

Fundamental Capital Management LLC

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This brochure provides information about the qualifications and business practices of Fundamental Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at the telephone number and/or e-mail address above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Fundamental Capital Management LLC is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the advisor.

Additional information about Fundamental Capital Management LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 MATERIAL CHANGES

This Part 2 represents our initial filing.

Please contact us if you would like a copy of our updated Part 2.

ITEM 3

TABLE OF CONTENTS

Item 1: Cover Sheet	
Item 2: Material Changes	
Item 3: Table of Contents	
Item 4: Advisory Business	1
Who we Are	1
Services We Offer.....	1
Assets Under Management	1
Item 5: Fees and Compensation	1
Fundamental Credit Recovery Fund LP.....	1
Fundamental LP	2
General Disclosures	2
Other Costs Involved	2
Item 6: Performance-Based Fees and Side-By-Side Management	3
Item 7: Types of Clients.....	3
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	3
Methods of Analysis	3
Investment Risks.....	4
Item 9: Disciplinary Information	4
Item 10: Other Financial Industry Activities and Affiliations	4
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	5
Code of Ethics.....	5
Personal Trading for Associated Persons.....	5
Item 12: Brokerage Practices	6
Item 13: Review of Accounts.....	6
Item 14: Client Referrals and Other Compensation.....	6
Item 15: Custody.....	6
Item 16: Investment Discretion.....	6
Item 17: Voting Client Securities.....	7
Item 18: Financial Information	7

ITEM 4: ADVISORY BUSINESS

Who we Are

Fundamental Capital Management LLC (referred to as “we,” “our,” “us,” or “Fundamental”) has been registered as an investment advisor since April 2004. Our principal owner and officer is John W. Krieger.

Services We Offer

Fundamental advises two investment partnerships: Fundamental, LP (FLP) and the Fundamental Credit Recovery Fund, LP (FCRF). These two partnerships are funds of hedges fund (commonly called “a fund of funds” or FoFs). The former fund invests in multiple (12 to 30) long/short value equity hedge funds and the latter in multiple “opportunistic” and “distressed” credit hedge funds. Fundamental is responsible for and has expertise in selecting, performing due diligence, and allocating to hedge funds which conform to the aforementioned strategies, “value”, “opportunistic”, and “distressed security investing”. Fundamental may, from time to time, cause FLP or FCRF to invest in securities, mutual funds, ETFs, or hedge funds whose strategies have not been defined above.

Our investments are tailored to comply with the investment guidelines disclosed in the offering materials for each of the Funds. Each potential investor receives a complete set of offering materials prior to investing in a Fund.

Assets Under Management

As of December 31, 2010, we have \$55 million in discretionary assets under management.

ITEM 5: FEES AND COMPENSATION

Fundamental Credit Recovery Fund LP

This Fund has an expected term of 42 months, which is divided into two periods as follows:

Investment Period. The Investment Period commenced on December 5, 2008 and continued through and include January 15, 2010. After September 30, 2009, the Fund was closed to new investors. During the Investment Period, Fundamental will invest and reinvest all of the assets of the Fund.

Distribution Period. The Distribution Period will commence on the day immediately following the Investment Period and end on the earlier of (i) September 30, 2012 or (ii) the complete liquidation and distribution of the Fund’s assets. During the Distribution Period, no new investments will be made. Investments made during the Investment Period will be liquidated and the net proceeds from the liquidation will be distributed to the investors.

The Fund has a preferred return amount which is calculated separately for each investor and is equal to the amount of net profits needed to generate an annualized cumulative return on the investor’s opening capital account balance equal to six percent (6%) (“Preferred Return Amount”).

At each quarter-end during the Distribution Period after each investor has received distributions in an amount equal to their capital contributions, and the Preferred Return Amount, Fundamental shall receive

an incentive allocation equal to 10% of the net profits of the Fund in excess of the Preferred Return Amount distributed to each investor at such quarter-end. When profits for the current period exceed the unrecouped net losses for prior years, we will receive an incentive allocation of 10% of the profits generated above the Preferred Return Amount. If you withdraw capital from the Fund, the incentive allocation for the amount withdrawn will be calculated as of the withdrawal date.

In addition, the we will receive an asset-based fee of 1% per year of the Fund assets. This fee is billed monthly in advance, based on the value of the Fund as of the last day of the prior month.

