



Form ADV, Part II

As of April 19, 2007

FORM ADV

Uniform Application for Investment Adviser Registration

Part II - Page 1

OMB APPROVAL	
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Name of Investment Adviser: Canaras Capital Management LLC					
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone number:
1995 Broadway, Suite 600, New York, NY 10023				212-	372-7450

This part of Form ADV gives information about the investment adviser and its business for the use of clients. The information has not been approved or verified by any governmental authority.

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

1. A. Advisory Services and Fees. (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

- | | | | |
|-------------------------------------|---|-------|---|
| <input checked="" type="checkbox"/> | (1) Provides investment supervisory services | 100 | % |
| <input type="checkbox"/> | (2) Manages investment advisory accounts not involving investment supervisory services | _____ | % |
| <input type="checkbox"/> | (3) Furnishes investment advice through consultations not included in either service described above | _____ | % |
| <input type="checkbox"/> | (4) Issues periodicals about securities by subscription | _____ | % |
| <input type="checkbox"/> | (5) Issues special reports about securities not included in any service described above | _____ | % |
| <input type="checkbox"/> | (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities | _____ | % |
| <input type="checkbox"/> | (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities | _____ | % |
| <input type="checkbox"/> | (8) Provides a timing service | _____ | % |
| <input type="checkbox"/> | (9) Furnishes advice about securities in any manner not described above | _____ | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? Yes No

C. Applicant offers investment advisory services for: (check all that apply)

- | | | | |
|-------------------------------------|--|-------------------------------------|-----------------------|
| <input checked="" type="checkbox"/> | (1) A percentage of assets under management | <input type="checkbox"/> | (4) Subscription fees |
| <input type="checkbox"/> | (2) Hourly charges | <input type="checkbox"/> | (5) Commissions |
| <input type="checkbox"/> | (3) Fixed fees (not including subscription fees) | <input checked="" type="checkbox"/> | (6) Other |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. Types of clients - Applicant generally provides investment advice to: (check those that apply)

- | | | | |
|-------------------------------------|-------------------------------------|-------------------------------------|--|
| <input checked="" type="checkbox"/> | A. Individuals | <input checked="" type="checkbox"/> | E. Trusts, estates, or charitable organizations |
| <input checked="" type="checkbox"/> | B. Banks or thrift institutions | <input checked="" type="checkbox"/> | F. Corporations or business entities other than those listed above |
| <input checked="" type="checkbox"/> | C. Investment companies | <input type="checkbox"/> | G. Other (describe on Schedule F) |
| <input type="checkbox"/> | D. Pension and profit sharing plans | | |

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | |
|--|--|
| <input checked="" type="checkbox"/> A. Equity securities | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities | <input checked="" type="checkbox"/> I. Options contracts on: |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter | <input checked="" type="checkbox"/> (1) securities |
| <input checked="" type="checkbox"/> (3) foreign issuers | <input checked="" type="checkbox"/> (2) commodities |
| <input checked="" type="checkbox"/> B. Warrants | <input checked="" type="checkbox"/> J. Futures contracts on: |
| <input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles |
| <input checked="" type="checkbox"/> D. Commercial paper | <input checked="" type="checkbox"/> (2) intangibles |
| <input checked="" type="checkbox"/> E. Certificates of deposit | <input type="checkbox"/> K. Interests in partnerships investing in: |
| <input type="checkbox"/> F. Municipal securities | <input type="checkbox"/> (1) real estate |
| <input type="checkbox"/> G. Investment company securities: | <input type="checkbox"/> (2) oil and gas interests |
| <input type="checkbox"/> (1) variable life insurance | <input checked="" type="checkbox"/> (3) other (explain on Schedule F) |
| <input type="checkbox"/> (2) variable annuities | <input type="checkbox"/> L. Other (explain on Schedule F) |
| <input type="checkbox"/> (3) mutual fund shares | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|--|
| (1) <input type="checkbox"/> Charting | (4) <input checked="" type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|---|--|
| (1) <input checked="" type="checkbox"/> Long term purchases (securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases (securities sold within a year) | (6) <input checked="" type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days) | (7) <input type="checkbox"/> Other (explain on Schedule F) |
| (4) <input checked="" type="checkbox"/> Short sales | |

