

**Item 1**  
**Cover Page**

PART 2A OF FORM ADV: FIRM BROCHURE

**Virgo Investment Societas LLC**

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This brochure provides information about the qualifications and business practices of Virgo Investment Societas LLC (“Societas” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at (650) 331-8858. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

From time to time in this and other documents Societas may refer to itself as a “registered investment adviser” by virtue of its registration with the SEC. This title does not imply any level of training or skill.

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

## **Item 2**

### **Material Changes**

This brochure dated February 15, 2012 has been prepared by Societas in accordance with the SEC's new requirements and rules pertaining to Form ADV, Part 2A. Inasmuch as Societas is a new registered investment adviser, there are no material changes to discuss.

In the future, this Item will identify and summarize any material changes in this narrative brochure from one year to the next. It will also reference the date of the last annual update of the brochure.

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## **Item 4**

### **Advisory Business**

**A.** Virgo Investment Societas LLC (“Societas” or the “Firm”), a Delaware limited liability company, is an investment adviser located in Palo Alto, California, founded in 2009. Virgo Investment Group LLC (“VIG”) and Capricorn Investment Group LLC (“Capricorn”), each a registered investment adviser, are equal joint owners of the Firm<sup>1</sup>.

Societas provides investment advice and management services to private investment vehicles (collectively, the “Funds” or the “Clients”)<sup>2</sup>. The Funds are exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”), pursuant to Section 3(c)(7) of the Investment Company Act or by virtue of accepting only foreign and U.S. tax-exempt investors. Interests in the Funds are privately offered only to qualified investors.

**B.** Services provided by Societas include: recommending evaluating, structuring and negotiating prospective investments, managing portfolio companies post-acquisition and post-investment and advising the Funds with respect to disposition opportunities. Societas invests primarily in private investments, targeting middle-market credit and asset-based investments. In general, investments consist of a diversified portfolio across securities, industry sectors and asset classes. Each Fund may have one or more investors.

**C.** Societas utilizes the same strategy for all of the Funds. However, the Firm may tailor its advisory services to the specific needs of the Funds when deemed necessary.

**D.** Societas does not participate in wrap fee programs.

**E.** As of December 31, 2011 Societas managed \$15 million in assets on a discretionary basis and \$64 million in assets on a non-discretionary basis.

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<sup>1</sup> Please see the disclosure relating to conflicts with VIG and Capricorn in Item 10 below.

<sup>2</sup> “Fund” or “Client” means any account or fund for which Societas provides investment advice. The investors and other persons who invest in the Societas-sponsored investment vehicles are generally referred to herein as “investors.” Unless otherwise expressly stated herein, the terms “Fund” and “Client” do not include “investors.”

## **Item 5**

### **Fees and Compensation**

**A.** The Funds were only offered to “qualified purchasers” as defined in the Investment Company Act. The specific terms of Societas’s fee arrangements with the Funds are set forth in each Fund’s limited partnership agreement.

**B.** Societas generally deducts management fees (“Management Fees”) directly from the Clients’ assets. The Firm also may be entitled to a performance fee (the “Carried Interest Distribution”), based on realized gains from investments above a performance benchmark. Carried Interest Distributions, if applicable, are deducted directly from Clients’ assets as investments realize gains and not on a pre-determined scheduled.

In addition to the Management Fee, in connection with the affairs of a Fund, the Firm may receive fees relating to the completion, termination, cancellation or abandonment of any consummated or proposed investment, including origination fees, or other related services in relation to investments (“Additional Fees”). Fifty percent of the portion of Additional Fees attributable to a Fund’s investment will generally be distributed to investors or applied as an offset to the Management Fee for current and future periods.

**C.** Each Fund will bear separately its own formation expense and operating costs, including but not limited to: costs and expenses incurred in the holding, purchase, sale or exchange of investments; organizational expenses; third-party deal sourcing fees; legal, audit, fund administration and accounting fees; interest on borrowed funds; brokerage fees; taxes applicable to each Fund on account of its operations; fees related to preparation of tax returns and annual filings with the State of Delaware; fees and expenses of any administrator, custodian and any other service providers; ongoing reporting and administration costs; and any extraordinary expenses.

