



Form ADV Part 2A

Item 1 - Cover Page

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This Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of Argosy Capital. If you have questions about the contents of this Brochure, please contact us at (610) 971-9685. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

Item 2 – Material Changes

Amachie K. Ackah no longer owns more than 25% of Argosy Real Estate Management, L.P.

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Item 4 – Advisory Business

Argosy Capital (Odyssey Capital Group, Inc.) (“Argosy” or “We”) is a private equity and real estate fund adviser. Argosy was established in 1990 and operates under the Argosy Capital, Argosy Private Equity and Argosy Real Estate brands. Argosy Management, L.P. (“AMLP”) and Argosy Real Estate Management, L.P. (“AREMLP”) are fund advisers for the Argosy Private Equity funds and Argosy Real Estate funds, respectively. The general partners of the funds are related persons of Argosy. The Argosy related entities (advisers and general partners) are wholly-owned by the employees, officers and owners of Odyssey Capital Group, Inc.

Principal Ownership

Odyssey Capital Group, Inc., a Pennsylvania corporation, is majority owned by Bruce E. Terker. Owners owning 25% or more of AMLP include Odyssey Capital Group, L.P., Kirk B. Griswold and John P. Kirwin, III. Owners owning 25% or more of AREMLP include Odyssey Capital Group, L.P.. Odyssey Capital Group, L.P. is majority owned by Bruce E. Terker.

Advisory Services

Argosy serves as investment adviser to several privately offered private equity and real estate funds (the clients). These funds are marketed primarily to institutional investors and high net worth individuals. Most of the funds are closed end and generally have a term of 10-15 years. We are appointed investment adviser of these funds and the duration of our appointments lasts for the duration of the funds. The investment strategies and restrictions relating to our funds are set forth in each fund’s private placement memorandum and/or limited partnership agreement.

As of December 31, 2011, we managed assets of approximately \$514,000,000.

Item 5- Fees and Compensation

Argosy is a private equity fund manager. Our funds are neither registered under the Investment Company Act of 1940, nor are their interests registered under the Securities Act of 1933. Accordingly, interests in our funds 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. No offer to sell our funds is made by the descriptions in this Brochure and our funds are available only to investors that are properly qualified.

Typically, the basic fee schedule for our funds is an annual management fee that can range from 0% to 2.25% of aggregate capital commitments to a fund during the investment period and then of contributed capital until the fund is fully liquidated, plus a performance fee (payable to an affiliate of Argosy), referred to as “carried interest” which is more fully described in “Item 6 – Performance-Based Fees and Side-by-Side Management”.

Management fees are typically paid quarterly in advance, and deducted from the fund’s account. If there are insufficient assets, Argosy will issue a capital call notice to investors. Management fees are generally not refundable absent certain circumstances described in our fund’s limited partnership agreement.

Other amounts payable by an investor in a fund managed by Argosy are described below under “Additional Fees and Expenses”.

Additional Fees and Expenses

Investors in our funds typically bear their pro rata share of fees, costs and expenses incurred in the operation and administration of the fund (e.g., fees and expenses of custodians, outside counsel, administrators, accountants, auditors, consultants), as well as the origination, identification, investigation, negotiation, acquisition, sale or disposition of the fund’s investments (collectively, “Fund Expenses”). Fund Expenses are described in the private placement memorandum and/or limited partnership agreement for each respective fund.

Fees for the Sale of Securities

Argosy does not receive, directly or indirectly, any compensation from the sale of securities or investments that are purchased or sold for client accounts. Argosy is compensated through the stated management fee, performance fee, and/or other additional fees and expenses (if any) agreed upon in the relevant investment management agreement and/or limited partnership agreements.

Item 6- Performance-Based Fees

Carried Interest

The fee arrangement for our funds typically includes a performance fee (payable to an affiliate of Argosy), referred to as “carried interest”, on profits (net of fees and expenses) after the portfolio has achieved certain return hurdles as more fully described in the private placement memorandum, limited partnership agreement or investment management agreement, as applicable.

Item 7 – Types of Clients

Argosy’s clients are funds that are privately-offered to investors which include fund of funds, banks, family offices, and high net worth individuals.

Conditions for Managing Accounts

Some of our funds require investors to make a minimum commitment amount ranging from \$250,000 to \$10 million. Such minimums may be waived at the discretion of the general partner of the fund.

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

Private Equity Funds

Our investment strategy is to focus on the inefficient lower middle market for leveraged buyouts and growth financings. This market is less efficient than the market for larger transactions, creating an opportunity to invest in deals at more reasonable valuations. Also, due to the scale and nature of the businesses, often there is a greater opportunity to improve company performance and significantly grow shareholder value. By utilizing prudent capital structures which do not rely upon excessive levels of funded debt, implementing appropriate processes and controls, proactively developing and monitoring management teams, and providing strategic support and guidance, risk can be mitigated while supporting the primary drivers of value creation: revenue and EBITDA growth and professionalization of management and operations.. We believe that by “professionalizing” the management team, adding new

customers to decrease concentration, making selective acquisitions and, ultimately, growing the company to the upper end of the lower middle market, an investment may be sold at a higher multiple of earnings.

