

Part 2A of Form ADV: Firm Brochure

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This brochure provides information about the qualifications and business practices of Arbalet Capital Management, LP. If you have any questions regarding the content of this brochure, please contact us at (212) 812-2100 or InvestorRelations@arbaletcap.com

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 Arbalet Capital Management, LP is also available on the United States Securities and Exchange Commission's website at www.adviserinfo.sec.gov

Material Changes

On November 13, 2012, Arbalet Capital Management, LLC converted to Arbalet Capital Management, LP, a limited partnership organized under the laws of Delaware.

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Advisory Business

Arbalet Capital Management, LP (the “Adviser”), began conducting business as of April 1, 2012. Jennifer Fan is the limited partner and owns 99% of the Adviser. Arbalet Capital GP, LLC is the general partner of the Adviser. As of May 31, 2012, the Adviser manages a total of \$633,554,879 of client assets, all of which is managed on a discretionary basis.

The Adviser serves as an investment manager to multiple investment vehicles, including private investment partnerships and foreign investment companies (each a “Fund” and collectively the “Funds”)

An affiliate of the Adviser serves as the general partner of one of these Funds.

In providing these services to each Fund, the Adviser formulates its investment objective, directs and manages the investment of each Fund’s assets, and provides reports to the Funds’ investors. Investment advice is provided to each Fund and not individually to the limited partners or shareholders of the Fund. The Adviser manages the assets of each Fund in accordance with the terms of the governing documents applicable to each Fund. The Adviser may also advise other client accounts that replicate the investment strategies employed by these Funds (“Separately Managed Accounts”).

The offerings of shares or limited partnership interest in the Funds are not registered under the U.S. Securities Act of 1933 and the Funds are not registered under the U.S. Investment Company Act of 1940. Accordingly, interest or shares in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements, either in private transactions within the United States or in offshore transactions.

Fees and Compensation

The Adviser is compensated by charging the Fund two types of fees: an annual 2% asset-based management fee and a 20% incentive fee from the Fund, unless otherwise specified in the relevant Fund offering documents. In lieu of the incentive fee, an affiliate of the Adviser may receive an annual incentive allocation of the Fund’s profits. The Adviser will generally charge asset-based management fees quarterly in advance.

The Adviser has discretion to vary, waive or rebate management fees and incentive allocations.

Performance-Based Fees and Side-by-Side Management

The Adviser charges performance-based fees to the Fund. These fees are based on a share of capital gains on, or capital appreciation of, the client's assets. As referenced earlier in "Item 5. Fees and Compensation", in lieu of incentive fees, an affiliate of the Adviser may receive an annual incentive allocation of the Fund's profits. Compensation arrangements where the Adviser receives performance-based fees will comply with the requirements of Rule 205-3 under the U.S. Investment Advisers Act of 1940.

Performance-based compensation is generally determined and calculated at the end of a fiscal year, and is based on the net realized and unrealized appreciation, subject to loss carryforward. As a result, the performance-based fee charged by the Adviser might be based on unrealized gains that the clients may never realize.

Performance-based compensation may create an incentive for the Adviser to make investments that are more speculative than would be the case in the absence of a performance-based compensation arrangement. The Adviser attempts to address this potential conflict of interest by maintaining allocation policies and procedures designed to ensure that the Funds are treated fairly over time.

Types of Clients

The Adviser provides investment advisory services to several related investment vehicles, including private investment partnerships and foreign investment companies. The Adviser may provide investment advisory services to separately managed accounts which are sponsored and managed by third-party investment firms.

Investor suitability details are detailed in the Fund offering documents and accompanying subscription documents. Although the Adviser has the authority to accept investor subscriptions for lesser amounts, the minimum investment in each fund is generally \$5 million. The Adviser does not specify a minimum notional asset allocation amount for separately managed accounts.

Each investor must meet certain suitability qualifications, such as being a "Qualified Purchaser" as defined in the U.S. Investment Company Act of 1940 or being a "non-U.S. person" as defined in Regulation S under the U.S. Securities Act of 1933.

In addition, each U.S. investor investing in a U.S. Fund must also satisfy the suitability requirements under Rule 205-3 under the Advisers Act, which prescribes certain requirements which must be satisfied in connection with the Adviser's receipt of performance-based compensation.

Methods of Analysis, Investment Strategies and Risk of Loss

The Adviser's methods of analysis include but are not limited to quantitative modeling, fundamental research, and technical approaches. The primary investment strategy employed is a commodity futures-based relative value strategy.

Commodity investments are affected by political, business, financial market or legal uncertainties. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on its commodity investments. Prices of commodity investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic or political developments, may significantly affect the results of the Adviser's portfolio and the value of its investments.

Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates.

In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a pooled investment vehicle engaging in commodity futures trading.

As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to such a pooled investment vehicle. Options on commodity futures, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements to the cash commodities or the futures contracts underlying an option cannot be predicted, and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

Investors should consider an investment in the Funds as involving a high degree of financial risk and should therefore carefully consider all risk factors set forth in the relevant Fund's offering and/or operational documents. Each prospective investor should carefully review offering and/or operational documents, as applicable, before deciding to make an investment in the Funds.

Disciplinary Information

This item is not applicable.

Other Financial Industry Activities and Affiliations

Private Investment Fund

Although the Adviser serves as an investment manager to all of the Funds, an affiliate of the Adviser, Arbalet GP, LLC, serves as the general partner to one of these Funds – a domestic private limited partnership. The Adviser’s clients are the Funds themselves. The Adviser does not provide investment advice to the investors in the Funds.

Commodity Pool Operator and Commodity Trading Advisor.

