

# Post Road Capital Management, LLC

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*This disclosure brochure provides clients with information about the qualifications and business practices of Post Road Capital Management, LLC, an independent investment advisory firm registered with the United States Securities and Exchange Commission ("SEC"). It also describes the services Post Road Capital Management s, LLC provides as well as background information on those individuals who provide investment advisory services on behalf of Post Road Capital Management, LLC. Please contact David Eigen, Managing Member and Chief Compliance Officer of Post Road Capital Management, LLC, 203-227-6000 if you have any questions about the contents of this disclosure brochure.*

*The information in this disclosure brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply that Post Road Capital Management, LLC or any individual providing investment advisory services on behalf of Post Road Capital Management, LLC possess a certain level of skill or training. Additional information about Post Road Capital Management, LLC is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Post Road Capital Management, LLC is 131149.*

# POST ROAD CAPITAL MANAGEMENT, LLC

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## ADVISORY BUSINESS

### Company

Based in Westport, Connecticut, Post Road Capital Management, LLC is an independent, privately-held Delaware limited liability company that has been an SEC-registered investment adviser since 2006. Throughout this disclosure brochure, Post Road Capital Management, LLC is referred to as “Post Road.”

The principal owner of Post Road is David L. Eigen.

### Services

Post Road provides investment management services to both private investment funds organized as pooled investment vehicles (e.g., hedge funds) and separately managed accounts.

#### Private Investment Funds

*Important Note: Private investment funds advised by Post Road are not offered or sold to the public. They are accessible only to investors who are “Accredited Investors” as defined in Regulation D under the Securities Act of 1933 and “Qualified Clients” as defined in Rule 205-3 of the Investment Advisers Act of 1940, who receive a confidential private placement memorandum issued by the fund and who ultimately become parties to the limited partnership agreement governing operation of the fund.*

At present, Post Road acts as investment manager of both domestic and offshore funds. Please see the “Investment Strategies” section on page 5 of this disclosure brochure for additional information regarding the investment objectives, types of investments and risk exposures of these funds

The terms and conditions for participation in these funds, including management and incentive fees, conflicts of interest and risk factors, are set forth in the fund’s offering documents, which each prospective investor shall receive, and be required to complete and submit certain portions thereof to Post Road in order to demonstrate qualification for a fund investment.

Because of the “pooled” nature of private investment funds, clients may not impose restrictions on investments in certain securities or types of securities.

#### Separately Managed Accounts

Post Road provides personalized investment management services primarily for high net worth individuals and institutions. Post Road will manage advisory accounts on either a discretionary or non-discretionary basis. Clients have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities.

## **Assets Under Management**

As of December 31, 2010, the total amount of client assets managed by Post Road is approximately \$33,000,000. Of this total amount, \$28,000,000 of client assets are managed on a discretionary basis and \$5,000,000 of client assets are managed on a non-discretionary basis.

## **FEES AND COMPENSATION**

### **Private Investment Fund**

Post Road acts as investment adviser for a private investment fund organized as a pooled investment vehicle and charges an asset based management fee of approximately 1.5% per year on assets under management. Additionally, Post Road (or its affiliate) shares in the profits based on the performance of the assets under management pursuant to the terms of the relevant agreement. Generally, Post Road (or its affiliate) will receive 20% of the net profits generated. Asset based fees are generally payable on a quarterly basis in advance and performance-based fees accrue monthly and generally are payable annually or more frequently and are subject to a “high water mark.” This means that no Performance Allocation will be made as to net profits in a period to the extent they “restore” net losses previously allocated to an investor in the investment vehicle. Post Road in its capacity as investment adviser (or its affiliate in its capacity as general partner) for an investment vehicle, is reimbursed for allocable legal, accounting and administrative expenses that are directly related to such investment vehicle or such investment vehicle’s investments.

The terms and conditions for participation the private fund, including management and incentive fees, conflicts of interest and risk factors, are set forth in the fund’s offering documents, which each prospective investor shall receive, and be required to complete and submit certain portions thereof to Post Road in order to demonstrate qualification for a fund investment.

