

**Item 1: Cover Page**

**RT Capital Management, LLC**  
**Brochure**

Part 2A of Form ADV

February 14<sup>th</sup>, 2012

This brochure provides information about the qualifications and business practices of RT Capital Management, LLC. 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. If you have any questions about the contents of this Brochure, please contact us at the telephone number listed below.

RT Capital Management, LLC is an SEC registered investment adviser; such registration, however, does not imply a certain level of skill or training.

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

## **Item 2: Material Changes**

As RT Capital Management LLC (the “Adviser” “RTCM” or “we”) is a newly registered investment adviser, this is the initial Brochure the Adviser has filed with the SEC. Therefore, the Adviser does not have any material changes to disclose pursuant to this Item.

In the future, Item 2 will be used to provide clients with a summary of material changes that are made to this brochure since the last annual update.

Our brochure may be requested, free of charge at any time, by contacting Kimberly Shapiro at (212) 931-5303 or [kds@rothcap.com](mailto:kds@rothcap.com) or by contacting us via our website at [www.rothcap.com](http://www.rothcap.com). You can also locate information about us on [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 4: Advisory Business**

RTCM is a Delaware limited liability company that was formed in 1997. RTCM provides discretionary portfolio management services to two private funds (each, a “Fund,” and together, the “Funds”) that are offered to high-net worth, financially sophisticated individuals and institutional investors that may include banks or thrift institutions, investment companies, pension and profit sharing plans, trusts, estates, government plans or other business entities.

David D. Rothschild is the principal owner of RTCM, and serves as its Managing Partner. David is responsible for the Adviser’s investment decisions along with the other members of the Investment Committee: Jason B. Wood, Leonard D. Rodman and Archie C. Smith. Stanford Z. Rothschild, the Chairman of an affiliate investment adviser – Rothschild Capital Management LLC – serves as a senior adviser to RTCM and its principals.

RTCM currently provides investment advisory services to the following two private funds:

- **Rothschild Technology Partners, LP (“RTP Fund”)**, a Delaware limited partnership, which was formed in 1997 and focuses primarily on investments in the technology sector. RTP Fund is closed to new investors. As of February 1<sup>st</sup>, 2012 RTP Fund had \$22.1 million in gross assets.
- **Rothschild Capital Partners, LP (“RCP Fund”)**, a Delaware limited partnership, which was created in 2003 and focuses primarily on investing in liquid, publicly-traded securities, primarily but not limited to equities. As of February 1<sup>st</sup>, 2012 RCP Fund had \$58.8 million in gross assets.

While we manage each fund in an attempt to reach that fund’s investment objective, we do not tailor our portfolio management decisions to the individual needs of any individual investor in a Fund. As a result, no investor may impose restrictions on the way in which we manage the Funds. The specific investment strategy of each Fund is set forth in such Fund's offering documents.

*Please see Item 8 for a more detailed discussion of the Adviser’s Methods of Analysis and Investment Strategies.*

**Assets Under Management** – As of February 1, 2012, RTCM had \$80.9 million in assets under management all of which it manages on a discretionary basis.

## **Item 5: Fees and Compensation**

**Management Fee** – RTCM is paid an asset-based fee (the “Management Fee”) from the Funds. The Management Fee arrangement is the same for both Funds, and is calculated and paid quarterly at a rate of 0.25% of the net asset value of the capital account of each limited partner in the Funds. The Management Fee is paid in advance on the first business day of each calendar quarter. Fees are withdrawn directly from the Funds’ accounts, payable to RTCM.

RTCM employees and its service providers verify and balance statements between the Fund’s prime brokerage statements and RTCM’s portfolio accounting system, Schwab Portfolio Center (formerly known as Centerpiece), to determine assets under management.

The Management Fee may be negotiable with respect to particular investors in the Funds and the Adviser may, in its sole discretion, waive all or part of the Management Fee with respect to any individual partner in the Funds. In the event a Limited Partner withdraws prior to the end of a calendar quarter, the Management Fee will be prorated based upon a Limited Partner’s actual period of ownership of its investment.

