Strategy, there are no limitations with respect to the size of or types of positions that may be taken by any Portfolio Manager. The Fund however, only invests with Portfolio Managers whose stated intention is to invest in a diversified portfolio of securities. Therefore, while Portfolio

Managers are selected in part based on the diversity of their investment strategies, no assurance can be given that any specific level of diversity will be attained or maintained.

***Concentration of Investments.*** While an investor has the ability to customize the allocation of its Interest across a number of Investment Strategies, if an investor decides to invest all of its Interest in one or two Investment Strategies, there is no assurance that an investor will be adequately diversified in all market conditions. A concentration of an investor's assets in one or few Investment Strategies could result in significant losses and could have a material adverse impact on the investor's portfolio.

***Fees and Expenses.*** Investors pay, directly or indirectly, layers of fees and expenses. The Fund has its own expenses and the General Partner is paid a Management Fee. The Fund also bears its proportionate share of each Portfolio Fund's expenses and will generally also incur a management fee and performance-based compensation. A performance-based fee arrangement may create an incentive for riskier or more speculative investments than might be the case in the absence of such performance-based fee arrangement. The fees and expenses paid by the Fund, directly and indirectly, may be substantially greater than for other investment entities. Certain fees and expenses are paid whether or not the Fund experiences gains. Furthermore, as each Portfolio Manager is generally compensated based on the performance of the Portfolio Fund it manages, the Fund could have periods when it pays performance compensation to a Portfolio Manager even though the Fund as a whole has a loss for the period.

***Leverage.*** The Fund may borrow funds from time to time to make investment in Portfolio Funds, to fund Partner redemptions or for other reasons in the General Partner's discretion. There is no assurance that the Fund will be able to obtain such borrowed funds. If the Fund engages in leverage, the Fund will be charged interest on borrowed funds and may be required to pledge all or a portion of the underlying assets of the Fund as collateral. Not all such assets may be eligible collateral. The lender providing the borrowed funds may require that the borrowed amounts be repaid, pursuant to an event of default or otherwise, at a time when the Fund has little or no liquidity and such lender will thereafter have certain rights with respect to the collateral. By using leverage, the Fund is able to purchase a larger portfolio using a smaller amount of capital. However, leverage also exposes the Fund to substantial risks of loss, particularly since leverage will amplify the effect of loss on the Fund. If the Fund fails to earn as much on the incremental investments purchased with borrowed funds as it pays for such funds, the use of leverage decreases returns to the Partners.

***Illiquidity.*** As a result of the limitations on withdrawals and the fact that Interests are not freely transferable, an investment in the Fund is relatively illiquid and involves a high degree of risk. A subscription for Interests should be considered only by sophisticated investors financially able to maintain their investment and who can afford to lose all or a substantial part of such investment.

***Possible Required Withdrawals.*** Under the Fund Agreement, the General Partner may, in its sole discretion at any time, require any Investor to withdraw all or a portion of such Investor's capital from the Fund on written notice. Such mandatory withdrawal may create adverse tax and/or economic consequences to the Investor depending on the timing of such withdrawal.

***Lack of Participation in Management.*** In certain cases, a principal or employee of: (i) the General Partner or its affiliates, (ii) a Portfolio Manager or (iii) a Portfolio Fund may also be an Investor of the Fund. However, Investors do not have the right to participate in the management of the Fund or in the conduct of its business, or of the business of Portfolio Funds. Moreover, Investors have no right to influence the day-to-day management of the Fund, whether by voting or otherwise. Any participation in the management of the Fund could subject an Investor to unlimited liability as a general partner.

***Limitation of Liability and Indemnification of the General Partner.*** The Fund Agreement provides that the General Partner is indemnified against and is not liable for, any loss or liability incurred in connection with the affairs of the Fund, so long as such loss or liability arose from acts performed in good faith and not involving gross negligence or willful misconduct. Therefore, an Investor may have a more limited right of action against the General Partner than an Investor would have had absent these provisions in the Fund

Agreement. It is the policy of the United States Securities and Exchange Commission that indemnification for violations of securities laws is against public policy and therefore unenforceable.

