

**Carson Management Company, LLC**  
**500 Victory Plaza East**  
**3030 Olive Street**  
**Dallas TX 75219**  
**214.999.1000**  
**214.999.1022**  
**[www.carsoncapital.com](http://www.carsoncapital.com)**  
**[compliance@carsoncapital.com](mailto:compliance@carsoncapital.com)**

This brochure provides information about the qualifications and business practices of Carson Management Company, LLC. If you have any questions about the contents of this brochure, please contact us at: 214.999.1000, or by email at: [compliance@carsoncapital.com](mailto:compliance@carsoncapital.com). 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 Carson Management Company, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

07/31/2012

## **Material Changes**

---

Other than the routine formation and termination of new investment partnerships, there have been no material changes to our brochure since our last annual update.

# Table of Contents

<b>Material Changes .....</b>	<b>i</b>
<b>Advisory Business .....</b>	<b>1</b>
Firm Description .....	1
Principal Owner .....	1
Types of Advisory Services .....	1
Tailored Relationships .....	2
Types of Agreements .....	2
Management Services Agreement .....	2
<b>Fees and Compensation .....</b>	<b>3</b>
Description .....	3
Fee Billing .....	3
Other Fees .....	3
<b>Performance-Based Fees .....</b>	<b>4</b>
Carried Interest .....	4
<b>Types of Clients .....</b>	<b>4</b>
Description .....	4
<b>Methods of Analysis, Investment Strategies and Risk of Loss .....</b>	<b>4</b>
Methods of Analysis .....	4
Investment Strategies .....	4
<b>Disciplinary Information .....</b>	<b>5</b>
Legal and Disciplinary .....	5
<b>Other Financial Industry Activities and Affiliations .....</b>	<b>5</b>
Affiliations .....	5
<b>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....</b>	<b>5</b>
Code of Ethics .....	5
Participation or Interest in Client Transactions .....	6
Personal Trading .....	6

<b>Brokerage Practices .....</b>	<b>6</b>
<b>Review of Accounts .....</b>	<b>6</b>
Periodic Reviews.....	6
Regular Reports .....	6
<b>Client Referrals and Other Compensation .....</b>	<b>7</b>
<b>Custody .....</b>	<b>7</b>
Account Statements .....	7
<b>Investment Discretion .....</b>	<b>7</b>
Discretionary Authority.....	7
<b>Voting Client Securities.....</b>	<b>7</b>
Proxy Votes .....	7
<b>Financial Information .....</b>	<b>8</b>
Financial Condition .....	8

## Advisory Business

---

### Firm Description

Carson Management Company, LLC, (“CMC”) was founded in 2009 and is an investment management firm that specializes in providing management services to a limited number of private limited partnerships. The general partners of these limited partnerships are affiliates of CMC. These investment partnerships generally invest in private investment funds focused on European and North American private equity and North American energy investments.

---

### Principal Owner

Royal W. Carson, III is the sole equity owner of CMC.

---

### Types of Advisory Services

CMC provides investment supervisory services that consist of the formation, structuring, management and administration of private limited partnerships to invest in private investment funds seeking access to European and North American private equity investments and North American energy investments. As of December 31, 2011, CMC currently serves as the investment manager for the following investment partnerships (“Partnerships”):

Carson Private Capital Europe Fund, LP  
CPC/HMTF Equity Fund V, LP  
CPC Weetabix SBS, LP  
CPC Weetabix II SBS, LP  
Carson Private Capital/Lion Fund I, LP  
CPC Energy SBS (B), LP  
Carson Private Capital/Lion Fund II, LP  
Carson Private Capital Fund VI, LP  
CPC 2008 Co-investment Pool, LP  
CPC Foodvest SBS, LP  
CPC Secondary Buyout, LP  
CPC Weetabix PIK Debt SBS, LP  
Carson Private Capital/Lion Fund III, LP  
CPC Picard SBS, LP  
CPC Brush Mountain, LP

The general partner for each of the above Partnerships is an affiliate of CMC.

These privately offered partnerships are CMC’s only investment advisory clients. The Partnerships are not required to register as investment companies under the Investment Company Act of 1940 in reliance upon an exemption available to private investment funds whose securities are not publicly offered. CMC manages the Partnerships on a discretionary basis in accordance with the terms and conditions of

each Partnership's offering and organizational documents. The general partner of a Partnership may also offer limited partners the opportunity to make a direct investment in a business side-by-side with the Partnership through a co-investment pooled investment vehicle.

As of 12/31/2011, CMC manages approximately \$347,565,561 in assets for approximately 15 clients. Approximately \$347,565,561 is managed on a discretionary basis, and \$0 is managed on a non-discretionary basis.

---

### **Tailored Relationships**

The services provided for each client are documented in a Management Services Agreement between CMC and the general partner of the client. These services may differ between clients depending on the services needed and are at the discretion of the general partner.