### **Separately Managed Accounts**

Post Road does not maintain a standardized fee schedule for its separately managed accounts. Fees for separately managed accounts are negotiated and are based on a percentage of the current market value of the assets under management. The exact fee charged will be stipulated in the advisory agreement. Some separately managed accounts may pay more or less than others depending on certain factors, including the type and size of the account, the historical or anticipated transaction activity, the range of services provided to the client or the amount of client relationship assets under management.

Fees for separately managed accounts are payable either quarterly in advance based on the market value of net assets under management on the last business day of the preceding quarter or quarterly in arrears based on the market value of net assets under management on the first business day of the quarter. Market value will be

determined by the account custodian. In the event that the account custodian cannot provide a market value for an asset, Post Road will determine a fair market value for that asset. Fees are deducted directly from a client's account.

## **Important Additional Fee Information**

### Fees Negotiable

The fees of certain clients or investors may be higher than other investment advisers offering similar services. Management fees and performance fees are sometimes subject to negotiation and renegotiation. Fees may vary due to the particular circumstances of the client or as otherwise negotiated with particular clients.

### Direct Debiting of Client Accounts

In order for Post Road's advisory fees to be directly debited from a client's account, the client provides written authorization (in Post Road's investment management agreement) permitting Post Road to bill the custodian. In addition, the account must be held by a qualified custodian and the qualified custodian must agree to send to the client an account statement on at least a quarterly basis. The account statement must indicate all amounts disbursed from the account including the amount of advisory fees paid directly to Post Road.

Clients are informed that it is their responsibility to verify the accuracy of the fee calculation and that the account custodian will not determine whether the fee is properly calculated.

### Termination of Client Relationship

Separately managed account investment advisory services generally are terminable on thirty (30) days prior written notice. Upon termination fees are generally pro-rated based on the length of time in the billing period in which services are provided, and any unearned fees paid in advance are refunded to the client. Post Road will send a check to the client for the amount of the refund.

### Mutual Fund Fees

All fees paid to Post Road for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of Post Road. In that case, the client would not receive the services provided by Post Road which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives.

To the extent that client assets are invested in money market funds or cash positions, the fees for monitoring those assets are in addition to the fees included in the internal expenses of those funds paid to their own investment managers, which are fully disclosed in each fund's prospectus. Accordingly, the client should review both the fees charged by the funds and the fees charged by Post Road to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

### Trading and Other Costs

All fees paid to Post Road for investment advisory services are separate and distinct from transaction fees charged by broker dealers associated with the purchase and sale of equity securities and options. In addition, fees do not include the services of any co-fiduciaries, accountants, broker dealers or attorneys. Please see the section entitled "Brokerage Practices" on page 10 of this disclosure brochure for additional information on brokerage and other transaction costs.

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

As stated in the "Fees and Compensation" above, under certain circumstances an Post Road is eligible to receive a performance-based allocation. In addition, Post Road manages client accounts where it is not eligible to receive performance-based compensation for its advisory services.

Situations – such as those described above - where Post Road manages both accounts that pay performance-based compensation and accounts that do not pay performance-based compensation gives rise to certain conflicts of interest that have the potential to motivate Post Road to favor its performance-based account clients over other clients. For example, performance-based compensation is typically significantly higher than the asset-based fees paid on traditional accounts.

In the case of private investment funds, many investment advisers, including Post Road or its related persons, have significant investments in the funds that they manage. As a result, Post Road has additional incentives to favor the performance-based clients over other clients by allocating investment opportunities to the performance-based accounts. Finally, because performance-based compensation is not paid unless Post Road achieves a certain level of performance, the performance allocation arrangement may create an incentive for Post Road to make investments that are more risky or more speculative than might be the case in the absence of an allocation based on performance.

## **TYPES OF CLIENTS**

Post Road provides investment advisory services to individuals (including high net worth individuals), pension and profit sharing plans, trusts, estates, charitable organizations, corporations, other types of business entities and private investment funds organized as pooled investment vehicles (commonly known as "hedge funds").

## **Engaging the Services of Post Road**

### Private Investment Funds

Investors in private investment funds managed by Post Road will be required to complete a subscription agreement (including an investor questionnaire to determine their eligibility for investment in the fund) and become a party to the operating agreement that governs the operation of the particular private investment fund.