***Limitations on Investor Withdrawals and Transfers.*** Investors generally are not be permitted to withdraw any portion, or all, of their capital account balances from the Fund until the first anniversary of an investment and on the last day of any calendar quarter thereafter, depending on the governing documents of the applicable Portfolio Fund in which the Investor has invested. Withdrawals also may be delayed for a period of months or years with respect to a portion of the Investor's capital as a result of limitations imposed by Portfolio Managers, or otherwise in the discretion of the General Partner on account of possible loss contingencies. Withdrawal limitations may vary among Portfolio Funds and generally range from 12-36 months. 90% of the requested amounts of withdrawals generally are paid within 30 days of the effective date of the withdrawal and the balance within 30 days after completion of the Fund's year-end audit, but only if and to the extent such payment is not otherwise limited by the withdrawal policies of the Portfolio Funds or would not impair the Fund's working capital or investment strategy, in the sole discretion of the General Partner. In addition, transfers of Interests are permitted only in limited circumstances at the discretion of the General Partner. Accordingly, Interests should only be acquired by investors willing and able to commit their funds for an indefinite period of time.

***Possible Substantial Losses and Withdrawals.*** The Fund or a particular Series may at any time incur significant losses resulting in substantial withdrawals by Investors. The Fund could experience various economic and operational difficulties were its assets to be significantly depleted, including the risk that the Fund would be unable to achieve its investment objective.

***Reserves.*** Under certain circumstances, the Fund may find it necessary to establish reserves for contingent liabilities or withhold a portion of an Investor's proceeds at the time of withdrawal. If a reserve is subsequently determined to have been excessive, such excess amount shall be returned to the net assets of the Fund, but the amount paid upon a prior withdrawal may not be adjusted. Conversely, if a reserve is subsequently determined to have been insufficient, the net assets of the Fund will be used to pay such amounts and the Fund may have no ability to recover any excess withdrawal proceeds from an Investor. As the establishment of a reserve impacts the determination of the Fund's net asset value, an incorrect reserve will impact the subscription prices for Interests purchased by Investors.

***Conflicts of Interest.*** As described under the heading "Management of the Fund – Conflicts of Interest," there are certain actual or potential conflicts of interest that should be considered by prospective investors before subscribing for Interests in the Fund. These include that the General Partner, its members, affiliates and employees engage in other activities, including providing investment management and advisory services to other accounts, and are not required to refrain from any activity, to disgorge profits from any such activity or to devote all or any particular amount of time or effort to the Funds and its affairs. Such accounts include other funds which may have the same or similar investment objectives as the Fund. Although the General Partner acts in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the Fund, it otherwise is not restricted in the nature or timing of investments for the Fund and other accounts, and may average the prices paid or received in connection with such investments. Additionally, performance-based allocation arrangements may create incentives for riskier or more speculative investments than may otherwise be the

***Federal Income Tax Risks.*** The Fund has not requested a ruling from the Internal Revenue Service (the "IRS") or an opinion of legal counsel as to any tax matters, including whether the Fund will be treated as a Fund (and not as an association taxable as a corporation) for federal income tax purposes. If the Fund were to be treated as a corporation rather than as a Fund for federal income tax purposes, the Fund itself would be taxed on its taxable income at corporate tax rates, there would be no flow-through of items of Fund income, gain, loss or deductions to the Investors, and Fund distributions generally would be taxable as dividends. Under present laws and regulations and judicial interpretations thereof, the General Partner believes the Fund would be classified and treated as a Fund for federal income tax purposes, and not as an association taxable as a corporation.



Assuming that the Fund is treated as a Fund, each Investor must include in his own income, his allocable share of Fund taxable income, whether or not any cash is distributed and, as a result of various limitations imposed by the tax laws regarding passive losses and otherwise, may be unable to currently deduct his allocable share of Fund expenses and capital losses, if any. Because the General Partner does not make regular cash distributions to Investors, an Investor may be subject to taxes on income allocated to it but which it has not received. Furthermore, special tax rules apply to certain categories of Investors, including Individual Retirement Accounts and other tax-exempt Investors.

***Risks to Tax-Exempt Investors.*** Entities subject to ERISA, as well as other investors that are exempt from taxation (or that are entities composed primarily of tax-exempt U.S. Persons), may be subject to U.S. Federal, state and local laws, rules and regulations which may regulate their participation in the Fund, or their engaging directly, or indirectly through an investment in the Fund in investment strategies of the types in which the Fund may invest in from time to time (e.g., the use of leverage, and limited diversification). Each type of exempt organization may be subject to different laws, rules and regulations, and prospective investors should consult with their own advisers as to the advisability and tax consequences of an investment in the Fund. The General Partner intends to limit equity participation of Benefit Plan Investors in the Fund to less than 25% in the aggregate of the value of all Interests. See "Federal Income Tax Matters" and "Purchases by Retirement Plans."