---

### **Types of Agreements**

The following agreements define our typical client relationship.

---

### **Management Services Agreement**

All of our clients (i.e. the Partnerships) are provided services under a Management Services Agreement between CMC and the general partner of each Partnership. Services include Investment Management Services and Administrative Services.

Investment Management Services typically include (1) identifying and evaluating investment opportunities for the partnership, including (a) analyzing and investigating investment opportunities, (b) structuring investments and proposed investments of the partnership and (c) negotiating the terms of, and directing the preparation and review of, all documents required to complete investment transactions of the partnership; (2) monitoring the performance of investments; (3) preparing or assisting the general partner in preparing valuations of any investments; and (4) making recommendations in respect of the liquidation or disposition of investments, including evaluating, structuring and supervising, if appropriate, the timing and method of disposition or liquidation of investments.

Administrative Services typically include (1) prepare or assist the general partner in preparing communications to the limited partners of the partnership; (2) maintain or assist the general partner in maintaining all books and records relating to the operations, business or affairs of the partnership; (3) prepare or assist the general partner in preparing all tax returns, financial statements and other reports required by the limited partnership agreement of the partnership; (4) consult with legal counsel, auditors and other professionals in connection with its duties under this Agreement; (5) conduct or assist the general partner in conducting meetings of the limited partners of the partnership; (6) disburse or assist the general partner in disbursing distributions to partners of the partnership or paying expenses of the partnership; and (7) process or assist the general partner in processing the organization or evaluation of, or the offer and sale of limited partner interests in, the partnership.

The Management Fee is based upon the specific terms of the partnership agreement of the Partnerships and is typically between 1.0% and 1.5% per annum.

## **Fees and Compensation**

---

### **Description**

CMC generally receives an annual management fee from each Partnership based on capital commitments under management. The fee is payable annually in advance and is generally equal to between 1.0% to 1.5% of the aggregate commitments of the limited partners. Certain Partnerships may also pay a one-time initial management fee to CMC generally equal to 2.0% of aggregate capital commitments of the limited partners.

Management fees are not reimbursed when a Partnership is fully liquidated prior to the end of a calendar year for which fees have been paid in advance. This is due to CMC still performing its management function including liquidation and final tax reporting which extends on into the following calendar year.

The limited partners in some Partnerships will also be indirectly charged an annual management fee that is payable to the general partner of the relevant underlying investment fund.

Historically, in addition to the annual management fee, investment Partnerships sponsored by CMC were charged an initial, one-time management fee equal to 2.0% of the aggregate committed capital of such Partnership payable at the closing of the fund to an affiliate of CMC. This fee was directly borne by the limited partners of such Partnership. In certain instances, the manager of the underlying investment fund now pays a fee to CMC that eliminates the initial one-time management fee previously charged to the Partnership.

All fees charged are detailed in the respective limited partnership agreement and are not negotiable.

---

### **Fee Billing**

Investment management fees are billed annually in advance and are deducted directly from the Partnerships' account.

---

### **Other Fees**

CMC charges no other fees in conjunction with the management services provided.

## Performance-Based Fees

---

### Carried Interest

Limited Partners generally may pay a carried interest to the general partner which is based on investment performance of the Partnership. The carried interest charge is typically a percentage of profits received once investment capital has been returned.

In addition, limited partners in some Partnerships may pay, in effect, two sets of carried interest incentive allocations based on performance: One directly at the partnership level to the general partner, and one indirectly to the general partner of the underlying investment fund in which the Partnership invests. Limited partners in certain Partnerships will not be required to pay a carried interest incentive allocation to the general partner of the relevant underlying investment fund.

The respective limited partnership agreement includes more specific information about how carried interests are charged at the limited partner level.

## Types of Clients

---

### Description

CMC provides investment advice exclusively to clients who are limited partnerships where the general partner for each limited partnership is affiliated with us.

Minimum investment requirements for the investors are governed by the particular partnership agreements and are at the discretion of the general partner. Typically, the minimum investment commitment for a limited partner will be \$1,000,000 per partnership, although lesser amounts may be accepted.

## Methods of Analysis, Investment Strategies and Risk of Loss

---

### Methods of Analysis

CMC sources and conducts due diligence on leveraged buy-out investment opportunities that are offered through pooled investment funds. CMC also conducts due diligence on direct energy investment opportunities with certain oil and gas operators with which it has a long term relationship.

### Investment Strategies

CMC generally follows two primary investment strategies. They are as follows:

**Private Equity Investments** – these investments are made in leveraged buy-out funds managed by investment managers who typically have a long term relationship with principals of CMC. These funds seek to generate an attractive rate of return for investors by making control investments in businesses primarily located in North America or Europe with the principal objective of generating long term capital appreciation through the acquisition of equity, equity-like and debt securities. These



businesses will typically have market leading brands, strong pricing power and a history of strong and stable cash flows.

