Part 2A of Form ADV: Firm *Brochure*

Item 1 Cover Page

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This brochure provides information about the qualifications and business practices of Harch Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (561) 226-6199. 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.

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

Item 2 Material Changes

Only material changes since the last annual update of the brochure on March 31, 2011 are discussed below.

Michael Lewitt terminated his 50% ownership in Harch Capital Management, LLC as of June 30, 2011.

Harch Capital Management, LLC became a Florida Limited Liability Company on October 10, 2011 and is no longer registered in the State of Delaware.

Jim DiDonato is the new Chief Compliance Officer as of April 2011.

Joseph Harch assigned his interest in Harch Capital Management, LLC to Quarater-Deck, LLC (owned 100% by Joseph Harch) on July 1, 2011.

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Item 4 Advisory Business

A. Harch Capital Management, LLC was formed in 2006. Prior to that date, the principals operated a money management business under the name of Harch Capital Management, Inc. Harch Capital Management, LLC is owned by Quarater-Deck, LLC which is 100% owned by Joseph W. Harch.

B. The firm offers investment advisory services to institutions and high net worth individuals. The firm specializes in managing portfolios of corporate fixed income securities (i.e. primarily corporate bonds and bank loans and derivatives thereof) on both a long and short basis based on fundamental credit research of specific companies as well as macroeconomic research. The firm manages hedge funds, separate accounts and Collateralized Loan Obligations. The firm also manages a business that extends loans to small and middle market companies called MidMarket Capital Partners, LLC.

C. Separate accounts are tailored to the goals of each client. Clients may impose restrictions or other limitations on investments in separate accounts depending on their investment objectives and risk appetite. Such restrictions are generally incorporated into the firm's investment management contracts.

D. The firm does not participate in wrap fee programs.

E. As of 3/30/12, the firm manages approximately $728 million of client assets.

Item 5 Fees and Compensation

A. The firm separately negotiates the terms of each investment management contract with clients. Fees are normally based on a percentage of the assets under management or with respect to which advisory services are rendered, and such fees vary based on the amount and type of assets and services involved. For example, for an account of $100 million, the firm may be paid an annual investment management fee equal to 0.50%, or $500,000. Such fees are generally payable quarterly in arrears based on either (i) the average valuation of the assets under management or the subject of advisory services on the last trading day of each month in the quarter, or (ii) the valuation of the assets under management or the subject of advisory services as of the last trading day of the quarter. The firm generally employs third party pricing services and does not price securities itself, and virtually all of the securities and loans in which the firm invests are publicly traded and liquid (except during exceptional circumstances, such as the 2008 financial crisis). Although also subject to negotiation, the firm's investment management contracts are terminable by the client upon short notice (generally 30 or 60 days).

B. The firm does not generally subtract fees from client accounts. The firm bills its clients directly.

C. Clients also pay certain expenses associated with their accounts such as Prime Broker Fees, Custodial Fees and transaction fees.

D. Fees are generally paid quarterly in arrears. Clients do not pay fees in advance.

E. Neither the firm nor any of its employees is paid fees on the sale of securities or other investment products. The firm does not charge mark-ups on any securities it purchases in client accounts. The only fee a client pays is the investment management fee described in Item 5 A above.

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

In some cases the firm enters into investment management contracts that provide for a base management fee plus additional performance-based compensation. Such performance-based compensation generally includes a share of the realized and unrealized capital gains and capital appreciation (net of realized and unrealized capital losses and capital depreciation) with respect to the assets under management. In some cases such performance-based compensation may be paid to the firm or the firm's principals in its/their capacity as general partner of a partnership. Such performance-based compensation generally does not exceed 20%. HCM only provides performance-based services to clients that are "qualified clients" as such term is defined in Rule 205-3(d)(1) of the Investment Advisers Act of 1940, as amended.

Item 7 Types of *Clients*

The firm generally provides services to institutions and high net worth individuals.

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

A. The firm engages in fundamental analysis of the global economy and individual companies to formulate its investment decisions. Virtually all of the firm's investments are based on value investing principles. Investments in securities involve risks of loss that clients should be prepared to bear.

B. Less than investment grade bonds and bank loans are subject to higher risks of default than investment grade rated bonds and bank loans. The firm's analysis and strategies are designed to mitigate this risk.

C. The firm generally invests in corporate debt securities on behalf of its clients. The firm does not invest in mortgage securities. The firm may also invest in derivative securities such as credit default swaps on individual bonds and loans and/or market indices.

Item 9 Disciplinary Information

There are no outstanding disciplinary issues related to the firm or its principals.