### Separately Managed Accounts

All clients wishing to engage Post Road for investment advisory services must sign an investment management agreement that governs the relationship with Post Road. The investment management agreement describes the services and responsibilities of Post Road to the client. It also outlines Post Road's fee in detail.

In addition to completing Post Road's internal documents (e.g., investment management agreement), clients must complete certain broker-dealer/custodial documentation. Upon completion of these documents, Post Road will be considered engaged by the client. A client has an ongoing responsibility for ensuring that Post Road is informed in a timely manner of changes in the client's investment objectives and risk tolerance.

## **Conditions for Managing Accounts**

### Private Investment Funds

Post Road generally imposes a minimum initial investment of \$250,000 and a minimum additional investment for an existing investor of \$50,000 provided, however, that the initial and additional minimum investment amount may be waived at the sole discretion of Post Road.

### Separately Managed Accounts

Post Road does not impose a minimum account size or set a minimum annual fee on its managed accounts.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Types of Investments**

Post Road may invest and trade in a wide variety of publicly traded securities and financial instruments, domestic and foreign, of all kinds and descriptions, including, but not limited to, common and preferred stocks, bonds and other debt securities, convertible securities, limited partnership interests, mutual fund shares,

commodities, futures, derivatives (including swaps, forward contracts and structured instruments), asset backed and structured securities, currencies, monetary instruments and cash and cash equivalents. Post Road shall not trade in commodities or futures contracts unless such activities are managed by an entity that is registered as a commodity pool operator with the Commodities Futures Trading Commission and is a member of the National Futures Association, unless such entity is exempt from such registration and membership requirements.

## **Investment Philosophy**

Post Road takes an opportunistic approach to investing and dedicates its efforts to where the greatest returns can be gained. Since Post Road views investing in public equities as equivalent to investing in a private company, Post Road conducts fundamental bottoms-up analysis, which includes reading corporate documents, talking to customers, suppliers and management as well as leveraging its extensive network of business contacts. Post Road focuses its time and attention on those ideas, both long and short, where it believes it possess an edge in one or more of the following ways: information, analytical and temperamental. For each portfolio holding Post Road performs the aforementioned primary research and then builds an investment thesis.

## **Investment Strategy**

Value-Oriented, Long/Short Equity Portfolio: Post Road's long positions primarily are comprised of traditional value-type equity investments as well as event-driven opportunities – both of which are fundamentally under-valued. Post Road's short positions are comprised of broken business models and middle-to-lower quality companies that are fundamentally over-valued.

Circle-of-Competence: Post Road's investment team has developed extensive core competencies in industries and sectors that Post Road knows and understands. Post Road focuses on sectors in which it has extensive business contacts and knowledge, including real estate, retail, restaurants, basic industry, printing, basic technology, healthcare services and others. Occasionally, Post Road will invest in another sector or industry, but always require that it be a situation where Post Road has extensive contacts, an informational and analytical edge and a large margin-of-safety.

Attractive Valuation – Margin of Safety: To come to an acceptable purchase (or sell-short) price, Post Road first determines the intrinsic value of the company, which is Post Road's estimate of the present value of the future cash flows of the company.

Concentrated Portfolio: Post Road avoids excessive portfolio risk by not overly concentrating the portfolio in any one security.

Long-term Perspective: A typical holding period for a long position is in the one-to-five year range, while it is one year or less for a short position.

Bottoms-Up Qualitative and Quantitative Analysis: Post Road reads all the available information on a company and its industry, and speaks with and meets with industry experts, management and other relevant contacts.

Focus on public equities: Post Road primarily focuses on U.S. domestic public equities and solely invests in securities that behave like equities. This may include corporate bonds, preferred and convertible stocks, deep-in-the-money, long-term options (LEAPS) and other securities.

Leverage: Post Road does not use leverage in the portfolio with the exception of limited use of deep in-the-money, long-dated equity options (LEAPS).

Types of Long Positions: Post Road's prototypical long position is an undervalued, less-followed company that has fallen out of favor due to transitional or temporary reasons – typically a 2-to-5 year holding period. The other type of long position that Post Road seeks is one that is event driven – i.e. restructuring, new management team, parent/subsidiary spin-off, emergence from bankruptcy – typically 3-to-12 month holding period.

