

Item 1 – Cover Page

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This Brochure provides information about the qualifications and business practices of FIELD STREET CAPITAL MANAGEMENT, LLC (the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at 212 768-0000 or [info@fieldstreetcapital.com](mailto:info@fieldstreetcapital.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.

FIELD STREET CAPITAL MANAGEMENT, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply a certain level of skill or training. This Brochure does not constitute an offer to sell or the solicitation of any offer to purchase any securities of any entities described herein.

Additional information about FIELD STREET CAPITAL MANAGEMENT, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

The Adviser has made certain changes to the last version of this Brochure dated April 21, 2011. The material changes that were made are as follows:

1. Items 4A and 4E (Advisory Business) – update to reflect a new ownership structure of the Adviser, noting however that Rod Gancas still retains control of the Adviser. The amount of the Adviser’s regulatory assets under management as of December 31, 2011 has been added.
2. Item 5C (Fees and Compensation) – clarification to note that Investors are subject to fees and expenses described therein regardless of whether they have made any profit on their investment in a Fund (as defined herein).
3. Item 6 (Performance-Based Fees and Side-by-Side Management) – clarification to note that incentive allocation is not subject to claw-back in the event of subsequent losses in a Fund.
4. Item 12 (Brokerage Practices) – In Item 12A(1), language which listed possible types of “soft dollar” benefits was shortened for editing purposes. Item 12A(1)(e) has a clarification to note that the Adviser may receive research reports and other related services from broker-dealers that it utilizes as either an executing broker or prime broker for the Funds and the Separate Account (as defined herein); however, these products and services are not provided with “soft dollar” credits.

In addition, Item 12B also contains updated language regarding the Adviser’s allocation policy. The policy has been amended to reflect the factors considered when allocating securities amongst clients and to indicate that the allocation ratio only applies to “never-before-held securities” and is not set on a monthly basis.

In the future, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting the Adviser’s Chief Compliance Officer at 212 768-8415 or by email at [info@fieldstreetcapital.com](mailto:info@fieldstreetcapital.com).

Additional information about Field Street Capital Management, LLC is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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#### Item 4 – Advisory Business

- A. General Description of Advisory Firm** – Field Street Capital Management, LLC (the “Adviser”) is a Delaware limited liability company with its principal place of business in New York. The Adviser was founded in 2007. Ownership of the Adviser is maintained by two grantor trusts established for the benefit of Rod Gancas and his immediately family members. Mr. Gancas serves as the sole manager of the Adviser and, as such, has the sole right, power and authority to manage and control the business and affairs of the Adviser. In addition, Mr. Gancas is the direct beneficiary and co-trustee of the vast majority of the outstanding equity interests in the Adviser.
- B. Description of Advisory Services** – The Adviser provides advisory services on a discretionary basis to its clients, which include separately managed accounts and pooled investment vehicles intended for sophisticated and institutional investors. The Adviser has particular expertise in diversified fixed income trading strategies. As of the date hereof, the Adviser provides investment advice to three private investment funds (detailed below) and one separate account. Each of the private investment funds are herein referred to as a “Fund”, and collectively as the “Funds”. The separately managed account is herein referred to as a “Separate Account”. In addition, from time to time herein, the Funds and the Separate Account may be referred to as “clients” of the Adviser.
- C. Availability of Tailored Services for Individual Clients** – The Adviser does not tailor its advisory services to the individual needs of investors in the Funds (the “Investors”) and does not accept Investor-imposed investment restrictions.

When deemed appropriate, the Adviser has established, and may in the future establish, separate accounts for particular clients. These separate accounts are subject to investment objectives, guidelines, restrictions, fee arrangements and other terms that are individually negotiated with each such client. These separate account relationships generally involve significant account minimums.

The Funds currently managed by the Adviser are set up in a master-feeder structure as follows:

- Field Street Master Fund, Ltd (the “Master Fund”) – a Cayman Islands master fund
- Field Street Offshore Fund, Ltd (the “Offshore Fund”) – a Cayman Islands feeder fund
- Field Street Partners, LP (the “Domestic Fund”) – a Delaware feeder fund

The Offshore Fund and the Domestic Fund are from time to time herein referred to as the “Feeder Funds”.

