

## Harvey Partners, LLC

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This Brochure provides information about the qualifications and business practices of Harvey Partners, LLC ("**Harvey**"). If you have any questions about the contents of this Brochure, please contact Anthony Cimini, the Chief Compliance Officer ("**CCO**"), at (212) 782-3740. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("**SEC**") or by any state securities authority.

Registration of an investment adviser does not imply that Harvey or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

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

**Item 2: Material Changes**

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We have taken this opportunity to amend the Form ADV I and ADV 2 as to reflect the change in the principal address of Harvey Partners, LLC. As denoted in the Form ADV I and on the cover of this Form ADV 2A, LLC, Harvey Partners maintains its new place of business at 135 East 57<sup>th</sup> Street, 24<sup>th</sup> Floor, New York, NY 10022.

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 Anthony Cimini, Harvey's Chief Compliance Officer ("CCO"), at (212) 782-3740 or [anthony@harveypartners.com](mailto:anthony@harveypartners.com).

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#### Item 4: Advisory Business

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Formed in January 2006, Harvey Partners, LLC (“**Harvey**”, the “**Adviser**”, “**we**”, “**us**”, “**our**” or the “**Firm**”) is a Delaware limited liability company that provides investment management services to Harvey SMidCap Fund, LP, Harvey QP, LP and Harvey SMidCap Offshore Fund, Ltd. (collectively, the “**Funds**” or the “**Clients**”). We provide advice to the Funds based on specific investment objectives and strategies and do not tailor advisory services to the individual needs of individual investors.

Harvey SMidCap Fund, LP and Harvey QP, LP are domestic funds (the “**Domestic Funds**”) formed in Delaware that invest globally in equities. Katal Partners, LLC serves as the General Partner to the Domestic Funds and qualifies as a relying advisor. Harvey SMidCap Offshore Fund, Ltd. (the “**Offshore Fund**”) is a fund formed in the Cayman Islands, whose investors are foreign investors and entities that are U.S. tax-exempt investors. It shares the same investment strategy as the Domestic Funds.

The Firm is wholly owned and controlled by Mr. Jeffrey C. Moskowitz and Mr. James A. Schwartz (the “**Managing Members**”).

As of January 31, 2012, the Firm managed US\$479,247,158 in the Funds, all of which are managed on a discretionary basis.

#### Item 5: Fees and Compensation

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Our current fee schedule for the Funds is generally as follows:

**Management Fee:** 1.5% annually (deducted quarterly in advance)

**Performance Fee:**

- **Domestic Funds:**
  - Series A: 20%
  - Series B: 17.5%
- **Offshore Fund:**
  - Class 1: 20%
  - Class 2: 17.5%

#### Expenses

We will be responsible for and will pay or cause to be paid the following overhead expenses: office rent; utilities; furniture and fixtures; stationary, secretarial/internal administrative services; salaries; entertainment expenses; employee insurance and payroll taxes.

All other expenses will be paid by the Funds and will include: the management fee; legal, compliance, audit, and accounting expenses (including third party accounting services); administrator fees and expenses; organizational expenses; investment expenses such as commissions, research fees and expenses; order management systems; partnership related insurance costs; interest on margin accounts and other indebtedness; borrowing charges on

securities sold short; custodial fees; and any other expenses related to the purchase, sale or transmittal of partnership assets.

We pay an executing broker for the use of certain office space. The office space is provided at market rate, and, as such, is not a factor when selecting brokers for the execution of portfolio transactions for the Funds.

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

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As described in Item 5, we have entered into performance fee arrangements with the investors in the Funds. Such fees are subject to individualized negotiation with each investor. All investors who are charged a performance fee meet the “Qualified Client” standard as set forth in Rule 205-3 of the Investment Advisers Act of 1940 (the “**Advisers Act**”).

A performance based fee arrangement may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities.

### **Item 7: Types of Clients**

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Investors in the Funds consist primarily of institutional investors and high net worth individuals. Depending on whether the Fund advised by us relies on a 3(c)(1) or 3(c)(7) exemption, investors must meet the requirements for an “accredited investor” under the Securities Act of 1933, as amended (the “**1933 Act**”) or an “accredited investor” and a “qualified purchaser” under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”).

The minimum investment routinely required to invest in the Funds is US \$1,000,000. The subsequent minimum additional investment routinely required by investors is US \$250,000. The General Partner reserves the right to reduce the minimum investment.

