

**Part 2A of Form ADV: *Firm Brochure***

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March, 28 2014

**This Brochure provides information about the qualifications and business practices of C.M. Capital Advisors, LLC (hereinafter “C.M. Capital” or “firm” or “we”). If you have any questions about the contents of this Brochure, please contact us at (650) 326-6480 or at [pmorrissey@cmcapitalusa.com](mailto:pmorrissey@cmcapitalusa.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 C.M. Capital is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by firm name or by a unique identifying number, known as a CRD number. The CRD number for C.M. Capital is 157529.**

**C.M. Capital is a registered investment adviser with the Securities and Exchange Commission (“SEC”). Registration as an investment adviser does not imply any level of skill or training.**

**Item 2. Summary of Material Changes**

This Item is used to provide a summary of new and/or updated information throughout the Brochure. Please note that this summary of material changes discusses only those material changes that have occurred since the last annual update of the Brochure.

This Brochure, dated March 28, 2014, does not contain any material changes since the last annual update of our Brochure dated March 31, 2013. Certain updates have been made to the language in various sections of this Brochure but we have not materially altered any of our responses to other items in this Brochure.

Consistent with SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

**Item 3. Table of Contents**

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

C.M. Capital is a fee-only SEC-registered investment adviser with its principal place of business located in Palo Alto, CA. Although C.M. Capital is a registered investment adviser, registration itself does not require and should not be interpreted to imply any particular level of skill or training. C.M. Capital is a wholly owned subsidiary of C.M. Capital Corporation, and has been in business since 2008. C.M. Capital Corporation is a wholly owned subsidiary of C.M. Capital (DE) Inc. which is wholly owned by Alphamill Trust whose Trustee is Alphamill Limited.

##### Assets Under Management

Discretionary assets under our firm's management were \$215,194,217 as of December 31, 2013.

Non-discretionary assets under our firm's management were \$780,302,277 as of December 31, 2013.

##### Investment Management Services

C.M. Capital provides investment management services on both a discretionary and non-discretionary basis primarily to two private investment funds: (i) the C.M.C. Absolute Return Fund, L.P. (including each of its respective feeder funds, as described below); and (ii) the CMC Master Fund, LP (hereinafter collectively, "the Funds"). C.M. Capital may in the future manage separate accounts and/or create and offer new investment funds.

The Funds' investment objectives (as described in greater detail below) are achieved principally through the allocation of assets to independent investment managers and/or investments in pooled investment vehicles managed by independent investment managers (commonly referred to as a "fund of funds" strategy).

##### ***The C.M.C. Absolute Return Fund, L.P.***

The C.M.C. Absolute Return Fund, L.P. (the "Absolute Return Fund") is a limited partnership formed in the Cayman Islands. The Absolute Return Fund is a master fund in a master-feeder arrangement which includes the following feeder funds: C.M.C. Domestic AR Feeder, L.P., a Delaware limited partnership (the "Domestic Feeder") and C.M.C. Offshore AR Feeder, L.P., a Cayman Islands limited partnership (the "Offshore Feeder"). The Domestic Feeder and the Offshore Feeder invest all or substantially all of their assets in, and conduct their investment activities through, the Absolute Return Fund.

The Absolute Return Fund invests in a diversified portfolio of hedge funds, with a focus on long-term returns. C.M. Capital is the Fund Manager for this investment vehicle and is also the owner of the General Partner of the Absolute Return Fund and its associated feeder funds. As Fund Manager and owner of the General Partner, C.M. Capital is responsible for finding and selecting investment opportunities with unaffiliated third-

party separate account investment managers. C.M. Capital's selection of investment managers for the Absolute Return Fund is done on a discretionary basis.

### ***The CMC Master Fund, LP***

The CMC Master Fund, LP (the "Master Fund") is a Delaware limited partnership. The Master Fund invests in a multi-asset class portfolio of investment vehicles managed by independent third party investment managers. The Master Fund is not open for investment by any unaffiliated third-party investors; it is an investment fund created and maintained only for the benefit of one private family. C.M. Capital is the Fund Manager for this investment vehicle, and is responsible for recommending investments with unaffiliated investment managers to the General Partner of the Master Fund. C.M. Capital's final selection of investment managers for the Master Fund is done on a non-discretionary basis.

*The Funds are not required to register under the Securities Act of 1933 or the Investment Company Act of 1940 in reliance upon certain exemptions available to issuers whose securities are not publicly offered. We manage the Funds in accordance with the terms and conditions of each Fund's offering and organizational documents. Each of the Funds is a "fund of funds" and, as a result of this investment approach, we generally do not directly buy or sell any security for the Funds except for interests in the underlying funds or as a result of an in-kind distribution from the underlying funds.*

Each Fund is governed by a limited partnership agreement or similar document (as applicable) that sets forth the specific investment guidelines and restrictions applicable to each Fund (the "Governing Documents"). In addition, investors in each Fund are provided with offering documents prior to their investment, which also contain information regarding the intended investment program for such Fund.