- D. Wrap Fee Programs** – The Adviser does not participate in wrap fee programs.
- E. Client Assets Under Management** – As of December 31, 2011, the amount of regulatory assets under management that the Adviser managed on a discretionary basis was \$12,414,772,979. All the assets managed by the Adviser are managed on a discretionary basis.

## **Item 5 – Fees and Compensation**

- A. Advisory Fees and Compensation** – Since this Brochure will only be delivered to “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, the Adviser is not required to provide a fee schedule in response to this question.

Fee arrangements with the Separate Account are individually negotiated. In addition, some Fund Investors may pay more or less than other Fund Investors for the same management services, depending, for example, on when a Fund Investor subscribes (e.g., at a Fund’s inception date), the number of related investment accounts, or the total size of the client’s investment with the Adviser. In this regard, the Adviser may waive or modify fees for clients owned by or Fund Investors that are members, employees or affiliates of the Adviser and relatives of such persons and certain large or strategic investors.

- B. Payment of Fees** – For the Funds, fees charged are deducted from the Funds’ assets. Management fees are calculated and paid monthly in advance. Performance fees are calculated and payable annually (see Item 6). An Investor’s monthly account statement shows an Investor’s holdings in the Fund net of all fees and expenses.

For the Separate Account, a fixed fee is billed monthly in arrears. Performance fees are calculated and payable annually (see Item 6).

- C. Other Fees and Expenses** – Other fees and expenses payable by the Funds and/or Separate Account include: legal, compliance (including expenses associated with business continuity and disaster recovery safeguards), audit, accounting, directorship fees, insurance, third party administrator fees and expenses, organizational expenses, investment expenses such as commissions, research fees and expenses (including expenses associated with licensing analytics and software as well as with research-related travel), interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, insurance costs, and, in regard to the Feeder Funds, the pro rata share of the expenses of the

Master Fund, and any other expenses related to the purchase, sale or transmittal of portfolio assets.

Note that at the present time, the Separate Account is not responsible for certain research fees, which the Adviser pays on its behalf.

As noted above, the Funds and the Separate Account incur brokerage and other transaction costs. The offering memoranda for the Funds (each an "Offering Memorandum" and together the "Offering Memoranda") discusses these brokerage and transaction costs, including factors related to how brokers are selected, under the section entitled "Brokerage and Custody". Item 12 also describes the factors that the Adviser considers in selecting or recommending broker-dealers for transactions.

Investors are subject to the foregoing fees and expenses regardless of whether any profit is made on investments.

- D. Prepayment of Fees** – For the Funds, as noted in Item 5(B) above, the management fee is paid monthly in advance. Once charged to an Investor's account, there is no refund of any of the fees and expenses that have been charged.
- E. Additional Compensation and Conflicts of Interest** – No supervised person of the Adviser accepts compensation for the sale of securities or other investment products.

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

The Adviser charges the Funds and the Separate Account performance-based fees (sometimes called an "incentive fee" or "incentive allocation") at the same rate. Some of the investment personnel working at the Adviser receive compensation that includes a performance-based component.

When the Adviser and its investment personnel manage more than one client account, a potential exists for one client account to be favored over another client account. The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts and the allocation of investment opportunities and to ensure that all clients are treated fairly. At the quarterly Pricing and Allocation Committee ("PAC") meetings, account performance is reviewed for any evidence of favoritism to higher fee paying accounts. See Item 11 for further discussion of the Adviser's allocation policy.

The incentive allocation, once made, is not subject to claw-back in the event of subsequent losses. Thus an Investor may be subject to an incentive allocation even where it did not receive a profit during the entire term of its investment.

