

Item 1

Regiment Capital Management, LLC Part 2A of Form ADV The Brochure

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This brochure provides information about the qualifications and business practices of Regiment Capital Management, LLC (“RCM”). If you have any questions about the contents of this brochure, please contact us at 617-488-1600. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about RCM is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Item 2 - Material Changes

This is RCM's initial Brochure and there have been no material changes since its adoption.

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Item 4 - Advisory Business

RCM was founded in 1999 and is wholly owned by its managing member and advisory affiliate, Regiment Capital Advisors, LP ("RCA"). Timothy Peterson, the founder of RCM, is a limited partner of and holds a majority interest in RCA and is also the managing member of RCA's general partner, Regiment Capital Advisors, LLC. In addition to Mr. Peterson, there are five other limited partners of RCA. For ease of reference, RCA and RCM shall be collectively referred to herein as "Regiment." As of January 1, 2012, Regiment managed approximately \$6,757.0 million on a discretionary basis on behalf of 8 clients.

Regiment provides investment advisory services to pooled investment vehicles and institutional clients via managed accounts. Regiment does not provide investment advisory services to individual clients (i.e. non-institutional clients). Regiment invests client assets primarily in United States corporate high yield bonds, syndicated bank loans, credit-related derivatives and privately originated loans. (Refer to "Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss" below for additional information about the investment strategies utilized by Regiment.) Regiment is comprised of two separate investment teams; one team is focused on making investments primarily in publicly-traded fixed income instruments ("public investment team") and the other team is focused on making investments primarily in privately originated loans to middle market borrowers ("special situations investment team"). Regiment's public investment team provides the following services:

- Management of pooled investment vehicles:

Regiment is the investment advisor to an unregistered investment vehicle, Regiment Capital Ltd (the “Regiment Fund”). The net assets of the Regiment Fund were approximately \$3,261.1 million as of January 1, 2012. The Regiment Fund seeks attractive risk-adjusted returns, regardless of market conditions, by investing primarily in non-investment grade fixed income instruments, including, but not limited to, bonds, syndicated bank loans and credit-related derivatives. The minimum initial investment amount in the Regiment Fund is \$5 million, although the Regiment Fund’s Board of Directors, in its sole discretion, may accept lesser amounts.

Regiment is also the investment advisor to a collateralized loan obligation fund (“CLO”), Cavalry CLO I Ltd (“Cavalry”). Cavalry was formed in 2006 and invests primarily in syndicated bank loans. As a CLO, Cavalry issues various unregistered notes to its investors, organized in tranches. Each tranche is structured with a different expected return, based upon its priority in Cavalry’s capital structure. The priority of a note within Cavalry’s capital structure also determines its risk of loss, with lower priority notes having a greater risk of loss than higher priority notes. The aggregate principal amount of the notes issued by Cavalry was approximately \$410 million.

- Management of institutional accounts:

In limited instances, Regiment may be engaged by certain institutions to manage highly customized investment programs. The investment objectives of these programs are materially different from those of Regiment’s pooled investment vehicles, and are tailored to the specific needs and restrictions of each client. There is no minimum account size or other requirement in order to establish such an account with Regiment, and Regiment offers such services solely at its discretion. Refer to “Item 16 – Investment Discretion” for a discussion of a client’s ability to impose restrictions on investing in certain types of securities or entities. In certain instances, such programs may be effected through the use of a special purpose vehicle that may meet the definition of a “private fund” under the Investment Advisers Act of 1940 (“Advisers Act”).

Regiment’s special situations investment team advises a family of investment vehicles (the “SSF Funds”). The SSF Funds are established with a discreet investment period during which investments - primarily privately originated loans - are made. Following the investment period the SSF Funds begin to unwind as their investments are repaid or otherwise disposed of. Regiment recently launched its fifth SSF Fund, Regiment Capital Special Situations Fund V, LP (“SSF V”). Regiment also currently manages its third and fourth SSF Funds, which are in the process of unwinding their investments. The total committed capital of SSF V is approximately \$1,683 million. The investment periods of the SSF Funds do not overlap. When offered, the minimum capital commitment to an SSF Fund has been \$10 million, although the SSF Funds’ General Partners have, in their sole discretion, accepted smaller commitments.

