

Item 1 - Cover Page

Emerald Hills Capital, LLC

Form ADV Part 2A - Disclosure Brochure

Effective: May 2, 2012

This Disclosure Brochure provides information about the qualifications and business practices of Emerald Hills Capital, LLC ("Emerald Hills"). If you have any questions about the contents of this Disclosure Brochure, please contact us at (650) 391-5223.

Emerald Hills is a Registered Investment Advisor with the State of California. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC") or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about Emerald Hills to assist you in determining whether to retain the Advisor.

Additional information about Emerald Hills and its advisory persons are available on the SEC's website at www.adviserinfo.sec.gov.

Emerald Hills Capital, LLC
CRD No: 159670
870 Seminole Way
Redwood City, CA 94062
Phone: (650) 391-5223
www.emeraldhillscapital.com

Item 2 - Material Changes

On July 28, 2010, the U.S. Securities and Exchange Commission voted unanimously to adopt amendments to Part 2 of Form ADV and related rules under the Investment Advisers Act of 1940 (the "Advisers Act"). The amendments are designed to require a Registered Investment Advisor to provide Clients with a clearly written and meaningful disclosure, in plain English, about the advisor's business practices, conflicts of interest and advisory personnel. The new Form ADV 2 is divided into two parts: *Part 2A and Part 2B*.

Part 2A (the "Disclosure Brochure") provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. *Part 2B* (the "Brochure Supplement") provides information about advisory personnel of Emerald Hills.

Emerald Hills believes that communication and transparency are the foundation of our relationship and continually strive to provide our Clients with the complete and accurate information at all times. We encourage all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

Initial Filing

Emerald Hills is a new Registered Investment Advisor. This is the initial filing of the Disclosure Brochure.

Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of Emerald Hills.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov.

To review the firm information for Emerald Hills:

- Click **Investment Advisor Search** in the left navigation menu.
- Select the option for **Investment Advisor Firm** and enter **159670** (our firm's CRD number) in the field labeled "Firm IARD/CRD Number".
- This will provide access to Form ADV Part 1 and Part 2.
- Item 11 of the ADV Part 1 lists legal and disciplinary questions regarding the Advisor.
- In the left navigation menu, Form ADV Part 2 is located near the bottom.

You may also request a copy of this Disclosure Brochure at any time, by contacting us at (650) 391-5223.

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Item 4 – Advisory Services

A. Firm Information

Emerald Hills Capital, LLC (“Emerald Hills” or the “Advisor”) is a Registered Investment Advisor with the State of California, which is organized as a Limited Liability Company (LLC) under the laws of the State of California. Emerald Hills was founded in 2011 and is owned and operated by Leon A. Shirman, PhD, CFA (Managing Director). This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by Emerald Hills.

B. Advisory Services Offered

Emerald Hills offers investment advisory services to individuals and high net worth individuals in California and other states (each referred to as a “Client”). The Advisor provides discretionary investment management services either through individual accounts managed by the Advisor or investment in Etalon Investments, LP, a hedge fund managed by the Advisor. Emerald Hills also provides consulting and financial planning services for its Clients.

Clients may engage the Advisor for investment management services either through investment in the Etalon Investments, LP or through individual managed account(s).

Individual Managed Accounts

Emerald Hills provides customized investment advisory solutions for its Clients based on its core investment philosophy described above. Emerald Hills works with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to determine if the Client’s objectives align with the portfolio management strategies offered by the Advisor. Emerald Hills will then construct a portfolio, consistent with its investment philosophy.

Emerald Hills will provide investment advisory services and portfolio management services and will not provide securities custodial or other administrative services for individual managed accounts. At no time will Emerald Hills accept or maintain custody of a Client’s funds or securities. All Client assets will be managed within their designated brokerage account or pension account, pursuant to the Client Investment Advisory Agreement.

Manager to Etalon Investments, LP

The Advisor also serves as the "General Partner" of Etalon Investments, LP (the “Fund”). The Fund is California limited partnership formed as a private investment vehicle for a limited number of sophisticated, long-term investors. In general, the investment strategy of the Fund is to seek to generate stable high levels of income

while managing risk and volatility by investing in stocks and derivative securities to achieve its income goals. As the General Partner of the Fund, Emerald Hills has the sole authority to manage the investment and operational activities of the Fund. The authority also results in Emerald Hills having custody over the assets of the Fund as detailed Item 15.

Emerald Hills intends to restrict the number of "Investors" and will offer the interests in the Fund only through non-public transactions in order to maintain each Fund's exclusion from "investment company" status under the Investment Company Act of 1940, as amended. Each Investor in the Fund must be an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended, and a "qualified client" as defined in Item 6.