**Incentive-based compensation.** In addition, the Adviser’s affiliates, Rothschild Capital Partners, LLC and RT GP, LLC (together, the “General Partners”), are entitled to receive an annual incentive allocation from the RCP Fund and RTP Fund, respectively, in their capacities as general partners of such funds as discussed in Item 6.

*Please see Item 6 for a further discussion of the determination of performance-based compensation.*

**Lock-up Period and Withdrawals** – Investors in the Funds are subject to a lock-up period of one year following their initial investment into the Fund. After the first year lock-up period, investors generally have the right upon thirty (30) days’ prior written notice to make a partial or total withdrawal from the relevant Fund (resulting in a termination with respect to all or part of the account) subject to the limitations set forth in the relevant Fund’s offering documents.

**Other Expenses** – Each Fund also pays for all expenses in connection with its establishment, maintenance and operations, including accounting and legal expenses, trading related expenses relating to the investment of the assets of the Fund including without limitation, all brokerage commissions and other trading costs and fees. *Please see Item 12 for a discussion of RTCM’s brokerage practices.*

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

**Performance Fees** – As stated in Item 5, the General Partners of the Funds, affiliates of the Adviser are entitled to earn a performance-based allocation with respect to each of the Funds in an amount equal to twenty percent (20%) of the net appreciation of the relevant Fund on such Fund's fiscal year-end, upon a withdrawal of a partner in the Fund and at such other times as set forth in the relevant Fund's limited partnership agreement. The General Partners may in their sole discretion, waive all or part of the incentive allocation otherwise due with respect to any Partner's investment in the Funds, by rebate or otherwise. The General Partners will not be subject to the incentive allocation. The Incentive Allocation with regard to certain illiquid investments in the RTP Fund shall become allocable only when and to the extent that such investments become, in the sole discretion of the General Partner, liquid.

The performance-based allocations are subject to a high water mark in which all prior losses attributable to a Fund investor's capital account must be made up before any incentive-based compensation may be taken by the General Partners.

The members of the Investment Committee take care to identify and avoid the risks inherent in the receipt of performance based compensation. For example, performance-based allocations received by the General Partners may give the Adviser (an affiliate of the General Partners) an incentive to make investments that are riskier or more speculative than would be the case if the General Partners were compensated solely based on a flat percentage of capital or net asset value (such as the Management Fee). In addition, the performance-based compensation was not the product of an arm's length negotiation with any third party, and because the performance fees are calculated on a basis that includes unrealized appreciation of a Fund's assets such compensation may be greater than if it were based solely on realized gains.

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

As discussed in Item 4, RTCM currently provides investment management services on a discretionary basis to the RTP Fund and the RCP Fund, which are domestic private funds that are offered to high-net worth individuals and institutional investors that satisfy the eligibility standards discussed below and that may include, but are not limited to, banks, thrift institutions, investment companies, pension and profit sharing plans, governmental plans, trusts, estates or other business entities.

Investors in the Funds must meet certain suitability requirements including being an accredited investor (as defined in Regulation D of the Securities Act of 1933, as amended (the “Securities Act”)), and general sophistication requirements. All investors in the Funds are required to invest an initial minimum amount of at least US\$1,000,000 and a subsequent amount of at least \$100,000, which amounts may be waived in the sole discretion of General Partners. As discussed above, however, the RTP Fund is no longer accepting additional investors or additional capital contributions from existing investors.

RTCM does not manage any separate accounts for individual clients.

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

### **General Principles**

#### **Investment Philosophy**

The Adviser’s approach for the Funds is to be a fundamental investor with a long-term approach that has been developed over multiple generations of investment experience. Members of our investment committee combine decades of Wall Street experience with significant experience in operational roles in private enterprise.

The global economy is changing in ways that present both opportunity and risk. Although the markets can be focused on short-term trends and events (often creating great volatility), we have the patience and the fortitude to invest the Funds’ assets with a long-term perspective.

As discussed above, however, the RTP Fund is no longer accepting additional investors or additional capital contributions from existing investors.

### **Rothschild Capital Partners, LP Fund Objective and Strategy**

The RCP Fund’s objective is to protect and grow its capital with a portfolio primarily comprised of:

- **Franchise Companies** – Businesses that have proven results in delivering sustainable returns by leveraging intellectual property, distribution channels, resources, or people. We seek to ensure that their management teams have credible track records and have demonstrated that their interests are aligned with outside shareholders.