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

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#### ***Methods of Analysis and Investment Strategy***

The Funds primarily invest in stocks, options, ETFs and swaps and are focused on the U.S. markets. We combine active money management with innovative fundamental research to provide investors with superior absolute and relative returns. We generally pursue a fundamentally driven, value oriented long/short equity strategy where investment research, portfolio management, and trading skills are focused where stock market inefficiencies are greatest: small and mid-cap stocks.

We use a value oriented approach focusing on companies with identifiable catalysts, both on the long and short side. The portfolios generally consist of small and mid cap stocks with market caps of \$250 million - 5 billion. The maximum investment in longs is approximately 8% of capital at cost, 12% at market. The maximum investment in shorts is approximately 3% of capital at cost, 4% at market. The target net exposure is -20% - +60%. The target

gross exposure is 100% - 160%. The position targets are 20-30 long positions and 20-30 short positions.

We rely on our trading skills and agility to augment existing fundamental positions as circumstances dictate. We add to positions if market volatility creates opportunities. We decrease positions as shares approach their price targets. By managing position size actively, we are able to achieve the best price and entry points.

Our stock picking process begins with filtering out the best ideas from trade shows, proprietary screens and newsworthy, catalyst provoking events. We then do our due diligence on the selected names, digging deeper into its financial models.

Our investment strategy has been designed to play to our strengths. Fundamental research gives us an advantage. Our trading experience and successful history with risk management gives us an edge in the execution of our strategy. Well researched, core fundamental positions combined with opportunistic trading and risk management will enable us to capture maximum upside gains and protect the downside to the fullest.

We may modify the investment objectives and strategies of the Funds at any time. Our right to modify their strategies depends upon the terms of the agreements governing such accounts and vehicles.

### ***Risk of Loss Factors***

Investing in securities involves risk of loss that investors should be prepared to bear. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Funds. Prospective investors are urged to consult their professional advisers and review the legal documents for each particular Fund before deciding to make an investment in a Fund.

### ***Nature of Investments***

We have broad discretion in making investments for the Funds. Investments will generally consist of U.S. equity securities and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that we 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 Funds' activities and the value of their investments.

In addition, the value of the Funds' portfolios may fluctuate as the general level of interest rates fluctuates. No guarantee or representation is made that the Funds' investment objectives will be achieved.

### ***Use of Leverage***

The Funds may utilize leverage. This results in the Funds controlling substantially more assets than they have equity. Leverage increases the Funds' returns if they earn a greater return on investments purchased with borrowed funds than the Funds' cost of borrowing such funds. However, the use of leverage exposes the Funds to additional levels of risk, including: (i) greater losses from investments than would otherwise have been the case had the Funds 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 Funds' cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the Funds' assets, they might not be able to liquidate assets quickly enough to repay their borrowings, further magnifying losses.

#### *Special Situations*

The Funds may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Funds of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Funds may be required to sell their investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Funds may invest, there is a potential risk of loss by the Funds of their entire investment in such companies.

#### *Small-to-Medium Capitalization Companies*

The Funds invest a substantial portion of their assets in the stocks of companies with small-to medium-sized market capitalizations. While we believe these investments often provide significant potential for appreciation, those stocks, particularly smaller capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

#### *Short Sales*

The Funds utilize short sales of common stocks, bonds, and options as part of their investment program. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Funds' portfolios. 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.

There is also the risk that the securities borrowed by the Funds in connection with a short sale must be returned to the securities lender on short notice. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and the Funds may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. The Funds' inability to continue to borrow securities previously sold short may also force the Funds to unwind other elements of an investment position, possibly at a loss.

#### *Limited Rights of Investors*

Substantially all decisions with respect to the management of the Funds are made exclusively by us. Investors have no right or power to take part in the management of the Funds. We

also make all of the trading and investment decisions of the Funds. In the event of our withdrawal or bankruptcy, generally the Funds will be liquidated.

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**Item 9: Disciplinary Information**

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We have not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to any such action.

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**Item 10: Other Financial Industry Activities and Affiliations**

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The management and employees of Harvey plan to dedicate substantially all of their professional efforts to Harvey and our affiliates, and currently have no significant outside business interests.

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

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***Participation or Interest in Client Transactions***

We serve as the investment adviser to the Funds. Employees, affiliates of the employees, and relatives of the employees may make investments in the Funds.