Investment Strategy (Individual Managed Accounts and Fund)

The Advisor's investment philosophy is based on investing in securities with strong financial fundamentals and excellent growth prospects. Emerald Hills focuses on small to mid-cap companies that do not receive high level of analyst coverage. Such relatively unknown companies often produce returns superior to widely followed enterprises. The Advisor generally avoids market timing and frequent trading in these securities, believing that high turnover and rapid trading often hurts, rather than enhances, overall performance. The Advisor primarily constructs portfolios with individual equity securities. The Advisor may also utilize options and other security types as necessary to effectively implement its investment strategy. To this end, the Advisor intends to stay fully invested to seek to generate the maximum potential for returns.

Emerald Hills' investment strategy is primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held less than one year to meet the objectives of the Client or due to market conditions. Emerald Hills will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to the acceptance by the Advisor.

Emerald Hills evaluates and selects investment for inclusion in Client portfolios only after applying its internal due diligence process. The Advisor may recommend employing cash positions as a possible hedge against market movement. Emerald Hills may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client's risk tolerance.

Financial Planning and Consulting Services

Emerald Hills provides a variety of financial planning services to individuals and families, pursuant to a written Financial Planning or Consulting Agreement. Services are offered in several areas of a Client's financial situation, depending on their goals, objectives and financial situation.

Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the Client's financial goals and objectives. This planning or consulting may encompass one or more areas of need, including, but not limited to investment planning, retirement planning, personal savings, education savings and other areas of a Client's financial situation.

A financial plan developed for or financial consultation rendered to the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs. Emerald Hills may also refer Clients to an accountant, attorney or other specialist, as appropriate for their unique situation. For certain financial planning engagements, the Advisor will provide a written summary of Client's financial situation,

observations, and recommendations. For consulting or ad-hoc engagements, the Advisor may not provide a written summary. Plans or consultations are typically completed within six months of contract date, assuming all information and documents requested are provided promptly.

Financial planning and consulting recommendations may pose a potential conflict between the interests of the Advisor and the interests of the Client. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to effect the transaction through the Advisor.

C. Client Account Management

Prior to engaging Emerald Hills to provide investment advisory services, each Client is required to enter into an Investment Advisory Agreement with the Advisor that defines the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Policy Statement – Emerald Hills, in connection with the Client, may develop a statement that summarizes the Client’s investment goals and objectives along with the broad strategy[ies] to be employed to meet the objectives.
- Portfolio Construction – Emerald Hills will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – Emerald Hills will provide investment management and ongoing oversight of the Client’s portfolio and overall account.

D. Wrap Fee Programs

Emerald Hills does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by Emerald Hills.

E. Assets Under Management

Emerald Hills is a newly established advisor. Assets under management shall be reported following the Advisor’s December 31, 2011 fiscal year end. Clients may request more current information at any time by contacting the Advisor.

Item 5 – Fees and Compensation

The following paragraphs detail the fee structure and compensation methodology for investment management. Each Client shall sign an Investment Advisory Agreement that details the responsibilities of Emerald Hills and the Client.

A. Fees for Advisory Services

Individual Managed Accounts

Investment Advisory Fees are paid quarterly, at the end of each quarter, pursuant to the terms of the Investment Advisory Agreement. Investment Advisory Fees are based on the market value of assets under management at the end of each calendar quarter and are charged at an annual rate of 1.50%. Investment Advisory Fees in the first quarter of service are prorated to the inception date of the account to the end of the first quarter. Fees may be negotiable at the discretion of the Advisor. The Client’s fees will take into consideration the aggregate assets under management with Advisor. All securities held in accounts managed by Emerald Hills will be independently valued by the designated Custodian. Emerald Hills will not have the authority or responsibility to value portfolio securities.

Qualified Clients (as defined in Item 6) may opt to pay a quarterly Performance Fee based upon any gains earned in their account(s) instead of a quarterly Investment Advisory Fee. Performance Fee calculations are detailed in Item 6.

Manager to Etalon Investments, LP

Clients investing in the Etalon Investments, LP are not charged an Investment Advisory Fee. Instead, Clients are charged a Performance Fees as detailed in Item 6.

Notice to California Clients: Pursuant to CCR Section 260.238(j), Clients are advised the comparable services may be available from other sources at a lower fee.

Financial Planning and Consulting Services

Emerald Hills offers financial planning or consulting services on an hourly basis at a rate of \$200 per hour, which may be negotiable depending on the nature and complexity of each Client's circumstances. An estimate for total hours will be determined prior to establishing the advisory relationship.