Clients will incur brokerage and other transaction costs. Please see Item 12 “Brokerage Practices” for more information.

**D.** Management Fees are paid quarterly in advance. Upon termination of an advisory contract, any prepaid, unearned Management Fees will be promptly refunded, based on the actual number of days remaining in the quarter during which the advisory contract was terminated.

**E.** Neither Societas nor any of its supervised persons receive, directly or indirectly, any compensation from the sale of securities or other investment products.

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

As stated in Item 5 (“Fees and Compensation”) above, Societas may be entitled to receive a Carried Interest Distribution based upon realized gains from investments above a performance benchmark.

The Carried Interest Distributions are structured subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

The Carried Interest Distribution may create an incentive for the Firm to recommend to the Funds investments that are riskier or more speculative than those which would be made under a different fee arrangement.

The Carried Interest Distribution charged by the Firm may vary between Clients. Further, some Clients, such as the Firm’s operating partners’ (the “Operating Partners”), pay no Carried Interest Distribution. This may incentivize the Firm to favor Funds which pay higher Carried Interest Distributions. However, the Firm is committed to fulfilling its fiduciary duty to the Funds to act at all times in the best interests of the Funds. To this end, the Firm has implemented internal controls to address the potential conflicts associated with performance-based fees and varying fee structures among Funds.

**Item 7**  
**Types of Clients**

Societas provides investment advisory services to the Funds, which are private investment vehicles that are exempt from registration under the Investment Company Act. These funds are limited to “accredited investors,” “qualified clients,” and “qualified purchasers”.

Societas does not impose a minimum account size.

## **Item 8**

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

Societas's Funds are opportunistic, yet have a value investment philosophy, a bias toward the preservation of capital and an emphasis on generating a current yield on invested capital. The Funds seek to achieve risk-adjusted returns through a process of fundamental research and a probabilistic approach to portfolio construction. Societas targets market seams, including both cyclical market opportunities and thematic industry viewpoints, where investment returns are less correlated with market credit spreads and corporate valuation multiples. Societas identifies and capitalizes on these market seams with the belief that it is the best way to discover and deliver attractive returns on invested capital for its Clients. Furthermore, Societas believes distressed opportunities and other special situations within the middle-market investment universe offer the greatest chance for consistent value creation. The Firm targets credit risks that are inefficiently priced by the traditional capital markets, businesses or assets in transition where there is unlocked value pre-investment, and business transformations where there is an opportunity to create and build value post-investment.

Being an opportunistic investor requires a disciplined approach to theme development, sourcing and investment due diligence given the breadth of investment activity pursued. Societas recognizes the importance of a well-constructed and consistently applied investment strategy to achieving long-term results. Societas follows a disciplined investment approach to: (i) identify market seams or thematic investment theses; (ii) select specific investment opportunities; (iii) develop an information advantage or analytical edge in diligencing and assessing risks; and (iv) execute and exit investments efficiently to maximize returns for the Funds.

Societas believes that rigorous research, bottom-up due diligence and a fundamental understanding of companies or assets is critical to achieving long-term investment results and provides the best risk management. Investment ideas are generated internally through research and analysis. In connection with identifying, evaluating, analyzing and investigating investment opportunities for the Funds, investment professionals also generally draw upon their professional experience in relevant industries and contact with industry executives, established business relationships and independent consultants. Societas invests across the capital structure with an emphasis on (i) middle-market specialty finance, (ii) niche asset-based market segments, (iii) distressed investments, and (iv) structured private financings for middle-market companies.

Societas's investment program is speculative and involves significant risks, including the risk of total loss. Investments made by the Funds are very illiquid. There can be no assurance that Societas's investment objectives will be achieved, and actual investment results may vary substantially from the investment objective and prior performance. Investors should be prepared to bear these general risks as well as the more specific risks set forth below.