In addition, our related persons may invest in the same securities (or related securities) that we recommend to the Funds. Such practices present a conflict where a related person is in a position to trade in a manner that could adversely affect the Funds (e.g., by placing its own trades before or after Fund trades are executed in order to benefit from any price movements due to the Fund's trades). In addition to affecting the related person's objectivity, these practices by the related person may also harm Funds by adversely affecting the price at which the Funds' trades are executed. We have adopted a pre-clearance policy, as discussed below, in an effort to minimize such conflicts.

***Code of Ethics & Personal Trading***

Pursuant to Rule 204A-1 of the Advisers Act, we have adopted a Code of Ethics and Employee Investment Policy that establishes various procedures with respect to investment transactions in accounts in which employees of Harvey or related persons have a beneficial interest or accounts over which an employee has investment discretion.

The foundation of the Code of Ethics is based on the underlying principles that:

- Employees must at all times place the interests of the clients first;
- Employees must make sure that all personal securities transactions are conducted consistent with the Employee Investment Policy; and
- Employees should not take inappropriate advantage of their position at Harvey.

In general, employees must obtain written pre-approval from the CCO prior to engaging in a personal trade. In addition, employees may not acquire securities for their own account in an initial public offering. Employees must also obtain pre-approval from the CCO before engaging in any outside business activities or private placements.



These policies apply to any personal transactions involving equity, debt, options, futures (or municipal products related to these securities). This policy does not apply to transactions involving government securities or open-end mutual funds, exchange traded funds (ETFs) or other instruments which afford the investor no discretion over individual securities transactions.

All employees must direct their brokers to send duplicate copies of brokerage statements to the CCO. These records are used to monitor compliance with the foregoing policies. The spirit of the Code of Ethics and Employee Investment Policy is to discourage frequent trading in employee personal accounts.

Our Code of Ethics, including the Employee Investment Policy, is available to clients upon request.

### **Cross Trades**

Harvey may determine that it would be in the best interests of certain clients to transfer a security from one client to another (each such transfer, a "Cross Trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the clients, or to reduce transaction costs that may arise in an open market transaction. If Harvey decides to engage in a Cross Trade, Harvey will determine that the trade is in the best interests of each client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those clients.

Harvey generally executes Cross Trades with the assistance of a broker-dealer who executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a Cross Trade between two clients may occur as an "internal cross", where Harvey instructs the custodian for the clients to book the transaction at the price determined in accordance with Harvey's valuation policy. If Harvey effects an internal cross, Harvey will not receive any fee in connection with the completion of the transaction.

### **Privacy Policy**

We are committed to maintaining the confidentiality, integrity and security of our Investor's personal information. It is our policy to collect only information necessary or relevant to our management business and use only legitimate means to collect such information. We do not disclose any non-public personal information about our investors or former investors to anyone except for servicing and processing transactions and as required by law. We restrict access to non-public personal information about investors to those employees with a legitimate business need for the information. Harvey maintains security practices, physical, electronic, and procedural safeguards to guard Investor's non-public personal information.

Upon request, we will provide you with a copy of our written privacy policy and procedures.

## **Item 12: Brokerage Practices**

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As an adviser and a fiduciary to our Clients, our Clients' interests must always be placed first and foremost, and our trading practices and procedures prohibit unfair trading practices and seek to disclose and avoid any actual or potential conflicts of interests or resolve such conflicts in the Client's favor. We have adopted the following policies and practices to meet our fiduciary responsibilities and to insure our trading practices are fair to all Clients and that no Client is advantaged or disadvantaged over any other.

**Aggregation and Allocation**

There are no specific statutory provisions or rules adopted under the federal securities laws applicable to trade aggregation or allocation. Rather, as a matter of fiduciary duty, advisers must ensure that, when aggregating and allocating securities investments, clients are treated in a fair and equitable manner, as is generally required under the Advisers Act.

To the extent that a portfolio manager seeks to acquire the same security at the same time for more than one client account, it may not be possible to acquire or sell a sufficiently large quantity of the security, or the price at which the security is obtained for clients or different funds may vary.

Our policy is to equitably allocate and buy and sell executions among clients when feasible and appropriate over time and in a manner that our proprietary accounts, affiliated accounts, or any particular client(s) do not receive more favorable treatment than others.

Our aggregation and allocation policies are fully disclosed in the private placement memoranda for the Funds.