The Advisor's fee is exclusive of, and in addition to brokerage fees, transaction fees, and other related costs and expenses, which may be incurred by the Client. However, the Advisor shall not receive any portion of these fees.

B. Fee Billing

Individual Managed Accounts – Investment Advisory Fees

Investment Advisory Fees will be automatically deducted from the Client Account by the Custodian. The Advisor shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client Account at the respective quarter end date. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with Emerald Hills at the end of each quarter.

Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the Investment Advisory Fee. In addition, the Advisor will provide the Client a report itemizing the fee, including the calculation period covered by the fee, the account value and the methodology used to calculate the fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting Emerald Hills to be paid directly from their accounts held by the Custodian as part of the Investment Advisory Agreement and separate account forms provided by the Custodian.

Performance Fees

Performance Fees, if applicable, will be calculated by the Advisor and deducted from the Client's account(s) at the custodian on a quarterly basis. The calculation methodology is detailed in Item 6.

Financial Planning and Consulting Services

Financial planning and consulting fee are invoiced by the Advisor and are due upon receipt of the agreed upon deliverable.

C. Other Fees and Expenses

Clients may incur certain fees or charges imposed by third parties, other than Emerald Hills, in connection with investment made on behalf of the Client's account[s]. The Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. The Investment Advisory Fee charged by Emerald Hills is separate and distinct from these custodian and execution fees.

In addition, all fees paid to Emerald Hills for investment advisory services are separate and distinct from the expenses charged by mutual funds and exchange-traded funds to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus.

These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client could invest in these products directly, without the services of Emerald Hills, but would not receive the services provided by Emerald Hills which are designed, among other things, to assist the Client in determining which products or services are most appropriate to each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by Emerald Hills to fully understand the total fees to be paid.

D. Advance Payment of Fees and Termination

Individual Managed Accounts

Emerald Hills is compensated for its services at the end of the quarter after investment advisory services are rendered. Clients may request to terminate their Investment Advisory Agreement with Emerald Hills, in whole or in part, by providing advance written notice. The Client shall be responsible for Investment Advisory Fees up to and including the effective date of termination. The Client's Investment Advisory Agreement with the Advisor is non-transferable without Client's written approval.

Financial Planning and Consulting Services

In the event that a Client should wish to cancel the financial planning agreement under which any plan is being created, the Client shall be billed for actual hours logged on the planning project times the agreed upon hourly rate. Either party may terminate a planning or consulting agreement at anytime by providing written notice to the other party. In addition, the Client may terminate the agreement within five (5) days of signing the Advisor's financial planning or consulting agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client.

E. Compensation for Sales of Securities

Emerald Hills does not buy or sell securities and does not receive any compensation for securities transactions in any Client account, other than the Investment Advisory Fees noted above.

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

Emerald Hills may receive a Performance Fee based upon any gains obtained in the individual managed accounts of "Qualified Clients" or the Fund. **Notice to California Clients:** Performance-based fees will only be charged in accordance with the provisions of CCR Section 260.234.

Individual Managed Accounts

Only Qualified Clients as defined below may be charged a Performance Fee. Qualified Clients that are charged a Performance Fee for individual managed accounts will not be charged an Investment Advisory Fee. The Performance Fee methodology is detailed below.

Who is a "Qualified Client"?

The Investment Advisers Act of 1940 (the "Advisers Act"), Rule 205-3(d)(1) defines a "Qualified Client" as one who is financially sophisticated and meets one or more of the following financial requirements:

1. Client is a natural person who or a company that immediately after entering into the contract has at least \$1,000,000 under the management of the Advisor;

- Client is a natural person who or a company that immediately prior to entering into the contract, has a net worth (together, in the case of a natural person, with assets held jointly with a spouse)(excluding his/her principal residence) of more than \$2,000,000 at the time the contract is entered into.

Manager to Etalon Investments, LP

Only persons who are both "Accredited Investors" as defined in Item 7 and "Qualified Clients" may invest in the Fund. The Performance Fee methodology is detailed below.

Performance Fee Methodology

Performance Fees for individual managed accounts and the Fund are calculated quarterly in arrears subject to a hurdle rate of 3%. The first 3% of any gains earned during the quarter and exceeding the high water mark, are allocated solely to the Client. The next 1% of any gains is allocated to Emerald Hills and is not subject to the high water mark. Any gains that exceed 4% for the quarter are allocated 75% to the Client and 25% to Emerald Hills and subject to a three-year high water mark as detailed in Item 6.