Other risks inherent to the strategies employed by Societas include, but are not limited to, the following:

*Concentrated Portfolio.* Generally, a Societas Fund will be formed as a limited liability corporation with the objective of acquiring one or more credit investments without regard to formal diversification policies. Although the Firm does adhere to certain allocation limits, as more fully described in each



Fund's limited partnership agreement, concentration risks still exist. At any given time, a Fund may be highly concentrated in certain types of credit investments (as grouped by issuer, industry, geography, market and/or investment strategy). The aggregate returns of any Fund may be adversely affected by the unfavorable performance of a single investment.

*Illiquid Investments.* In general, there will be no active market or readily ascertainable values for certain credit investments. Investors must have the financial ability and willingness to remain invested for the long term. If a Fund is required to sell an illiquid credit investment, it may only be able to do so at disadvantageous prices.

*Competition.* A large number of private investment funds have been formed to capitalize on the types of credit investments that Societas will seek. Many of these funds are already active in the marketplace. There can be no assurance that Societas will be able to compete successfully against competitors for opportunities in the marketplace.

*Interest Rate Risk.* The value of any particular credit investments may be sensitive to changes in prevailing interest rates and other factors beyond Societas's control.

*Projections.* Investments will be selected based upon Societas's analysis of specific credit investments and various projections regarding future performance and cash flow. Projections are inherently uncertain and subject to factors beyond Societas's control. The occurrence of unforeseen events could materially impair the performance of one or more credit investments.

*Distressed Investment Risk.* The Funds may invest, directly or indirectly, in securities of U.S. and non-U.S. issuers which lack financial strength. Investments of this type may involve material financial and business risks that can result in substantial, or at times even total, loss of invested capital.

*Usury.* Certain credit investments made by a Fund to a borrower may be subject to state usury laws. Societas intends to use reasonable best efforts to cause each Societas Fund to comply with applicable usury laws. If a Societas Fund fails to comply with applicable usury laws, a credit investment may suffer significant losses.

*Potentially Subjective Valuation.* Societas has a valuation policy that provides for a particular methodology to be used in the valuation of investments. Under Societas's valuation policy, for the majority of investments, the Firm derives its own financial models in determining the fair market value of certain credit investments. Societas's judgment as to the fair market value of certain investments is predicated on a variety of assumptions and estimates that may prove to be incorrect. To compensate, the Firm generally utilizes the services of a 3<sup>rd</sup> party valuation agent to obtain an objective valuation of Fund investments on an annual basis.

*Lender Liability Considerations and Equitable Subordination.* A number of jurisdictions have upheld the right of borrowers to sue lenders on a variety of legal theories (collectively termed "lender liability") including violations of implied or contractual duties owed by lenders to borrowers. Because of the nature of Societas's credit investments, a Fund may be subject to allegations that such duties were breached or that the claim of a Societas Fund to a borrowers' assets should be subordinated to claims of other creditors ("equitable subordination").

**Item 9**  
**Disciplinary Information**

In the past ten years, there have been no legal or disciplinary events involving either Societas or any of its management persons that are material to Societas's advisory business.

## **Item 10**

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

**A.** Neither Societas nor any of its management persons are registered, or have an application pending to register, as broker-dealers or registered representatives of a broker-dealer.

**B.** Neither Societas nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

**C.** As discussed above in Item 4, currently, the Firm is jointly owned by VIG and Capricorn. VIG and Capricorn share the profits from the Firm in accordance with their respective percentage interests. Currently, Capricorn and Societas are each entitled to 50% of the Firm's profits. However, Capricorn is in the process of dissolving its interest in the Firm, and the Firm expects Capricorn's interest to be reduced to zero in the coming months.

Because Societas and Capricorn pursue distinct investment strategies with minimal overlap, this relationship does not present any material conflicts.