Potential investments are subjected to analysis beginning with an initial screening and investment team approval to move forward. Next would come a company and management team visit followed by extensive due diligence which includes cash flow modeling, market analysis, customer calls and management background checks. The last step is a unanimous decision to invest by the investment committee.

Our funds' operations will be subject to risks which are generally incident to the operation of a private investment fund. These risks generally relate to: (a) the selection of investment opportunities; (b) the quality and performance of the management teams of companies in which investments are made; (c) general economic conditions; and (d) the ability to exit investments. The Fund's investments will involve a high degree of business and financial risk that can result in a loss of the fund's entire investment in a portfolio company. The funds will be dependent upon profitably exiting its investments in portfolio companies in order to realize profits which may be distributed to the investors.

To mitigate these risks we perform extensive due diligence on the portfolio companies and management teams as discussed previously. In addition, we continue to be involved in managing the portfolio companies by participating on the Board of Directors as directors or observers. To manage the risks related to economic conditions and ability to exit, we will do the following: We will seek to structure investments with a view to capital preservation and to develop a portfolio with an attractive balance of current income and equity upside. Transactions will therefore utilize a variety of instruments, including subordinated debt and equity securities. An investment in a business may be made in the form of subordinated debt, preferred equity, common equity or a combination of these securities. For our subordinated debt investments, our exit is generally driven by maturity dates on our subordinated debt. For our preferred and common equity investments, our exit is driven by put rights (whereby we have the ability to put our investment back to the portfolio company for purchase), redemption rights (whereby the portfolio company has to redeem our investment at a predetermined time after investment) or by a sale of the entire company (whereby we sell our securities upon sale of the company). We will use a disciplined approach to valuations, seeking to make investments at reasonable multiples of price to EBITDA and will seek to employ reasonable multiples of funded debt. Utilizing this disciplined approach reduces the impact of economic cycles and lending environments on returns and liquidity. Nevertheless, we may make investments in companies with higher EBITDA multiples and leverage, if we determine that the opportunity has attractive risk-return characteristics. For an extensive list of related risks, please refer to our Private Placement Memorandums.

Real Estate Funds

Our opportunistic value-added investment strategy is focused on creating value at the asset level through redevelopment, development, or repositioning of properties, resulting in high margins, low cost bases, and multiple exit strategies throughout the lifecycle of each investment. We primarily invest in joint ventures with local operating partners in high barrier-to-entry markets throughout the United States. We intend to pursue opportunistic value-added strategies that are not reliant on cap rate compression or financial engineering to generate yield and therefore should be subject to a lesser degree of systemic risk. We invest in equity and distressed debt with the intent to foreclose for the acquisition, re-development, or development of residential / commercial real estate. We purchase well-located assets from financially distressed or motivated sellers. We focus on underserved "middle-market" transactions requiring \$5 to \$20 million of equity.

We follow due diligence, underwriting, and investment review processes which identify and mitigate potential transactional risks. The due diligence process includes both local and macroeconomic real estate market research, financial analyses and legal and environmental reviews. The last step is a unanimous decision by the investment committee.

All real estate investments are subject to some degree of risk. A more fulsome set of risk factors is set forth in our Private Placement Memorandums. In general, real estate investments are relatively illiquid and, therefore, will tend to limit our ability to vary our portfolio promptly in response to changes in economic or other conditions. Given our investment strategy, other risks include, but are not limited to, changes in the financial conditions of its tenants, changes in zoning, building, environmental and other governmental laws, changes in operating expenses, changes in real estate tax rates, changes in interest rates, changes in the availability and terms of debt financing, increases in the availability of supply of property relative to demand, energy prices, the ongoing need for capital improvements, changes in construction costs, and construction risks. We can only attempt to mitigate these risks through a disciplined thesis of comprehensive upfront due diligence, hands-on asset management, appropriate joint venture structuring, and appropriate use of leverage among other means. Therefore, while we will make investments utilizing such a thesis, there is no guarantee that the assumptions underlying its cashflow projections will be accurate. Investors have no assurance that our investments will yield the returns expected by the Fund's management.

Risk mitigation is one of the key principles of our investment strategy. We use multiple tactics in our risk management process in order to protect investor capital. Minimizing carrying costs of an investment property is essential in maintaining a low cost basis and thus better allowing the potential for high margin returns to the investors. We will execute this risk mitigation through prudent capital structures and through due diligence of potential property expenses. For development or redevelopment investments, we will implement disciplined phasing in order to preserve capital and better manage the delivery of product to meet absorption. In all investments we require significant operating partner co-investment to align interests and incentivize optimum execution.

Item 9- Disciplinary Information

There are no applicable legal or disciplinary events relating to Argosy or our management persons.