- **Innovators** – Those businesses that RTCM believes can generate significant appreciation by enabling new ways of doing business or new solutions to commercial, industrial or medical challenges. Here, the Adviser seeks to leverage its domain expertise and relationships in technology, life sciences and natural resources. As excited as we are to invest the Fund’s assets in these companies, we do not think it is incumbent on the RCP Fund to be the first in. Or the second. If a company can truly change the landscape, we believe most of the investment appreciation occurs after the product or service has passed the hurdles of initial development and customer delivery.
- **Protective Mechanisms** – Part of our investment approach for the RCP Fund is a variety of instruments including equity and index options and exchange traded funds (ETFs) in an effort to mitigate excess declines. Additionally, we will frequently maintain for the RCP Fund large cash and precious metals positions as well as a selection of investment grade, short duration bonds.

### **Rothschild Technology Partners, LP Objective and Strategy**

The RTP Fund has been closed to new investors and new capital contributions from existing investors for some time. The RTP Fund was created with the intention to combine both public equity and private equity investments in one fund, with a focus on information and medical technology industries. Several partners have withdrawn the public equity portion of the portfolio and are awaiting the liquidity from the private equity portion of the portfolio. The Fund is being managed to minimize the tax consequences for the remaining limited partners and provide adequate liquidity for the remaining contributions associated with the fund’s remaining private equity commitments. The RTP Fund is not making any additional capital commitments to illiquid investments.

### **Overall Investment Analysis and Process**

The primary sources of information RTCM uses in managing the Funds’ assets include:

- Annual and quarterly reports, prospectuses and other filings with the SEC
- Financial periodicals (print and online)
- Industry-focused websites and print periodicals
- Inspections of corporate activities
- Issuer press releases
- Participation in industry specific conferences, trade shows and activities
- Primary due diligence interviews with corporate investor relations and senior management



- Primary research through contacts and interaction with industry professionals
- Research materials prepared by third parties

Investment strategies used to implement investment advice for managing the Funds include:

- Long-term purchases (securities held at least a year)
- Short-term purchases (securities held less than a year)
- Option writing, primarily covered calls or uncovered puts
- Option buying, primarily covered puts or uncovered calls
- Listed and OTC equities, domestic and foreign (buying and selling)
- Corporate fixed income (convertible note and long bond) purchases
- Government issued fixed income (foreign and domestic denominated)
- Commodities (principally in the form of ETFs with exposure to the underlying commodity)

### **Investment Related Risks**

*Risk of Loss.* All investments in securities involve the risk of loss, including the loss of principal, a reduction in earnings and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk and general economic risk. Although the Adviser manages client assets in a manner consistent with stated risk tolerances, there can be no guarantee that its efforts will be successful. The Adviser's clients should be prepared to bear the risk of loss.

*Securities Exchange.* Each securities exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension would render it impossible for us to liquidate positions and, accordingly, could expose the clients to losses. Similarly, client's assets may not be sufficiently liquid to fund withdrawals from the account by the client.

*Short Sales.* The Adviser may sell short securities of an issuer in the expectation of covering the short sale with securities purchased in the open market at a price lower than that received in the short sale. If the price of the issuer's securities declines, The Adviser may then cover the short position with securities purchased in the market. The profit realized on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale, less the amount of any dividend obligations incurred; interest paid pending the return of the securities to the lender and premiums paid, if any, to the lender. The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions

imposed by the federal securities laws and the various national and regional securities exchanges, which restrictions could limit the account's investment activities. There can be no assurance that securities necessary to cover a short position will be available for purchase.

*Options.* There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (*e.g.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option.