Fundamental LP

We receive both an asset-based fee and an incentive allocation for managing the Fund. The asset-based fee is 1% per year, billed in monthly installments. This fee is billed monthly in advance, based on the value of the Fund as of last day of the previous month. The incentive allocation is calculated as of December 31st each year. When profits for the current year exceed the unrecouped net losses for prior years, we will receive an incentive allocation of 10% of the profits generated. Solely for purposes of computing the incentive allocation, net profits and net losses include unrealized gains and losses. If you withdraw capital from the Fund, the incentive allocation for the amount withdrawn will be calculated as of the withdrawal date.

Investors are required to invest for a period of one year before making any withdrawals. After the one year, investors may make withdrawals as of the last day of any calendar quarter by giving us 60 days written notice.

General Disclosures

In order to pay an incentive allocation, you must meet certain net worth requirements. Typically, our investors meet one of the following criteria:

- You have a net worth (or together with your spouse have a net worth) of at least \$1.5 million
- You have at least \$750,000 invested in the Funds.

All incentive allocations will be made in a manner that complies with Rule 205-3 of the Investment Advisers Act of 1940, as amended from time to time.

We will not accept investors into the Funds who are not both accredited and qualified to pay an incentive allocation.

Other Costs Involved

In addition to our advisory fees shown above, expenses associated with making investments on behalf of the Funds will also be incurred. These fees include:

- fees paid to the subadvisors who manage the Funds investments.
- brokerage costs and transaction fees for any securities or fixed income trades placed by the subadvisors. These are generally charged by the custodian and/or executing broker.

- non-administrative expenses such as investment expenses, legal expenses, professional fees relating to investments, investment due diligence, discovery and evaluation, accounting, auditing and tax preparation expenses, organizational expenses and extraordinary expenses. These are more fully disclosed in the offering materials for the Funds.
- costs of the offer and sale of Interests in the Funds including, but not limited to, printing offering memorandum, documentation of performance and admission of investors.
- mutual fund loads (if applicable). These charges are paid to brokers as a form of commission.
- management fees for ETFs and mutual funds. These are fees charged by the managers of the ETF or mutual fund and are a portion of the expenses of the ETF or mutual fund.

Additional information about brokerage costs and services is provided in “Item 12: Brokerage Practices.”

We believe the fees mentioned above are competitive; however you may be able to obtain similar services from other sources at a lower price.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We receive an incentive allocation for advice provided to each of the Funds.

ITEM 7: TYPES OF CLIENTS

We provide investment advice solely to the Funds, which is a pooled investment vehicle. Generally investors are required to maintain a minimum of \$500,000 invested with the Funds. This minimum may be waived at our sole discretion.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

The first tier of analysis applied to a prospective hedge fund investment selects for compelling investment strategies and for track record. A prospective fund must have generated trailing results that would have complimented FLP’s performance. A prospective fund must compare favorably to its peer group. Track records that are not verifiable are excluded.

A prospective fund must have a compelling investment strategy and demonstrate an ability to execute on that strategy. The second tier of analysis dwells on a funds stock selection process. A fund manager’s modeling, channel checks, and competitive position analysis of his or her core holdings are reviewed and challenged by Fundamental. Fundamental will also attempt to corroborate a prospective fund manager’s core investment theses against sell-side research, available filings, and the analysis of other fund managers.

The stability of a fund’s management team is assessed. Fund managers are expected to be rigorous, hard-working, thorough, and focused. Funds that have experienced sudden large inflows of capital are avoided.

A prospective fund's investment process is evaluated for reproducibility. For example a fund that has produced superior performance investing in microcap stocks but is now managing assets too great to deploy in the microcap asset class is unlikely to reproduce its past performance.

In the third tier of analysis background and reference checks are performed. Former and former partners, employers, and co-workers are interviewed. A fund manager's vendors are verified or in some cases interviewed. In the case of funds managing hard to price assets third party administrators and any other pricing resources are interviewed. Funds with unfamiliar auditors are excluded from consideration.

Investment Risks

Systemic break down poses the biggest risk to FLP. In September of 2008 additional short selling in certain stocks was banned for 2 weeks. This resulted in a temporary short squeeze in fund positions. Major changes in government and central bank policies can also pose risks. Our fund managers select securities based on their intrinsic fundamentals. Large macro shifts can cause securities to trade at level divergent from their fundamental value. For example Quantitative Easing appears to have inflated the prices of all equities, some of which our funds are short. Sharp inflections in market direction pose challenges to our fund managers as well.

FLP invests in private partnerships managed by other managers consequently FLP does not have custody or discretion over its assets after an allocation has been made.

The hedge fund interests in which FLP and FCRF invest are private partnerships offered under the 3c-1 and 3c-7 exemption from SEC registration. FLP and FCRF do not receive and custody securities therefore.

All investments involve different degrees of risk. You should be aware of your risk tolerance level and financial situations at all times. We cannot guarantee the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions.

ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of the investment advisor and each investment advisor representative providing investment advice to you. We have no information of this type to report.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As a registered investment advisor, we are required to disclose when we, or any of our principals, have any other financial industry affiliations.

We serve as the general partner and investment advisor to the Funds. We do not expect to be engaged to advise investors as to the appropriateness of investing in the Funds, and we will not receive any compensation for doing so, or for selling interests in the Funds.

Mr. Krieger is also the Managing Principal and portfolio manager for HarborView Capital Management, LLC, a registered investment advisory firm that manages a pooled investment vehicle ("Harbor Fund").

Other than cash holdings, Harbor Fund is fully invested in Fundamental LP. Mr. Krieger has no ownership stake in HarborView or the Harbor Fund.

Mr. Krieger continues to serve as the managing general partner of October Partners III and as the managing member of Acme Debt Partners however both funds are in wind down requiring no material time or effort.

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

Code of Ethics

We have adopted a set of enforceable guidelines (Code of Ethics), which describes unacceptable conduct by Fundamental and our associated persons. Associated persons include officers, directors, employees and independent contractors that have access to client information. Summarized, this Code of Ethics prohibits us from:

- placing our interests before yours,
- using non public information gathered when providing services to you for our own gains, or
- engaging in any act, practice or course of business that is, or might be considered, fraudulent, deceptive, manipulative, or in violation of any applicable law, rule or regulation of a governmental agency.

Please contact us if you would like to receive a full copy of this Code of Ethics.

Personal Trading for Associated Persons

Fundamental and associated persons may invest in the same securities that we trade on behalf of the Funds. We may buy or sell some of same securities the Funds that we already hold in our personal account. We may also buy for our personal account some of the same securities that are already held in the Funds. Our associated persons may also invest directly in the Funds. It is our policy not to permit our associated persons (or their immediate relatives) to trade in a way that takes advantage of price movements caused by Funds transactions.

The subadvisors to the Funds trade independently of Fundamental, without our knowledge of what trades will be placed on any given trading day. Therefore, we do not restrict trading of securities in our accounts or those of our associated person. Preapproval is required for certain types of investments, as outlined in our personal trading policy.

Fundamental and its associated persons may purchase or sell specific securities for their own account based on personal investment considerations without regard to whether the purchase or sale of such security is appropriate for the Funds.

All persons associated with us are required to report all personal securities transactions to us quarterly.

We serve as the general partner and investment adviser to the Funds, which is our only client.

ITEM 12: BROKERAGE PRACTICES

All trading on behalf of the Funds is done by the subadvisors, who have the authority to choose brokers to execute trades. We do not recommend or select broker/dealers.

ITEM 13: REVIEW OF ACCOUNTS

Mr. Jay Krieger, Managing Member, reviews and analyzes sub-fund performance, holdings, position and sector concentration, option positions, restricted security positions. Fundamental analyzes and monitors the success rate of the sub-funds' core stock selection. Fundamental monitors sub-funds for style drift.

On a monthly basis investors receive capital account statements and fund performance estimates. On an annual basis investors receive audited financial statements and K-1s. Partnership letters are sent when there is material information to report.

Verbal updates are available upon requested.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

We may also engage solicitors to provide client or investor referrals. We pay these solicitors a portion of the fees we earn for managing the client or investor that was referred. If you are referred by a solicitor, this practice will be disclosed in writing and we will comply with the requirements of Rule 206(4)-3, under the Investment Advisers Act of 1940, as amended, and any similar state rule or statute.

ITEM 15: CUSTODY

As the general partner for the Funds, we have custody of the Funds' assets. In order to comply with the regulatory requirements, we provide all investors in the Funds with audited financials. The audited financial statements are sent to investors within 180 days of the Funds' fiscal year-end.

ITEM 16: INVESTMENT DISCRETION

We manage the Funds on a discretionary basis and do not allow for any limitations to be placed on our investment authority. Our investment philosophy is summarized above, and more completely described in the offering materials for the Funds. In order to invest in the Funds, you must:

- Review the offering materials we provide. This Part 2A and the Part 2B for Jay Krieger are included with the offering materials.
- Sign a copy of the limited partnership agreement for the Funds.
- Complete subscription documents for the Funds. These provide information about your qualifications to invest in the Funds.

ITEM 17: VOTING CLIENT SECURITIES

We have designated the authority to vote proxies to the subadvisors who manage the underlying investors in the Funds.

ITEM 18: FINANCIAL INFORMATION

As a registered investment advisor, we are required to provide you with certain financial information or disclosures about our financial condition. Fundamental has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.