***Risks of Portfolio Manager Strategies and Execution.*** A Portfolio Manager may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to the General Partner. These strategies may involve risks under some market conditions that are not anticipated by the Portfolio Managers, the General Partner or the Fund. The Portfolio Managers may use investment strategies that differ from those typically employed by traditional managers of portfolios of stocks and bonds, or may diverge from the strategy disclosed to the General Partner. The strategies employed by the Portfolio Managers may involve significantly more risk and higher transaction costs than more traditional investment methods. In addition, Portfolio Managers may not execute their strategy efficiently or consistent with past practices or its disclosure, leading to underperformance or losses to the Fund. The Fund seeks to reduce these risks by spreading the investments of the Fund among a variety of different Portfolio Managers. However, it is possible that the performance of the Portfolio Managers may be closely correlated in some market conditions, resulting (if those returns are negative) in significant losses to the Fund and its investors.

***Portfolio Fund Investments in Illiquid Securities.*** Portfolio Funds may acquire assets for which there is no ready market or which require an extended holding period or the Fund may acquire interests in Portfolio Funds that require an extended period of committed investment. As a result of such extended holding periods, the Portfolio Manager or the General Partner may designate the amount of capital represented by such investments as being not subject to the usual withdrawal rights of Investors. In addition, Portfolio Funds may determine to satisfy a withdrawal by the Fund by distributing to the Fund its pro rata share of such illiquid investments, even though such investment may carry significant or complete restrictions on transfer prior to the occurrence of specified events. Limitations on withdrawal imposed by a Portfolio Fund may, in turn, be applied to withdrawals by Investors of the Fund. In certain circumstances, withdrawals by Investors may result in the remaining capital accounts of Investors having a greater portion of illiquid investments than was the case prior to such withdrawal.

***Valuations.*** Allocations of profits and losses to the Partners and the determination of the Management Fee and the Performance Fee are based on the value of the Fund's assets from time to time. As most of the Fund's assets are invested in Portfolio Funds, the General Partner relies on the valuations provided by such Funds. These monthly valuations by the Portfolio Funds are unaudited. The General Partner might not be able to obtain timely or complete information about the values of assets invested with Portfolio Funds and may be required to estimate such values for certain purposes. Each Portfolio Fund provides audited information within a reasonable period of time after the end of each calendar year. However, there can be no assurance that such audited information will be provided to the Fund on a timely basis, which could result in delays in the Fund providing audited information to the Partners. With respect to assets of the Fund that are not invested in Portfolio Funds, the General Partner exercises its best judgment as to value, based on all the

facts known to it at the time. Where such values can be established by trading on an active securities market or the equivalent, the General Partner uses those values in allocating the profits and losses.

***Performance Allocations.*** Performance allocations to the Portfolio Managers or its affiliates, and Performance Allocations to the General Partner, will be based in part on unrealized gains on securities which may never be realized in the event of adverse changes in the value of such securities. A performance-based allocation arrangement may create an incentive for riskier or more speculative investments than might be the case in the absence of such performance-based allocation arrangement. The General Partner's Performance Allocation is based primarily on estimates provided by the Portfolio Funds, and the General Partner has limited ability to assess the accuracy of the valuations received from a Portfolio Manager.

***Possible Delays in Tax and Performance Information.*** The General Partner provides Investors with estimates of the taxable income or loss allocated to their investment in the Fund on or before April 15 of a fiscal year. Schedule K-1s may not be available by April 15 if the Portfolio Managers fail to deliver the requisite information sufficiently prior to April 15. As a result, Investors may be required to obtain extensions of the filing date of their income tax returns at the Federal, state and local levels. In addition, the interim capital account balances received by the Fund from Portfolio Managers are typically estimates only, subject to revision through the end of each underlying investment vehicle's annual audit. Revisions to the Fund's gain and loss calculations is an ongoing process, and no net capital appreciation or depreciation figure can be considered final until the Fund's own annual audit is completed.

***Custody of Fund Investments.*** The General Partner generally does not have custody of the securities of the Fund and does not require Portfolio Managers to maintain custody of their own securities. Portfolio Managers generally maintain accounts at recognized brokerage firms, and in some cases may maintain assets in brokerage firms outside the United States. The bankruptcy of any such brokerage firm may have a greater adverse effect on the Fund than would be the case if all Portfolio Managers maintained their accounts to meet the requirements applicable to registered investment companies.