How Post Road Establish Long Positions: Post Road purchases equities for core value holdings, but in event-driven situations occasionally will add a small, long-dated, deep in-the-money call option (LEAPS calls) position as a complement to the core equity investment. A LEAPS call position will be established where there is virtually no premium above the spread between the stock price and the option price, and where the expiration date affords Post Road sufficient time for our investment thesis to work out.

Types of Short Positions: Post Road's prototypical short position is one where the business model is fundamentally flawed – a company that should no longer exist – due either to mismanagement or fundamental changes in its industry. Post Road also may establish positions in companies that are excessively over-valued.

How Post Road Establish Short Positions: Post Road shorts using several different methods: (i) short the equity of individual companies; (ii) purchase put options – long-term, deep in-the-money [LEAPS] – on a company's equity; and occasionally (iii) short exchange transfer funds (ETFs) that have exposure to specific industries, sectors or indices.

## **Sources of Information**

Post Road's approach to identifying attractive investment opportunities may include some or all of the following research techniques: analysis of public information on the company; discussions with the company's management, competitors, customers and suppliers; and the development of financial models to value the company. Post Road will also consider the industry environment and management equity ownership in the company. Post Road expects that this investment approach may result in substantial concentration of Post Road's investments.

## **Risk**

### In General

Investing in securities involves risk of loss that each client should be prepared to bear. Typical investment risks include market risk typified by a drop in a security's price due to a company specific event (e.g. unsystematic risk), or general market activity (e.g., systematic risk). In addition, certain strategies may impose more risk than others. For example, with fixed income securities, a period of rising interest rates could erode the value of bond since bond values generally fall as bond yields rise. Investment risk with international equities also includes fluctuation in currency values, differences in accounting and economic and political instability.

### Options

There are numerous risks associated with transactions in options on securities or securities indexes. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. In the case of index options, the client incurs basis risk between the performance of the underlying portfolio and the performance of the underlying index. For example, the underlying portfolio may decline in value while the underlying index may increase in value, resulting in a loss on the call option while the underlying portfolio declines as well.

### Margin Transactions

When buying stocks on margin, you are employing leverage as an investing strategy. Leverage allows you to extend your financial reach by investing using borrowed funds while limiting the amount of your own cash you expend. This can, however, involve a high degree of risk. Some of these risks include:

- Losing more money than you have invested;
- Being required to deposit additional cash or securities in your account on short notice to cover market losses;
- Being forced to sell some or all of your securities when falling stock prices reduce the value of your securities; and
- Having your brokerage firm sell some or all of your securities without consulting you to pay off the loan it made to you.

### Private Investment Funds

Private investment funds (commonly known as hedge funds) generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in the fund's offering documents, which will be provided to each investor for review and consideration. Each prospective investor will be required to complete a subscription agreement, pursuant to which the investor shall establish that they are qualified for investment in the limited partnership, and acknowledges and accepts the various risk factors that are associated with such an investment.

## **Cash Management**

Post Road does not set target percentages for cash in a client's account. Post Road sets a target percentage for equity and fixed income securities in a client's account and the amount of cash is a residual of that percentage. Typically, cash is held in a core money market fund. Post Road may, on occasion, use certificates of deposit, fixed income securities and other cash alternatives.

## **DISCIPLINARY HISTORY**

Neither Post Road nor any of its supervised persons have any reportable disciplinary history.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

An affiliate of Post Road that is controlled by Post Road's principals is a general partner in the following investment partnerships: Post Road Value Fund, L.P. and Post Road Focused Fund, L.P.

David Eigen, Managing Member of Post Road, also serves as a research analyst for Mid-Cap Value Equity portfolios at Iridian Asset Management, LLC, an SEC-registered investment adviser. Iridian Asset Management, LLC is an independently-owned investment management firm, focused exclusively on managing active investment strategies primarily for institutional investors including foundations and endowments, corporate and public pension funds and Taft Hartley funds. As of 12/31/10, Iridian Asset Management, LLC managed \$8.5 billion in U.S. mid-cap, large-cap, small-cap and alternative equity investment strategies on behalf of clients. Mr. Eigen devotes substantially all of his time to his duties at Iridian Asset Management, LLC.