## **Item 7 – Types of Clients**

The Adviser provides investment advice only to private funds (i.e., hedge funds) and separately managed accounts (whose beneficial owners may be, for example, pension plans, trusts or investment companies). The minimum initial investment in the Funds is \$1,000,000, subject to waiver, reduction, or increase by the General Partner or the Board of the Directors, as the case may be (but in no event will the minimum be less than \$100,000 in the Offshore Fund). Potential Investors must meet the requirements set forth in the Funds' subscription documents in order to invest in the Funds.

The Separate Account had an individually negotiated minimum investment requirement.

There are no minimums to maintain an investment in either the Funds or the Separate Account.

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

**A. Methods of Analysis and Investment Strategies** - The Adviser specializes in a broad range of trading strategies focused on liquid fixed income and currency markets. The primary instruments traded by the Adviser include, but are not limited to, dollar and non-dollar interest rate swaps and swaptions, interest rate futures and futures options, sovereign debt and sovereign debt options, as well as currencies and various currency derivatives. However, the Adviser will opportunistically trade other fixed income instruments such as agency debt, supranational debt, TBAs and options on TBAs (mortgage-backed securities), and emerging market debt, as well as other asset classes including commodities, equity index futures and options, and credit derivatives such as CDX (which is a credit default swap index). In addition, the Adviser may periodically maintain a substantial portion of Client assets in money market instruments and government securities with the objective of ensuring the Adviser's ability to satisfy obligations incurred in connection with its investment activities.

The Adviser's fixed income and currency investments involve, among other strategies, the following types of relative value and macro trading strategies: long and short positions in sovereign debt and currencies; long and short positions in options and options spreads; and long and short positions in other fixed income securities.

The Adviser utilizes a variety of methods and strategies to make subjective investment decisions and recommendations. In particular, the Adviser uses rigorous quantitative analysis that makes use of empirical data, proprietary interest rate and

volatility term structure models, macroeconomic factors, and the experience of the Adviser in an attempt to build a balanced portfolio of relatively uncorrelated trades. Individual trades are analyzed with respect to their marginal contribution to the risk and return of the portfolio prior to execution.

The Adviser expects to utilize leverage (including, without limitation, borrowing cash, securities or other instruments, and entering into derivative transactions that have the effect of leveraging its portfolio), may take short positions in securities or other instruments, may enter into repurchase agreements with respect to fixed income securities, and may engage in securities lending transactions.

***Investing in the Funds and the Separate Account is highly speculative and involves risk of loss that Investors should be prepared to bear.***

**B, C. Material Risks of the Adviser's Investment Strategies, Methods of Analysis and Types of Securities** - The Adviser has broad discretion in making investments for its Funds and the Separate Account. Investments contained in the Funds' and the Separate Account's portfolios may be affected by business, financial market or legal uncertainties. Material risks include, but are not limited to, the following (please consult the Offering Memorandum for a complete description of the risks associated with the Funds):

- Interest rate risk is a risk associated with investing in fixed income securities. Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities. Investment in fixed-income and debt securities, such as sovereign debt, subject a client's portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. In general, the value of the client's portfolios will fluctuate as the general level of interest rates fluctuates. There is no guarantee that the Adviser will be successful in fully mitigating the impact of interest rate changes.
- Investments in fixed income securities are subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. In addition, lower-rated fixed income securities are also subject to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated securities are not as strong financially, and are more likely to encounter



financial difficulties and be more vulnerable to adverse changes in the economy. Evaluating credit risk for foreign debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. In addition, investing in the securities of governments that are not denominated in the U.S. dollar and the utilization of options on such securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States government or United States companies. Moreover, to the extent investments are made in distressed sovereign debt obligations, there may be additional risks and considerations including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which may be affected by world events, changes in U.S. foreign policy and other factors outside of the control of the Adviser.