High-Water Mark and Hurdle Rate

A three-year high water mark (or "loss carryforward provision") is applied to all Performance Fee calculations. In addition, the Advisor will not earn a Performance Fee unless the gains achieved exceed 3.00% over the high water mark. This means that the Advisor only receives Performance Fees on increases in the account value of the Client's accounts in excess of the highest account value plus 3.00% that has previously achieved during the prior three-year period.

The Performance Fee will be calculated at the close of each calendar quarter and deducted from Client accounts directly by the Custodian. The deduction of Performance Fees from Clients' accounts result in the Advisor having custody over Client accounts. Please see Item 15 for additional information.

Performance based fee arrangements may create an incentive for us to make investments which may be riskier or more speculative than those which would be made under a different fee arrangement.

Also, the receipt of a Performance Fee by certain Clients may result in a potential conflict of interest, where Emerald Hills has the potential for higher compensation from a Client. To mitigate any potential for conflict, Emerald Hills will not charge an Investment Advisory Fee to Clients that opt to be charged a Performance Fee.

Item 7 - Types of Clients

Emerald Hills offers investment advisory services to individuals and high net worth individuals in California and other states. The relative percentage each type of Client is available on Emerald Hills' Form ADV Part 1. These percentages will change over time. Emerald Hills generally requires a minimum account size of \$250,000 to establishing a advisory relationship for individual managed account(s) and \$100,000 to become an investor in the Fund. The Fund is offering limited partnership interests to a limited number of sophisticated individuals and entities that are "accredited" investors within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"). The minimum initial investment is \$100,000. The Manager may accept lower initial investments in its sole discretion.

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

A. Methods of Analysis

Emerald Hills primarily employs fundamental analysis methods in developing investment strategies for its Clients. Research and analysis from Emerald Hills is derived from numerous sources, including financial media

companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

As noted above, Emerald Hills generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. Emerald Hills will typically hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, Emerald Hills may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

B. Risk of Loss

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Emerald Hills will assist Clients in determining if the Emerald Hills investment strategy is appropriate based on their tolerance for risk and other factors noted above. There is no guarantee that a Client will meet their investment goals.

Fundamental analysis utilizes economic and business indicators as part of the investment selection criteria. The Advisor generally evaluates financial ratios, trends and other available company information that may indicate the overall strength and financial viability of the entity being analyzed. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. The Advisor monitors these economic indicators and company information to determine if adjustments to its investment selections are appropriate. More detail on the Advisor's review process is included in Item 13.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to determine if the Advisor's investment strategy is appropriate. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's needs. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

Emerald Hills may use margin in Client accounts for to manage the timing of purchases and sales, as appropriate. Emerald Hills may employ options strategies to hedge or gain additional exposure to a particular asset class or sector. The Advisor generally has long positions in a particular company, but may employ short positions.

Options Contracts

Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

Margin Borrowings

The use of short-term margin borrowings may result in certain additional risks to a Client. For example, if securities pledged to brokers to secure a Client's margin accounts decline in value, the Client could be subject to a "margin call", pursuant to which it must either deposit additional funds with the broker or be the subject of mandatory liquidation of the pledged securities to compensate for the decline in value.

Short Sales

A short sale involves the sale of a security that the Client does not own in the hope of purchasing the same security at a later date at a lower price. To make delivery to the buyer, the Client must borrow the security and is obligated to return the security to the lender, which is accomplished by a later purchase of the security.

Short Sales - continued

The Client realizes a profit or a loss as a result of a short sale if the price of the security decreases or increases respectively between the date of the short sale and the date on which the Client covers its short position, i.e., purchases the security to replace the borrowed security. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

Alternative Investments (Limited Partnerships)

The performance of alternative investments (limited partnerships) can be volatile and may have limited liquidity. An investor could lose all or a portion of their investment. Such investments often have concentrated positions and investments that may carry higher risks. Client should only have a portion of their assets in these investments.

Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor. For more information on our investment management services, please contact us at (650) 391-5223.

Item 9 - Disciplinary Information

There are no legal, regulatory or disciplinary events involving Emerald Hills or any of its employees. Emerald Hills and its advisory personnel value the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider in which you partner. Our backgrounds are on the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov. To review the firm information contained in ADV Part 1, select the option for Investment Adviser Firm and enter **159670** in the field labeled "Firm IARD/CRD Number". This will provide access to Form ADV Parts 1 and 2. Item 11 of the ADV Part 1 lists legal and disciplinary questions. You may also research the background of Leon A. Shirman, PhD, CFA by selecting the Investment Adviser Representative and entering Mr. Shirman's Individual CRD# **5989421** in the field labeled "Individual CRD Number".