***Absence of Certain Statutory Registrations.*** The Fund is not registered as an investment company under the 1940 Act, in reliance upon certain exemptions from such registration requirements. Accordingly, the Fund is not subject to the various statutory and SEC regulatory requirements applicable to registered investment companies. For example, the Fund is not required to maintain custody of its securities or place its securities in the custody of a bank or a member of a U.S. securities exchange in the manner required of registered investment companies under rules promulgated by the SEC. The Fund generally maintains such accounts at brokerage firms which do not separately segregate such assets as would be required in the case of registered investment companies. Under the provisions of the U.S. Securities Investor Protection Act, the bankruptcy of any such brokerage firms might have a greater adverse effect on the Fund than registered investment companies. Other regulations that may in the future be adopted could adversely affect the Fund or create additional costs and expenses for the Fund. It is possible in the future that the regulatory environment for hedge funds and their managers could change. This could result in new laws or regulations that could, for example, impose restrictions on the operation of the Fund or the General Partner and their affiliates; impose disclosure or other obligations on those entities; or further restrict the offering, sale or transfer of Interests. Accordingly, any such laws or regulations could adversely affect the investment performance of the Fund or its access to additional capital, create additional costs and expenses for the Fund or otherwise have an adverse impact on the Fund and its Partners.

***Forward Looking Information.*** Certain statements in this Offering Memorandum constitute forward looking statements about future operations, results and performance, which involve risks and uncertainties that may cause the actual operations, results or performance to differ materially from those expressed in or implied by the forward looking statements. These risks and uncertainties include the performance of the securities markets and the Fund's investment program, future economic conditions, changes in investment strategy and other factors. Consequently, no assurance can be given as to future operations, results or performance, and neither the Fund nor any other person assumes any responsibility for the accuracy and completeness of the forward looking statements in this Offering Memorandum.

## **Market and Investment Risks**

***Nature of Securities Investments.*** The Fund, through the Portfolio Managers, invests substantially all of its assets in securities, some of which may be particularly sensitive to economic, market, industry, interest rate movements and other variable conditions. No assurance can be given as to when or whether adverse events might occur which could cause significant and immediate losses to the Fund. Furthermore, not all of the risks associated with the investments of each Portfolio Fund are described in this Offering Memorandum.

***Investments in Bankrupt or Restructured Companies.*** The Fund, through the Portfolio Managers, may invest in securities of companies that are experiencing significant financial or business difficulties or are in default of their obligations, including companies involved in bankruptcy or other reorganization proceedings. Although such investments may result in significant returns to the Fund, they involve a substantial degree of risk. Any one or all of such investments may be unsuccessful or not show any return for a considerable period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the General Partner or the Portfolio Manager will correctly evaluate the prospects for a successful reorganization. In any reorganization or liquidation proceeding, the Fund may be required to accept cash or securities with a value less than the Fund's investment.

***Use of Leverage.*** Many Portfolio Managers are expected to use leverage as part of their investment strategy and the General Partner has no control over the amount of leverage used. Trading securities on margin results in interest charges to the Portfolio Fund and, in turn to the Fund. A high degree of leverage necessarily entails a high degree of risk. By using leverage, the manager is able to purchase a larger portfolio using a smaller amount of capital. Thus, a relatively small price movement in an investment may result in substantial losses to the Fund. Leverage may amplify the effect of gain or loss on the Portfolio investment, and may result in greater volatility than experienced by investment pools that do not use leverage. The General Partner also may borrow a limited amount of funds on a short-term basis to temporarily fund Portfolio Fund investments, or Investor withdrawals pending distributions from other Portfolio Funds, or for other reasons in the General Partner's discretion.

***Risks of Options.*** A Portfolio Manager may close out a position as a buyer or writer of an option only if a liquid secondary market exists for options of that series. There is no assurance that such a market will exist, particularly in the case of OTC options, as such options may generally only be closed out by entering into a closing purchase transaction with the purchasing dealer. There are risks inherent in the use of such instruments. One such risk is that the Portfolio Manager could be incorrect in its expectations as to the direction or extent of various interest rate or price movements or the time span within which the movements take place. To purchase an option, the purchaser must pay a "premium," which generally consists of a single, nonrefundable payment. Unless the price of the securities underlying the option changes and it becomes profitable to exercise or offset the option before it expires, the Portfolio Fund may lose the entire amount of the premium. Thus a Portfolio Fund may incur significant losses in a relatively short period of time.

