



1777 Sentry Parkway West  
Gwynedd Hall, Suite 102  
Blue Bell, PA 19422  
(484) 572-0500  
[www.persimmoncapital.com](http://www.persimmoncapital.com)

March 29, 2012

This Brochure provides information about the qualifications and business practices of Persimmon Capital Management, LP ["PCM"]. If you have any questions about the contents of this Brochure, please contact us at 484-572-0500. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

PCM is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about PCM also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 2 – Material Changes**

PCM's previous Brochure was dated March 30, 2011. The following is a summary of material changes made to this current Brochure since that time.

In August 2011, PCM became a majority owner of AlphaHedge Capital Partners, LLC ("AlphaHedge"), an SEC registered investment adviser. More information regarding AlphaHedge may be found in Item 10 of this Brochure. At that same time, Gregory S. Horn, who is President of PCM, became the CEO of AlphaHedge.

Our Brochure may be requested by contacting Amy Armstrong, Vice President, at 484-572-0500 or [aarmstrong@persimmoncapital.com](mailto:aarmstrong@persimmoncapital.com).

Additional information about PCM is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with PCM who are registered, or are required to be registered, as investment adviser representatives of PCM.

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#### **Item 4 – Advisory Business**

Persimmon Capital Management, LP (“PCM”) was founded in December 1998 by Gregory S. Horn who is the principal owner of the firm.

PCM is a consulting firm providing investment advisory services to Clients regarding the identification of investment objectives, investment policy development, asset allocation, asset class research, manager search and selection, tactical asset allocation and monitoring and periodic reporting from PCM to the Client. Services are generally provided on a non-discretionary basis. Services do not include legal or tax advice.

As part of the services offered, PCM continuously researches investment managers of all styles and strategies that are recommended to Clients to carry out the responsibility for security selection. These managers represent various investment strategies and styles such as large cap value, large cap growth, mid-cap, small cap, developed and emerging market international equities, domestic fixed income, global fixed income, hedged equity strategies such as long/short domestic equities, various arbitrage strategies and other non-traditional asset classes such as managed futures. PCM strives to recommend superior managers within asset classes to Clients to carry out the investment objectives for each specific asset class incorporated in the investment policy and asset allocation strategy. PCM does not conduct security selection in-house.

#### **Item 5 – Fees and Compensation**

PCM charges for its services a percentage of assets under management. Such fees are due and payable quarterly, in advance, and are based upon the fair market value of the Client’s account assets as determined by the custodians, as of the last day of the previous calendar quarter. Fees for the initial quarter will be adjusted *pro-rata* based upon the number of calendar days in the calendar quarter that the Agreement goes into effect. Fees are negotiable at the sole discretion of PCM based upon any number of factors including, but not limited to, the nature of the services provided and/or other services provided on behalf of the Client. The basic fee schedule for investment advisory services is as follows:

First \$5 million - 1.00%

Next \$5 million - .75%

Accounts with assets valued over \$10 million - .50%

Accounts with assets valued over \$20 million - .40%

Accounts with assets valued over \$40 million - Negotiable

PCM’s fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the Client. Clients may incur certain charges imposed by custodians, brokers, third party investment managers and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees,

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which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to PCM's fee, and PCM shall not receive any portion of these commissions, fees, and costs.

This Agreement will continue in effect until terminated by either party upon thirty (30) days' written notice to the other party, and a pro-rated portion of fees pre-paid but unearned will be refunded where applicable. Clients are responsible to pay for services rendered up until notice of termination is received by PCM. Termination of this Agreement will not affect the validity of any action previously taken by PCM under this Agreement. Upon termination of this Agreement, PCM will not have any obligation to recommend or take any action with regard to the securities, cash or other investments in the Account.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

PCM does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a Client).

#### **Item 7 – Types of Clients**

PCM provides wealth management services to an exclusive group of high net worth investors, foundations, endowments, and mid-sized institutions. PCM is also the investment adviser to two master/feeder hedge fund of fund complexes.

In general, PCM requires that a Client "household" maintain a minimum relationship balance of \$5 million and greater; however, this minimum may be waived based upon such factors as the nature of the services provided and/or other services provided on behalf of the Client. Any waiver of this minimum is at the discretion of PCM.

#### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

PCM utilizes the resources of independent firms for research and due diligence on traditional asset managers. PCM augments this research by also conducting in-house research on money management firms which may include on-site visits to money manager offices, interviews with investment personnel and senior management, inspections of their client files, conversations with their performance auditors (if any), and in-depth analysis of PCM Client accounts.

All research and selection of hedge funds for inclusion in PCM's series of hedge fund of funds is conducted in-house by PCM's investment research team. This research includes on-site visits to hedge fund offices, interviews with investment personnel and senior management, inspections of their hedge fund files, communications with their fund auditors, prime brokers and administrators.

**Investing in securities involves risk of loss that Clients should be prepared to bear.** Depending on the types of securities in which you invest, you may face the following investment risks:

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- Interest Rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
  - Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
  - Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
  - Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
  - Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
  - Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
  - Financial Risk: Excessive borrowing to finance a business's operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
  - Liquidity Risk: When consistent with a Client's investment objectives, guidelines, restrictions and risk tolerances, Advisor may invest portions of Client portfolios in illiquid securities, subject to applicable investment standards. Investing in an illiquid (difficult to trade) security may restrict Client's ability to dispose of investments in a timely fashion or at an advantageous price, which may limit the ability to take full advantage of market opportunities.
    - Accounts may hold securities which are partnerships. Some partnerships are relatively liquid and may be either exchange listed or traded over-the-counter. However, most partnership securities are often illiquid and are subject to significantly less regulation than public investments.

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- **Fixed Income Risk:** Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk, credit risk, and market risk, which could reduce the yield that an investor receives from his or her portfolio. These risks may occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets.
  - **Foreign/Emerging Markets Risk:** Investments in securities of foreign and emerging markets issuers involve different investment risks than those affecting obligations of U.S. issuers. Public information may be limited with respect to foreign and emerging markets issuers; foreign and emerging markets issuers may not be subject to uniform accounting, auditing and financial standards and requirements comparable to those applicable to U.S. companies. There may also be less government supervision and regulation of foreign and emerging markets securities exchanges, and are less liquid and more volatile than securities of comparable domestic issuers. Brokerage commissions and other transaction costs on foreign and emerging markets securities exchanges are generally higher than in the U.S. Dividends and interest paid by foreign and emerging markets issuers may be subject to withholding and other foreign taxes, which may decrease the net return on foreign investments as compared to dividends and interest paid by U.S. companies. Such markets often have different clearance and settlement procedures for securities transactions. Additional risks include future political and economic developments, the possibility that a foreign jurisdiction might impose or change withholding taxes on income payable with respect to foreign and emerging markets securities, and the possible adoption of foreign governmental restrictions such as exchange controls. Since the securities purchased in a foreign or emerging markets portfolio can be denominated or quoted in currencies other than the U.S. dollar, changes in foreign currency exchange rates may affect the value of securities in the portfolio.
  - **High-yield Fixed Income Securities Risk:** Investments in high-yielding, non-investment grade bonds involve higher risk than investment grade bonds. Adverse conditions may affect the issuer's ability to make timely interest and principal payments on these securities.
  - **Derivatives (options) Risk:** Options involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss, including the loss of principal.
  - **Small/Mid Cap Risk:** Stocks of small, emerging companies may have less liquidity than those of larger, established companies and may be subject to greater price volatility and risk than the overall stock market.
  - **Diversification Risk:** Investments that are concentrated in one or few industries or sectors may involve more risk than more diversified investments, including the potential for greater volatility.

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## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of PCM or the integrity of PCM's management. PCM has no information applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

PCM is the adviser to two master/feeder hedge fund of fund complexes: Persimmon Growth Partners Fund, LP and Persimmon Absolute Return Master Fund, LP, both of which are multi-fund hedge funds in which clients may be recommended to invest. These funds were initially created for wealth management clients of PCM to be able to invest in a diversified pool of hedge funds that would be otherwise difficult to access due to high fund minimums, difficulty identifying the funds and the complexity of the due diligence process required to analyze such funds. As such, PCM will receive management fees as noted above from each of these multi-fund hedge funds. Any advisory clients of PCM who invest in the above referenced funds will not be charged an additional advisory fee on that portion of the Client's assets in such funds.