- With relative value trading strategies, the Adviser takes long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. In the event that the perceived mispricings underlying the Adviser's trading positions were to fail to converge toward, or were to diverge further from, the Adviser's expectations, a loss may be incurred. In addition, relative value trading is extremely competitive. The Adviser competes with a large number of firms, many of which have substantially greater financial resources as well as larger research and trading staffs than are available to the Adviser.
- The use of futures is a specialized activity that involves investment strategies and risks different from those associated with ordinary portfolio securities transactions, and there can be no guarantee that their use will increase return or not cause large losses. Clients could experience losses if the values of its futures positions were poorly correlated with its other investments, or if it could not close out its positions because of an illiquid market. In addition, clients will incur transaction costs, including trading commissions, in connection with its futures transactions and these transactions could significantly increase investment turnover rate. There is no assurance that a liquid secondary market will exist for futures contracts or options purchased or sold, and the Adviser may be required to maintain a position until exercise or expiration, which could result in losses. Many futures exchanges limit the amount of fluctuation permitted in contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit. Contract prices could move to the daily limit for several consecutive trading days permitting little or no trading,

thereby preventing prompt liquidation of futures and options positions and potentially causing substantial losses.

- There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments.
- Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Adviser's activities and the value of its investments.
- Competitive investment activity by other firms tends to reduce the Adviser's opportunity for profit by reducing the magnitude as well as the duration of the market inefficiencies which it seeks to exploit.
- Debt instruments, options, swaps, derivative or synthetic instruments, forward contracts, or other over-the-counter transactions are subject to credit risk with regard to counterparties and may also bear the risk of settlement default.
- Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss).
- Derivative financial instruments impose certain risks and may involve the use of leverage. These risks include:
  - (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations);
  - (2) market risk (adverse movements in the price of a financial asset);
  - (3) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could preempt otherwise enforceable contract rights);
  - (4) operations risk (inadequate controls, deficient procedures, human error, system failure or fraud);
  - (5) documentation risk (exposure to losses resulting from inadequate documentation);

- (6) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative);
- (7) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system);
- Short sales can, in certain circumstances, substantially increase the impact of adverse price movements. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.
- The Adviser may invest in securities that are illiquid or thinly-traded, making the purchase or sale of such securities at desired prices or in desired quantities difficult or impossible. Furthermore, the sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value any such investments accurately.
- The use of leverage exposes client assets to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Fund/Separate Account not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the client's cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the client's assets, it might not be able to liquidate assets quickly enough to repay borrowings, further magnifying client losses.
- The Adviser's currency hedging activities will primarily involve hedging back to the U.S. dollar, but in certain circumstances may involve other hedging activities. If such hedges generate losses in any month or quarter, the Adviser may liquidate a portion of the clients' investment portfolios to cover such losses. In addition, investments not denominated in US dollars are subject to the risk that the value of a particular currency will change in relation to one or more other currencies.
- The Adviser has one manager, Rod Gancas. In the event that Mr. Gancas should become unable to perform his duties at the Adviser, the clients may be adversely affected.

Note that the Adviser has in place policies and procedures to address risk. These include holding a quarterly PAC meeting that reviews trading for the prior quarter.

#### **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 the Adviser or the integrity of the Adviser's management. The Adviser has no disclosures to make in this regard about any of its management persons, employees or the firm itself.

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

- A. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a future commission merchant, commodity pool operator, a commodity trading advisor, or as an associated person of any of the foregoing.
- C. Except for the general partner entity, Field Street GP, LLC, which acts as a sponsor of the Domestic Fund, the Adviser and its management persons have no relationships or arrangements with advisory affiliates or persons under common control with the Adviser that are material to its advisory business, its clients or its Investors. The Adviser does not believe that this structure creates a conflict of interest to clients or Investors.
- D. The Adviser does not recommend or select other investment advisers for its clients.