Applicant:	SEC File Number: 801-	Date: 4/19/2007
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5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? Yes No
(If yes, describe these standards on Schedule F.)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:

<input type="checkbox"/> (1) broker-dealer	<input type="checkbox"/> (7) accounting firm
<input type="checkbox"/> (2) investment company	<input type="checkbox"/> (8) law firm
<input checked="" type="checkbox"/> (3) other investment adviser	<input type="checkbox"/> (9) insurance company or agency
<input type="checkbox"/> (4) financial planning firm	<input type="checkbox"/> (10) pension consultant
<input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant	<input type="checkbox"/> (11) real estate broker or dealer
<input type="checkbox"/> (6) banking or thrift institution	<input type="checkbox"/> (12) entity that creates or packages limited partnerships

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? . . . Yes No

(If yes, describe on Schedule F the partnerships and what they invest in.)

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

10. Conditions for Managing Accounts. Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes No

(If yes, describe on Schedule F)

11. Review of Accounts. If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Client portfolios are reviewed regularly. The Chief Investment Officer is responsible for such reviews, which he may delegate to other qualified investment personnel. The firm has an Investment Committee. During the course of each week the Investment Committee will monitor financial, operational and risk factors that are or may be relevant to the respective client portfolios. The Investment Committee will meet from time to time to discuss client portfolio, strategies, macroeconomic conditions, brokerage arrangements and other relevant matters. The Investment Committee will meet in the event of unusual or extraordinary macroeconomic, market, or political news that may reasonably be expected to affect client portfolios.

B. Describe below the nature and frequency of regular reports to clients on their accounts.

Generally, the firm provides reports to clients no less frequently than monthly. These reports may communicate strategic and portfolio analysis and information, and may include retrospective commentary concerning the previous trading month with discussion of those factors believed to have been relevant to a client's account performance. The firm may provide more or less frequent reports to certain clients as and if mutually agreed or requested, or pursuant to the requirements of an extant management agreement calling for more or less frequent reports.

12. Investment or Brokerage Discretion.

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- | | | |
|--|-------------------------------------|--------------------------|
| | Yes | No |
| (1) securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

- B. Does applicant or a related person suggest brokers to clients? Yes No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | |
|---|--------------------------|-------------------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? | Yes | No |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? | Yes | No |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
 - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? Yes No

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant: Canaras Capital Management, LLC	SEC File Number: 801-	Date: 4/19/2007
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:		IRS Empl. Ident. No.:
Item of Form (identify)	Answer	
1.A.(1)	<p>Registrant provides Investment Supervisory Services to clients, engaging in active portfolio management for client accounts and making all investment decisions on a discretionary basis. Registrant charges fees that are a percentage of the fee earned by the manager in any sub-advisory arrangement. Such fees range from 5% to 20% of such manager's fees, generally. Outside of such sub-advisory arrangements, Registrant may in the future charge fees that are (i) a percentage of assets under management in the client portfolio (and/or the notional assets associated with a client portfolio, as and if applicable), (ii) a percentage of the positive return in a client portfolio over an agreed upon period of time and pursuant to agreed upon terms and conditions (such as a high water mark or hurdle, but neither necessarily these, nor necessarily limited to these), or (iii) a combination thereof. Registrant also reserves the right to charge clients for certain expenses incurred on behalf of clients which expenses were not contemplated in the relevant investment management or advisory agreements, where otherwise permissible. Where Registrant may charge fees in advance with respect to any client, and where the investment management or advisory agreement between the Registrant and such client is terminated prior to the Registrant earning the pre-paid fees, the client will receive a pro-rata refund of such pre-paid fees within a reasonable period of time after the termination of the investment management or advisory agreement between the Registrant and that client.</p> <p>Registrant may, but should not be expected to, negotiate fees with prospective or extant clients.</p> <p>_____</p>	
3(K)(3)	<p>See Item 8 of this Schedule F. Applicant advises on the purchase of interests in partnerships that invest in hedge fund securities, or "private funds."</p> <p>_____</p>	
4.B.8	<p>Data feeds, such as Bloomberg and other such services are also used.</p> <p>_____</p>	
5	<p>Registrant requires that its investment personnel, including portfolio managers, have substantial experience in the capital markets which experience is appropriate to the duties and functions performed by such personnel for the Registrant.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).





