

MANCHAC CAPITAL, LLC
Part 2A of Form ADV

Two American Lane
Greenwich, CT 06836

(203) 861-3290

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This Brochure provides information about the qualifications and business practices of Manchac Capital, LLC (“Manchac” or the “Firm”). If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer (“CCO”) Paul Pizzolato, at (203) 861-3290 or ppizzolato@manchacllc.com. Additional information about Manchac can be found on the SEC’s website at www.adviserinfo.sec.gov. 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 Manchac Capital, LLC or any of our principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Item 2: Material Changes

Because this is our first brochure prepared using the SEC's revised Form ADV Part 2A, we have no material changes in prior filings to report.

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Item 4: Advisory Business

Manchac Capital, LLC ("**Manchac**", "**we**", "**us**", "**our**" or the "**Firm**"), a Connecticut limited liability company, was founded in 2012 by Paul Pizzolato, its sole member and owner.

Manchac is currently an investment adviser on a discretionary basis to a private investment fund (the "Fund") through a managed account arrangement (the "**Managed Account**"). In the future we may advise additional client accounts or private investment funds.

We provide investment advice to the Managed Account in accordance with the investment objectives, strategies, restrictions and guidelines (if any), set forth in our investment management agreement with the Account's beneficial owner. Restrictions and guidelines may be modified from time-to-time in consultation with the Fund's investment adviser.

As of April 1, 2012, we managed US\$188,000,000 in regulatory assets under management for the Managed Account on a discretionary basis.

Item 5: Fees and Compensation

The Fund pays us a negotiated fee to cover general operating expenses of the Firm.

In addition to the negotiated fee, we receive a performance based fee which is calculated monthly and paid annually based upon the net capital appreciation (above a high water mark – if applicable) of the Managed Account.

The Managed Account bears all investment expenses (e.g. brokerage commissions and fees), fund administration, audit and tax preparation, external directors and other related costs and expenses.

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

At this time, Manchac's sole client is the Managed Account.

In our sole discretion, we may waive all or any portion of the performance fee with respect to the Managed Account or any future client accounts.

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. Performance based fees can also create a conflict with regard to the valuation of positions held in the Managed Account. However, this conflict is mitigated by the independent valuation of our positions by the Fund's investment adviser.

Our performance-based fee is calculated and paid in accordance with Section 205 and Rule 205-3 under the Investment Advisers Act of 1940, as amended. Further, the Fund does not accept investors who do not satisfy the eligibility criteria of Rule 205-3.

Item 7: Types of Clients

As discussed in the Item 4, we provide investment management services to a private investment fund.

Interests in the Fund are not registered under the U.S. Securities Act of 1933, as amended or the Investment Company Act of 1940, as amended. Accordingly, interests in the Fund are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions, and the private investment fund is excepted from the definition of an “investment company” under Section 3(c)(7) of the 1940 Act.

In the future we may offer our services to other institutional accounts and/or private pooled investment vehicles.

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

Investment Strategy

We focus on extracting value by investing in different portions of the entire capital structure, ranging from debt to equity, of one or more companies. This type of trading involves determining whether different types of securities are mispriced relative to one another or are underpriced or overpriced relative to some measure of intrinsic worth. Positions may also include related hedges involving the utilization of credit default swaps, options, and other financial instruments. The overall portfolio can range from being market neutral to having significant directional exposure.

Risk related to this type of investing include: our ability to identify and exploit the relationships and discrepancies in price between movements in different securities and instruments within an issuer’s capital structure (for example, bank debt, convertible and non-convertible senior and subordinated debt and preferred and common stock). Identification and exploitation of these opportunities involve uncertainty; losses in the event that the perceived pricing inefficiencies underlying an issuer’s securities were to fail to materialize; and securities may turn out to have no relationship.

We also buy and sell fixed-income securities and related derivatives in order to capture inefficiencies in the relative pricing of similar fixed-income instruments. Typically, inefficiencies occur when supply-and-demand issues or other factors affect bonds at specific maturities along the yield-curve and a portfolio manager can buy or sell the inefficiently priced security and hedge the risk with securities of similar maturities. This type of relative-value trading involves the use of sovereign debt, interest-rate swaps, futures contracts and forward contracts. At times of significant market dislocations, this strategy may involve taking significant directional, unhedged positions in certain securities. The risks related to this type of trading include: uncertainties affecting the evaluation of credit risk for debt securities due to the different standards applied by credit rating agencies throughout the world which can make comparisons across countries difficult; the market for credit spreads can be inefficient and illiquid, making it difficult to accurately calculate discounting spreads for value financial instruments; and any economic downturn could adversely affect the ability of the issuers of debt securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

Risk of Loss Factors

Hedging

Hedging seeks to offset the risks associated with an individual position, the markets, a portfolio strategy or any other risks identified which the portfolio manager believes can be

hedged. Hedging employs various techniques but, generally involves taking equal and opposite positions in two different markets (such as cash and futures markets).

Hedging techniques: may not be effective and may not result in higher or more stable returns than would have been the case had they not been employed; will tend to limit any potential gain that might result from an increase in the value of a hedged position; and, under certain circumstances, hedging techniques intended to reduce certain forms of risk may actually increase risk, whether due to the unintended market impact of hedging transactions, leverage effects associated with hedging positions, unexpected adverse price movements of a hedging instrument relative to the hedged instrument (i.e., adverse changes in the “basis” between the hedging and hedged instrument), lower liquidity of the hedged and hedging positions relative to an unhedged position, the risks related to the use of derivative instruments, or other factors.