Item 10 - Other Financial Industry Activities and Affiliations

The sole business of Emerald Hills and Mr. Shirman is to provide investment advisory services to its Clients. Neither Emerald Hills nor its advisory personnel are involved in other business endeavors. Emerald Hills does not maintain any affiliations with other firms, other than contracted service providers to assist with the servicing of its Client's accounts.

Neither Emerald Hills nor its advisory personnel are registered representatives of broker-dealer or futures commission merchant. Emerald Hills, in its fiduciary duty to its Clients, will always act in the best interests of its Clients. The Advisor is also the investment manager to Etalon Investments, LP, a investment limited partnership. Clients of Emerald Hills will be offered the opportunity to invest in the Fund.

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

A. Code of Ethics

Emerald Hills has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons associated with Emerald Hills. The Code of Ethics was developed to

provide general ethical guidelines and specific instructions regarding our duties to you, our Client. Emerald Hills and its personnel owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of Emerald Hills associates to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code of Ethics covers a range of topics that may include; general ethical principles, reporting personal securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. Emerald Hills has written its Code of Ethics to meet and exceed regulatory standards. To request a copy of our Code of Ethics, please contact us at (650) 391-5223.

B. Personal Trading with Material Interest

Emerald Hills allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Emerald Hills does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advice an investment company. Emerald Hills does not have a material interest in any securities traded in Client accounts.

C. Personal Trading in Same Securities as Clients

Emerald Hills allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities we recommend (purchase or sell) to you presents a potential conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted, consistent with Section 204A of the Investment Advisers Act of 1940, a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. We have also adopted written policies and procedures to detect the misuse of material, non-public information. We may have an interest or position in certain securities, which may also be recommended to you.

In addition the Code of Ethics governs Gifts and Entertainment given by and provided to the Advisor, outside employment activities of employees, Employee reporting, sanctions for violations of the Code of Ethics, and records retention requirements for various aspects of the Code of Ethics.

D. Personal Trading at Same Time as Client

While Emerald Hills allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, these trades do not occur at the same time. Emerald Hills will place trades only after Client orders have been placed and filled. At no time, will Emerald Hills or any associated person of Emerald Hills, transact in any security to the detriment of any Client. **Notice for California residents:** Emerald Hills represents that all material conflicts of interest that could affect the judgment or ability to provide unbiased advice by the Advisor or its IARs pursuant to CCR Section 260.238(k) have been disclosed.

You may request a copy of our Code of Ethics by contacting us at the telephone number on the cover page.

Item 12 - Brokerage Practices

A. Recommendation of Custodian[s]

Emerald Hills does not have discretionary authority to select the broker-dealer/custodian for custodial and execution services or the administrator for defined contribution accounts. The Client will select the broker-dealer or custodian (herein the "custodian") to safeguard Client assets and authorize Emerald Hills to direct trades to this custodian as agreed in the Investment Advisory Agreement. Further, Emerald Hills does not have the discretionary authority to negotiate commissions on behalf of our Clients on a trade-by-trade basis.

Where Emerald Hills does not exercise discretion over the selection of the custodian, it may recommend the custodian[s] to Clients for execution and/or custodial services. Clients are not obligated to use the recommended custodian and will not incur any extra fee or cost associated with using a broker not recommended by Emerald Hills.

Emerald Hills may recommend a custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and location of the custodian's offices. Emerald Hills does not receive research services, other products, or compensation as a result of recommending a particular broker that may result in the Client paying higher commissions than those obtainable through other brokers.

Following are additional details regarding the brokerage practices of the Advisor:

1. Soft Dollars - Soft dollars are revenue programs offered by broker-dealers whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services. **Emerald Hills does not participate in soft dollar programs sponsored or offered by any broker-dealer.**

2. Brokerage Referrals - Emerald Hills does not receive any compensation from any third party in connection with the recommendation for establishing a brokerage account.

3. Directed Brokerage - All managed accounts Clients are serviced on a "directed brokerage basis", where Emerald Hills will place trades within the established account[s] at the custodian designated by the Client. Further, all Client accounts are traded within their respective brokerage account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). In selecting the custodian, Emerald Hills will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the designated custodian.

B. Aggregating and Allocating Trades

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. Emerald Hills will execute its transactions through an unaffiliated broker-dealer selected by the Client. Emerald Hills may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple (discretionary) accounts. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular Client accounts.