Societas and VIG clients have similar investment strategies and will invest to a certain extent in the same securities. This overlap in investment approach poses the potential for conflicts of interest. However, both Societas and VIG are committed to fulfilling their fiduciary duty to their clients. To this end, Societas and VIG have implemented internal controls to address the potential conflicts. Specifically, when investment opportunities are suitable for both Societas and VIG clients, such investment opportunities will be allocated pro-rate among the applicable clients based on available capital.

#### **Senior Advisor**

Barry Uphoff ("Barry") is a co-founder of Societas. Barry currently serves in an active advisory capacity at Societas with a focus on sourcing and analysis of healthcare credit opportunities and also serves on the Firm's investment committee. Barry is also a principal of Capricorn Healthcare and Special Opportunities, LP ("CHSO"), a Capricorn affiliate.

Actual or potential conflicts of interest could result from Barry's position as a principal of CHSO and his role at Societas. The CHSO funds may be in competition with the Societas Funds for investment opportunities, thus some opportunities that might have been allocated to Societas could be allocated to CHSO. In addition, Barry may be restricted by CHSO's Code of Ethics from using confidential information he obtains in connection with his role at CHSO that could otherwise have been used for the benefit of Societas.

However, Societas believes these potential conflicts are mitigated by virtue of the fact that (i) Societas and CHSO pursue distinct investment strategies with minimal overlap; and (ii) Barry is subject to the provisions of Societas's Code of Ethics, which is designed to identify and mitigate conflicts of interest through various requirements and prohibitions, as described more fully in Item 11.

For more information on these conflicts and how Societas mitigates these conflicts, please contact Societas's Chief Compliance Officer.

D. Societas does not recommend or select other investment advisers for its Clients.

## **Item 11**

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

- A.** Societas has adopted a Code of Ethics (the “Code”) to ensure that Societas fulfills its role as a fiduciary to the Funds. The interests of the Funds must always be recognized, respected, and have precedence over those of Societas employees and others as determined by the Firm’s Chief Compliance Officer. The Code requires that Societas employees and certain associated persons (“Covered Persons”) act in the best interests of the Funds to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Funds to the extent reasonably possible, and identify and manage conflicts of interest to the extent they arise. Covered Persons are also required to comply with applicable provisions of federal securities laws and make prompt reports of any actual or suspected violations of such laws by Societas or Covered Persons. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of Covered Persons. The Code requires that Covered Persons pre-clear certain public and private personal securities transactions, report all personal securities transactions on at least a quarterly basis and submit reports to Societas regarding personal accounts and reportable securities holdings at least annually. The Code also addresses confidentiality, outside activities, conflicts of interest, policies and procedures concerning the prevention of insider trading, includes restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and the pre-clearance and reporting of political contributions. Covered Persons are required to provide a written certification to Societas as to their compliance with the Code upon hire, and on an annual basis thereafter. Copies of the Code will be provided to any existing or prospective investor upon request.
- B.** From time to time, consistent with a Fund’s investment objectives and subject to satisfaction of Firm policies and procedures, the Fund’s governing documents and applicable law, Societas may recommend that a Fund acquire or sell securities or interests in which Societas or an affiliate has a pre-existing direct or indirect interest. The Code is designed to identify and manage conflicts of interest to the extent they arise in connection with such transactions, and to ensure that the Firm fulfills its role as a fiduciary to the Funds.
- C.** From time to time, subject to satisfaction of Firm policies and procedures, the Fund’s governing documents and applicable law, a Covered Person may acquire or sell securities that are recommended to a Fund or in which a Fund has a pre-existing direct or indirect interest. The Code is designed to identify and manage conflicts of interest to the extent they arise in connection with such transactions, and to ensure that the Firm fulfills its role as a fiduciary to the Funds.
- D.** Neither Societas nor any related person recommends securities to Clients, or buys or sells securities for Client accounts, at or about the same time that they buy or sell the same securities for their own account.