Operational Risk

Operational risk is the potential for loss caused by a deficiency in information, communication, transaction processing and settlement and accounting systems. We (or our agents) maintain controls that include systems and procedures to record and reconcile transactions and positions, and to obtain necessary documentation for trading activities.

Performance Based Fee

As described in Item 5, we charge a performance based fee to the Managed Account and most likely to any future client accounts. 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.

Use of Leverage

We may leverage investment positions by borrowing funds from securities broker-dealers, banks or others. While leverage presents opportunities for increasing the total return on an investment, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment by a client account would likely be magnified to the extent that it is leveraged.

Non-Diversification

In general, we are not subject to limitations on the percentage of assets we may invest in a particular security. Being concentrated in a small number of securities, options or futures, exposes a portfolio to the risk of adverse developments in or affecting a single issuer or industry to a greater extent than if the investments were diversified over a large number of issuers and industries.

Derivatives

Derivative instruments, or “derivatives,” include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the

underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading, including liquidity risk and counterparty risk.

Short Selling Increases Risk of Capital Losses

We intend to make short sales. Short selling, or the sale of securities not owned by the account involves certain additional risks. Such transactions may expose a client to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a “short squeeze” can occur, wherein we may be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Non-U.S. Investments

Investment in non-U.S. issuers or securities principally traded outside the U.S. will likely involve certain special risks due to economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities. Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive accounting reporting and disclosure requirements than domestic issuers. The securities of some foreign governments and companies and foreign securities markets are less liquid and at times more volatile than comparable U.S. securities and securities markets.

Item 9: Disciplinary Information

Neither Manchac nor any of our management personnel are subject to or have in the past been subject to any criminal or civil action in any domestic or foreign court, and neither Manchac nor any of our management personnel have been subject to any administrative proceedings before the SEC or any other state, federal or foreign financial regulatory authority.

Item 10: Other Financial Industry Activities and Affiliations

As discussed, we provide investment management services to a single institutional client account and may in the future provide such services to other managed accounts or private investment funds. Manchac and its employees do not have does not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

Item 11: Code of Ethics, Participation and Employee Investment Policy

Code of Ethics and Employee Investment Policy

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 Manchac or related persons (such as members of their immediate household) 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 Code of Ethics; and
- Employees should not take inappropriate advantage of their position at Manchac.

All Manchac employees are deemed to be “Access Persons” and are required to adhere to a comprehensive Code of Ethics and Employee Investment Policy, which covers the duty of confidentiality as well as personal trading. All employees are required to certify their adherence to the Code of Ethics and Employee Investment Policy. Manchac employees are restricted from certain personal securities transactions, including securities on the Firm’s or the Managed Account’s “restricted list” and transactions involving securities that are held by the Managed Account.

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.

All of our employees must direct their brokers to send duplicate brokerage statements to the CCO. These records are used to monitor compliance with the foregoing policies.

These policies apply to any personal transactions involving equity, debt, options, or futures. This policy does not apply to transactions involving government securities, open-end mutual funds, money market funds or other instruments which afford the investor no discretion over individual securities

Manchac’s Code of Ethics and Employee Investment Policy are available to clients upon request.

Privacy Policy

We are committed to maintaining the confidentiality, integrity and security of our client’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 clients or former clients to anyone except for servicing and processing transactions and as required by law. We restrict access to non-public personal information about our clients to those employees with a legitimate business need for the information. Manchac 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 privacy policy.

Item 12: Brokerage Practices

We have discretionary authority to manage the Managed Account and most likely future client account, 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. Our authority is governed by the terms of the investment management agreement with the Managed Account.

In selecting an appropriate broker-dealer to affect a client trade, we seek 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, we take 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 us, brokerage and research services provided to us (e.g., research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

Soft Dollar Usage

We do not currently utilize soft dollars.

Aggregation of Orders

Not applicable. Our sole client is currently the Fund. In the event we obtain additional clients, we will implement appropriate procedures

Allocation

Not applicable. Our sole client is currently the Fund. In the event we obtain additional clients, we will implement appropriate procedures

Trade Errors

As a fiduciary, we have the responsibility to effect orders correctly, promptly and in the best interests of the Managed Account. In the event any error occurs in the handling of any transactions, due to Manchac’s actions, or inaction, or actions of others, our policy is to assess each trade error on a case-by-case basis and resolve the error in consultation with the investment adviser to the private investment fund.

Item 13: Review of Accounts

Review of Accounts

The Managed Account portfolio is reviewed on a continual basis by the Portfolio Manager to assure conformity with investment objectives and guidelines.

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

Item 14: Client Referrals and Other Compensation

We do not currently utilize any third party marketers or solicitors.

Item 15: Custody

We do not have custody of the Managed Account's. The Managed Account maintains the discretion to select and utilize one or more custodians of its choice.

Item 16: Investment Discretion

We generally have discretionary authority to determine, without obtaining specific consent, securities to be bought or sold, the amount of securities to be bought or sold, broker-dealer to be used and the commission rates paid. Any limitation on our authority is included in the investment management agreement between Manchac and the Managed Account.

Item 17: Voting Client Securities

Proxy Voting Policy

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, we will make a determination, in our opinion, as to what vote if any, is in the best interest of the Managed Account. We maintain a written record of each proxy vote on each occasion a proxy is voted.

Upon request, we will provide clients with a copy of our proxy voting policies and procedures and/or a record of all proxy votes cast on behalf of that client.

Item 18: Financial Information

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