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This brochure provides information about the qualifications and business practices of Ostra Capital Management, LLC (the “Adviser” or “Ostra Capital”). If you have any questions about the contents of this brochure, please contact us at (212) 604-0059 or [richard@ostracap.com](mailto:richard@ostracap.com). 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.

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

### Item 3. TABLE OF CONTENTS

### PAGE

|          |   |   |
|----------|---|---|
| Item 4.  | Advisory Business.....  | 1 |
| Item 5.  | Fees and Compensation.....  | 1 |
| Item 6.  | Performance-Based Fees and Side-By-Side Management .....                                    | 1 |
| Item 7.  | Types of Clients.....   | 2 |
| Item 8.  | Methods of Analysis, Investment Strategies and Risk of Loss .....                           | 2 |
| Item 9.  | Disciplinary Information .....  | 5 |
| Item 10. | Other Financial Industry Activities and Affiliations .....                                  | 5 |
| Item 11. | Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..... | 5 |
| Item 12. | Brokerage Practices .....   | 6 |
| Item 13. | Review of Accounts .....  | 7 |
| Item 14. | Client Referrals and Other Compensation.....  | 7 |
| Item 15. | Custody.....  | 7 |
| Item 16. | Investment Discretion.....  | 7 |
| Item 17. | Voting Client Securities .....  | 8 |
| Item 18. | Financial Information .....   | 8 |
| Appendix | .....   | 9 |

#### **Item 4. Advisory Business**

The Adviser is an investment adviser with its principal place of business in New York, New York. The Adviser commenced operations as an investment adviser in March 2003. Richard Murawczyk is the principal and managing member of the Adviser and has been managing the investments of Ostra Capital since the company's inception.

The Adviser provides advisory services on a discretionary basis based on specific investment objectives and strategies. The Adviser's clients comprise pooled investment vehicles intended for sophisticated investors and institutional investors. Advisory services are provided directly to the private investment vehicle clients and not individually to the underlying limited partners. Accordingly, the Adviser generally does not tailor advisory services to the individual needs of the underlying limited partners in the pooled investment vehicles.

As of February 28, 2013, the Adviser managed approximately \$326 million of client assets, all on a discretionary basis.

#### **Item 5. Fees and Compensation**

The Adviser generally charges each client an investment management fee of 1% (per annum) based on the value of the client's assets under management. Investment management fees are charged each quarter in advance on the first day of the quarter. If a new client account is established during a quarter or a client makes an addition to its account during a quarter, the investment management fee will be charged as of the effective date of the investment management agreement or the date of the additional contribution based on the value of the assets as of the applicable date and will be prorated for the number of months remaining in the quarter. The Adviser deducts the investment management fee from client accounts by instructing the client's custodian.

The Adviser also receives performance-based compensation. The performance-based compensation is generally 20% based on a share of capital gains on or capital appreciation of the assets of a client. This compensation is subject to a modified high watermark as outlined in the limited partnership agreements and offering memoranda of the Adviser's clients.

The investment management fee and the performance-based compensation are not negotiable, but may be waived or reduced by the Adviser for investors that are members, principals, employees or affiliates of the Adviser, relatives of such persons and for certain large or strategic investors or for charitable entities.

In addition to paying investment management fees and performance-based compensation, client accounts will also be subject to other investment expenses such as legal, auditing, accounting (including outsourced accounting) and other professional expenses, administration expenses, research expenses (including research-related travel) and investment expenses such as commissions, interest on margin accounts and other indebtedness, custodial fees, bank service fees and other reasonable expenses related to the purchase, sale or transmittal of assets in a client's investment portfolio. Please refer to Item 12 of this Firm Brochure for a discussion of the Adviser's brokerage practices.

#### **Item 6. Performance-Based Fees and Side-By-Side Management**

The Adviser and its investment personnel provide investment management services to multiple portfolios for multiple clients. The Adviser receives performance-based compensation from its private pooled investment vehicle clients. In addition, the Adviser's investment personnel are typically compensated on a

basis that includes a performance-based component.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably.

#### **Item 7. Types of Clients**

The Adviser's clients consist of private pooled investment vehicles exempt from registration as investment companies under the 1940 Act. The Adviser manages two funds exempt from registration under Section 3(c)(1) of the 1940 Act and two funds exempt from registration under Section 3(c)(7) of the 1940 Act. Investors may be high net worth individuals, corporations, charitable institutions, pension and profit sharing plans, trusts, individual retirement accounts and other entities. The Adviser also allows certain of its employees to invest in the funds. Some of the Adviser's clients impose a minimum initial investment requirement of up to \$2.5 million, which may be waived at the Adviser's discretion.