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

- A. **Code of Ethics** - The Adviser has adopted a Code of Ethics (contained in its Compliance Manual) for all supervised persons of the Adviser describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics and Compliance Manual include provisions relating to, among other things: confidentiality of client information; prohibitions on insider trading, "pay-to-play" and rumor mongering; restrictions on the acceptance of significant gifts; reporting of certain gifts, outside activities and political contributions; and personal securities

trading procedures. All supervised persons at the Adviser must acknowledge the terms of the Code of Ethics and the Compliance Manual annually. Pursuant to the Code of Ethics, employees are prohibited from owning for their personal accounts securities of any issuer listed on the Adviser's restricted list. In addition, all transactions in "covered securities" (if not prohibited), require pre-clearance by the Chief Compliance Officer. The term "covered securities" is specifically defined in the Code of Ethics and generally includes all debt and equity securities (including direct obligations of the US government), as well as options, futures and commodities, with certain limited exceptions pursuant to SEC rules and regulations. The Adviser's clients, Investors, or prospective Investors or clients may request a copy of the Adviser's Code of Ethics and excerpts of the Compliance Manual by contacting the Adviser's Chief Compliance Officer at (212) 768-8415 or by email at [info@fieldstreetcapital.com](mailto:info@fieldstreetcapital.com).

- B. Transactions in Securities where Adviser has Material Financial Interest –** Neither the Adviser nor any of its related persons recommend to the Funds or the Separate Account, or buy or sell for the Funds or the Separate Account, securities in which the Adviser has a material financial interest.

Please note however that principals of the Adviser as well as other key employees of the Adviser may maintain substantial investments in the Funds, so in this regard, the Adviser may in fact be recommending securities in which it does have a material financial interest. Neither the Adviser nor any of its related persons buy or sell securities to or from the Funds or the Separate Account as principal (a "principal transaction"). The Adviser will only complete such a transaction in accordance with the requirements of Section 206(3) of the Advisers Act. All potential principal transactions are brought to the attention of the Chief Compliance Officer prior to execution so that the proper course of action can be determined.

Except for the Master Fund, which acts as the investing entity for its Feeder Funds, neither the Adviser nor any of its related persons act as a general partner or investment manager in a Fund in which other Funds are solicited to invest. Neither the Adviser nor any of its related persons act as an investment adviser to an investment company that it recommends to the Funds or the Separate Account.

- C., D. Investing in Securities Recommended to Clients; Contemporaneous Trading.** The Adviser has no proprietary trading accounts and therefore would not invest in the same (or related) securities that the Funds or Separate Accounts are invested in.

It is possible that an employee of the Adviser or its related persons may hold a security that a Fund or Separate Account subsequently buys for its portfolio. In such a case, the employee must be granted permission to sell such a security from their

personal account by the Chief Compliance Officer, who would make a determination at that time as to whether the employee's sale of such security could adversely affect clients.

The Adviser has adopted the procedures in the Code of Ethics described above to address potential conflicts of interest arising from personal account trading (such as front-running or personal trading having an effect on price of a security).

The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the employees of the Adviser will not interfere with making decisions in the best interest of advisory clients. Employee trading is monitored every month to ensure compliance with the Code of Ethics.

The Adviser does not recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that the Adviser or a related person buys or sells the same securities for its own account.

## **Item 12 – Brokerage Practices**

**A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions** - Generally, in determining which broker or dealer to use, the Adviser looks at the character of the market for the security, including, but not limited to, the security's price, volatility, and liquidity, as well as the size and type of transaction.

Specifically, in making any such determination, the Adviser may consider one or more factors, including, without limitation:

- the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- the operational efficiency with which transactions are effected and the efficiency of error resolution, taking into account the size of order and difficulty of execution;
- the financial strength, integrity and stability of the broker;
- special execution capabilities;
- clearance;
- settlement;
- reputation;
- electronic pricing;
- block trading and block positioning capabilities;
- willingness to execute related or unrelated difficult transactions in the future;
- order of call;
- on-line access to computerized data regarding clients' accounts;
- performance measurement data;

- the quality, comprehensiveness and frequency of available research and related services considered to be of value;
- provision of the opportunity to participate in capital introduction events sponsored by the broker-dealer;
- referral of Investors to the Adviser.

In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser's Pricing and Allocation Committee meets periodically to evaluate the broker-dealers used by the Adviser to execute client trades using the foregoing factors.