**Schedule F
Form ADV**

Continuation Sheet – Form ADV Part II

Applicant Canaras Capital Management, LLC	SEC File Number	Date 4/19/2007
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No.:
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Item of Form (Identify)	Answer
6	<div style="display: flex; justify-content: space-between;"> <div style="width: 15%; text-align: center;">  </div> <div style="width: 85%;"> <p>Anthony R. Clemente, Chief Executives Officer, Chief Investment Officer</p> <p>Anthony was a founding member of Merrill Lynch Asset Management, which offered one of the first leveraged loan retail mutual funds. After growing the Merrill Lynch business to nearly \$8.5 billion assets under management. Anthony joined INVESCO, where he was a Global Partner and head of the Bank Loan and CDO businesses. He also grew the INVESCO business to nearly \$8.5 billion of assets under management encompassing 17 structures and funds that invested in leveraged loans, asset backed securities, high yield bonds and investment grade bonds. Anthony served on the Board of Directors of the Loan Syndications and Trading Association until recently. He contributed to the development of industry standardized agreements and the development of standardized market procedures that facilitated asset trading and the development of secondary markets. Anthony holds a B.A. in Economics from St. Lawrence University. Born 1960.</p> </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 15%; text-align: center;">  </div> <div style="width: 85%;"> <p>Maria L. Jones, Chief Operating Officer</p> <p>Maria joined Canaras from Goldman Sachs Asset Management, where she was the team leader for bank loan operations. In this role, she worked with direct bank loan investments through various hedge funds and total return swaps. Prior to joining Goldman, Maria spent six years at INVESCO, where she managed the day-to-day operations of 17 CLOs, CDOs and other separately managed accounts. She started her career at Loan Pricing Corporation, a Reuters company. She holds a B.S. from New York University's Stern School of Business. Born 1975.</p> </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 15%; text-align: center;">  </div> <div style="width: 85%;"> <p>David E. McClean, Chief Compliance Officer</p> <p>David joined Canaras as Chief Compliance Officer in March 2007. He remains Principal of the DMA Consulting Group, a regulatory and business consultancy to the financial services industry. He also serves or has served as Chief Compliance Officer for several client firms, including Aladdin Capital Management and Sailfish Capital Partners. Prior to DMA, David served as an officer in various legal compliance positions at Van Eck Funds, BV Capital Management and National Securities and Research Corporation. He earned an M.A. at The New School for Social Research (2003), where he is continuing on for his Ph.D. in social ethics. He also holds an M.A. (Liberal Studies/Philosophy) from New York University (1996), and earned his B.A. (summa cum laude) from Hunter College (1986). He holds the NASD's Series 7, 24, 27 and 63 licenses. Born 1962.</p> </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 15%; text-align: center;">  </div> <div style="width: 85%;"> <p>Raffi Jamgotchian, Chief Technology Officer</p> <p>Raffi joined Canaras from INVESCO, where he served most recently as the New York Director of IT Infrastructure. At INVESCO, he was also responsible for many of the global IT Infrastructure improvements. Raffi began his professional career as a Systems Engineer at Crestron Electronics and received a B.S. in Computer and Systems Engineering from Rensselaer Polytechnic Institute and an M.B.A. from Fairleigh Dickinson University. Born 1971.</p> </div> </div>