Item 13 - Review of Accounts

A. Frequency of Reviews

Accounts are monitored on a regular and continuous basis by Mr. Shirman, Managing Director of Emerald Hills. Formal reviews are generally conducted at least annually or more or less frequently depending on the needs of the Client.

B. Causes for Reviews

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account. The Client is encouraged to notify Emerald Hills if changes

occur in his/her personal financial situation that might adversely affect his/her investment plan. Additional reviews may be triggered by material market, economic or political events.

C. Review Reports

The Client will receive brokerage statements no less than quarterly from the trustee or custodian. These brokerage statements are sent directly from the custodian to the Client. The Client may also establish electronic access to the custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

Item 14 - Client Referrals and Other Compensation

A. Compensation Received by Emerald Hills

Emerald Hills is a fee-only advisory firm, who, in all circumstances, is compensated solely by the Client. Emerald Hills does not receive commissions or other compensation from product sponsors, broker dealers or any un-related third party.

B. Client Referrals from Solicitors

Emerald Hills does not engage paid solicitors for Client referrals.

Item 15 - Custody

As the Manager to Etalon Investments, LP, Emerald Hills has custody over the assets of the Fund. While the assets of the Fund are maintained at a qualified custodian, the Advisor has the ability to deduct its fees and pay expenses on behalf of the Fund. This authority results in custody under the securities laws. To mitigate the risks and regulatory implications of custody, the Fund shall engage an independent audit annually. The results of this audit shall be provided to all investors of the Fund.

For managed accounts, Emerald Hills does not accept or maintain custody of any Client accounts. All managed account Clients must place their assets with a qualified custodian. Clients are required to select their own custodian to retain their funds and securities and direct Emerald Hills to utilize that custodian for the Client's security transactions. For more information custodians and brokerage practices, see Item 12. Brokerage Practices.

Notice to California residents:

The State of California has rules and regulations which are designed to safeguard Client assets. These rules require us to follow the following procedures in connection with withdrawals from the Fund:

We must enter into a custody disbursements agreement with one or more qualified independent banks or brokerage firms.

We cannot handle money or other Client assets. Funds received from subscribers for investment must be sent *by you* directly to the custodian.

We must engage an independent representative to review all fees, expenses and distributions before they are withdrawn from the Fund.

Each time we make a payment or withdrawal request, we must simultaneously send to the independent representative and the custodian a statement showing how the fee or withdrawal was calculated, and certain

other specific information. This information will be sufficient to permit the independent representative to determine that the payments comply with the Fund's constitutional documents.

The custodian can only transfer monies from the Fund's account to our account with the written authorization of the independent party, and only if the custodian receives a written request from us.

Item 16 – Investment Discretion

Emerald Hills generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by Emerald Hills. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by Emerald Hills will be in accordance with each Client's investment objectives and goals.

Item 17 – Voting Client Securities

Emerald Hills does not accept proxy-voting responsibility for managed account Clients. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting. Emerald Hills, as Manager of the Fund, will receive all proxies and manage according to its voting policies. The Advisor will not vote any proxy contrary to the interests of any Client.

Item 18 – Financial Information

A. Balance Sheet

Emerald Hills is not required to deliver a balance sheet along with this brochure as the firm does not collect advance fees of \$500 or more for services to be performed six months or more in advance.

B. Financial Conditions Likely to Impair Ability to Meet Contractual Commitments to Clients

As an advisor with discretionary authority and custody of Client securities, Emerald Hills is required to disclose any situation that would impair its ability to meet financial obligations to its Clients. Neither Emerald Hills, its advisory persons, has any adverse financial situations that would reasonably impair the ability of Emerald Hills to meet all obligations to its Clients.

C. Bankruptcy Petitions in Previous Ten Years

Neither Emerald Hills, nor any of its advisory persons, has been subject to a bankruptcy or financial compromise in the past ten years.

Item 19 – Requirements for State Registered Advisors

A. Educational Background and Business Experience of Principal Officer

Leon A. Shirman, PhD, CFA is the owner and Managing Director of Emerald Hills is. Information regarding the formal education and background of Mr. Shirman is included in Item 2 of Part 2B below.

B. Other Business Activities of Principal Officer

Mr. Shirman is a dedicated to the investment advisory activities of Emerald Hills' Clients. Mr. Shirman does not have any other business activities.

C. Performance Fee Calculations

Emerald Hills may receive a Performance Fee based upon any gains obtained in the accounts of Qualified Clients. Performance-based compensation may create an incentive for the Advisor to recommend an investment that may carry a higher degree of risk to the Client. Please see Item 6 – Performance Fees for additional information. Performance-based fees will only be charged in accordance with the provisions of CCR Section 260.234.