**1. Research and Other Soft Dollar Benefits** - Although it currently does not do so, the Adviser is permitted pursuant to the Funds' Offering Memoranda to utilize "soft dollar" credits generated by brokerage of the Fund to pay for research and or other products or services other than execution from a broker-dealer or a third party under the "safe harbor" provided by Section 28(e) of the U.S. Securities and Exchange Act of 1934, as amended. Section 28(e) provides a safe harbor for advisers that receive "soft dollar" benefits that are limited to certain research and brokerage products and services.

- a. In the event the Adviser were to utilize "soft dollars" as described above, it would receive a benefit because it would not have to produce or pay for the research or brokerage products or services.
- b. In the event the Adviser were to utilize "soft dollars" as described above, it may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or brokerage products or services, rather than on the clients' interest in receiving most favorable execution.
- c. In the event the Adviser were to utilize "soft dollars" as described above, this practice may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for "soft dollar" benefits (known as "paying-up").
- d. In the event the Adviser were to utilize "soft dollars" as described above, the "soft dollars" generated by one client's account may be used by the Adviser to service that account as well as others and that "soft dollar"

benefits possibly may be applied disproportionately to the soft dollar credits that an account generates.

- e. During the past fiscal year, neither the Adviser nor any of its related persons acquired any products and services with client brokerage commissions (or markups or markdowns). However, note that research reports (on both companies and markets generally), attendance at certain seminars and conferences, discussions with research analysts, and meetings with corporate executives were acquired from various broker-dealers that the Adviser utilizes as either an executing broker or prime broker for the Funds and the Separate Account. These products and services were not provided with “soft dollar” credits generated by specific trades, but rather were provided by the broker-dealer because of the Adviser’s ongoing relationship with the broker-dealer.
- f. During the past fiscal year, neither the Adviser nor any of its related persons directed any client transactions to a particular broker-dealer in return for “soft dollar” benefits.

***Note that the Adviser presently does not utilize “soft dollars” credits generated by brokerage of the Funds to pay for research or brokerage services.***

**A.2 Brokerage for Client Referrals** - Currently, the Adviser does not consider, in selecting or recommending broker-dealers, whether it or a related person receives client referrals from a broker-dealer or third party. At a later time, the Adviser may consider this factor in selecting or recommending broker-dealers.

**A.3 Directed Brokerage** - The Adviser does not recommend, request or require that a client direct it to execute transactions through a specified broker-dealer (“directed brokerage”).

Other than the Separate Account, which has directed the Adviser to execute certain of the trades for its account from a pre-selected trading platform, the Adviser does not permit a client to direct brokerage.

**B. Order Aggregation** - The Adviser maintains procedures to address the situation where an investment would be suitable for acquisition or disposition by the Funds and the Separate Account at the same time. Where this is the case, the Adviser may, but shall be under no obligation to, aggregate (to the extent permitted by applicable law and regulations) the securities to be purchased or sold in order to seek more favorable prices, lower brokerage commissions or more efficient execution. In such case, the Adviser’s trading personnel will place an aggregate order with the broker



on behalf of all such Funds and the Separate Account; provided however, that trading shall be reviewed periodically to ensure that neither the Funds nor the Separate Account are systematically disadvantaged by this policy. The trading personnel will determine the appropriate amount of securities to place with brokers and will select the appropriate brokers based upon the trading personnel's determination of who will likely provide best execution.

Note that the Separate Account has directed the Adviser to execute certain of the trades for its account from a pre-selected trading platform. Therefore, even though the same security may be bought or sold for multiple accounts, this aggregation policy shall not apply in all cases and execution costs for the Funds and the Separate Account may differ.