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: Canaras Capital Management, LLC	SEC File Number: 801-	Date:
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:		IRS Empl. Ident. No.:
Item of Form (identify)	Answer	
8.C(3); 8.D	<p>Registrant maintains a sub-advisory agreement with an investment adviser based in the Channel Islands, Canaras Management Limited. Registrant intends to serve as General Partner to investment limited partnerships (hedge funds).</p>	
9.A, 9.D, 9.E	<p>Registrant may effect principal trades with clients in accordance with the constraints imposed on it under documents that govern client accounts (such as offering memoranda, management agreements, indentures or other documents) and pursuant to the requirements of the Advisers Act. Such trades (if any) will be rare.</p> <p>At times Registrant, its affiliates, or employees (hereinafter with respect to this Item, ("Traders") may purchase or sell for their own accounts the same issue or class of securities that are being purchased or sold for client accounts. Further, Traders may employ investment strategies for client accounts that differ from the investment strategies they employ for their own accounts. In connection therewith, Traders may at times buy the same issue or class of security that is being sold from client accounts, or sell the same issue or class of security that is being purchased for client accounts. Such disparities in direction will likely, inter alia, reflect a difference between the Traders' investment objectives, policies, risk tolerances, and investment limitations and those of clients. Nevertheless, these activities may create a conflict of interest in respect of client accounts. Registrant intends to mitigate such conflicts of interest by following policies and procedures (such as its Code of Ethics and Compliance Policies and Procedures) as it has created to determine whether such proprietary purchases and sales by Traders do or may violate Registrant's fiduciary obligations to clients, or in any material manner undermine the clients' interests. The Registrant has adopted a Code of Ethics (see below for summary) which requires a high degree of internal transparency with respect to proprietary and personal transactions so that potential conflicts of interest may be addressed. The Code of Ethics and other policy documentation require employees of the Registrant to report to the Chief Compliance Officer (or his or her designee) securities and commodities transactions in which they have a beneficial interest. The Code of Ethics also precludes certain types of transaction without prior approval.</p> <p>Registrant or its affiliates may at times purchase or sell blocks of securities part of which will be allocated to client accounts and part to their own accounts. Where there are such block trades, Registrant will generally determine in advance that portion that will be allocated to its own or an affiliate's account and that portion that will be allocated among client accounts. A similar advance determination will be made when the block will be allocated only among client accounts. This advance determination will usually be recorded in an appropriate trade memorandum or similar record (which may be in electronic form). Sometimes it may not be possible to allocate in accordance with such advance determination because of bona fide client or portfolio considerations. Registrant will record the reason for amending such advance allocation determination in an internal memorandum. Further, at certain times Registration will only allocate after a substantial amount of time has elapsed since effecting the block order. This may happen from time to time in rapidly moving markets in which the Registrant must make a quick decision to buy or sell without time for prior allocation decisions. In such circumstances, allocations will be made in accordance with bona fide client portfolio considerations, including any investment restrictions or limitations. Further, the advance determination requirement pertains to orders other than block or bunched orders. It is the Registrant's policy that all allocations will be made in a fair and equitable manner over time.</p> <p>Registrant or an affiliate may hold securities for longer or shorter periods of time than in client accounts for which Registrant is exercising discretion over such accounts. Generally, this will have to do with the differing objectives between Registrant's various client accounts and its or an affiliate's accounts. At times Registrant may purchase for its own account or the account of affiliates securities that it is not also purchasing for client accounts (this is also the case with sales of securities). Generally, this has to do with the differing investment objectives, policies and investment restrictions imposed (explicitly or by agreement, or both) by the various accounts. Further, Registrant may employ investment strategies for client accounts that differ from the investment strategies it employs for its own or affiliates' accounts (and the same is true of such affiliates). Again, this is due, generally, to differing investment objectives, policies, restrictions and strategies.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:		IRS Empl. Ident. No.:
Item of Form (Identify)	Answer	
11 (Code of Ethics)	<p>The Registrant has adopted a Code of Ethics. The general purpose of its Code of Ethics is to foster high principles of commercial honor and just and equitable principles of trade. The Code of Ethics covers investment related matters as well as non-investment related matters, requires that the firm have an Ethics Officer, requires that there be an Ethics Committee, and establishes procedures for handling ethics related concerns or matters. Clients wishing to receive a copy of the Code of Ethics may contact the Registrant at the number herein provided. The table of contents for the present Code appears below, although subject to change at any time.</p> <p style="text-align: center;">Table of Contents</p> <hr/> <p>General Standard of Conduct and Statement of Purpose..... 3 Disclosure to Investors and Clients3 Definitions3</p> <p>PROHIBITED PRACTICES; POLICIES..... 4</p> <p>Investment Related4 Initial Public Offerings4 Private Placements4 Trading When Client or Private Fund Orders Pending5 48 Hour Bar on Trading5 Board Memberships5 Restricted Lists and Personal Trading6 Substantial Ownership of Issuer Securities6</p> <p>NON-INVESTMENT RELATED PROCEDURES.....6</p> <p>Discrimination6 Sexual Harassment6 Coercion6 Threats6 Reprisal and Retaliation6 Abusive or Humiliating Language6</p> <p>INVESTMENT-RELATED COMPLIANCE PROCEDURES.....7</p> <p>Notification of Trading Accounts.....7 Personal Business Arrangements7 Access to Client Transactions7 Reports of Personal Trading7 Duplicate Confirmation Requirement7 Quarterly Reports8 Annual Reports.....8 Insider Trading Prohibited.....8 Acknowledgment of Code of Ethics.....8 Statement of Securities Holdings8 New Employees.....8 Overlap with Other Policies and Procedures.....8 Reporting Exemptions8 Ethics Committee and Ethics Officer9 Handling Ethical Conflicts or Issues10 Sanctions11</p> <p>APPENDIX16</p>	

