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This brochure provides information about the qualification and business practices of Rosemont Investment Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 1-610-834-1370 or by email at [info@rosemontpartnersllc.com](mailto:info@rosemontpartnersllc.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 Rosemont Investment Partners, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

March 31, 2013

# Material Changes

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## Material Changes since the Last Update

There have been no material changes since our last Brochure date March 2013.

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# Advisory Business

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## Firm Description

Formed in May 2000, Rosemont Investment Partners, LLC (“Rosemont”) is a private equity firm focused exclusively on making investments in asset managers who face an ownership dilemma.

## Principal Owners

The principal owner of Rosemont is Charles B. Burkhardt Jr.

## Types of Advisory Services

Rosemont is a private equity firm that will focus entirely on investment management firms and evaluate firms offering a broad range of investment disciplines, including “alternative” managers and those investing in non-traditional asset classes – real estate, long/short strategies, energy, etc. Investment opportunities are expected to take three main forms: management buyout/recapitalization opportunities, franchise spinouts and expansion capital.

The Funds will seek to make investments on the basis of targets’ stand-alone prospects, such that Rosemont’s ability to add value will be accretive to shareholder returns. Rosemont believes the Team’s experience at each step in the investment process differentiates its ability to execute this investment strategy from others that might simply bring capital or transaction experience. Rosemont maintains a constant and active dialogue with all of its portfolio companies on a variety of topics, including marketing, introductions, organization issues, competitive dynamics and business strategy.

Rosemont also seeks Board representation and significant governance rights for each investment it makes. Rosemont expects to negotiate certain “unanimous consent” rights, such as change of control, annual budget, admission of new members, incurrence of debt, and material transactions, for each investment. Board membership provides a platform to monitor each investment, protect Rosemont’s interests and potentially enhance investment returns.

Rosemont is the sole investment manager for the following Funds, which have been organized to make investments in companies participating in the investment management industry. Each Fund will make investments in start-up investment management operations and complementary businesses such as financial planning and industry service providers, as well as later-stage investments in special circumstances such as management buy-outs and growth capital opportunities.

### Rosemont Partners I, L.P. (“Fund I”)

Fund I was formed in May 2000. The general partner of Fund I is Rosemont.

### Rosemont Partners II, L.P. (“Fund II”)

Formed in March 2004, the investment strategy for Fund II is nearly identical to that of Fund I, refined to focus exclusively on asset managers and not the service providers related to the industry. The general partner of Fund II is Rosemont Investment Partners II, LLC, which is wholly owned by Rosemont.

#### Rosemont Partners III, L.P. ("Fund III")

Formed in September 2010, the general partner of Fund III is Rosemont Investment Partners III, LLC, which is wholly owned by Rosemont.

#### Rosemont Cadence, LLC ("Cadence")

Formed in April 2005 as a co-investment vehicle, Cadence only holds interests in CCM Holding LLC and does not charge any fees. Rosemont is the managing member.

### **Client Assets**

As of December 31, 2013, Rosemont manages approximately \$187 million in discretionary assets.

## **Fees and Compensation**

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### **Description**

During the investment period, each Fund will pay a Management Fee equal to 2% per annum of the limited partners' commitments which is payable quarterly in advance to the general partner. Following the investment period, the Management Fee will be 2% per annum of the limited partners' aggregate capital contributions invested in portfolio investments minus aggregate capital contributions from realized portfolio investments. The general partner of each Fund is entitled to receive a carried interest payment based on realized profits and distributions, and might be required to return a portion of that carried interest, commonly referred to as a "clawback". The general partner has the right to waive or reduce the carried interest or Management Fees with respect to one or more limited partners.

Fees and expenses are fully detailed in the private placement memorandum for each Fund.

### **Other Fees**

In addition to the Management Fee, each Fund shall pay or reimburse the Adviser for (a) all fees and expenses incurred in the organization of the Fund not to exceed an aggregate of \$500,000; (b) all expenses of legal, accounting, consulting, investment banking, reporting, research, due diligence and other professional services, including expenses associated with transactions that are not consummated; (c) all travel and entertainment expenses related to each Fund, including expenses associated with transactions that are not consummated, subject to an annual cap of \$100,000; (d) all custody, transfer, registration and similar expenses; (e) all brokerage and finders' fees, commissions and discounts incurred in connection with the purchase or sale of securities or other property; (f) all premiums for any insurance; (g) all fees and expenses of the Advisory Committee; (h) all fees and expenses incurred in connection with limited partner meetings; (i) all interest on borrowed funds (if any); (j) all extraordinary expenses, such as litigation and indemnification expenses; (k) all taxes (if any); (l) all reasonable mailing and postage, facsimile, printing and insurance expenses; (m) all expenses of liquidating the Funds; (n) all fees and expenses charged by any placement agent engaged in connection with the offering of limited partnership interests in the Partnership, subject to offsetting reductions of the Management Fee other similar fees and expenses.