There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (*e.g.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (paid to establish the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

*Bonds and Other Fixed Income Securities.* We may invest client assets in bonds and other fixed income securities and may take short positions in these securities. We will invest the Funds' assets in these securities when we determine they offer opportunities for capital appreciation (or capital depreciation in the case of short positions) and may also invest in these securities for temporary defensive purposes and to maintain liquidity. Fixed income securities include, among other securities: bonds, notes and debentures issued by U.S. and non-U.S. corporations; U.S. Government securities or debt securities issued or guaranteed by a non-U.S. government; municipal securities; and mortgage backed and asset backed securities. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility resulting from, among other things, interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

Fixed income securities may decline in value because of an increase in interest rates; an account with longer average portfolio duration will be more sensitive to changes in interest rates than an account with shorter average portfolio duration. In addition, the accounts could lose money

if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations.

We may invest client assets in both investment grade debt securities and non-investment grade debt securities (commonly referred to as junk bonds). Non-investment grade debt securities may involve a substantial risk of default or may be in default. Adverse changes in economic conditions or developments regarding the individual issuer are more likely to cause price volatility and weaken the capacity of the issuers of non-investment grade debt securities to make principal and interest payments than issuers of higher grade debt securities. An economic downturn affecting an issuer of non-investment grade debt securities may result in an increased incidence of default. In addition, the market for lower grade debt securities may be less liquid and less active than for higher grade debt securities. High yield securities and unrated securities of similar credit quality (commonly known as “junk bonds”) are subject to greater levels of credit and liquidity risks. High yield securities are considered primarily speculative with respect to the issuer’s continuing ability to make principal and interest payments.

*The foregoing list of risk factors does not purport to be an all-encompassing list or explanation of the risks attendant to the Adviser’s investment program for its clients. Prospective clients and investors in the Funds are encouraged to seek the advice of independent legal counsel in evaluating the risks of investing in a Fund. In addition, as the Adviser’s investment program for the Funds develops and changes over time, the strategy may be subject to additional and different risks. A more comprehensive list of risks is included in the Funds’ offering materials.*

## **Item 9: Disciplinary History**

We are required to disclose any legal or disciplinary events that are material to a client’s or prospective client’s evaluation of our advisory business or the integrity of our management. None of RTCM, its affiliates, or its management persons (i.e., anyone with the power to exercise, directly or indirectly, a controlling influence over the Adviser’s management or policies, or to determine the general investment advice given to the clients of the Adviser) have ever been the subject of any legal or disciplinary events.

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

Neither RTCM nor any of its management persons (as defined in Item 9) is currently registered, nor do such persons have an application pending registration, as a broker dealer, a registered representative of a broker-dealer, a futures commission merchant, a commodity pool operator or a commodity trading adviser or an associated person of the foregoing.

RTCM has an arrangement with Rothschild Capital Management, LLC (“RCM”) – an investment adviser and affiliate of RTCM – that allows for RTCM employees to provide their time and services to RCM. In such capacity, employees of RTCM serve as members of the Investment Committee of RCM and make investment decisions for RCM which, in turn, provides investment and portfolio management services for separately managed accounts. RCM charges its clients management fees on a quarterly basis and a portion of such fee is paid to RTCM for the services of its employees. Jodi Dehli, an employee of RTCM, has the responsibility of coordinating business development and client service efforts. In that role, she may interact with clients of RCM. RCM does not charge performance fees. The same employees that serve on Investment Committee of RCM (serving along with the other investment committee members of RCM) also serve on investment committee of RTCM and in such capacities they use the same philosophy, approach and strategy in managing both the Funds and RCM managed account clients. As a result of their other activities, the members of the RCM investment committee may have conflicts of interest in allocating time, services and functions among the managed account clients of RCM and the Funds.

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

### **Code of Ethics**

RTCM has adopted a Code of Ethics (“Code”) to address the securities-related conduct of its employees and representatives. RTCM expects all employees to act with honesty, integrity and professionalism and to adhere to federal securities laws. All employees of RTCM and any other person who provides advice on behalf of RTCM are required to adhere to the Code of Ethics.

Our Code outlines, in detail, the standards of conduct expected by our employees and includes guidelines and limitations on personal trading, giving and accepting gifts, serving as a director for external organizations, and engaging in outside business activities. In addition, the Code requires employees to furnish personal securities transaction and holdings reports as discussed below. Without exception, our employees are prohibited from using inside information to trade in personal accounts or on behalf of our clients.