***Other Derivative Investments.*** Derivative instruments, or "derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from or the value of which is related to one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are leveraged, and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement cannot only result in the loss of the entire investment, but may also expose the Portfolio Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. Swaps and certain options and other custom instruments are subject to the risk of non-

performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Portfolio Manager from promptly liquidating unfavorable positions and subject the Portfolio Fund to substantial losses. In addition, the Portfolio Manager may not be able to execute futures contract trades at favorable prices if little trading in the contracts involved is taking place. It also is possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. Under the Commodities Act, futures commission merchants are required to maintain customers’ assets in a segregated account. To the extent that the General Partner or a Portfolio Fund engages in futures and options contract trading and the futures commission merchants with whom the General Partner or a Portfolio Fund maintains accounts fail to segregate such assets, the Portfolio Fund and/or the Fund will be subject to a risk of loss in the event of the bankruptcy of one of these futures commission merchants.

***Short Sales.*** A Portfolio Manager may engage in “short sales” where it believes a security is overvalued, for hedging strategies or for other purposes. The Portfolio Fund will incur a loss on a short sale if the price of the security has increased prior to the time the Portfolio Fund purchases the security to replace the borrowed security. The Portfolio Fund will realize a gain if the security declines in price by such time. A short sale may present greater risk than purchasing a security since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a “long” position is limited to the purchase price of the security. In addition, the ability to continue borrowing the security is not guaranteed. If the short seller loses the ability to continue borrowing the security, a “buy in” may occur, forcing the short seller to purchase the security at an inopportune moment.

***Event-Driven Investments.*** A Portfolio Fund may seek to purchase securities at prices below their anticipated value following the occurrence of a particular event, including proposed mergers, tender offers or similar transactions. Such purchase price may be in excess of the market price of the securities immediately prior to the announcement of the proposed transaction. If the proposed transaction is not consummated or is delayed, the market price of the security may decline and result in losses to the Portfolio Fund. In certain transactions, the Portfolio Fund may not be hedged against market fluctuations unrelated to the anticipated transaction but which may affect the value of the consideration to be received. This may result in losses, even if the proposed transaction is consummated.

***Foreign Securities.*** Portfolio Funds, particularly funds with a global macro strategy, are expected to invest in securities and instruments in global markets. Such investments involve substantial risks not typically associated with investing in U.S. securities. Investments in such foreign securities may be affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy (in the United States and abroad) or changed circumstances in dealings between nations. Changes in foreign currency exchange rates relative to the U.S. dollar will affect the U.S. dollar value of the Portfolio Fund’s assets denominated in that currency and thereby impact upon the Portfolio Fund’s total return on such assets.

Investments in securities and instruments of foreign issuers will also occasion risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of Portfolio Funds’ assets and any effects of foreign social, economic or political instability. Foreign companies are not subject to the regulatory requirements of U.S. companies and, as such, there may be less publicly available information about such companies. Moreover, foreign companies are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies. The occurrence of adverse events affecting one particular foreign country or region could have more widespread effect and adversely impact the global trading market.

The issuers of the sovereign debt securities in which the Portfolio Funds may invest have in the past experienced substantial difficulties in servicing their external debt obligations, which have led to defaults on certain obligations and the restructuring of certain indebtedness. Countries such as those in which the Portfolio Funds may invest have historically experienced, and may continue to experience, high rates of inflation, high interest rates, exchange rate fluctuations and currency devaluation, large amounts of external debt, balance of payments and trade difficulties, political uncertainty and instability and extreme poverty and unemployment. Securities of foreign issuers may be less liquid than comparable securities of U.S. issuers and, as such, their price changes may be more volatile and this reduced liquidity may diminish the Portfolio Fund's ability to execute trades. Furthermore, foreign exchanges and broker-dealers are generally subject to less government and exchange scrutiny and regulation than their U.S. counterparts. Brokerage commissions, dealer concessions and other transaction costs may be higher on foreign markets than in the U.S.

Taxation of dividends, interest and capital gains received by non-residents varies among foreign countries and, in some cases, is comparatively high. In addition, foreign countries typically have less well-defined tax laws and procedures and such laws may permit retroactive taxation so that the Portfolio Funds could in the future become subject to local tax liability that it had not reasonably anticipated in conducting its investment activities or valuing its assets.