### **Fees Paid in Advance**

Upon liquidation of each Fund, the general partner may waive all or a portion of the carried interest distributions that it would otherwise be entitled to receive with respect to one or more investors.

## **Performance-Based Fees & Side-by-Side Management**

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The general partner for each Fund is subject to carried interest which is based on the total distributions of the Funds. Typically, the general partner receives the carried interest after specified hurdles have been met. Rosemont believes the carried interest paid to the general partner can better align the interests of the investors and Rosemont. However, the potential to receive carried interest based on gains might create a motive for Rosemont to make riskier investments on behalf of its clients. The carried interest waterfall is disclosed in the private placement memoranda of the Funds.

## **Types of Clients**

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### **Description**

Rosemont only provides investment advice to pooled investment vehicles. The investors of each Fund must meet specific qualification requirements.

### **Minimum Commitments**

The minimum commitments required for each Fund are as follows:

Fund I: \$1 million

Fund II: \$5 million

Fund III: \$5 million

Cadence: no minimum

The general partner for each Fund has the right to accept a commitment of a lesser amount, in its sole discretion.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

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### **Methods of Analysis**

Investment Process

Rosemont will undertake a start-to-finish role of sourcing, evaluating, selecting, advising, structuring, assisting in the growth of, and eventually, exiting the Fund's investments:

**Sourcing:** extensive network of contacts to provide advance knowledge on developing opportunities; review under-the-radar M&A activity

**Due Diligence/Evaluation:** review business plan and prospectus of target; in-depth review of senior management including background, reputation, previous accomplishments; for existing targets review client and vendor contracts and financial statements

**Business Plan Development/Refinement and Selection:** done in conjunction with due diligence process; refine a realistic business plan, create incentive structure to reward success and align interest of management and the Fund; delegate tasks, responsibilities and milestones essential to focus management; select those targets Rosemont believes demonstrate the ability to execute the business plan

**Valuation and Structure:** utilize multiple variables for financial analysis of business plan; compare growth rate and margin analysis for similar ventures; apply models for comparability among public and private firms; set budget and compensation guidelines; set incentive-based ownership allocation

**Ongoing Support and Strategy Refinement:** recruit and retain operating talent; focus business plan and measure best practices on an on-going basis; identify and pursue strategic alliances or other growth opportunities; consider appendage acquisitions to accelerate growth

**Pursue Optimal Exit Strategies:** focus on private sales to strategic partners that can leverage and grow the potential targets' operations; consider reselling to management; keep in constant contact with the active acquirers in the industry

## Investment Strategies

### Investment Philosophy

Rosemont believes that value in the asset management industry is created when all stakeholders' interests are aligned; clients, owners, managers and employees. Rosemont's investment strategy is predicated upon building that alignment of interests by partnering with motivated, dynamic management teams and structuring companies in a manner that encourages growth, consistency, loyalty and long-term vision. Rosemont will avoid making investments in firms that are directly competitive with other Fund investments and foster interrelationships among its holdings where appropriate.

### Investment Structure

Rosemont seeks meaningful minority interests alongside management teams who control the majority of the company's equity. Portfolio companies are structured to create competitive compensation mechanisms that are balanced between near-term income and long-term value creation. Rosemont seeks to build consensus at the Board level for critical business-related issues while allowing its management teams complete day-to-day autonomy. Rosemont does not seek to integrate or



consolidate its portfolio companies in any manner. The anticipated holding period for investment is three to five years, subject to the Fund's ability to exit the investments.

#### Target Opportunities

Investment management firms and teams that are undergoing some sort of ownership transition are the ideal opportunities for Rosemont. Target investments are comprised of cohesive management teams with expertise not only in managing client portfolios but also in managing and operating businesses. Management buyouts, lift-outs, franchise spinouts and divestitures are situations in which Rosemont's capital, investment structure and strategic guidance are best deployed. Growth capital investments might also be considered.