Item 5 - Fees and Compensation

Regiment charges its clients an investment management fee, which is charged quarterly in advance, with the exception of Cavalry, whose fee is paid quarterly in arrears due to the nature of its CLO structure. Regiment also charges its clients a performance-based fee (for the SSF Funds, such fee takes the form of an allocation of the vehicle's income). For all accounts other than the SSF Funds and Cavalry, the performance fee is charged annually. For the SSF Funds and Cavalry, Regiment's fee (or allocation) is determined based upon the cumulative performance of the vehicle. The specific manner in which fees are charged is established in Regiment's agreement with each client. The fees charged within Regiment's pooled investment vehicles are not negotiable (and Regiment has not entered into side letters or other arrangements providing preferential fee terms to any pool investor). Regiment does negotiate the fees associated with any institutional managed account arrangements. With respect to Regiment's institutional managed accounts, Regiment sends clients an invoice at the time a fee is due. With respect to Regiment's pooled investment vehicles, Regiment sends an invoice to the vehicle's administrator, if applicable, or deducts the fee directly from the assets of the vehicle.

Regiment's advisory agreements with its clients specify the circumstances under which any fees paid in advance will be refunded to the extent that the agreement is terminated. Generally, since most fees are charged quarterly in advance, refunds may only be available to the extent that a client is permitted to terminate the advisory agreement on less than 90 days notice.

In addition to Regiment's investment management and performance based fees, clients bear trading costs and custodial fees (refer to "Item 12 - Brokerage Practices" for a discussion of Regiment's broker-dealer and counterparty selection practices).

Item 6 - Performance Based Fees and Side-by-Side Management

Regiment charges all of its clients a performance based fee (or allocation), which may vary among clients based upon each client's fee schedule and unique performance objectives. Within Regiment's public investment team, conflicts may exist among clients with different performance fee arrangements whose assets are managed alongside each other. As a fiduciary, Regiment aims to manage such conflicts by generally making investment decisions for each client based solely upon that client's unique investment objectives, liquidity considerations, investment limitations, and other considerations relevant to a particular investment decision.

Item 7 - Types of Clients

Refer to "Item 4 - Advisory Business" for a description of the types of clients to whom Regiment provides investment advisory services.

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

The investment strategies utilized by Regiment on behalf of its clients vary between the firm's public investment team and its special situations investment team, and, depending on the client's investment objective, may vary among clients managed by the same team.

Regiment's Public Investment Team

Regiment's public investment team is led by a portfolio management team of three individuals, Timothy Peterson, Mark Brostowski, and William Heffron, all of whom are RCA partners. These individuals work together in making investment decisions on behalf of all of the public investment team's clients, which include pooled investment vehicles and institutional managed accounts. The portfolio management team is supported by a group of nine investment analysts and two traders. Regiment's investment analysts are assigned one or more industry sectors, and are responsible for conducting research and making recommendations to Regiment's portfolio management team, which is solely responsible for making all investment decisions. The members of Regiment's portfolio management team also participate in the research process. Once an investment decision has been made, one of Regiment's dedicated traders is responsible for executing the transaction.

The investment strategies utilized by Regiment's public investment team include constructing diversified portfolios of public and private non-investment grade fixed income or debt securities, as well as syndicated bank loans, credit derivatives and, to a lesser extent, equity securities. Regiment primarily takes long positions in such investments, but may also take short positions, in addition to the hedging strategies further discussed below. Regiment's research process focuses primarily on assessing the creditworthiness of each issuer and may include an evaluation of the issuer's management team, financial performance, short-term and long-term prospects (including those of the industry in which the issuer operates), and other factors that it deems appropriate.

Certain of the investment strategies pursued by Regiment's public investment team include hedging techniques. Regiment's hedging techniques consist primarily of:

- Intra-capital arbitrage trades, which involve establishing a long and short position in fixed income obligations of the same issuer; and
- The use of credit derivatives, such as credit default swaps and index total return swaps, and interest rate derivatives.

The specific investment strategies utilized by Regiment's public investment team for each institutional managed account are established in each client's written advisory agreement. With respect to Regiment's pooled investment vehicles, the specific investment strategies utilized by the team are outlined generally in the vehicle's governing documents, which include the advisory agreement.

The primary risks associated with the asset types and investment strategies utilized by Regiment's public investment team are as follows:

- Credit Risk – Investing in the fixed income asset class exposes investors to credit risk, which is the risk that a borrower may not be able to repay its debt obligations. In addition to the credit risk posed by a single borrower represented in a client portfolio, economic events may cause excessive defaults impacting multiple borrowers in a client portfolio.
- Interest Rate Risk – Investing in the fixed income asset class exposes investors to interest rate and inflation risk. Increases in interest rates or inflation may adversely affect the value of investments held in a client's portfolio.
- Liquidity and Market Risk - Regiment may invest client assets in investments for which a liquid market does not exist, including bank loans and credit derivatives. As a result, it

may not be possible for Regiment to readily dispose of such investments in adverse market conditions, and it may not be able to do so for an extended period of time.