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

The Adviser utilizes a value-oriented investment approach with a bias toward the preservation of capital. The Adviser's general strategy is to acquire investments when they trade at substantial discounts to their intrinsic value and to sell these securities when they have reached the Adviser's estimates of fair value. The Adviser has a broad investment charter that gives flexibility necessary to apply its investment approach in various asset classes including but not limited to equities, performing and non-performing debt in the US and foreign markets. The Adviser attempts to diversify investments in order to protect capital against permanent loss.

The Adviser specializes in areas of the market where the probability of mispricing is likely to be abnormally high. The Adviser seeks out opportunities where there appears to be complexity or distress, such as those that arise due to earnings shortfalls, negative headlines, financial distress, litigation, poor operating results, regulatory risks and/or general neglect.

The Adviser has a net long investment approach featuring a willingness to hold cash in the absence of compelling bargains. The Adviser typically holds cash in non-interest bearing or interest bearing bank accounts and securities issued by or backed by the United States government. The Adviser generally holds cash as a result of not finding a sufficient amount of attractive investments. Depending on investment circumstances, the Adviser may hold the entirety, a portion thereof, or none of its fund in cash and cash equivalents.

Hedging. The Adviser may utilize a variety of financial instruments such as derivatives, options, futures, forward contracts and other such instruments in an attempt to reduce risk exposures. These methods, strategies and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire investment. The material risks associated with the Adviser's investment strategies are set forth below:

Lack of Diversification. The Adviser seeks to diversify its funds, but may not be adequately diversified among a wide range of types of securities, market capitalizations, asset classes, countries or industry sectors. Accordingly, client portfolios are subject to more rapid change in value than would be the case if

the Adviser were required to maintain a greater level of diversification among types of securities and other instruments.

Distressed Situation Risk. Investing in distressed situations exposes the client to significant risks, including: the difficulty in obtaining information as to the issuer's true condition; regulatory risk, including laws relating to fraudulent conveyances, voidable preferences, lender liability and bankruptcy; litigation risk; liquidity risk; and collection risk (especially, when dealing with sovereign debt). Moreover, to the extent client accounts are invested in sovereign debt obligations, those investments will be subject to additional risks and considerations not present in private distressed situations, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which are affected by world events, changes in U.S. foreign policy and other factors outside of the control of the Adviser. Distressed securities are also likely to be more volatile than non-distressed securities, and it may be difficult to value such securities at times due to large bid-ask spreads or limited liquidity.

Hedging. There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser's investment portfolios than if the Adviser did not engage in any such hedging transactions.

Interest Rate Risks. Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.

Issuer-Specific Changes. Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

Risks associated with the types of investments that are primarily recommended (including significant, or unusual risks) are set forth below:

Distressed Securities. Investments in unrated or low grade debt securities of distressed companies are subject to greater risk of loss of principal and interest than higher-rated debt securities. Also, securities of distressed companies are generally more likely to become worthless than the securities of more financially stable companies. In addition, evaluating credit risk for foreign debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Debt in which the Adviser invests may or may not be rated by major ratings agencies such as Standard & Poors Ratings Services or Moody's Investor Service, Inc. If rated by such agencies, ratings may range from high to the lowest possible ratings below investment grade. Securities may be in default or in companies that are insolvent. The Adviser will not sell securities if ratings agencies change their ratings, including downgrading ratings.

Derivatives. Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative

instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or the Adviser. Further, transactions in derivative instruments are not undertaken on recognized exchanges, and will expose the client's account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

Emerging Markets. The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

Equity Securities. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

Fixed-Income and Debt Securities. Investment in fixed-income and debt securities such as bonds, notes and asset-backed securities, subject a client's portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly, investments in debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

Illiquid Instruments. Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the Adviser's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Adviser to obtain market quotations based on actual trades for the purpose of valuing a fund's portfolio.

Non-U.S. Securities. Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or

other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

Security Futures and Options. In connection with the use of futures contracts and options, there may be an imperfect correlation between the change in market value of a security and the prices of the futures contracts and options in the client's account. In addition, the Adviser's investments in security futures and options may encounter a lack of a liquid secondary market for a futures contract and the resulting inability to close a futures position prior to its maturity date.

#### **Item 9. Disciplinary Information**

This item is inapplicable.

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

The Adviser's pooled investment vehicle clients have entered and may in the future enter into agreements, or "side letters," with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum for the pooled investment vehicle. For example, such terms and conditions may provide for special rights to make future investments in the pooled investment vehicle, other investment vehicles or managed accounts; special redemption rights, relating to frequency or notice; a waiver or rebate in fees or redemption penalties to be paid by the investor and/or other terms; rights to receive reports on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the pooled investment vehicle and such investors. The modifications are solely at the discretion of the pooled investment vehicle and may, among other things, be based on the size of the investor's investment in the pooled investment vehicle, an agreement by an investor to maintain such investment in the pooled investment vehicle for a significant period of time, or other similar commitment by a investor to the pooled investment vehicle.