Rosemont pursues opportunities to invest in "traditional" investment management firms of all asset classes, investment styles and distribution channels. Rosemont will also selectively pursue alternative investment firms including hedge funds, private equity funds, fund of funds and wealth management. Firms providing support and service to the investment management industry might also be considered.

#### Transaction Criteria

Rosemont seeks to invest between \$5 million and \$20 million in equity in transactions resulting in equity stakes of 10% to 50%. Rosemont prefers to be the sole outside investor in its portfolio companies although it will lead transactions in which co-investors are required or desired resulting in potential equity commitments of up to \$100 million or more. Target investments are either profitable or expected to be profitable within 12-18 months. Management teams will typically be expected to invest alongside Rosemont in support of their business.

#### **Risk of Loss**

Although Rosemont makes every effort to preserve each client's capital and achieve real growth of wealth, investing in the Funds involves risk of loss that each client should be prepared to bear.

See Appendix A for certain risk factors specific to the Funds.

## Disciplinary Information

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Rosemont is not subject to any legal or disciplinary actions.

## Other Financial Industry Activities and Affiliations

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Rosemont Investment Partners II, LP, the general partner to Fund II and Rosemont Investment Partners III, LLC, the general partner to Fund III, are wholly owned by Rosemont.

# Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

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## Code of Ethics

Rosemont has established a Code of Ethics in accordance with Rule 204A-1 of the Investment Advisers Act that generally addresses the following:

1. Standard of care and fiduciary responsibility
2. Requirement of all employees to adhere to federal securities laws
3. The reporting and review of personal trading activity

A copy of Rosemont's Code of Ethics is available upon request.

## Recommend Securities with Material Financial Interest

Rosemont will recommend to clients, when eligible, investments in the Funds described under advisory services in which Rosemont acts as adviser and has a material financial interest.

# Brokerage Practices

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Rosemont provides capital to privately held firms and therefore does not conduct securities transactions through broker dealers.

# Review of Accounts

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## Periodic Reviews

Each quarter, the CCO, CFO and CAO of Rosemont and SS&C, the administrator for Fund I, Fund II, Fund III and Cadence performs the following reviews:

- All cash activities and bank reconciliations
- All expense accruals
- Trial balances and financials
- Tax withholdings
- Investment activity and valuations
- Capital account statements
- Capital calls and distributions

## Regular Reports

The limited partners of each Fund will be provided with:

- Audited financial statements of Fund I, Fund II and Fund III, annually within 120 days of each Fund's fiscal year-end
- Quarterly estimates of the valuations of each portfolio company
- Quarterly unaudited financial statements
- Quarterly capital account statements
- Quarterly investor letters
- Annual tax information (however not always within required time to file personal return)
- Annual limited partner meeting and presentation

# Client Referrals and Other Compensation

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## Third Party Placement Agents

Rosemont does have agreements with third party placement agents who receive compensation directly from Rosemont for introducing clients to the Funds. The compensation paid to the placement agents is based on the amount of the underlying subscriptions. There are agreements in place for each placement agent.

# Custody

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Rosemont does not have physical custody. However, in either its capacity or that of related party as general partner to the Funds, Rosemont is considered to have custody and uses SS&C as the administrator for all three Funds. The Funds are audited annually by a PCAOB registered independent accounting firm and the audited statements are provided to each investor of the Funds within 120 days following the Funds fiscal year-end.

# Investment Discretion

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Rosemont can make, hold, oversee and dispose of investments in debt, equity and other interests in business organizations, domestic or foreign, including businesses the securities of which have no public market and may be restricted with respect to transfer. Rosemont will invest the assets of Fund III in the same investment strategy as contemplated by the private placement memorandum.

# Voting Client Securities

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Rosemont does not invest in publicly traded securities and therefore does not vote proxies for the Funds.

# Financial Information

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Rosemont does not receive over \$1,200 in fees six months in advance and therefore is not required to provide an audited balance sheet.

Rosemont is not subject to any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

## APPENDIX A

**Below are possible risks investors may incur by investing within the private funds (hereinafter referred to as “Fund”). This is not a complete list and is in addition to those specific to each investor.**

**Market Factors** – The Fund will invest in companies that are somewhat dependent on positive performance of financial markets to attract and retain assets, and consequently, generate revenues and earnings. Prolonged negative financial markets could have the dual impact of adversely affecting the operating performance of the Fund’s investments, and decreasing the valuations outside investors are willing to accord such investments.