***Debt Securities.*** Portfolio Funds may invest in debt securities of issuers experiencing financial distress. Distressed securities specialists typically invest long and short in the securities of companies undergoing bankruptcy or reorganization. These managers tend to focus on companies that are undergoing financial rather than operational distress. Lack of institutional research coverage, limited investor analysis of a potential restructuring and original claimholder's liquidity requirements may create substantial price differentials between current market value and likely future value. Volatility of returns is greatest among those managers investing in high yield debt and post bankruptcy "stub" equities. Lower volatility investments include late stage investing in senior secured debt. Financial leverage is typically not employed.

***Investments in Fixed-Income Securities.*** The Portfolio Funds may invest a portion of their capital in bonds or other fixed income securities, including, without limitation, notes and debentures issued by corporations; debt securities issued or guaranteed by governments or agencies or instrumentalities thereof; commercial paper; and "higher yielding" (and, therefore, higher risk) debt securities of the former categories. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity indexed to FX or inflation. These and other risks are particularly prevalent with fixed income securities of issuers in foreign markets. It is likely that a major economic recession or other event could disrupt severely 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 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.

***Forward Trading.*** Forward trading involves contracting for the purchase or sale of a specific quantity of, among other things, a financial instrument at the current price thereof, with delivery and settlement at a specified future date. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward trading is mostly unregulated and therefore there are no requirements with respect to record-keeping, segregation of funds or financial responsibility. The principal risks relating to the use of forwards are: (a) when used for hedging purposes, the possible imperfect correlation between the prices of the forwards and the market value of the securities or currencies in the Portfolio Fund's portfolio intended to be hedged by the forwards; (b) possible lack of a liquid secondary market for closing out a forwards position; (c) losses on forwards resulting from interest rate or currency movements not anticipated by the Portfolio Manager; and (d) the risk of counterparty defaults.

**Counterparty Risk.** Some of the markets in which the Portfolio Funds may affect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. This exposes a Portfolio Fund to the risk that counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Portfolio Fund to suffer a loss. Such counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Portfolio Fund has concentrated its transactions with a single or small group of counterparties. Counterparties in foreign markets face increased risks, including the risk of being taken over by the government or becoming bankrupt in countries with limited if any rights for creditors. The ability of the Portfolio Funds to transact business with any one or number of counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

**Hedging.** The Portfolio Funds may utilize certain financial instruments for both investment and risk management purposes. These instruments could include writing or buying options and other derivatives, as well as shorting securities, funds, indices, or swaps, and combining long and short positions in securities and instruments to reduce overall risk. The success of a Portfolio Fund's hedging strategy will depend on the Portfolio Manager's ability to predict the future correlation, if any, between the performance of the instruments utilized for hedging purposes and the performance of the investments being hedged. The change in the correlation may also result in the hedge increasing the overall risk of the portfolio. There is also a risk that such correlation will change over time rendering the hedge ineffective. Since the characteristics of many securities change as markets change or time passes, the success of a Portfolio Fund's hedging strategy may also be subject to the Portfolio Manager's ability to correctly readjust and execute hedges in an efficient and timely manner. In addition, the lack of futures and derivatives markets or high transaction costs in certain foreign markets may reduce or eliminate the Portfolio Fund's ability to hedge certain exposures. Even when the underlying values may have the predicted correlation, pricing imperfections may become worse and thus the hedge could increase risk over the time period until the underlying values are realized.

**Small and Mid-Cap Risks.** A portion of each Portfolio Funds' assets may be invested in securities of small-cap and mid-cap issuers. While the securities of a small or mid-cap issuer may offer the potential for greater capital appreciation than investments in securities of large-cap issuers, securities of small and mid-cap issuers may also present greater risks. For example, (i) some small and mid-cap issuers often have limited product lines, markets, or financial resources, (ii) they may be dependent for management on one or a few key persons, and can be more susceptible to losses and risks of bankruptcy, and (iii) their securities may be thinly traded and may be more sensitive to changes in earnings expectations, to corporate developments and to market rumors than are the market prices of large-cap issuers.

**Undervalued Equity Securities.** A Portfolio Fund's investment strategy may include investing in companies that the respective Portfolio Manager believes are undervalued. Opportunities in undervalued equity securities arise from market inefficiencies or because of a lack of wide recognition of the potential impact (positive or negative) that specific events or trends may have on the value of a security. The identification of investment opportunities in undervalued securities is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses.