## **PERSONAL TRADING AND ETHICS**

### **Code of Ethics**

Post Road has adopted a Code of Ethics to prevent violations of federal securities laws. The Code of Ethics is predicated on the principle that Post Road and its employees owe a fiduciary duty to its clients. Accordingly, Post Road expects all employees to act with honesty, integrity and professionalism and to adhere to federal securities laws. Post Road and its employees are required to adhere to the Code of Ethics. At all times, Post Road and its employees must (i) place client interests ahead of the Company's; (ii) engage in personal investing that is in full compliance with the Company's Code of Ethics; and (iii) avoid taking advantage of their position. Clients and prospective clients may request a copy of Post Road's Code of Ethics by contacting David L. Eigen, Managing Member of Post Road, at 203-254-1248.

## **Prohibition on Use of Insider Information**

Post Road has also adopted policies and procedures to prevent the misuse of “insider” information. A copy of Post Road’s Insider Trading policies and procedures is available to any client or prospective client upon request. For a copy of Post Road’s Insider Trading policies and procedures, please contact David L. Eigen, Managing Member of Post Road, at 203-254-1248.

## **Participation or Interest in Client Transactions**

An affiliate of Post Road acts as general partner of the Post Road Focused Fund, L.P. (the “Focused Fund”). As the general partner, the affiliate maintains a capital account in the Focused Fund and therefore, receives allocations of net profit (or losses) of the Focused Fund. The managing member, portfolio manager and employees of Post Road have invested in the various investment partnerships. In order to create a strong congruity of interest between the management of Partnership and its investors, all investment professionals employed by Post Road will be required to invest in the investment partnerships. In addition, Post Road or its personnel may buy or sell securities which it recommends to clients. Accordingly, Post Road monitors employee personal and proprietary trading activity. This activity is reviewed at least quarterly to ensure compliance with internal control policies and procedures.

### *Additional Information*

At times, Post Road or its related persons may purchase securities that it deems appropriate only for its or their own account. Based on the experience of Post Road or its related persons holding the securities and on further research and due diligence, Post Road may at a later time purchase such securities for client accounts at prices which might be higher or lower than those originally paid.

## **BROKERAGE PRACTICES**

### **Best Execution**

Best execution has been defined by the SEC as the “execution of securities transactions for clients in such a manner that the client’s total cost or proceeds in each transaction is the most favorable under the circumstances.” The best execution responsibility applies to the circumstances of each particular transaction and an investment adviser must consider the full range and quality of a broker-dealer’s services, including, among other things, execution capability, commission rates, the value of any research, financial responsibility and responsiveness.

When placing portfolio transactions for client accounts, Post Road’s primary objective is to obtain the best price and best execution, taking into account the costs, promptness of execution and other qualitative considerations.

## **Broker Analysis**

Post Road evaluates a wide range of criteria in seeking the most favorable price and market for the execution of transactions. These include the broker-dealer's trading costs, efficiency of execution and error resolution, financial strength and stability, capability, positioning and distribution capabilities, information in regard to the availability of securities, trading patterns, statistical or factual information, opinion pertaining to trading and prior performance in serving Post Road.

Also in consideration is such broker-dealers' provision or payment of the costs of research and other investment management-related services (the provisional payment of such costs by brokers are referred to as payment made by "soft dollars", as further discussed in the "Research/Soft Dollars Benefits" section immediately below). Accordingly, if Post Road determines in good faith that the amount of trading costs charged by a broker-dealer is reasonable in relation to the value of the brokerage and research or investment management-related services provided by such broker, the client may pay trading costs to such broker in an amount greater than the amount another broker might charge.

Post Road's Chief Compliance Officer is responsible for continuously monitoring and evaluation the performance and execution capabilities of brokers that transact orders for our client accounts to ensure consistent quality executions. In addition, Post Road periodically reviews its transaction costs in light of current market circumstances and other relevant information.

## **Research/Soft Dollar Benefits**

Research or investment-management-related services provided by brokers through which portfolio transactions are executed, settled and cleared may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, on-line quotations, news and research services, and other services providing lawful and appropriate assistance to Post Road in the performance of its investment decision-making responsibilities (collectively, "soft dollar items").