All employees are furnished with the firm’s Code of Ethics annually, and must sign and acknowledge compliance of the document. Employees are required to report any violation of the Code immediately to our Chief Compliance Officer – David D. Rothschild.

**A copy of our full Code of Ethics is available to our advisory clients and prospective clients** who may request a copy by email sent to Kimberly Shapiro ([kds@rothcap.com](mailto:kds@rothcap.com)), or by calling us at (212) 931-5303.

### **Personal Trading**

All RTCM employees are required to furnish personal securities transaction and holdings reports for all employee accounts and employee related accounts as follows: (i) initial holdings reports must be provided within ten (10) days of becoming an employee and annual holdings report must be provided at least every twelve months and (ii) quarterly transaction reports (or brokerage statements/trade confirmations in lieu thereof) must be provided to the Chief Compliance Officer no later than 30 days following the end of the calendar quarter.

The Adviser maintains a **Restricted List** that includes, among other things, the names of issuers whose securities are currently held in client accounts and/or are being considered for purchase for client accounts. The Restricted List may, at times, also include the names of issuers whose securities are subject to a complete ban on sales or purchases because the Adviser has

knowledge of material non-public information regarding the issuer. Under these circumstances the security of such an issuer will be designated as a “Completely Restricted” security and neither employees nor the Adviser will be permitted to purchase, sell or take any position in the relevant security until the issuer’s name is removed from the Restricted List or the security is no longer designated as Completely Restricted.

Employees wishing to transact in securities on the Restricted List but NOT listed as Completely Restricted, must complete and submit a request for prior approval to the Chief Compliance Officer. The Chief Compliance Officer will review the request and make sure the intended transaction is not a violation of the Adviser’s policies, and does not conflict with the best interests of the clients. Any pre-approval is good for no longer than five business days; at which point an unfulfilled transaction must be re-submitted if the employee wishes to maintain the option to execute. In addition, employees must obtain prior written approval from the Chief Compliance Officer before investing in initial public offerings (“IPOs”) or limited offerings (i.e., private placements).

All employees are responsible for knowing the contents of the Restricted List prior to effecting or soliciting a transaction in a security. Any employee who consults the Restricted List is prohibited from disclosing the securities listed and the privately placed investment vehicles listed in the Restricted List to non-employees of the Adviser. **The Chief Compliance Officer reserves the right to reject any trade by an employee deemed not in the best of interests of the Adviser or its clients.**

Subject to the approval of the Chief Compliance Officer, employees may from time to time have an interest, direct or indirect, in a security (or related securities), the purchase or sale of which by a client is being evaluated or is recommended, or which in fact is purchased or sold by or otherwise traded for a client. To the extent an employee invests in a security that is held by or recommended to a client, a conflict of interest arises as the reason for making such recommendation to a client could be to benefit the related person (i.e. by increasing (or decreasing, as the case may be) the value of the security) rather than it being in the best interest of the client. Policies and procedures are in place to ensure that clients’ interests are not disadvantaged by a trade made by a related person and that a related person does not benefit personally from trades undertaken for clients. In particular, RTCM manages this conflict by having its Chief Compliance Officer pre-approve all securities transactions by employees in securities on the Restricted List (which include securities held by or being evaluated for clients) and having its Chief Compliance Officer review the personal securities transaction and holdings reports of employees to ensure that clients are not disadvantaged by the employees’ trading and to ensure compliance with our Code of Ethics.

## **Item 12: Brokerage Practices**

*Brokerage.* Investment advisers have a fiduciary duty to their clients to obtain best execution of their transactions. RTCM's Investment Committee selects the brokers to use to execute trades on behalf of the Funds and determines the reasonableness of their compensation based on the range and quality of a broker's services including execution capability, trading expertise, accuracy of execution, commission rates, research, reputation and integrity, fairness in resolving disputes, financial responsibility, responsiveness and research, brokerage and other services and products provided by a broker (the "soft dollar items").

RTCM uses client commissions (i.e., "soft dollars") to purchase soft dollar items within, and outside, the safe harbor established by Section 28(e) of the U.S. Securities Exchange Act of 1934. Soft dollar practices are the use of client commissions to "pay up" (i.e., pay more than the lowest commission available) in return for products and services. Research services, which we believe provide value-add information that better enables the Investment Committee to manage client assets, paid for using soft dollars include, but are not limited to, Pipeline Data, LLC. In the last year, the only soft dollar benefits RTCM received are research reports and services from Pipeline Data, LLC.