In acting as the Fund Manager, and as a fiduciary to our clients, all recommendations and investment decisions are made independently and objectively and are based exclusively on the suitability of a given selection in terms of its risk-reward profile in accordance with the organizational and offering documents of each fund. All selected managers generally must either have historically demonstrated a specialized expertise in a given investment strategy and a consistent, repeatable investment process or we have investigated the fund manager and are satisfied that such manager does have expertise and skill in a given investment strategy and a satisfactory back office.

Our independent third party manager search and selection process is the result of extensive internal research and a proprietary due diligence process. The process encompasses a comprehensive review of both historical performance data and underlying quantitative analytics as well as in-depth reviews of qualitative measures including such things as ownership, investment philosophy, staffing, back office competence, acceptable vendors, compliance, code of ethics, risk management, policy and procedures and trading efficiencies.

C.M. Capital will determine whether a potential manager's portfolio management style is appropriate for each Fund. Factors considered in making this determination include account size, risk tolerance and the investment philosophy of the selected third-party manager. As part of the selection process, we review each third-party manager's disclosure document(s) regarding the particular characteristics of any program and managers selected by us.

C.M. Capital will regularly and continuously monitor the performance of the selected manager(s). For the Absolute Return Fund, for which we have discretionary authority, if we determine that a given third party investment manager(s) is not meeting our agreed upon management expectations, we will terminate the investment manager(s) and place the client's assets with another suitable investment manager(s) at our discretion and without prior consent from the client. For the Master Fund, for which our firm does not have discretionary authority, if we believe that a particular manager is performing inadequately, or if we believe that a different manager may be more suitable for the client's particular needs, then we may recommend that the general partner of the Master Fund contract with another third-party manager. Under this scenario, we will select and recommend to the general partner of the Master Fund a new manager, and upon approval by the general partner of the Master Fund, invest with that new manager and monitor that manager's performance. However, any move to a new manager for the Master Fund is solely at the discretion of the client.

ADDITIONAL CONSIDERATIONS: The information provided herein merely summarizes the detailed information provided in each Fund's offering and organizational documents. Prospective investors in any one or more of the Funds should be aware of additional risks and requirements associated with investment. Prospective investors should refer to the appropriate Fund offering and organizational documents for important additional information and considerations.

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

Our management fee for investment management services is based upon services performed for the Master Fund and based on a percentage of assets under management for the Absolute Return Fund.

With respect to the *Master Fund*, our management fees are based on actual costs incurred by C.M. Capital and C.M. Capital Corporation (i.e. employee time and overhead) plus an additional charge for the investment professional (non-administrative) services. Fees are charged quarterly in advance.

With respect to the *Absolute Return Fund*, our management fees we charge and anticipate charging range approximately from 0.85% to 1.0% per annum. Management fees are assessed at the level of the Absolute Return Fund based upon each investor's account value at the time of the assessment. Fees are negotiable. Fees are charged quarterly in advance. Additionally, C.M. Capital charges a performance-based fee with respect to the

Absolute Return Fund in the amount of 5% of the Fund's profits in accordance with the provisions set forth in the offering and organizational documents.

Investors must understand the proposed method of compensation and its risks prior to investing in any of the Funds. Prospective investors in any one of the Funds should refer to the appropriate Fund offering and organizational documents for more information regarding the fees charged by the Fund or the General Partner, as applicable.

### Fees in General

C.M. Capital directly debits client custodial accounts for the fees described above for the investment management services provided to clients.

Fees and account minimums for all services are negotiable based upon certain criteria (*i.e.* anticipated future additional assets, dollar amount of assets to be managed, related accounts, negotiations with client, etc.). We have the general discretion to waive all or a portion of the asset-based management fee and/or the performance-based compensation, but typically only exercise this discretion for investors that are our affiliates or employees.

We may group certain related client accounts for the purposes of determining the account size and/or annualized fee.

Certain legacy and seed client agreements may be governed by fee schedules different from those listed above.

Under no circumstances will we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance of services rendered.

### Account Termination

An investor may withdraw all or any part of its investment from any of the Funds under the terms set forth in the applicable Fund's offering documents. The General Partner may in its sole discretion, waive or modify any of the terms of withdrawals for certain investors who are relatives, employees or affiliates of C.M. Capital or the General Partner or for certain large or strategic investors.

Investors in each Fund should refer to the appropriate Fund's private placement memorandum and offering documents for complete information regarding withdrawals of investments.