**Item 12**  
**Brokerage Practices**

- A.** Societas currently maintains one prime brokerage account with Credit Suisse. If necessary, Societas may trade with additional broker-dealers subject to thorough due diligence and negotiation of contractual rights to protect the interests of Societas and the Funds. However, the Firm is largely focused on private investment opportunities and therefore is generally not in a position to select a broker-dealer for Client transactions.
- B.** Societas does not engage in soft dollar arrangements with broker-dealers.
- C.** In the private equity context, client referrals are not relevant to Societas's selection or recommendation of broker-dealers.
- D.** Societas does not engage in directed brokerage.
- E.** Due to the nature of investments recommended to Societas's Clients, Societas does not engage in the aggregation of the purchase or sale of securities.

**Item 13**  
**Review of Accounts**

- A.** Societas’s portfolio managers and analysts review the Funds’ portfolio holdings on a quarterly basis. The goal of the reviews is to conduct a focused evaluation of current performance, “connect the dots” across investments and contribute to prospective investment thesis development for new investments. Societas is focused on mining completed investments to better understand the current economy and to generate new ideas. Societas’s portfolio managers and analysts also review the Funds’ portfolio holdings informally on a continual basis.
- B.** The Firm does not utilize any specific criteria to trigger a review of Client investments at this time.
- C.** Within 120 days after the Firm’s fiscal year-end, audited financial statements are mailed to each investor in the Funds. The Firm delivers to investors unaudited performance information for the Funds on a quarterly basis.

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

- A.** Other than the Firm's ability to earn Additional Fees, as described in Item 5, no one other than the Clients provides an economic benefit to Societas for providing investment advice or other advisory services to the Clients.
- B.** Neither Societas nor any related person directly or indirectly compensates any person who is not a supervised person for Client referrals. However, from time to time Societas may use an unaffiliated third party for investor referrals.



## **Item 15**

### **Custody**

The Funds assets which the Firm is deemed to have custody of are generally maintained with a qualified custodian, as defined in Rule 206(4)-2 of the Advisers Act (“Qualified Custodian”). The Funds’ privately-issued certificated securities are generally held by the Qualified Custodian by maintaining a copy of the stock certificates. The Funds’ privately-issued securities or other assets that are recorded only on the books and records of the issuer (or its transfer agent) in the name of the Fund and that are only transferable with the prior consent of the issuer or other security holders are not required to be maintained by a Qualified Custodian. In accordance with Rule 206(4)-2 of the Advisers Act, each Fund will distribute independently audited financial statements of the Fund to its respective investors not later than 120 days after the end of each Fund’s fiscal year.

**Item 16**  
**Investment Discretion**

Societas has discretionary authority to manage the assets of several Funds. Societas also manages several of the Funds on a non-discretionary basis, as specified in the Funds' operating agreements. As described more fully in each Fund's individual operating agreement, the Firm is granted full power of attorney over the Funds' assets, including, in some funds, the right to pursue an investment program in its full discretion and all rights, privileges and powers of ownership with respect to the Funds' assets.

**Item 17**  
**Voting Client Securities**

From time to time, an issuer of an equity security that is owned by a Fund will conduct a proxy solicitation of its shareholders to vote on various matters. As a general matter, the operating agreements between Societas and its Clients delegate the power to vote such proxies to Societas.

The Firm will vote proxies in the interest of maximizing value for investors and in accordance with the best interests of its Clients.

If an employee becomes aware that a conflict (or potential conflict) exists between the interests of the Firm and its Clients with respect to a proxy vote, the employee must bring the conflict to the attention of the Chief Compliance Officer who will determine the appropriate course of action.

Information regarding how Funds' proxies have been voted in the past and a copy of the Firm's Proxy Voting Policies and Procedures will be provided by Societas to its investors upon request. The Firm's compliance team may be contacted at (650) 331-8858.

**Item 18**  
**Financial Information**

Societas does not require or solicit prepayment of more than \$1,200 in fees per Client six months or more in advance.

Societas does not believe that there are any conditions that are reasonably likely to impair Societas's ability to meet contractual commitments to Clients.

Societas has never been the subject of a bankruptcy petition at any time during the past ten years.