**Institutional Risk and Custodial Risks.** The institutions, including brokerage firms and banks, with which the Fund (directly or indirectly through Portfolio Managers and Portfolio Funds ) does business, or to which securities have been entrusted for custodial and prime brokerage purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the Fund. Brokers may trade with an exchange as a principal on behalf of the Fund, in a "debtor-creditor" relationship, unlike other clearing broker relationships where the broker is merely a facilitator of the transaction. Such broker could, therefore, have title to all of the assets of the Fund (for example, the transactions which the broker has entered into on behalf of the Fund as principal as well as the margin payments which the Fund provides). In the event of such

broker's insolvency, the transactions which the broker has entered into as principal could default and the Fund's assets could become part of the insolvent broker's estate, to the detriment of the Fund. In this regard, Fund assets may be held in "street name" such that a default by the broker may cause Fund's rights to be limited to that of an unsecured creditor.

***Other Types of Investments by Portfolio Funds.*** The Fund's investment strategy is to invest with a range of Portfolio Funds that engage in different investment strategies and use a variety of investment techniques. Each of these strategies and techniques may be non-traditional and involve substantial risks. Although several of these risks are discussed in other risk factors herein, it is impossible to identify all such risks, particularly since the Fund's investments in Portfolio Funds are continually changing, as are the markets invested in by the Fund and the Portfolio Funds.

***Portfolio Liquidity and Transfer Restrictions.*** As a result of a Portfolio Manager's investment strategies, certain investments (especially those involving financially distressed companies or bank loans) may have to be held for a substantial period of time before they can be liquidated or sold to the greatest advantage or, in some cases, at all. A Portfolio Fund's investments may include private securities which may be subject to substantial restrictions on transferability and for which there may be no available market.

***Transaction Costs and Portfolio Managers' Use of "Soft Dollars."*** In selecting brokers to effect portfolio transactions, Portfolio Managers may consider, among other things, such factors as price, the ability of the brokers to effect the transaction, their facilities, reliability and financial responsibility and any products or services provided by such brokers. Such products and services may be of benefit generally to the Portfolio Fund but may not directly relate to transactions on behalf of the Portfolio Fund or any investment Fund in which the Fund is invested. Accordingly, the Portfolio Manager may incur transaction costs greater than the amount that might be incurred if another firm was used. "Soft dollar" payments or rebates of amounts paid to brokers and dealers may arise from over-the-counter principal transactions, as well as exchange traded agency transactions. Many of the Portfolio Funds may emphasize active management of the Fund's portfolio. Consequently, such Fund's portfolio turnover and brokerage commissions may exceed those of other investment entities of comparable size.

***Separately Managed Accounts.*** The Fund may invest some of its assets in separately managed accounts. Such accounts do not involve a limited liability structure (e.g., a limited Fund) as is the case with most other Portfolio Funds in which the Fund invests. Such separately managed accounts involve the writing of options, as described above, which is generally considered to be particularly risky and could result in losses beyond the Fund's investment therein.

***Economic and Regulatory Climate.*** Changing market and economic conditions, and other factors such as changes in federal or state tax laws, federal or state securities laws or accounting standards, may make corporate mergers, exchange offers, tender offers or other similar transactions less desirable or may make arbitrage or trading activities engaged in by the Fund through the Portfolio Funds less profitable. In particular, it should be noted that many tender offers, acquisitions and other corporate reorganizations require the acquirer to obtain high levels of financing to successfully complete the transaction. As a result of cycles of uncertainty in credit markets, such financing may become difficult to obtain and may adversely affect the Portfolio Funds' opportunities and investments.

***Cybersecurity Risk.*** Cybersecurity risk is the risk related to unauthorized access to the systems and networks of GLAS and its service providers. The computer systems, networks and devices used by GLAS and service providers to GLAS and GLAS' clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks or devices; infection from computer viruses or other malicious software code; and

attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by GLAS and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or other compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issues of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers and other financial institutions; and other parties. In addition, substantial costs may be incurred by those entities in order to prevent any cybersecurity breaches in the future.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL OF THE RISKS INVOLVED IN THE OFFERING. POTENTIAL INVESTORS SHOULD READ THIS OFFERING MEMORANDUM IN ITS ENTIRETY BEFORE DETERMINING WHETHER TO SUBSCRIBE FOR THE INTERESTS.