D. Disciplinary Information

There are no legal, civil or disciplinary events to disclose regarding Emerald Hills or Mr. Shirman.

Specifically, neither Emerald Hills nor Mr. Shirman has ever been found liable in arbitration an arbitration claim alleging damages in excess of \$2,500 involving any of the following:

- (a) an investment or investment-related business or business activity;
- (b) fraud, false statements or omissions;
- (c) theft, embezzlement or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

Neither Emerald Hills nor Mr. Shirman has ever been found liable in a civil, self-regulatory organization or administrative proceeding involving any of the following:

- (a) an investment or investment-related business or business activity;
- (b) fraud, false statements or omissions;
- (c) theft, embezzlement or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

E. Material Relationships with Issuers of Securities

Neither Emerald Hills nor Mr. Shirman has any relationships or arrangements with issuers of securities.

Item 1 - Cover Page

Form ADV Part 2B - Brochure Supplement

for

**Leon A. Shirman, PhD, CFA
Managing Director**

Effective: May 2, 2012

This Brochure Supplement provides information about the background and qualifications of Leon A. Shirman, PhD, CFA (CRD# **5989421**) in addition to the information contained in the Emerald Hills Capital, LLC ("Emerald Hills" or the "Advisor" - CRD #159670) Disclosure Brochure. If you have not received a copy of the Disclosure Brochure or if you any questions about the contents of the Emerald Hills Disclosure Brochure or this Brochure Supplement, please contact us at (650) 391-5223.

Additional information about Mr. Shirman is available on the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov.

Item 2 – Educational Background and Business Experience

Leon A. Shirman, PhD, CFA is the owner and Managing Principal of Emerald Hills is. Mr. Shirman, born in 1963, is a dedicated Portfolio Manager for Client accounts of Emerald Hills. Mr. Shirman earned his Chartered Financial Analyst (“CFA”) designation in 2011. Mr. Shirman also earned his Ph.D. in Applied Mathematics from University of California, Berkeley in 1990, M.S. in Computer Science from University of California, Berkeley in 1986, and B.A. in Applied Mathematics and Computer Science from University of California, Berkeley in 1985. Additional information regarding Mr. Shirman’s employment history is included below.

Employment History:

Emerald Hills Capital, LLC Type of Business: Investment adviser Job Title and Duties: Managing Director; Management and administration	12/2011 to Present
KFS Investments Type of Business: Real Estate Partnership Job Title and Duties: Manager; Management and administration	12/2006 to 12/2011
Coverity Type of Business: Software Development Job Title and Duties: Sales Engineer; Pre-sales support	10/2005 to 10/2006
Research Consultant, Futuremark Corp. Type of Business: Software Development Job Title and Duties: Research Consultant; Marketing research	11/2004 to 07/2005
NVIDIA Type of Business: Computer Hardware Job Title and Duties: Lab Manager; Equipment management	04/2002 to 08/2004
Microsoft Type of Business: Software Development Job Title and Duties: Software Engineer; Software development	06/2000 to 03/2002

About the CFA Designation

The Chartered Financial Analyst (“CFA”) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute – the largest global association of investment professionals. There are currently more than 90,000 CFA charterholders working in 134 countries. To earn the CFA charter, candidates must:

- 1) pass three sequential, six-hour examinations;
- 2) have at least four years of qualified professional investment experience;
- 3) join CFA Institute as members; and
- 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

High Ethical Standards

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charterholders to:

Emerald Hills Capital, LLC
870 Seminole Way * Redwood City, CA 94062
Phone: (650) 391-5223
www.emeraldhillscapital.com

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

Global Recognition

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision-making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charterholders – often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 22 countries and territories recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

Comprehensive and Current Knowledge

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision-making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning. The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.

Item 3 - Disciplinary Information

There are no legal, civil or disciplinary events to disclose regarding Mr. Shirman. Mr. Shirman has never been involved in any regulatory, civil or criminal action. There have been no client complaints, lawsuits, arbitration claims or administrative proceedings against Mr. Shirman.

Securities laws require an advisor to disclose any instances where the advisor or its advisory persons have been found liable in a legal, regulatory, civil or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair or unethical practices. *As previously noted, there are no legal, civil or disciplinary events to disclose regarding Mr. Shirman.* However, we do encourage you to independently view the background of Mr. Shirman on the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov. Select Investment Adviser Search from the left navigation menu. Then select the option for Investment Adviser Representative and enter **5989421** in the field labeled "Individual CRD Number".

Item 4 - Other Business Activities

Mr. Shirman is a dedicated to the investment advisory activities of Emerald Hills' Clients. Mr. Shirman does not have any other business activities.