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

The Adviser has adopted a Code of Ethics (the "Code") that (1) sets forth the standards of professional conduct to which the Adviser requires all "supervised persons," as defined in Rule 204A-1 of the Adviser's Act, to adhere in accordance with its fiduciary obligations, (2) governs the personal securities transactions of the Adviser's "access persons", and (3) requires all supervised persons to report any violations of the Code to the Adviser's chief compliance officer. The general principles of the Code seek to minimize conflicts of interest and, in accordance with fiduciary obligations, place the interests of clients first. As such, the Code provides that supervised persons conduct their personal investment activities in a manner that is not detrimental to the Advisers clients. All of the Adviser's personnel are also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting the Adviser's chief compliance officer. See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by related persons.

The Adviser, in the course of its investment management and other activities (e.g., creditor committee service), may come into possession of confidential or material nonpublic information about issuers,

including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, the Adviser will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Adviser possesses such information), or not using such information for the client's benefit, as a result of following the Adviser's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

## **Item 12. Brokerage Practices**

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include the financial stability and reputation of the broker-dealer and the research, brokerage or other services provided by such broker-dealer. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser periodically evaluates the broker-dealers used by the Adviser to execute client trades using the foregoing factors.

The Adviser may receive research or other products or services other than execution from a broker-dealer in connection with client securities transactions. This is known as a "soft dollar" relationship. The Adviser has no soft dollar arrangements in place and has no intentions of utilizing soft dollar arrangements in the future. To the extent the Adviser may enter into soft dollar arrangements in the future, the Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self regulatory organization such as comparison services, electronic confirms or trade affirmations.



The Adviser may purchase or sell the same security for several clients at or near the same time and using the same executing broker. In such situations, the Adviser may, but is not required to, aggregate client orders for the purchase or sale of the same security submitted at or near the same time for execution using the same executing broker. Such aggregation may enable the Adviser to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to clients participating in the aggregated order. Where orders are aggregated, allocations are generally made pro rata based upon the size of the account.

### **Item 13. Review of Accounts**

The Adviser performs a monthly review of client accounts and ensures that each of the Adviser's clients is in compliance with its limited partnership agreement. Investors in pooled investment vehicle clients managed by the Adviser receive reports pursuant to the terms of each client's offering memoranda or as otherwise described in the governing documents of the client.

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

The Adviser does not compensate any person for client referrals, nor does it receive any economic benefit from someone who is not a client for providing investment advice or other advisory services to its clients.

### **Item 15. Custody**

This item is inapplicable.

### **Item 16. Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis to clients. Please see Item 4 for a description of any limitations clients may place on the Adviser's discretionary authority.

Prior to assuming full discretion in managing a client's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary client, the Adviser has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) and (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held. The portfolio manager may consider the following factors, among others, in allocating securities among clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. These factors may lead the portfolio manager to allocate securities to client accounts in varying amounts.

The Adviser's overall objective when allocating trades among its funds is to treat each fund in a fair and equitable manner, depending on the particular facts and circumstances and the needs and financial objectives of each fund. Although all the funds managed by the Adviser pursue a substantially similar

investment strategy, Ostra Capital Partners 8, LP was created as an “overflow” fund for situations in which the opportunity presented is larger than can be accommodated in the Adviser’s flagship funds. PVF-ABC, LP was created as a separate investment vehicle at the request of the Adviser’s client. To the extent a particular investment is appropriate for all funds, the Adviser’s flagship funds, Ostra Capital Partners, LP and Ostra Capital Partners VII, LP, will be given trading priority. Once the flagship funds receive their full allocations, priority will then be to Ostra Capital Partners 8, LP and subsequently to PVF-ABC, LP.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, the Adviser’s error correction procedure is to ensure that clients are treated fairly and, following error correction, are in the same position they would have been if the error had not occurred. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy.

#### **Item 17. Voting Client Securities**

To the extent the Adviser has been delegated proxy voting authority on behalf of its clients, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of its clients.

Clients may obtain a copy of the Adviser’s proxy voting policies and procedures and information about how the Adviser voted a client’s proxies by contacting Richard Murawczyk by email at richard@ostracap.com or by telephone at (212) 604-0059.

#### **Item 18. Financial Information**

The Adviser does not have any financial condition that would impair its ability to meet contractual commitments to clients.

## **Appendix**

### **Item 2. Material Changes**

The Adviser has updated its aggregation procedure in Items 12 to reflect that trade orders are not always aggregated. Further, the Adviser has updated its allocation procedure in Item 16 to reflect the establishment of two new funds in 2012 and clarify that trading priority is given to the Adviser's flagship funds, with the two new funds receiving their allocations only after the flagship funds have received their full allocations.