For more information regarding the multi-fund hedge funds noted, including a description of the Funds and their expenses, please refer to the Fund's Private Placement Memorandum or Information Memorandum.

PCM is one of the owners of AlphaHedge Capital Partners, LLC ("AlphaHedge"), an investment adviser registered with the SEC. AlphaHedge contracts with investment advisory firms to provide investment advisory services in connection with investment programs. The advisory firms, in turn, provide their clients access to AlphaHedge's investment program. Clients of AlphaHedge are not solicited to invest in any of PCM's limited partnerships and/or limited liability companies. However, clients of AlphaHedge may also be clients of PCM. PCM will also provide certain services to AlphaHedge. These services include researching and screening all potential Portfolio Managers and Model Providers. PCM will be compensated by AlphaHedge for such services.

Gregory S. Horn, President of PCM, is also the CEO of AlphaHedge.

## **Item 11 – Code of Ethics**

As a registered investment adviser, PCM serves as a fiduciary to its clients. As a fiduciary, PCM owes its clients "an affirmative duty of utmost good faith and full and fair disclosure of all material facts." PCM must disclose all material facts regarding PCM, the advisory services rendered, compensation and conflicts of interest.

PCM has adopted a Code of Ethics which deals with the following areas of the Firm's business: conflicts of interest; gifts and entertainment; political activity; outside business activities of employees; confidentiality of information; insider trading; procedures for personal securities transactions of directors, officers and employees; and initial public offering and private offerings.



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Each employee of PCM is required to certify that he or she has read and understands the Code of Ethics.

PCM's Code of Ethics is available in its entirety to clients or prospects upon request.

### **Item 12 – Brokerage Practices**

Currently, the only clients that PCM maintains discretionary authority over are the two master/feeder hedge fund of fund complexes it advises, which include: Persimmon Growth Partners Fund, LP, Persimmon Absolute Return Master Fund, LP and their related feeder funds. All other accounts are considered non-discretionary as set out in the client agreement.

PCM does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits").

### **Item 13 – Review of Accounts**

Client portfolios are reviewed monthly, quarterly and at other times considered necessary based upon market conditions by the President of PCM. Individually managed accounts are reviewed for adherence to investment process by investment managers. Additional criteria include performance, trading activity and portfolio fundamentals.

PCM will provide clients with monthly reports delineating the manager account beginning and ending balance for each investment manager in the portfolio; portfolio beginning and ending balance; and cash flows in and out of each account. Performance for each manager and for the portfolio is provided for the month and compared to appropriate indices. Additionally, on a quarterly basis, clients receive a detailed performance report including a market overview pertaining to global capital market characteristics for the reporting period. Specific to the client portfolio, each client is provided with cash flows in the account, performance by manager and for the portfolio, portfolio attribution for separate accounts, performance attribution for managed accounts, asset statements for separate accounts, portfolio activity, unrealized and realized gain/loss reports for separately managed accounts and additional customized reports as requested.

Clients also receive reports directly from custodians chosen by clients.

### **Item 14 – Client Referrals and Other Compensation**

PCM receives no economic benefit from sources other than Clients. PCM does not presently compensate third parties for Client referrals.

### **Item 15 – Custody**

Clients should receive monthly statements from the broker-dealer, bank or other qualified custodian that holds and maintains Client's investment assets. PCM urges you to carefully

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review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

While Clients invested in the Persimmon fund of funds do not receive quarterly statements from the custodian, Clients will receive monthly statements from the third party fund administrator and Clients will receive audited financial statements by June 30<sup>th</sup> annually.

#### **Item 16 – Investment Discretion**

Currently, the only clients that PCM maintains discretionary authority over are the two master/feeder hedge fund of fund complexes it advises, which include: Persimmon Growth Partners Fund, LP, Persimmon Absolute Return Master Fund, LP and their related feeder funds. All other accounts are considered non-discretionary as set out in the client agreement.

When selecting securities and determining amounts, PCM observes the investment policies, limitations and restrictions of the hedge funds of funds for which it advises.

Investment guidelines and restrictions must be provided to PCM in writing.

#### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, PCM does not have authority to and does not vote proxies on behalf of advisory Clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in Client portfolios. PCM does not provide advice to Clients regarding the Clients' voting of proxies.

#### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about PCM's financial condition. PCM 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.