Soft dollar items, whether provided directly or indirectly, may be utilized for the benefit of the Adviser and any of its or its affiliates' other accounts. The Adviser may use client commissions to acquire soft dollar items that the Adviser would otherwise be obligated to provide to, or acquire at its own expense for, the relevant account(s) and for which the Adviser therefore receives a benefit. Nonetheless, the Adviser believes that such soft dollar items may provide the clients with benefits by supplementing the research and services otherwise available to the clients and will use such soft dollar in good faith. The Adviser may have an incentive to select certain brokers based on the soft dollar items provided by such brokers rather than the client's interests in receiving the most favorable execution.

The clients may be deemed to be "paying up" for soft dollar items provided by a broker which are included in the transaction charges. In exchange for the direction of portfolio transaction dollars to certain brokers, credits are generated which may be used by the Adviser to pay for the soft dollar items provided, or paid for, by such brokers. To the extent the client's portfolio transactions generate such credits or soft dollar items are provided, the Adviser will be receiving a benefit by reason of the direction of commissions.

Although it has not yet done so, in addition to the factors described above, the Adviser may consider a broker's referrals of clients or investors in the Funds or the potential for future referrals in directing transactions to a broker. As with client commission payments for soft dollar items, in some cases the transaction compensation paid might be higher than that obtainable from another

broker-dealer who did not provide (or undertake to provide) referrals, although the Adviser will seek to avoid such a result and will seek best execution. Awarding transaction business to brokers in recognition of past or future referrals may involve an incentive for the Adviser to cause one or more clients to effect more transactions with such brokers than it might otherwise do in order to stimulate more referrals rather than on the client's interest in receiving most favorable execution.

Commissions generated in the management of one Fund may be used to pay for soft dollar items used by RTCM in managing the other Fund, or affiliates' client accounts. Likewise, not all soft dollar items may be used by RTCM in connection with the Fund that paid commissions to the broker providing such items. Further, RTCM does not attempt to allocate soft dollar benefits to the Funds proportionately to the soft dollar credits they generate. The Adviser believes that, over time, both Funds will receive some benefit from the soft dollar items provided. Lastly, while RCP Fund's offering document provides that the Adviser may enter into directed brokerage arrangements in its sole discretion, the Adviser has not done so and does not intend to do so.

*Aggregation.* RTCM, and its affiliated RCM, whenever possible (to the extent a transaction is suitable for more than one client), place concurrent orders with a single broker to be executed as a single, aggregated "block" in order to facilitate orderly and efficient execution and on average and reduce the costs of execution. Whenever RTCM and RCM do so, each client on whose behalf an order was placed will receive the average price at which the "block" was executed and will bear a proportionate share of all transaction costs, based on the size of the client account's order. The Adviser will aggregate securities orders if it believes such aggregation is consistent with its duty to seek best execution (which shall include best price) for its clients and is consistent with the terms of the Company's investment advisory agreements.

As discussed herein, RTCM currently invests only the assets of RCP Fund in new investments. It is nevertheless RTCM's policy (in conjunction with RCM) to allocate aggregated securities on a fair and equitable basis. The Adviser will ensure that no account will be favored over any other account. The Adviser will make allocations pursuant to its allocation statement which indicates that allocations be done (i) on a pro-rata basis or (ii) otherwise, such as (a) if a given security meets additional investment criteria with respect to a participating account (e.g., such as if a security is from an issuer that is a merger arbitrage name but is also in distress, the security may be allocated among the merger arbitrage accounts and may be more heavily weighted towards a merger arbitrage account which may also invest in distressed securities as part of its strategy) or (b) for other reasons including, without limitation, tax consequences with respect to a given account or liquidity concerns (e.g. anticipated inflows and/or outflows of capital with respect to a given account). In addition, an order may be allocated on a basis



different from that specified in the Allocation Statement if the participating accounts whose orders are allocated receive fair and equitable treatment and the reason for such different allocation is explained in writing and is approved in writing by the Company's Chairman and Chief Compliance Officer or their designees. RTCM will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation procedure.