Item 10- Other Financial Industry Activities and Affiliations

Neither Argosy nor any of our management personnel are registered or have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

Argosy has no relationships or arrangements with affiliates that are material to our advisory business or to our clients.

Argosy does not recommend or select other investment advisers for our clients or receive compensation, either directly or indirectly, from other advisers.

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

Argosy has adopted a code of ethics as part of its Compliance Manual that addresses personal trade reporting, standards of conduct, and limitation and restrictions on gifts and entertainment. All Argosy employees must adhere to the Compliance Manual and all employee policies and procedures in place at Argosy. A copy of our Compliance Manual is available to any Client or prospective Client upon request.

Principals, officers and employees of Argosy and its related persons and affiliates are or may be investors in our funds. As such, it is possible that Argosy could cause a fund to buy or sell securities in which Argosy or one of its related persons has a financial interest. For example, Argosy could recommend that a fund invest in a portfolio company in which another fund previously invested in. Because Argosy will have a nominal ownership interest in both funds, Argosy could have a potential conflict of interest in making such a recommendation. Argosy addresses this through approval from the funds' advisory boards (comprised of significant fund investors) and disclosure to clients and fund investors. It is also possible that an Argosy related person may co-invest alongside one of the funds directly in a portfolio company or investment property. As a policy, the terms of such co-investments must be consistent with the terms of the fund's investment, and therefore we believe that no conflict of interest exists in these arrangements.

Argosy has adopted a Personal Trading Policy that governs employees' ability to trade securities, including when employees seek to trade the same securities as clients are trading, at the same or at different times. Argosy also adopted a policy and procedures to prevent the misuse of material, inside information, both of which are designed to avoid conflicts of interest that may arise when Argosy personnel and members of their family engage in securities transactions for their own account. All Argosy employees must adhere to the Personal Trading Policy, the Insider Trading Policy and all other employee policies and procedures in place at Argosy.

Argosy's Compliance Manual includes policies and procedures regarding giving or receiving gifts and business entertainment between Argosy's related persons and certain third parties (e.g. vendors, portfolio company managers, fund investors, consultants, etc.) to mitigate the potential for conflicts of interest surrounding these practices. In general, Argosy limits the value of gifts that may be given or received by related persons.

Argosy prohibits its related persons from making political contributions on behalf of Argosy, or from making political contributions for the purpose of securing or retaining business. Argosy maintains policies and procedures that set forth specific limitations as to whom related persons may make contributions and the amounts of such contributions, as well as pre-clearance requirements for political contributions.

Item 12- Brokerage Practices

Our funds primarily invest in privately-offered portfolio company or real estate property securities and therefore do not have regular interactions with brokers/dealers who execute trades on their behalf. Argosy does not receive client referrals from broker-dealers, nor does it receive any "soft dollar" benefits. Additionally, Argosy does not have any directed brokerage practices.

Item 13- Review of Accounts

Investment professionals monitor client investments on a regular basis. Specifically they maintain an active dialogue with portfolio company management teams or property operators. This takes the form of serving on the portfolio company Board as a director or observer and regular meetings with property operators/developers. Typically, once an investment has been made, a senior investment professional (Principal or Partner level professional) is assigned primary responsibility for overseeing the relationship with and activities of the underlying portfolio investment.

Investors in Argosy's funds receive written quarterly reports. A typical report includes (i) portfolio performance; (ii) valuations of the underlying investments; (iii) new investments made since the last report; (iv) balance sheet; (v) income statement; (vi) statement of cash flows; (vii) statement of partners capital.

Item 14- Client Referrals and Other Compensation

Argosy will sometimes receive a "board fee" from a portfolio company as compensation for serving on the Board of Directors. The benefit of this compensation is passed directly to the client (fund) by a reduction in the management fee that the fund pays to Argosy. Argosy does not receive any other type of benefit from non-clients for providing investment advice or other advisory services.

Argosy will on occasion work with a placement agent for investor referrals.

Item 15- Custody

Argosy is deemed to have custody over our clients' assets by virtue of our role as general partner or owner of the general partner to our funds. Assets of our funds are held in the name of the fund by an independent qualified custodian. Certificated securities are held in the name of the fund by an independent qualified custodian and private, uncertificated securities are recorded on the books of the issuers in the name of the fund. Argosy distributes quarterly reports to our fund investors and our funds are audited annually.

Item 16- Investment Discretion

We have discretionary authority over most of our funds, with the exception of PF 11. The exercise of discretionary authority, however, is subject to and must be exercised in a manner consistent with the governing instruments and documents of each fund we manage.

Item 17- Voting Client Securities

Argosy has authority to vote client securities by virtue of our role as general partner. The investment committee will collaborate on any significant securities vote. If a conflict of interest arises, the investment committee will consult the advisory board (comprised of the fund's significant investors). The investors cannot direct our vote. Given the nature of our investments and the securities in which we invest, proxy voting rarely occurs, if ever at all.

Item 18- Financial Information

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients and we have not been the subject of a bankruptcy proceeding.