Soft dollar items may be provided directly by brokers, by third parties at the direction of brokers or purchased by Post Road with soft-dollar credits provided by brokers. Soft dollar items may arise from over-the-counter principal or agency transactions, as well as exchange traded agency transactions. Brokers sometimes suggest a level of business that they would like to receive in return for the various services that they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions because total brokerage is allocated on the basis of all the considerations described above. A broker will not be excluded from executing transactions for Post Road because it has not been identified as providing soft dollar items.

Section 28(e) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), permits the use of soft dollar items in certain circumstances, provided that Post Road does not pay a rate of commissions in excess of what is

competitively available from comparable brokerage firms for comparable services, taking into account various factors, including commission rates, financial responsibility and strength and ability of the broker to efficiently execute transactions. Non-research products and “soft dollars” which are not generated through agency transactions in securities are outside the parameters of Section 28(e)’s “safe harbor.”

Post Road may, from time to time, use soft dollars to pay some or all of the costs of research and brokerage services; provided, however, that (a) any research obtained is (i) related to the value of securities, the advisability of investing in, purchasing, or selling securities, and the availability of securities or purchasers or sellers of securities or (ii) consists of reports and analyses concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts and (b) any brokerage services obtained are related to effecting securities transactions or functions incidental to effecting securities transactions such as clearance, settlement and custody.

Soft dollar items, whether provided directly or indirectly, may be utilized for the benefit of Post Road and its affiliates’ other accounts. Post Road may from time to time use soft dollars to acquire soft dollar items that Post Road or its affiliates would otherwise be obligated to provide, or acquire at their own expense. Nonetheless, Post Road believes that such soft dollar items may provide private investment funds managed by Post Road and its separately managed accounts with benefits by supplementing the research and services otherwise available to Post Road. While as a fiduciary Post Road endeavors to act in its clients’ best interests, Post Road’s use of these broker-dealers may be based in part on the benefit to Post Road of the availability of some of the foregoing products and services and not solely on the nature cost or quality of custody and brokerage provided by these broker-dealers which may create a conflict of interest

## **Brokerage Selection**

### Post Road Discretion

For those clients that grant Post Road discretionary brokerage authority, Post Road is authorized by the client to select the broker or dealer to be used and to determine the commission rate paid. Please see the disclosures in “Best Execution” and “Broker Analysis” sections above for additional information on the criteria used by Post Road to select client brokerage.

### Post Road Directed Brokerage

Clients that do not grant Post Road discretionary brokerage authority, will have various broker-dealers recommended to them. While there is no direct linkage between the investment advice given and usage of these broker-dealers, economic benefits may be received which would not be received if Post Road did not give investment advice to clients (please see additional disclosures in the “Research/Soft Dollars Benefits” section directly above). Post Road does not participate in any transaction fees or commissions paid to the broker dealer or custodian and does not

receive any fees or commissions for the opening or maintenance of client accounts at recommended brokers.

Not all investment advisers require their clients to direct brokerage. Post Road is required to disclose that by directing brokerage, Post Road may not be able to achieve most favorable execution of client transactions and that this practice may cost clients more money.

#### Client Directed Brokerage

Certain clients may direct Post Road to use particular brokers for executing transactions in their accounts. With regard to client directed brokerage, Post Road is required to disclose that Post Road may be unable to negotiate commissions, block or batch orders or otherwise achieve the benefits described above, including best execution. Directed brokerage commission rates may be higher than the rates Post Road might pay for transactions in non-directed accounts. Therefore, directing brokerage may cost clients more money.

However, when the client designates the broker, Post Road will assist the client in negotiating a commission discount with the broker which takes into consideration any special services the broker might be providing to the client, and whether the broker may be providing custodial services to the client. Occasionally, the client has a pre-existing relationship with the broker, so Post Road does not have significant influence in negotiating commissions in these instances, and commissions paid by the client with directed brokerage arrangements are generally higher than those otherwise obtainable.

Post Road encourages each client to compare the possible costs or disadvantages of directed brokerage against the value of custodial or other services provided by the broker to the client in exchange for the directed brokerage designation.

#### **Trade Aggregation/Allocation**

It is the objective of Post Road to provide a means of allocating trading and investment opportunities between advisory clients on a fair and equitable basis and in compliance with all applicable state and federal guidelines. With respect to clients' accounts with substantially similar investment objectives and policies, Post Road may often seek to purchase or sell a particular security in each account. Post Road will aggregate orders only when such aggregation is consistent with its duty to seek best execution and is consistent with the investment objective of each client. No client account will be unfairly favored over any other account.