- Low Rated Debt Instruments – Investments made by Regiment will typically be in debt instruments or issuers which are rated below investment grade by internationally recognized credit rating organizations, or are not rated, and, as a result, inherently possess a greater vulnerability to default compared to higher rated obligations.
- Bank Loans – Regiment may invest in syndicated bank loans on behalf of its clients. The syndicated bank loan market is a private market, subject to the liquidity concerns described above, and is also not subject to regulatory oversight by the SEC, which may pose additional risks.
- Short Selling – Regiment may enter into short positions on behalf of its clients. Short selling allows an investor to profit from a decline in the price of the underlying asset. Theoretically, a short sale can create the risk of an unlimited loss, as the price of the underlying asset could increase without limit, thus increasing the cost at which Regiment must purchase the asset on behalf of its client in order to close out the short position. There can be no assurance that the asset necessary to cover the short position will be available for purchase. Furthermore, purchasing the asset to close out a short position can itself cause the price of the asset to rise further, thereby increasing the loss.
- Use of Derivatives – Regiment may invest in derivatives on behalf of its clients. In addition to the liquidity risks described above, investments in derivatives involve the risk of loss due to a counterparty's inability to meet its obligations under the derivative contract.
- Counterparty Risk – In addition to counterparty risks posed by the use of derivatives, Regiment's clients may be subject to risks associated with other counterparties, including prime brokers and the broker-dealers with whom Regiment transacts. The inability of a broker-dealer to settle a transaction in a timely manner or the insolvency of a prime broker to a Regiment client may impact Regiment's ability to manage client assets or cause Regiment's clients to experience losses.
- Use of Leverage – Regiment's investment strategy may involve borrowing funds from broker-dealers, banks, or other parties. Such borrowing may increase the risk of loss. Furthermore, client assets will be used as collateral for such borrowing. Under certain circumstances, lenders may demand an increase in collateral and, if Regiment is unable to provide collateral, lenders may liquidate client assets, which could have adverse consequences on a client's investment portfolio. Interest charged by lenders may fluctuate and may adversely affect a client's investment performance.
- Hedging Techniques – The use of hedging techniques by Regiment is designed to protect against certain risks to which client portfolios are exposed. Such hedging techniques may result in poorer investment performance than if hedging techniques were not used. Furthermore, to the extent that Regiment's hedges are not properly correlated (i.e., to the extent that a material difference between the hedged position and the hedge transaction develops), client portfolios may be exposed to greater loss. Regiment may not be able to hedge all risks or may choose not to based upon the cost of the hedge relative to the benefit that it may provide.

There may be other, unforeseeable risks to which Regiment's clients are exposed. In addition, investors in a Regiment pooled investment vehicle may be exposed to other risks, including risks associated with the vehicle itself, which are disclosed in the vehicle's governing documents.

All investing involves a risk of loss that clients should be prepared to bear.

Regiment's Special Situations Investment Team

Regiment's special situations investment team is led by Richard Miller, who serves as the portfolio manager for the SSF Funds. Mr. Miller is a partner of RCA, and is supported by a team of six investment analysts who are responsible for identifying investment opportunities, conducting research, and negotiating the terms of investments that are consummated (subject to the approval of Mr. Miller). The analysts are also responsible for monitoring the performance of outstanding investments.

The investment strategies implemented on behalf of the SSF Funds primarily involve the origination of loans to middle market companies operating in a broad range of industries, primarily in North America. While the SSF Funds' investment strategy will focus on adjustable rate, senior secured loans, it may also involve originating unsecured senior loans or subordinated loans, as well as the acquisition of convertible securities, equity securities, and equity-linked securities such as options and warrants.