Aggregated transactions are allocated amongst all such clients pro rata, based on assets under management or in some other manner that the Adviser determines is fair and equitable under the circumstances. Factors that may be considered include, but are not limited to, allocations based on relative account sizes, recent changes in relative account sizes, the relative cash positions of the accounts involved, the degree/type of risk involved in the investments acquired, whether or not the transaction is a hedging transaction, the intent of the transaction (i.e., whether it is "new risk" or "old risk"), and the extent to which such investments are consistent with the investment policies and strategies of the various accounts involved. The Adviser establishes a ratio for allocation amongst various accounts based upon relative assets under management amongst the Funds and the Separate Account. This ratio is the general governing methodology for allocation of never-before-held securities amongst the Funds and the Separate Account. For any of the factors described above, however, this ratio may not be followed, although the Adviser will always allocate transaction in a manner that is fair and equitable. The PAC reviews allocations and aggregated trades at each of its quarterly meetings.

It is the Adviser's policy that the firm will not engage in cross trading between client accounts. The Adviser's Compliance Manual contains policies and procedures to address the conflicts of interest that may arise in such a case, including approval or review of the transaction by the PAC and Investor approval if required by law.

### **Item 13 – Review of Accounts**

- A. Frequency and Nature of Review** – The portfolio manager(s) and analysts of the Adviser regularly evaluate the portfolios of the Funds and the Separate Account on a real-time basis. The Funds are actively managed by the respective portfolio manager(s) of each Fund through daily position sizing evaluations, liquidity reviews,

hedging adjustments and overall maintenance of the stated portfolio parameters as set forth in the Offering Memoranda or investment advisory agreement (as applicable). A quarterly PAC meeting is held to provide oversight over trading for the Funds and the Separate Account.

**B. Factors Prompting a Non-Periodic Review of Accounts** – The Funds and the Separate Account are actively managed and are reviewed regularly throughout the trading day.

**C. Content and Frequency of Regular Account Reports** –

*Reports Provided to Investors in the Funds* – (i) audited financial statements within approximately one hundred twenty (120) days after the end of each fiscal year, (ii) information necessary for the preparation of a tax return, (iii) a monthly account balance statement from the Funds’ administrator, (iv) monthly unaudited reports of the performance of the Funds, (v) monthly unaudited risk reports, and (vi) weekly unaudited “flash” estimates of the net returns of the Funds.

Customized portfolio risk reports through third party vendors may be obtained by Investors at their discretion and at their expense.

Although the Adviser will use its best efforts to provide timely tax information to Investors, it is possible that it may be late in providing tax information, and Investors should be prepared to file for extensions with the relevant Federal and State taxing authorities.

Certain Investors, including initial seed Investors, have entered into “side letter” agreements with the Adviser to have access to information with respect to a Fund and its investment activities not generally available to other Investors and, as a result, may be able to act on such information that other Investors did not receive.

*Reports Provided to Separate Account Investors* – Separate Account Investors receive the information as agreed upon in their agreement with the Adviser.

All reports described above are written (although some may be delivered electronically).

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

**A. Economic Benefits Received from Non-Clients for Providing Services to Clients** – The Adviser has no arrangements whereby a party who is not a client compensates or otherwise provides an economic benefit to the Adviser for providing services to clients.

- B. Compensation to Non-Supervised Persons for Client Referrals** – The Adviser compensates one third party placement agent for referral of Investors to its Funds. The third party placement agent introduces prospective Investors to the Funds and is compensated based on the amount of assets such Investors invest in the Funds over the course of a pre-determined period of time.

#### **Item 15 – Custody**

The Adviser (and in certain cases, an affiliate of the Adviser) has “custody” of client assets in the Funds for purposes of Rule 206(4)-2 of the Investment Advisers Act of 1940. However, the Funds undergo an annual audit by a PCAOB auditor, therefore this item is inapplicable. Note that the Adviser is not deemed to have “custody” of the Separate Account assets.

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

The Adviser provides investment advisory services on a discretionary basis to clients. Please see Item 4 for a description of any limitations clients may place on the Adviser’s discretionary authority.

Prior to assuming full discretion in managing a client’s assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser’s discretion.

Unless otherwise instructed or directed by a client, the Adviser has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines), and (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held.