Prices of securities that are purchased or sold in blocks are averaged and allocated proportionately among all accounts for which such securities are appropriate. Executed trades are allocated to accounts first on a cost efficiency basis, then on a portfolio investment level and lastly, by random allocation.

## **Trade Errors**

Trade errors are promptly reported to the custodian and will be rectified by the custodian with no adverse financial effect on the client.

## **REVIEW OF ACCOUNTS**

### Reviews

Post Road will prepare, review and distribute investment guidelines for each client account to all investment personnel at least annually in order to provide restrictions and guidelines for the investment personnel to use when trading securities. These investment guidelines are also reviewed, updated and re-distributed to all investment personnel promptly when changes are made to a client's investment guidelines. Any development affecting the portfolio structure or an existing holding will trigger a review and appropriate action. A continuous day-to-day review will be made of securities held in the portfolios as well as a broad group of other securities in order to determine what changes, if any, should be made in the portfolios.

David L. Eigen, Managing Member and Portfolio Manager.

### Reports

#### *Private Investment Funds*

Investors in investment funds in which Post Road Capital Management serves as investment manager will receive the following: (i) annual audited financial statements of the fund audited by an independent certified public accounting firm, (ii) a quarterly letter from discussing the results of the fund for the quarter just ended, (iii) an annual letter discussing the results of the fund for the year just ended, and (iv) copies of such investor's Schedule K-1 to the fund's tax return.

#### *Separately Managed Accounts*

Post Road will provide separately managed account clients with reports as agreed upon at the inception of the advisory relationship.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

From time to time, Post Road may retain solicitors to refer clients to Post Road. If a client is introduced to Post Road by either an unaffiliated or an affiliated solicitor, Post Road may pay that solicitor a referral fee in accordance with the all requirements of the Investment Advisers Act, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Post Road's advisory fee, and shall not result in any additional charge to the client.

If the client is introduced to Post Road by an unaffiliated solicitor, the solicitor must, at the time of the solicitation:

1. Disclose the nature of their solicitor relationship;
2. Provide each prospective client with a copy of the Post Road written disclosure brochure;
3. Provide each prospective client a copy of the solicitor's written disclosure statement that discloses the terms of the solicitation arrangement between Post Road and the solicitor, including the compensation to be received by the solicitor.

Any affiliated solicitor of Post Road shall disclose the nature of their relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of this written disclosure statement.

## **CUSTODY**

Post Road is deemed to have custody because (i) Post Road is permitted to deduct its fees directly from clients' Separately Managed Accounts and (ii) Post Road serves as general partner to private investment funds organized as pooled investment vehicles.

### Private Investment Funds

Private investment funds in which Post Road serves as general partner or investment manager are subject to audit at least annually and audited financial statements prepared in accordance with generally accepted accounting principles are distributed to all limited partners within 120 days of the end of its fiscal year. In addition, within 90 days after the end of each fiscal year, or as soon thereafter as possible, each investor will be provided the information necessary to complete federal and state tax or information returns.

### Separate Managed Accounts

Custody of separately managed account client assets will be maintained with the independent custodian selected by the client. Post Road will not have physical custody of any assets in the client's account except as permitted for payment of advisory fees. Clients will be solely responsible for paying all fees or charges of the custodian. Clients will authorize Post Road to give the custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for the client's account.

Clients will receive directly from the custodian at least quarterly a statement showing all transactions occurring in the client's account during the period covered by the account statement, and the funds, securities and other property in the client's

account at the end of the period. *Clients are urged to compare the account statement provided by the broker-dealer/custodian with any statements provided by Post Road.*

## **INVESTMENT DISCRETION**

### Private Investment Funds

As investment manager of Post Road Investment Partners, L.P., Post Road is solely responsible for researching, selecting and monitoring investments and in making decisions on when and how much to invest with or withdraw from a particular investment. Limited partners in private investment funds organized as limited partnerships do not have any right to participate in management or in making investment decisions. In addition, Post Road has authority to select the broker or dealer with whom orders for the purchase or sale of securities for the funds are placed for execution. Post Road also has the authority to determine the prices and commission rates at which securities transactions for the funds are effected.