**Best Execution**

As an investment advisory firm, we have a fiduciary duty to seek best execution for client transactions. As a matter of policy and practice, we seek to obtain best execution for client transactions, i.e., seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances.

In selecting an appropriate broker dealer to effect a client trade, Harvey seeks to obtain “best execution,” meaning generally the execution of a securities transaction for a client in such a manner that a client’s total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking best execution, Harvey takes into consideration the price of a security offered by the broker-dealer, as well as a broker dealer’s full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to Harvey, brokerage and research services provided to Harvey (e.g., research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

**Principal Trading**

Our policy and practice is to not engage in any principal transactions.

**Soft Dollars**

We may use “soft dollars” generated by our clients’ trading activities to purchase research services or products that would otherwise have been an expense of the Firm. We intend to keep any such arrangements within the parameters of Section 28(e) of the United States Securities Exchange Act of 1934, as amended.

**Trade Errors**

As a fiduciary, we have the responsibility to effect orders correctly, promptly and in the best interests of our clients. In the event any error occurs in the handling of any client transactions, due to our actions, or inaction, or actions of others, our policy is to assess each trade error on a case-by-case basis.

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**Item 13: Review of Accounts**

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***Review of Accounts***

The Funds are reviewed and reconciled on a daily basis by the Portfolio Manager and our operations group to assure conformity with investment objectives and guidelines.

We engage in active management and frequent transactions for the Funds and, accordingly, review our transactions, positions and cash balances on a daily basis.

Financial statements are audited by an independent auditor and are distributed on an annual basis.

***Reporting***

As soon as practicable after the end of each year, we will distribute an audited financial report for each Fund with respect to the previous fiscal year to all investors within 120 days of year-end. In addition, each Fund will generally distribute net asset value updates and performance reports with attribution analysis on a monthly basis.

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

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Rule 206(4)-3 of the Advisers Act permits registered investment advisers to pay referral fees to finders and solicitors. We may from time to time, pay referral fees to finders or solicitors for obtaining new advisory clients. In such cases, our CCO reviews all solicitor fee arrangements to ensure that they comply with the requirements set forth under our compliance policies and determine whether the solicitation agreement is subject to and complies with applicable regulations.

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**Item 15: Custody**

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We will comply with the requirements of the Rule 206(4)-2 of the Advisers Act with regards to custody of assets of the Investment Vehicles ("**Custody Rule**").

We currently use Goldman Sachs & Co. and Merrill Lynch Professional Clearing Corp. as our prime brokers and custodians. Through this arrangement, Goldman Sachs & Co. and Merrill Lynch Professional Clearing Corp. will provide among other things, clearing, custodial and record keeping services. Annually, upon completion of each hedge fund's annual audit, Harvey will distribute the audited financials to the investors. In addition, Harvey will provide copies of the K-1s for the limited partners in the Domestic Funds.

The CCO shall ensure that the Funds' audited financials are delivered to all investors within 120 days of the fiscal year end.

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**Item 16: Investment Discretion**

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As previously noted, Harvey has full discretionary authority to manage the Funds, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and the commissions paid. Harvey's authority is limited by its own internal

policies and procedures and each Fund's investment guidelines. These terms are set out in the Confidential Private Placement Memorandum for each Fund.

## **Item 17: Voting Client Securities**

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### ***Proxy Voting***

As a general practice, we do not intend to vote proxies but will make such decision on a case-by-case basis. Prior to voting a proxy, the relevant employees of Harvey will make a determination, in their opinion, as to what vote if any, is in the best interest of the Funds. We maintain written records of the proxy vote on each occasion a proxy is voted.

### ***Class Action Claims***

To the extent that we have authority, pursuant to the governing documents of a Client account, to deal with class action claims we will do so on a case-by-case basis in accordance with the following policy. If we receive notice of a class action claim, the CCO will determine whether any Clients owned the security during the period covered by the claim. The CCO will consult with a Managing Member to determine if he agrees with the basis of the claim. In evaluating the claim, the Managing Member, in consultation with the CCO, will decide whether or not to participate in the claim depending upon (i) the nature of the claim; (ii) prospects for recovery; (iii) resources required to pursue the claim; and (iv) other relevant factors pertaining to the particular claim.

Upon request, we will provide a client with a copy of our proxy voting and class action claims policies and procedures and/or a record of all proxy votes cast and claims participated in by the Funds.

## **Item 18: Financial Information**

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