The Adviser has discretionary authority from the outset of its advisory relationship with each Fund to select the identity and amount of securities to be bought or sold for its portfolio. In all cases, however, such discretion is exercised by the Adviser in a manner consistent with the stated investment objectives and guidelines for the particular Fund account, as these are set forth in the Offering Memoranda. Investors have no ability to request or direct a change in the stated investment objectives and guidelines for the Fund that they are investing in.

For Investors in the Domestic Fund, upon execution of the subscription documents, each investor agrees to be bound by the Fund's partnership agreement (which appoints the Adviser as investment adviser to the Fund).

For Investors in the Offshore Fund, upon execution of the subscription documents, each investor has purchased shares of such Fund. The Fund is organized in the Cayman Islands pursuant to Articles of Incorporation, which have been approved by its Board of Directors. The Board of Directors has approved the appointment of the Adviser to manage the assets of the Fund, and the Board of Directors may, with a unanimous vote, remove the Adviser if it sees fit to do so. In addition, pursuant to the Offshore Feeder Fund's subscription document, Investors appoint Ogier Fiduciary Services (Cayman) Limited, with full power of substitution, as its proxy for the purpose of voting their shares. Such proxy is revocable by the Investor upon written notice.

For the Separate Account Investor, the Adviser has discretionary authority from the outset of its advisory relationship to select the identity and amount of securities to be bought or sold for its portfolio. In all cases, however, such discretion is exercised by the Adviser in a manner consistent with the stated investment objectives and guidelines for the particular account, as these are set forth in the investment management agreement. Investors have no ability to request or direct a change in the stated investment objectives and guidelines for a Separate Account without an amendment to the investment management agreement.

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

The Adviser has the authority to vote proxies for securities held in Fund and Separate Account portfolios. The Adviser's proxy voting policy was adopted in accordance with SEC Rule 206(4)-6 and calls for it to exercise its duty of care and loyalty to its Investors when it votes proxies. The Adviser generally will not vote proxies in situations where it holds an immaterial position (less than or equal to 1% of outstanding voting equity), or when the Adviser receives a proxy for a security which it no longer holds in the portfolio of any of the Funds or the Separate Account. Note however that as the Adviser invests generally in government-issued fixed income securities and derivative products, the Adviser is rarely solicited for proxy voting.

Absent good reason to the contrary, the Adviser will generally give substantial weight to management recommendations regarding voting, and will vote for routine matters in favor of management proposals. Non-routine matters will be voted on a case-by-case basis, given the often complex nature of these issues. Where there is a

measurable change in the structure, management, control or operation of the company, or a change that is inconsistent with industry standards and/or the laws of the state of incorporation applicable to the company, the Adviser will generally vote against such proposals.

Investors in the Funds and the Separate Account may not direct the Adviser's vote in any proxy solicitation.

Potential conflicts of interest between the Adviser and the Fund(s)/Separate Account may arise when the Adviser's relationships with an issuer or with a related third party actually conflict, or appear to conflict, with the best interests of the Fund(s)/Separate Account. If the issue is specifically addressed in the Adviser's proxy voting policies and procedures, the Adviser will vote in accordance with the stated policies. In a situation where the issue is not specifically addressed in the policies and an apparent or actual conflict exists, the Adviser shall either: i) delegate the voting decision to an independent third party; ii) inform the Investors of the conflict of interest and obtain advance consent of a majority of such Investors for a particular voting decision; or iii) obtain approval of a voting decision from the Adviser's chief compliance officer, who will be responsible for documenting the rationale for the decision made and voted. In all such cases, the Adviser will make disclosures to clients of all material conflicts and will keep documentation supporting its voting decisions.

Clients may obtain a copy of the Adviser's complete proxy voting policies and procedures upon request. Clients may also obtain information from the Adviser about how it voted any proxies on behalf of their account. Please contact the Adviser at 212 768-0000 or via e-mail at [info@fieldstreetcapital.com](mailto:info@fieldstreetcapital.com).

## **Item 18 – Financial Information**

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