Item 5 - Additional Compensation

Mr. Shirman is a dedicated to the investment advisory activities of Emerald Hills' Clients. Mr. Shirman does not receive any additional forms of compensation.

Item 6 - Supervision

Mr. Shirman serves as the Managing Director and Chief Compliance Officer of Emerald Hills. Mr. Shirman can be reached at (650) 391-5223.

Emerald Hills has implemented a Code of Ethics and internal compliance that guide each employee in meeting their fiduciary obligations to Clients of Emerald Hills. Further, Emerald Hills is subject to regulatory oversight by various agencies. These agencies require registration by Emerald Hills and its employees. As a registered entity, Emerald Hills is subject to examinations by regulators, which may be announced or unannounced. Emerald Hills is required to periodically update the information provided to these agencies and to provide various reports regarding the business activities and assets of the Advisor.

Item 7 - Requirements for State Registered Advisors

Mr. Shirman does not have any additional information to disclose.

Specifically, Mr. Shirman has never been found liable in arbitration an arbitration claim alleging damages in excess of \$2,500 involving any of the following:

- (f) an investment or investment-related business or business activity;
- (g) fraud, false statements or omissions;
- (h) theft, embezzlement or other wrongful taking of property;
- (i) bribery, forgery, counterfeiting, or extortion; or
- (j) dishonest, unfair, or unethical practices.

Mr. Shirman has never been found liable in a civil, self-regulatory organization or administrative proceeding involving any of the following:

- (f) an investment or investment-related business or business activity;
- (g) fraud, false statements or omissions;
- (h) theft, embezzlement or other wrongful taking of property;
- (i) bribery, forgery, counterfeiting, or extortion; or
- (j) dishonest, unfair, or unethical practices.

Mr. Shirman has never made a bankruptcy filing.

Privacy Policy

Effective: May 2, 2012

Our Commitment to You

Emerald Hills Capital, LLC ("Emerald Hills") is committed to safeguarding the use of your personal information that we have as your Investment Advisor. Emerald Hills (referred to as "we", "our" and "us" throughout this notice) protects the security and confidentiality of the personal information we have and make efforts to ensure that such information is used for proper business purposes in connection with the management or servicing of your account. Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything we can to maintain that trust.

We do not sell your non-public personal information to anyone. Nor does Emerald Hills provide such information to others except for discrete and proper business purposes in connection with the servicing and management of your account as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this privacy policy.

The Information We Collect About You

You typically provide personal information when you complete the paperwork required to become our Client. This information may include your:

• Name and address	• Assets
• E-mail address	• Income
• Phone number	• Account balance
• Social security or taxpayer identification number	• Investment activity
	• Accounts at other institutions

In addition, we may collect non-public information about you from the following sources:

- Information we receive on Brokerage Agreements, Managed Account Agreements and other Subscription and Account Opening Documents;
- Information we receive in the course of establishing a customer relationship including, but not limited to, applications, forms, and questionnaires;
- Information about your transactions with us or others

Information About You That Emerald Hills Shares

Emerald Hills works to provide products and services that benefit our customers. We may share non-public personal information with non-affiliated third parties (such as brokers and custodians) as necessary for us to provide agreed services and products to you consistent with applicable law. We may also disclose non-public personal information to other financial institutions with whom we have joint business arrangements for proper business purposes in connection with the management or servicing of your account. In addition, your non-public personal information may also be disclosed to you, persons we believe to be your authorized agent or representative, regulators in order to satisfy Emerald Hills' regulatory obligations, and is otherwise required or permitted by law. Lastly, we may disclose your non-public personal information to companies we hire to help administrate our business. Companies we hire to provide services of this kind are not allowed to use your personal information for their own purposes and are contractually obligated to maintain strict confidentiality. We limit their use of your personal information to the performance of the specific service we have requested.

To repeat, we do not sell your non-public personal information to anyone.

Information About Former Clients

Emerald Hills does not disclose, and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our clients.

Confidentiality and Security

Our employees are advised about the firm's need to respect the confidentiality of our customers' non-public personal information. Additionally, we maintain physical, procedural and electronic safeguards in an effort to protect the information from access by unauthorized parties.

We'll Keep You Informed

We will send you notice of our privacy policy annually for as long as you maintain an ongoing relationship with us. Periodically we may revise our privacy policy, and will provide you with a revised policy if the changes materially alter the previous privacy policy. We will not, however, revise our privacy policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing. You may obtain a copy of our current privacy policy by contacting us at (650) 391-5223.