## **ITEM 9 DISCIPLINARY INFORMATION**

There have not been any instances of legal or disciplinary events for GLAS or our management team.

## **ITEM 10 OTHER FINANCIAL ACTIVITIES AND AFFILIATIONS**

### **Investment Manager / General Partner**

GLASfunds, LLC

### **Domestic Fund**

GLASfunds, L.P.

### **Offshore Fund**

GLASfunds, SPC.

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

### **Code of Ethics**

We have adopted a code of ethics (“Code of Ethics”) which is designed to foster compliance with the applicable federal statutes and regulatory requirements, prevent circumstances that may lead to or give the appearance of conflicts of interest with clients, insider trading or unethical business conduct as well as promote a culture of high ethical standards.

A copy of the Code of Ethics is available upon request.

As GLAS does not engage in any security transactions, Access Persons may conduct purchases or sales in personal accounts without prior approval. GLAS Access Persons and all other Access Persons may maintain brokerage and/or mutual fund accounts. However, detailed investment holdings reports should be submitted



to the Chief Compliance Officer on a quarterly basis (within 30 days after quarter end close) to ensure personal investment activities are being conducted in a manner that is consistent with our fiduciary responsibilities.

GLAS and our respective personnel may invest in the Funds and investment in our funds is encouraged.

## **ITEM 12 BROKERAGE PRACTICES**

At this time, GLAS does not participate in placing securities transactions with broker dealers and the Funds are not party to any soft dollar arrangements.

## **ITEM 13 REVIEW OF ACCOUNTS**

Position Reviews: GLAS performs monthly reviews of all Accounts.

In addition, the Funds' third-party administrator, NAV Consulting, Inc. (the "Administrator"), provides monthly reviews and reconciliations of cash, positions, and activity to validate that all transactions were executed as initiated and accounted for in a proper manner. The monthly net asset value calculations are prepared by the Administrator. Oakpoint Fund Services, acts as Sub-Administrator to the Funds. In this role, Oakpoint Fund Services serves as a liaison between GLAS and the Administrator. Oakpoint provides monthly oversight to account reconciliation for both off-shore and domestic funds and generates estimate performance data and profit and loss statements. Oakpoint's service is intended as a third-order safeguard to proper account reconciliation and money transfer.

Investors receive monthly capital account statements for their investment in each Fund as well as monthly performance estimates. Investors also receive annual audited financial statements of the Fund in which they are invested.

## **ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION**

At this time we do not compensate any third parties. At some point, we may compensate third parties that refer clients to us. Generally, compensation would be based upon the engagement and retention of new clients and a percentage of the assets invested. No portion of the compensation paid to the third parties will be charged to the clients.

## **ITEM 15 CUSTODY**

Domestic and Offshore bank accounts are held exclusively with The Northern Trust Intl Banking Corporation. Northern Trust, in conjunction with the Administrator, maintains "Sole Authority" status over all money transfer. This process requires the Administrator to approve all client transfers incoming to Northern Trust as well as all outgoing transfers from Northern Trust to clients, hedge funds for investment, and to GLAS for fee payment.

Accounts are reconciled, via statements provided by the Underlying Portfolio Funds on a monthly basis by our Administrator. As such, investors receive capital account statements on a monthly basis directly from the Funds' administrator. Investors should carefully review all account statements.

## **ITEM 16**

### **INVESTMENT DISCRETION**

As described in Item 8, each investor determines individual investment objectives and risk tolerance, resulting in the allocation of investments across multiple series of investment strategies. To achieve this objective each individual employs an investment strategy in which each investor allocates its investment capital to one or more investment strategies. However, GLAS has discretionary authority over all securities portfolios. GLAS, at its discretion will include and or remove a Portfolio Manager within a Fund as needed. In addition, if a Portfolio Manager is removed, GLAS has discretionary authority to reallocate affected client assets to another Portfolio Manager.

## **ITEM 17**

### **VOTING CLIENT SECURITIES**

This section is not applicable to GLAS as we do not vote client securities.

## **ITEM 18**

### **FINANCIAL INFORMATION**

Balance Sheet:

GLAS does not require prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore does not need to include a balance sheet with this Brochure.

Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients:

Neither GLAS nor its management has any financial conditions that are reasonably likely to impair its ability to meet contractual commitments to clients.

Bankruptcy Petitions in Previous Years:

GLAS has not been the subject of a bankruptcy petition.