**Energy Investments** – these are investments with oil and gas operators which would typically be limited to energy industry participants and are operated by companies with which principals of CMC have a long term relationship. Assets purchased are typically proven developed producing wells which can have the production hedged in order to support a leveraged structure.

All investment programs have certain risks. Accordingly, the limited partners who invest in the Partnerships should be prepared to lose a portion or up to all of their investment in the Partnerships.

## **Disciplinary Information**

---

### **Legal and Disciplinary**

CMC and its employees and affiliates have not been involved in legal or disciplinary events related to past or present investment clients.

## **Other Financial Industry Activities and Affiliations**

---

### **Affiliations**

CMC is affiliated through ownership and control with the various general partners of each limited partnership for which it provides management and administrative services. CMC uses the administrative and operations support infrastructure of an affiliate, Carson Private Capital, Incorporated to help service the Partnerships.

CMC's affiliation with each of the general partners creates an inherent potential conflict of interest due to the incentive fee that a general partner may earn based upon the profits of each limited partnership. As the general partner puts a significant amount of capital at risk through their investment in the limited partnership, we believe this resolves the conflict and rather creates a situation where the limited partners and the general partner's interests are more equally aligned.

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

---

### **Code of Ethics**

CMC has adopted a Code of Ethics which sets forth high ethical standards of business conduct that CMC requires of its employees and affiliates, including compliance with applicable federal securities laws. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

---

**Participation or Interest in Client Transactions**

CMC is affiliated with the general partner of each limited partnership for which it provides management and administrative services. Each general partner has a material investment in its respective limited partnership. Additionally employees and affiliates of CMC may invest in these same limited partnerships. All investments are made in accordance with the CMC Code of Ethics.

---

**Personal Trading**

The Chief Compliance Officer of CMC is Greg Giannini. He reviews all employee trades each quarter. His personal trades are reviewed by Michael Hearne. CMC's Code of Ethics includes policies and procedures for the review of quarterly securities transaction reports as well as initial and annual securities holdings reports that must be submitted by CMC's employees.

## **Brokerage Practices**

CMC does not have any affiliation with any brokerage firms and does not select or recommend the services of a broker-dealer in relation with its investment management services.

## **Review of Accounts**

---

**Periodic Reviews**

Client reviews are performed by Michael Hearne, Executive Vice President and Greg Giannini, Controller and Chief Compliance Officer. These reviews include the monthly reconciliation of the Partnership's cash accounts, regular review of account transactions as they occur and a quarterly review of the Partnerships transactions and quarterly valuation statements provided to CMC by the underlying partnerships.

---

**Regular Reports**

The Partnerships provide periodic reports to the limited partners as follows:

- Acquisition Summary notifies the investor that the general partner has committed funds for the acquisition of an investment.
- Distribution Summary is provided to the investor when the partnership distributes proceeds from the sale of an investment.
- Capital Call Notice is an invoice notifying the investor that a portion of their commitment is due.
- Investment Schedule is provided to the investor when there is a capital call or when there is a capital distribution.
- Estimate of Taxable Income is a personalized schedule provided to the investor at the end of the calendar year that includes important tax information.

- Annual Review is a personalized comprehensive report provided to the investor that includes a review of each investment partnership and the official valuation of the investor's interest in each fund as of the end of the most recent calendar year.

## **Client Referrals and Other Compensation**

CMC does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to or from them.

## **Custody**

---

### **Account Statements**

CMC has custody of client funds and securities only to the extent that its affiliate is the general partner to the Partnerships. The Partnerships have an independent certified public accountant perform an annual audit of the Partnerships. A copy of the independent auditors report is then distributed to the investors in each Partnership.

## **Investment Discretion**

---

### **Discretionary Authority**

As investment advisor to the Partnerships, CMC is granted the discretionary authority in the relevant organizational documents and /or investment management agreements to determine which private equity buyout funds or energy investments should receive commitment of Partnership capital.

## **Voting Client Securities**

---

### **Proxy Votes**

As investment advisor to the Partnerships, CMC is granted the discretionary authority in the relevant organizational documents and /or investment management agreements to vote any and all proxies on behalf of the Partnerships.

CMC follows the proxy voting policy contained in CMC's Policies and Procedures manual. This procedure dictates that CMC evaluate all pertinent information related to the vote and vote the proxy in the manner that reflects the best interest of the limited partnership.

The procedure is overseen by the CCO and information regarding proxy votes conducted by CMC and a copy of CMC's proxy voting policies and procedures are available upon request.

## **Financial Information**

---

### **Financial Condition**

CMC's financial condition is sufficient so that it would not impair its ability to meet its continued commitments to manage the activities of the Partnerships. CMC has an annual audit performed by an independent certified public accountant.