The primary risks associated with the investment strategies utilized by Regiment's special situations investment team and the asset types in which the SSF Funds invest are as follows:

- **Liquidity Risk** – There is no secondary market for the heavily negotiated loans in which the SSF Funds primarily invest, and none is expected to develop. As a result, to the extent that Regiment must dispose of an SSF Fund investment, it may not be able to do so in a timely manner, or it may not receive full value in such a transaction.
- **Lack of Diversification** – Although the SSF Funds' governing documents contain restrictions on the amount which may be invested in a particular transaction, the SSF Fund investment portfolios may not be diversified, and their portfolios may contain a relatively small number of large positions. If these portfolios are concentrated in a small number of issuers or industries, any adverse change in one or more of such issuers or industries could have a material adverse effect on the performance of the SSF Funds.
- **Credit Risk** - Investing in loans exposes the SSF Funds to credit risk, which is the risk that a borrower may not be able to repay its debt obligations. Such risk is magnified to the extent that Regiment's loans are made to highly leveraged companies. There can be no assurance that any collateral securing a loan will be sufficient to protect the SSF Funds in the event of a default.
- **Interest Rate Risk** – Increases in interest rates generally have an adverse effect on the value of fixed income obligations. While loans held by the SSF Funds will generally include adjustable interest rates, which mitigate such risks, there can be no guarantee that increases in a loan's interest rate will fully correlate with increases in the market rate of interest. Furthermore, as loan interest rates adjust at stated intervals, the interest rate of a loan at any given time may not correspond to the market rate of interest.

- Bank Loans – SSF Fund loans will generally be privately originated. Unlike fixed income securities, such loans will not be subject to direct, regulatory oversight by the SEC, which may pose additional risks.

There may be other, unforeseen risks associated with Regiment's special situations investment strategy. In addition, investors in an SSF Fund may be exposed to other risks, including certain risks associated with the fund vehicle itself, which are disclosed in the vehicle's governing documents.

All investing involves a risk of loss that clients should be prepared to bear.

Item 9 - Disciplinary Information

Neither Regiment nor any of its management personnel has been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or the integrity of its management.

Item 10 - Other Financial Industry Activities and Affiliations

Neither Regiment nor any of its management personnel has any relationships or arrangements with other financial services companies that are material to Regiment's advisory business or that create material conflicts of interest with Regiment's clients.

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

Regiment has adopted a written code of ethics that governs the conduct of its personnel. Among other requirements, the code requires that Regiment personnel act for the benefit of its clients at all times, abide by all of Regiment's policies and applicable laws and regulations, and refuse to participate in any business relationship or accept any gift that could reasonably be expected to impair Regiment's independence, objectivity, or loyalty to clients. The code also incorporates by reference Regiment's employee personal trading policy, which places restrictions on the ability of its personnel (along with family members living in the same household) to make investments in their personal accounts. This policy generally limits investments in such personal accounts to pooled investment vehicles (including but not limited to mutual funds, exchange traded funds, and unregistered investment vehicles), government bonds and certain private placements, and precludes investments in equity securities and corporate bonds. Regiment personnel must obtain approval from Regiment's Chief Compliance Officer or General Counsel before (i) investing in unregistered, pooled investment vehicles or permitted private placements, and (ii) selling any investments acquired prior to their employment with Regiment. A central goal of the policy is to avoid conflicts of interest arising from situations where Regiment or its personnel may invest in the same or similar securities that Regiment recommends to its clients. In order to monitor compliance with this policy, Regiment requires that all personnel submit duplicate copies of account statements and other reports of their trading activity on a regular basis to the firm's Chief Compliance Officer.

Regiment will provide a copy of its code of ethics to any client or prospective client upon request.

Item 12 - Brokerage Practices

As part of its investment advisory services, Regiment exercises discretion in the selection of broker-dealers for client transactions. Regiment has implemented a best execution policy that outlines the factors Regiment generally considers in selecting broker-dealers for client transactions and in seeking to obtain best execution on behalf of its clients. In considering a particular transaction with a broker-dealer, Regiment considers both quantitative factors (such as price, and, where applicable, commission rate) as well as qualitative factors, including but not limited to, in no particular order of priority, the broker-dealer's:

- Ability to maintain the confidentiality of Regiment's trading intentions;
- Timeliness and certainty of execution;
- Willingness to commit capital;
- Ability to place trades in difficult market environments;
- Ability to access a variety of market venues;
- Expertise as it relates to specific securities;
- Financial condition and credit quality (i.e. counterparty risk); and
- Business reputation.

Regiment does not participate in any soft dollar arrangements whereby it receives research or other products or services in exchange for placing client transactions with a particular broker-dealer. Regiment may, however, receive research reports from broker-dealers that it conducts business with. In selecting broker-dealers for client transactions, Regiment also does not consider whether or not it receives client referrals from a broker-dealer or third party. Regiment also does not recommend, request, or require that clients direct it to execute transactions through a particular broker-dealer.