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Canaras Capital Management, LLC	801-	4/19/2007

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:		IRS Empl. Ident. No.:
Item of Form (identify)	Answer	
12	<p>Registrant has discretion to select broker-dealers to effect client account transactions. In selecting broker-dealers, it will take into consideration the broker-dealers' general ability to execute transactions in a timely manner; their experience with the asset class or types of securities relevant to the transaction; the reasonableness of fees and commissions; and the availability of quality analytical materials, including research. Within the bounds of the Registrant's duty to provide "best execution" for its client accounts, the Registrant may cause the accounts to pay higher fees or commissions than might be available through other broker-dealers. The Registrant will take into account a combination of qualitative and quantitative factors in determining which broker-dealers to use for client account transactions, including commission cost, the availability of research, responsiveness of the broker-dealer, willingness to assume principal risk, and other qualitative factors as discussed above. Research obtained by directing certain transactions to certain broker-dealers will be used for all clients and all clients will therefore benefit from such research, all else being equal. Presently, the Registrant has not entered into any soft dollar or directed brokerage arrangements with any broker-dealer, but may enter into such arrangements in the future. Generally, such arrangements will be consistent with the safe harbor provisions of Section 28(e) of the Securities Exchange Act of 1934, unless arrangements outside of Section 28(e) are required and consistent with the policies and objectives of certain hedge funds advised/managed by the Registrant, consistent with the Registrant's fiduciary duties under the various securities laws.</p> <p>Certain prime brokers to certain hedge funds expected to be sponsored by the Registrant (or by an affiliate) may pay or provide reimbursement for certain investment management related expenses incurred by the hedge funds (e.g., investment research, investment data service providers, on-line quotation services, and news and research services). This practice will or may benefit the Registrant since the hedge funds will not need to pay for such products and services out of their own resources and since Registrant will not need to provide for those services out of its own resources. This practice may be a factor in such hedge funds' selection of prime brokers.</p> <p>The Registrant's brokerage practices on behalf of its clients may be modified based upon the governing documents of certain clients and its contractual obligations with certain clients.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).