## **Item 13: Review of Accounts**

RTCM maintains a number of policies to review client accounts.

**Day-to-Day Monitoring** – On a daily basis (on each business day), members of RTCM’s Investment Committee (David D. Rothschild, Jason B. Wood, Archie C. Smith and Leonard D. Rodman) are responsible for monitoring, reviewing and management of the Funds’ portfolios; and collectively oversee all facets of the investment advisory process including, but not limited to asset allocation, portfolio review, idea generation, trading policy, risk management, proxy voting and compliance. Other employees may assist in the aforementioned duties as required by the Investment Committee members, and where they deem appropriate.

- **Trade Execution** – Brokers provide us with physical confirmations as well as DTC affirmations between the broker, the prime broker – who also acts as the Funds’ custodian – and the Adviser, for each trade executed in the Funds.
- **Prime Brokerage and Custodian** – RTCM utilizes Jefferies & Company for the provision of prime brokerage and custodial services for Fund assets – including cash and securities. Jefferies provides custodial services including, but not limited to, daily trade reconciliation, ensuring receipt of income, facilitating deposits or withdrawals, and portfolio valuation.
- **Administrator** – Raines & Fischer, an independent accounting firm based in New York, serves as the Funds’ Administrator. Specifically, Brian Uhlman – a partner at Raines & Fischer – provides administrator services as well as additional tax and accounting services to the Funds. Brian Uhlman and Kimberly Shapiro – RTCM’s Office Manager – are the primary control persons for the Adviser’s record-keeping, directing fund transfers and wiring, and expense reconciliation. Their duties include affirming trades on DTC, booking all executed trades into the Adviser’s internal portfolio accounting system, Schwab Portfolio Center, and ensuring our records reconcile with the formal records of Jefferies (the Funds’ prime broker and custodian).

**Quarterly Client Letter** – The members of the Investment Committee author a written quarterly letter to investors in the RCP Fund detailing their thoughts on the prior quarter, RCP Fund’s investment performance, and forward-looking thoughts on the market, macroeconomic conditions, and the portfolio’s positioning. We do not author a quarterly letter for the RTP Fund. In addition, on an annual basis, investors in the Funds will receive audited financial statements within (i) 120 days of the RCP Fund’s fiscal year end and (ii) 180 days of the RTP Fund’s fiscal year-end as it currently has ten percent (10%) or more of its assets held in other

pooled investment vehicles that are not, and are not advised by, a related person of the RTP Fund, its General Partner or the Adviser.

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

Except as otherwise provided in Item 12 regarding soft dollar items received by RTCM from time to time, RTCM does not receive any economic benefit from non-clients in connection with providing investment advice or other advisory services to clients.

#### **Item 15: Custody**

An adviser has custody if it acts in any capacity that gives the adviser legal ownership of, or access to, the client funds or securities. Therefore, RTCM is deemed to have custody of Funds' assets because it or one of its affiliates either (1) acts as general partner of the Funds with the authority to dispose of funds and securities in such Fund's account or (2) has the ability to withdraw its fees directly from the Funds. We maintain the Funds' assets at Jefferies & Company, Inc, the Funds' prime broker who is a qualified custodian, as defined under Rule 206(4)-2 (the Custody Rule) of the Investment Advisers Act of 1940, as amended (the "Advisers Act").

All investors in a Fund receive that Fund's annual audited financial statements prepared in accordance with GAAP within (i) 120 days of the RCP Fund's fiscal year end and (ii) 180 days of the RTP Fund's fiscal year-end as it currently has ten percent (10%) or more of its assets held in other pooled investment vehicles that are not, and are not advised by, a related person of the RTP Fund, its General Partner or the Adviser.

#### **Item 16: Investment Discretion**

RTCM accepts discretionary authority to manage the assets in each Funds' account. Our discretion is limited only by the investment restrictions set forth in each Fund's documents and those set forth by the General Partners. Investors in the Funds are not able to place restrictions on investing in certain securities or types of securities.