In an attempt to obtain best execution for all of its clients, and where it has the ability to do so (for example, a client may place a restriction on Regiment's use of a particular broker-dealer), Regiment typically aggregates transactions with a broker-dealer across multiple client accounts.

Item 13 - Review of Accounts

Accounts under the management of Regiment's public investment team are reviewed regularly by members of its portfolio management team. Formal reviews are conducted on a monthly basis, and consist of an evaluation of each portfolio's composition and exposures, along with other relevant portfolio data. As part of these reviews, the portfolio management team meets with each investment analyst individually to discuss the portfolio positions that have been recommended and are being monitored by that analyst.

The investments contained in the SSF Funds are reviewed regularly by members of Regiment's special situations investment team, under the supervision of Richard Miller. Among the review sessions that take place is a regularly scheduled weekly meeting where team members review all outstanding investments. Review sessions may occur more frequently.

Managed account clients receive statements and other information directly from their custodian. Regiment may supplement these statements with other statements provided during client meetings

or upon request. With respect to its clients that are pooled investment vehicles, Regiment (or another vehicle service provider) sends the vehicle's investors the following:

- The Regiment Fund – The Regiment Fund's administrator sends account statements to investors on a monthly basis, and a portfolio transparency report on a quarterly basis. In addition, Regiment sends investors a portfolio summary report on a monthly basis and a quarterly letter describing the Regiment Fund's performance. Audited financial statements for the Regiment Fund are provided to investors on an annual basis.
- The SSF Funds – On a quarterly basis, Regiment sends investors in the SSF Funds an account statement and a set of unaudited SSF Fund financial statements, as well as a letter for each SSF Fund describing its performance. Audited financial statements for the SSF Funds are provided to investors on an annual basis.
- Cavalry – Regiment sends investors in Cavalry a quarterly letter describing Cavalry's performance. Cavalry's trustee also makes available to investors a formal reporting package on a quarterly basis.

Item 14 - Client Referrals and Other Compensation

Regiment does not receive any economic benefits from non-clients in connection with the provision of investment advice to clients, nor does Regiment compensate any person for making client referrals.

Item 15 - Custody

Regiment either (i) serves as general partner to its pooled investment vehicles, and/or (ii) in its role as investment advisor, has the ability to access certain client assets through its ability to directly debit fees. Where either of these is the case, Regiment is considered to have custody of client assets. To the extent that Regiment has access to client assets, it may be required to instruct qualified custodians to send statements directly to the applicable clients on at least a quarterly basis. Such clients should carefully review these statements and are urged to compare them with any account statements or other information received from Regiment. To the extent that a qualified custodian does not send statements with respect to a pooled investment vehicle, such vehicle will be subject to an annual audit, with the audited financial statements prepared in accordance with generally accepted accounting principles and distributed to each investor within 120 days of the vehicle's fiscal year end.

Item 16 - Investment Discretion

Regiment has investment discretion over all of its client accounts. Clients grant Regiment such discretion through the execution of an investment advisory agreement.

Regiment's pooled investment vehicles are established with a defined set of investment objectives, rules and limitations, which are set forth in each vehicle's governing documents. Investors in such vehicles cannot unilaterally impose any additional limitations beyond those contained in the vehicle's governing documents.

Managed account clients may place reasonable limitations on Regiment's investment discretion. Such restrictions are agreed upon by both parties and documented in Regiment's investment

advisory agreement with such client. For example, some clients prohibit Regiment from purchasing securities issued by companies in certain industries, or limit Regiment from purchasing obligations with a particular credit rating.

Item 17 - Voting Client Securities

Regiment accepts the authority to vote client securities. In accordance with Rule 206(4)-6 of the Advisers Act, Regiment has adopted a written policy which governs its voting of client securities. This policy applies to all proxies that Regiment receives on behalf its clients, and reflects Regiment's intent and obligation to vote all proxies in a manner which it reasonably believes is in the best interests of its clients (i.e. that it reasonably believes will maximize the value of the client's investment).

Upon receiving notification of a potential conflict of interest with respect to voting client securities, Regiment's General Counsel and/or Chief Compliance Officer will evaluate the conflict and determine an appropriate course of action in a manner consistent with Regiment's obligation to its clients.

Clients may obtain a copy of Regiment's proxy voting policy, as well as specific information about how it has voted proxies in the past, upon request.

Item 18 - Financial Information

Regiment has never filed for protection under the U.S. Bankruptcy Code, nor has it been the subject of a bankruptcy petition at any time during the past ten years.