### Separately Managed Accounts

For those client accounts where Post Road has discretion, Post Road requires that it be provided with written discretionary authority (e.g., limited power of attorney contained in Post Road's investment management agreement) to make the following determinations without obtaining the consent of the client before the transactions are effected: (1) which securities are bought and sold for the account; (2) the total amount of securities to be bought and sold; (3) selecting the broker or dealer with whom orders for the purchase or sale of securities are placed for execution, unless specifically instructed to the contrary through the investment management agreement or investment policy statement; and (4) the prices and commission rates at which securities transactions are effected.

Post Road's authority in making investment related decisions may be limited by account guidelines, investment objectives and trading restrictions, as agreed between Post Road and the client and set forth in writing in the investment management agreement or investment policy statement.

## **VOTING CLIENT SECURITIES**

### **Proxy Voting**

The act of managing assets of clients may include the voting of proxies related to such managed assets. Where the power to vote in person or by proxy has been delegated, directly or indirectly, to the investment adviser, the investment adviser has the fiduciary responsibility for (a) voting in a manner that is in the best interests of the client and (b) properly dealing with potential conflicts of interest arising from proxy proposals being voted upon. Accordingly, Post Road has instituted proxy voting policies and procedures ("Proxy Voting Policies and

Procedures”) that are designed to (i) ensure that proxies are voting in an appropriate manner and (ii) complement Post Road’s investment policies and procedures regarding its general responsibility to monitor the performance and/or corporate events of companies which are issuers of securities held in managed accounts.

Post Road’s general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities, including interests in private investment funds, if any (collectively, “proxies”), in a manner that serves the best interests of the applicable fund as Post Road determines in its sole discretion, taking into account the following factors: (i) the impact on the value of the securities; (ii) the costs and benefits associated with the proposal; and (iii) the customary industry and business practices.

The Proxy Voting Policies and Procedures also address how Post Road will vote proxies with regard to specific matters, such as the election of Board members, mergers and acquisitions, compensation, independent auditors and other matters. Investors may obtain a copy of the Post Road’s Proxy Voting Policies and Procedures and the proxy voting record relating to a fund by contacting David L. Eigen, Managing Member of Post Road, at 203-254-1248.

### **Class Action Settlements**

Although Post Road has discretion over client accounts, it will not be responsible for handling client claims in class action lawsuits or similar settlements involving securities owned by the client. Clients will receive the paperwork for such claims directly from their account custodians. Each client should verify with their custodian or other account administrator whether such claims are being made on the client’s behalf by the custodian or if the client is expected to file such claims directly.

## **FINANCIAL INFORMATION**

### **Prepayment of Fees**

Because Post Road does not require or accept prepayment of more than \$1,200 in fees six months or more in advance, Post Road is not required include a balance sheet with this disclosure brochure.

### **Financial Condition**

Post Road does not have any adverse financial conditions to disclose.

### **Bankruptcy**

Post Road has never been the subject of a bankruptcy petition.

## **PRIVACY NOTICE**

Post Road views protecting its clients' private information as a top priority and has instituted policies and procedures to ensure that client information is private and secure. Post Road does not disclose any nonpublic personal information about its clients or former clients to any nonaffiliated third parties, except as permitted or required by law. In the course of servicing a client's account, Post Road may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers, etc. Post Road restricts internal access to nonpublic personal information about the client to those persons who need access to that information in order to provide services to the client and to perform administrative functions for Post Road. As emphasized above, it has always been and will always be Post Road's policy never to sell information about current or former clients or their accounts to anyone. It is also Post Road's policy not to share information unless required to process a transaction, at the request of a client, or as required by law. For the full text of Post Road's Privacy Policy, please contact David L. Eigen, Managing Member of Post Road, at 203-254-1248.

## **ANTI-MONEY LAUNDERING**

Post Road has adopted an anti-money laundering policy consistent with the requirements of the United States PATRIOT Act.

## **CLIENT COMPLAINTS**

Clients may contact David L. Eigen, Managing Member of Post Road, at 203-254-1248 to submit a complaint. Written complaints should be sent to Post Road Capital Management, LLC, 5 Rustic Road, Westport, CT 06880.