**Difficulty of Exiting Investments** – If the demand of potential acquirers for the Fund’s investments diminishes, the ability of the Fund to realize its investments may be adversely impacted. Similarly, the decision to sell to a potential acquirer or undertake an initial public offering may be impacted by market events and could be impacted by the need to have other investors consent to the action and will therefore be beyond the control of Rosemont. Finally, the value of any put option obtained for the Fund will depend on the other party’s financial strength and there is also no guarantee that the exercise of the put will result in realizable value.

**Absence of Potential Acquirers for Exiting Investments** – The investment management industry has benefited over the last few years from a period of strong acquisition interest, with a much larger number of acquirers than sellers. There is no guarantee that the market for acquiring investment firms will continue to be robust. If acquisition demand were to decline, this could have an adverse impact on the Fund’s ability to capitalize on the value of the investments it makes, making exits from investments difficult and, in some cases, impractical.

**Unspecified Investments** – The Fund will begin operations following its initial closing and currently has not reached agreement with any particular investment target. Limited Partners must rely upon the ability of Rosemont to identify, structure, and consummate investments consistent with the Fund’s investment objectives, philosophy and strategy. It is possible that the Fund will never be fully invested if sufficiently attractive investments are not identified.

**Illiquidity of Portfolio Investments; Time Required to Maturity of Investment** – Investments in portfolio companies are expected to be highly illiquid until such time, if any, as there is an appropriate opportunity to exit the investment. There can be no assurance that the portfolio companies will ever be able to effect a sale or successful public offering for their securities.

It is anticipated that the Fund will hold most of its investments for a period of four to seven years, although market conditions and the terms of particular investments may cause the Fund to hold investments for a shorter or longer period of time. As a result, it is likely that no significant return from the disposition of the Fund's investments will occur for a significant period of time after the first closing of the Fund.

**Competition for Investments** – The Fund will be subject to competition for investment opportunities with other sources of capital, including other private equity groups, individuals, corporations and others. There can be no assurance that the Fund will be able to invest its capital on terms favorable to the Fund and therefore to Limited Partners.

## APPENDIX A, CONTINUED

**Legal Issues Surrounding Start-Ups** – Changes in the regulatory environment, particularly those surrounding non-compete agreements, non-solicitation agreements and the portability of investment management track records may substantially alter the environment for start-up companies, thus limiting the potential investments available to the Fund. Any litigation that arises concerning these issues may impact the Fund directly or indirectly by negatively impacting the portfolio company or its principals.

**Industry Concentration** – Unlike many other private equity investment vehicles, the Fund invests principally in one industry, the investment management industry, and, to a lesser extent, in related industries. This will subject the Fund to increased risks based on factors affecting these industries. In addition to the risks addressed elsewhere in this section, these risks may include economic and financial market activity, low barriers to entry into these industries, maturation of these industries, and intense competition for talented personnel.

**Competition in Investment Management Industry** – The investment management industry is highly competitive. Clients may transfer assets between investment management firms on short notice. Institutional clients typically may terminate investment management contracts without penalty upon 30 days' notice. Mutual funds typically may terminate investment management contracts without penalty upon 60 days' prior written notice, and retail clients may redeem investments in mutual funds at any time. If the companies in which the Fund invests are unable to attract or retain assets under management, the value of the Fund's investments will be adversely affected.

**Lack of Diversification** – The Fund expects to make a limited number of investments and, as a consequence, the overall performance of the Fund could be significantly adversely affected by the negative performance of one or more of such investments. The Fund may invest in fewer portfolio companies than its targeted range of ten to twelve investments.

**Regulation of Investment Management Industry** – The investment management industry is heavily regulated by the United States Securities and Exchange Commission and other federal, state and foreign regulatory bodies. Any failure of the firms in which the Fund invests to comply with laws or regulations could result in fines, suspensions of individual employees or other sanctions, which could adversely affect the performance of the Fund.

**Changes in Investment Management Industry** – Investment management firms typically position themselves to provide services within certain asset classes and investment styles (e.g. fixed income versus equity and growth versus value). Periodic shifts in the investment management industry may favor firms with strengths in particular areas and firms that have the ability to adjust to these shifts. Any inability of the firms in which the Fund invests to adjust to these shifts could have an adverse impact on the performance of the Fund.