Although the Adviser invests in commodity futures, it is exempt from registration as a Commodity Pool Operator (“CPO”) and a Commodity Trading Advisor (“CTA”) with the Commodity Futures Trading Commission (“CFTC”) and generally functions as both the exempt CPO and exempt CTA for the Funds, which are exempt from registration with the CFTC as “commodity pools”.

Code of Ethics, Participation in Client Transactions and Personal Trading

In order to promote a culture of compliance, awareness and responsibility to its clients, the Adviser has adopted a Code of Ethics for its employees.

In summary, this written Code of Ethics sets forth the ethical and fiduciary principles and related compliance requirements under which the Adviser and its employees must operate. It also describes the procedures for implementing these principles and requirements.

Under the Code of Ethics, the Adviser’s employees are permitted to trade for their own accounts. This may lead to instances where employees’ trades occur at or about the same time as trades for a client. Controls are outlined in the Code of Ethics to manage the risk of these conflicts occurring. For instance, employees are required to pre-clear certain personal securities transactions, report these approved transactions, and provide the Adviser with a detailed summary of personal securities holdings.

The Adviser’s Code of Ethics requires, among other things, that its employees and its owner:

- Comply with federal and state securities laws;
- Place the interests of clients first;
- Keep information concerning client transactions or holdings confidential;
- Conduct personal securities transactions in a manner consistent with the Code of Ethics; and
- Accept gifts and entertainment in a manner consistent with the Code of Ethics

A copy of the Adviser’s Code of Ethics is available upon request.

Brokerage Practices

In regards to broker selection and compensation, the Adviser negotiates and re-negotiates transaction costs in connection with brokerage commissions and related clearing fees. As part of the broker selection process, the Adviser will consider a number of factors including, but not limited to, the following:

- Commission rates and flexibility on rates for one-off transactions
- Clearing fees and Clearing Broker client service performance
- Timeliness and accuracy of execution and confirmation
- Frequency and correction of trading errors
- Ability to execute difficult trades (possible market impact, size of the order)
- Expertise relating to specific securities or commodities
- Responsiveness and attentiveness to the Adviser
- Business reputation
- Financial stability and responsibility
- Credit rating of the specific legal entity executing trades at counterparty
- Ability to maintain the confidentiality of trading intentions
- Research capabilities and success of prior research recommendations

Review of Accounts

Review of client accounts is the responsibility of the Adviser's Chief Investment Officer and Risk Committee. These reviews are ongoing, occurring daily, regardless of trading activity. In addition, significant market fluctuations, political events, natural disasters, and related global macro events may trigger ad hoc off-market hours reviews of client accounts as well.

In connection with its review of client accounts, the Adviser will publish reports to the Fund's investors on at least a monthly basis, or as specified in each Fund's offering documents.

Each Fund's investors also receive unaudited weekly estimated gross performance of the Fund as well as unaudited monthly performance reports within 15 business days after each month-end.

For each Fund, each investor will receive audited financial statements for the Fund within 120 days after the conclusion of the Fund's fiscal year, which includes a statement of profit or loss for such fiscal year.

The Adviser may provide customized reporting for separately managed accounts that may differ from the reporting provided to investors in the Funds.

Client Referrals and Other Compensation

This item is not applicable.

Custody

All Client assets are held in custody by unaffiliated broker/dealers or banks. However, a registered investment adviser who, directly or through an affiliate, acts as the general partner or managing member to a limited partnership or other comparable pooled investment vehicle is considered to have custody over client assets. In addition, if an adviser can debit accounts to collect fees then it is considered to have custody. Rule 206(4)-2 under the Advisers Act imposes a number of requirements on an SEC-registered investment adviser that is deemed to have custody of its clients' funds and securities.

To comply with Rule 206(4)-2, the Adviser will comply with the custody rule as follows:

Qualified Custodian. The client's funds and securities will be maintained in a separate account by a qualified custodian, which may be a U.S. Bank, broker-dealer, futures commission merchant or futures clearing broker, or a foreign institution that customarily holds financial assets for its customers.

Notice to Clients. For each client that is not a Fund, if an account is opened in the client's name (or the Adviser's name as agent) with a qualified custodian, the client will be notified of the qualified custodian's name, address and the manner in which the funds or securities are maintained.

Account Statements to Clients. For each client that is not a Fund, the qualified custodian will deliver account statements directly to the client at least quarterly. Such clients should carefully review those statements.

Annual Audit. For each client that is a Fund, each investor in the Fund will receive GAAP audited financial statements for the Fund within 120 days after the conclusion of the Fund's fiscal year, including a statement of profit or loss for such fiscal year and of an unaudited status of such investor's holdings in the Fund.

Investment Discretion

In providing its investment advisory services, the Adviser assumes full discretion in managing client assets. Prior to managing these assets, the Adviser enters into an investment management agreement, which sets forth the scope of the Adviser's discretion.

The Adviser is authorized to make the following determinations in accordance with each Fund's objectives and restrictions without obtaining prior consent from the Fund or from any of its investors:

- Which securities or futures to buy or sell
- The quantity of securities or futures to buy or sell
- The executing broker-dealer for any given order
- The commission rates and related transaction costs charged for any given transaction

Although it is the Adviser's policy to allocate investment opportunities to eligible accounts on a pro rata basis, there may be factors which lead a portfolio manager to allocate securities or futures to client accounts in varying amounts. Among these factors are:

- The security or future's liquidity
- Size of available position
- Current market conditions
- Account liquidity
- Timing of account cash flows

Voting Client Securities

This item is not applicable.

Financial Information

This item is not applicable.