Item 10 Other Financial Industry Activities and Affiliations

A. Joseph W. Harch owns 100% of the broker-dealer, HWJ Capital Partners II, L.P. The broker-dealer's activities are unrelated to the management of client accounts by Harch Capital Management, LLC. Joseph W. Harch and Jeffrey H. Hill are registered principals of this broker-dealer.

B. None of the firm's principals has an application pending regarding any activities in the commodities investment field.

C. There are no relationships or arrangements with related persons that are material to the advisory business.

D. The firm does not select other investment advisors for our clients.

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

A. The firm has adopted and actively administers a Code of Ethics (the "Code") in accordance with Rule 204A-1 of the Investment Advisers Act of 1940, as amended and requires all employees to sign an annual certification acknowledging the receipt of and compliance with the Code. The Code is predicated upon the following principles: (1) at all times place the interests of clients ahead of the interests of the firm and its principals and personnel; (2) all personal security transactions by firm personnel must be conducted consistent with applicable law and the general principles set forth in the Code and in such manner as to avoid any actual or potential or perceived conflict of interest or abuse of an employee or principal of the firm's position of trust and responsibility. A copy of the Code of Ethics is available to existing or potential clients upon request.

B. On occasion the firm and its principals may recommend to clients that they invest in a fund for which the firm's principals may act as the General Partner. The General Partner is required to manage any conflicts of interest that may arise by placing the interests of the clients ahead of its own interests, and to conduct itself in compliance with the firm's Code of Ethics at all times

C&D. On occasion, the firm's principals may invest in the same securities as those purchased on behalf of clients. The firm has internal guidelines that are designed to avoid conflicts of interest in such situations. In certain circumstances the firm is presented with the opportunity to purchase all or none of a larger block of securities than can be invested in a single client account, and must make the investment decision very quickly. The purchase of large blocks can provide clients with better prices and execution. Decisions to purchase such blocks is made by the firm in a manner consistent with the Code and the firm's fiduciary duty to clients. No client, including affiliates of the firm, will be favored over another client in such transactions in terms of allocation of securities, prices and transaction costs. If there is an excess amount of securities remaining after clients have been allocated securities, the excess may be purchased by the firm or affiliates of the firm provided that clients are given preference priority in all matters related to allocation, pricing and transaction costs. The firm will only purchase large blocks of securities that may exceed the amount appropriate for client accounts if it determines in accordance with its fiduciary obligations to clients that clients will benefit from such transaction without regard to whether the firm or its principals will end up purchasing any of the securities in the block.

In general, no principal or employee of the firm may invest in any such security until all client orders in such security are completed. The purchase or sale of the same security by the firm or its principals or employees and clients during any trading day is prohibited unless the transaction involves a large block of securities as described above. The firm has long standing procedures in place to monitor all employee and client transactions to ensure that this policy is adhered to and that the firm and its employees and principals act at all times in accordance with their fiduciary duties and other obligations under the Investment Advisers Act of 1940, as amended.

Item 12 Brokerage Practices

A. The firm does not engage in any soft-dollar practices. The firm does receive research from all of the companies with which it conducts securities trades. Such research is provided to the firm free-of-charge and is not dependent on the firm engaging in a given amount of business with any firm. The firm does not recommend specific brokers to clients and transacts all business based on where the client will receive the most favorable execution (which may be based not only on price but other factors such as future liquidity, etc.).

Item 13 Review of Accounts

A. The firm reviews client accounts on a daily basis.

B. The firm may engage in a more in-depth review of client accounts or specific securities therein based on market factors or news events that may have an effect on client assets.

C. Clients are provided with monthly reports that describe their investments, their value and their performance.

Item 14 *Client* Referrals and Other Compensation

A. The firm does not receive any economic benefit from any person who is not a client for providing investment advice or other advisory services to its clients.

B. From time-to-time the firm compensates individuals or firms that refer clients to it. All such solicitation arrangements are conducted in compliance with SEC Rule 206(4)-3. Such solicitors are compensated out of the investment management fees paid to the firm and clients do not pay higher investment management fees as a result of the involvement of any solicitation firm.

Item 15 *Custody*

The firm does not take custody of client assets at any time. The firm provides account statements to clients. Clients should compare these statements with the statements they receive from the custodian or administrator of the fund/account.

Item 16 Investment Discretion

The firm accepts discretionary authority to manage securities. Clients may restrict this discretion by establishing investment guidelines for their account that are incorporated into the investment management contract between the firm and the client.

Item 17 Voting *Client* Securities

The firm generally does not manage equity securities and as such does not accept authority to vote client securities.

Item 18 Financial Information

Not applicable.

Item 19 Requirements for State-Registered Advisers

The firm is not a state-registered adviser.