## APPENDIX A, CONTINUED

The investment management industry has experienced tremendous changes in the recent past, and future changes may adversely impact the Fund's investment strategy. For example, attractive investment opportunities may not be available, holding periods for the Fund's investments may greatly exceed current expectations, the size of the Fund's holdings may change (e.g., the Fund may only be able to make smaller investments than is currently expected) and the Fund may not have the input into a portfolio company's decisions and strategies as is currently contemplated. The Fund's policies described in this Memorandum are intended only to provide an indication of how the Fund expects to invest given current conditions, and the Fund will have the ability to adapt its investment policies and strategy to respond to changing market conditions without approval of the Limited Partners.

**Claims by Investment Management Clients** – Investment management firms are from time to time subject to claims for client losses or other amounts arising out of investment performance or other service that does not meet clients' expectations, particularly with respect to one or more innovative investment strategies. Any such substantial claim brought against a firm in which the Fund has invested that is successful would have an adverse impact on the performance of the Fund.

**No Control over Portfolio Companies** – Rosemont currently anticipates that the Fund will generally acquire between 10% and 50% of the companies in which it invests. However, in certain circumstances, the Fund may make investments of a smaller or larger percentage. The Fund will therefore generally not have control over its portfolio companies. Although the Team anticipates that Fund investments will be structured in such a way that Rosemont will have access to the management of the portfolio companies and currently intends to make investments only when such involvement is welcome, the Fund will need the support of other equity owners of its portfolio companies to make decisions with respect to their management, including with respect to exit strategies. There can be no assurances that the Fund or Rosemont will obtain board seats or other supervisory roles with respect to the Fund's investments.

**Legal Restrictions on Disposition of Investments** – It is anticipated that all or a substantial portion of the Fund's investments will consist of securities that are subject to restrictions on sale by the Fund because they were acquired from the issuer in "private placement" transactions or because the Fund will be deemed to be an affiliate of the issuer. Generally, the Fund will not be able to sell these securities publicly without the expense and time required to register the securities under the Securities Act of 1933, as amended (the "Securities Act"), or will be able to sell the securities only under Rule 144 or other rules under the Securities Act which permit limited sales under specified conditions.

**Management of the Fund** – Limited Partners will have limited rights to take part in the management of the Fund. Although investors entrust all aspects of the management of the Fund to the General Partner, at least one representative of the Limited Partners will serve on the Advisory Committee. The General Partner determines the number of and selects who shall represent the Limited Partners on the Advisory Committee.

**Illiquidity of Fund Interests** – The transferability of interests in the Fund will be permitted only with the consent of the General Partner. No transferee of a limited partnership interest may be admitted as a substituted Limited Partner without the prior written consent of the General Partner, as provided in the Fund's Limited Partnership Agreement. Voluntary withdrawals of limited partnership interests are not permitted.

## APPENDIX A, CONTINUED

**Effect of Fees and Expenses on Returns** – The Fund will pay the General Partner the Management Fee and the Carried Interest and will bear certain operating and organizational expenses of the Fund. Such fees will reduce the returns of the Limited Partners, and the existence of the Carried Interest may create incentives for the General Partner to make more speculative or risky investments than it would otherwise make. The Management Fee and the expenses of the Fund will be paid regardless of whether the Fund produces positive investment returns.

**Reliance on Key Personnel** – The Fund will be largely dependent on the experience and judgment of the Principals and other members of the Team for sourcing and evaluating potential investments. The loss of any Principal or other Team member's services could have an adverse impact on the business of the Fund. In addition, the Fund's future success depends on its continuing ability to identify, hire, train and retain highly qualified personnel. There is competition for such individuals and can be no assurance that the Fund will be able to attract or retain such personnel.

**Other Activities of the Team; Potential Conflicts of Interest** – Rosemont may provide management assistance, consulting and other services to portfolio companies, as well as investment advisory services to other organizations, provided that when the aggregate capital commitments of the Fund exceed \$50 million, such activities will require the approval of the Advisory Committee (except for advisory services provided to other pooled investment vehicles, as permitted by the Partnership Agreement). The activities and interests of Rosemont and its clients may in a particular situation conflict or appear to conflict with the interests of the Fund.