The most important principle by which we operate in all aspects of our business is the equal and fair treatment between all beneficial owners of our Funds, the Funds' portfolios and the separately managed accounts at our affiliate, RCM. Our decisions are never to be influenced by

any consideration for differences in fee arrangements, size of account, length of a relationship, and potential for additional or new business.

Pursuant to the Funds' documents, we have broad discretionary investment authority over the Funds' accounts including the authority to determine the following:

- Securities to be bought and/or sold
- Amount of securities to be bought and/or sold
- Broker dealer to be used for trade execution
- Commission rates paid for trade execution

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

### **General Principle**

Pursuant to Rule 206(4)-6 of the Advisers Act, registered investment advisers that exercise voting authority with respect to clients' securities are required to adopt and implement policies and procedures for voting proxies, disclose those policies and procedures to their clients and disclose how clients may obtain information about how the adviser has voted proxies.

RTCM maintains voting authority with respect to clients' securities, and maintains a Proxy Voting Policy that details its policies and procedures for voting proxies. Proxies will always be voted in the best interest of the clients. The Adviser shall consider all relevant factors and without undue influence from individuals or groups who may have an economic interest in the outcome of a proxy vote.

RTCM has established a proxy voting committee (the "Proxy Voting Committee") that is responsible for deciding how the Adviser will vote a proxy. The Proxy Voting Committee consists of three members:

- David D. Rothschild, Managing Partner
- Jason B. Wood, Partner
- Leonard D. Rodman, Principal

The Adviser may, from time to time, consult with persons who are not Proxy Voting Committee members when determining how to vote a proxy, including but not limited to members of the Investment Committee (e.g., Archie C. Smith).

While retaining final authority to determine how each proxy is voted, the Proxy Voting Committee reviews and in most instances (provided RTCM determines it is in the best interests of the clients to do so) follows the proxy voting policies and recommendations of Institutional Shareholder Services Inc. ("ISS"). ISS tracks each proxy that the Adviser is authorized to vote on behalf of its clients and makes recommendations to the Proxy Voting Committee as to how it would vote such proxy in accordance with ISS's own proxy voting guidelines. ISS may from time to time vote on proxy matters on the Adviser's behalf in accordance with ISS's recommendations in the event RTCM has not provided specific directions. In addition to supplying proxy related research and making recommendations to RTCM as to particular shareholder votes, ISS also performs the administrative tasks of receiving proxies and proxy statements, marking proxies as instructed by RTCM, and retaining proxy voting records and information.

### **Resolving Conflicts of Interest**

The Proxy Voting Committee is responsible for identifying and resolving material conflicts of interest issues prior to voting, including but not limited to:

- Personal ownership interest in the company in which the Adviser will vote on a proxy.
- Whether Proxy Voting Committee members receive any compensation or profit based on how the Adviser votes on a proxy.
- Role as a director in the company in which the Adviser will vote on a proxy.
- Immediate family member (spouse, child, parent, sibling, or in-law) as a director in the company in which the Adviser will vote on a proxy.
- A personal relationship with an executive or director in the company in which the Adviser will vote on a proxy.
- A personal relationship with a candidate to be a director in the company in which the Adviser will vote on a proxy.

In the event of a conflict of interest, the Proxy Voting Committee may determine that a member of the Proxy Voting Committee who has a conflict of interest is to be recused from the deliberations as to how to vote a proxy on a case-by-case basis.

**Clients may obtain a copy of RTCM's Proxy Voting Policy, and information on how RTCM voted securities, by contacting Kimberly Shapiro at [kds@rothcap.com](mailto:kds@rothcap.com) or (212) 931-5303. Clients may obtain a copy of ISS' proxy voting policy by visiting:**

**[http://www.issgovernance.com/policy/2012/policy\\_information](http://www.issgovernance.com/policy/2012/policy_information)**

## **Item 18: Financial Information**

RTCM has no additional financial circumstances to report. We do not require or solicit payment of fees in excess of \$1,200 per client six months or more in advance of services rendered and are, therefore, not required to include detailed financial statements. We have no financial condition that is reasonably likely to impair our ability to meet contractual and fiduciary commitments to our clients and we have not been the subject of a bankruptcy proceeding.