### Other Fees and Expenses

Prospective investors in any one of the Funds, each a fund of funds, should note that they will incur at least two layers of fees: C.M. Capital's management fee and performance

based fee (if applicable), as set forth above, as well as the management fees and/or performance-based compensation charged by the underlying investment funds in which the Fund invests. This layering of fees is incorporated in the net income or loss of the Fund, is not easily apparent to investors and will lower the investor's overall return.

While it is not anticipated that mutual funds will be included in the clients' portfolios, money market mutual funds (or short term bond funds) may be used to "hold" unused cash balances until they can be appropriately invested. Investors should recognize that all fees paid to C.M. Capital for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee.

In addition to fees paid to our firm or the General Partner, as appropriate, and to each of the underlying fund managers, investors will also be responsible for the fees and expenses charged by custodians and imposed by any broker dealer with which C.M. Capital or an underlying fund manager effects transactions for the Funds. Please refer to Item 12 of this Brochure for additional information regarding brokerage.

#### Personal Investments in Funds

Certain executive officers, directors, advisors and/or other employees of C.M. Capital have invested or may invest a portion of their personal net worth in one or more of the Funds. In addition, certain executive officers, directors and advisors of our firm may have direct investments in one or more of the underlying funds which the Funds have invested in.

#### General

Prospective investors should refer to the appropriate offering and organizational documents for additional important information, terms, conditions and risks involved with investing in the Fund(s).

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

We do not charge performance-based fees with respect to the Master Fund. However, C.M. Capital does charge a performance-based fee in connection with the Absolute Return Fund. Principals of our firm, directors of the board of C.M. Capital Corporation and its advisors may invest alongside our clients on occasion.

In addition, due to the fact that C.M. Capital receives performance-based compensation from the Absolute Return Fund but not the Master Fund, C.M. Capital has a conflict of interest in managing these accounts at the same time, because C.M. Capital may have an incentive to favor Funds that pay performance-based compensation over those that do not. For example, C.M. Capital may have an incentive to allocate particularly attractive



investment opportunities to the Fund that is expected to generate performance-based compensation, potentially to the detriment of the other Fund.

C.M. Capital has procedures designed and implemented to ensure that all clients are treated fairly and equitably, and to prevent this conflict from influencing the allocation of investment opportunities. All recommendations and investment decisions are made independently and objectively based on the best interests of each Fund and in a manner that is permissible under the respective Funds' Governing Documents. C.M. Capital does not take the potential for performance-based compensation into account when making investment decisions or allocating investment opportunities among the Funds.

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

Our firm provides investment management services to several private investment funds as disclosed in item 4 of this Brochure.

The minimum required investment in any of the Funds is \$2,000,000, which minimum can be waived at the discretion of C.M. Capital.

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

As adviser to the Funds, each a fund of funds, our firm primarily invests in the interests of other investment funds. As such, traditional fundamental, technical or other securities analysis is not possible when formulating recommendations. Instead, we rely on a robust due diligence process of the investment funds and their investment managers in selecting or recommending funds.

It is our policy and practice to conduct initial due diligence with respect to the investment manager of any prospective fund investment and to monitor any selected investment manager on an on-going basis to determine and evaluate the portfolio management team's background, experience and philosophy; the process by which the manager makes investment decisions; how those decisions are implemented; the manager's investment track record in both up and down markets; the manager's risk management controls, parameters and evaluation process, and the adequacy and effectiveness of the manager's operational and compliance controls and infrastructure. It is our policy and practice to seek to avoid investment in any fund where we determine that the manager of such fund has failed to adopt certain minimal operational and compliance controls and safeguards.

The principal driver of portfolio selection is the relative skill set of the underlying fund managers in research, trading, risk management and organization building, with integrity of the individual(s) managing the funds the paramount consideration.

The identity of underlying fund managers is likely to change over time, they may be removed by us or a new manager may be appointed without prior notice or consent of investors.

A primary source of information used to identify potential investment funds for investment include personal references, qualitative reviews of fund's portfolio managers as described above, and review of the Fund Offering Memorandum, Limited Partnership Agreement, Subscription Agreement, performance records and other documents.

One of the primary risks of investing with a third-party fund manager based, in part, on successful past performance is that the manager may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, it is possible for us to miss the absence of internal controls necessary to prevent fraud or other business, regulatory or reputational deficiencies.

Risks in General: Securities investments are not guaranteed and you may lose money on your investments. Investors or prospective investors should carefully review the Private Placement Memorandum for any Fund under consideration for investment for a detailed explanation of many of the risks associated with investment.

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

Our firm has no reportable disciplinary events to disclose.

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

##### C.M. Capital Corporation

As disclosed in Item 4 of this Brochure, our firm is a wholly owned subsidiary of C.M. Capital Corporation. C.M. Capital Corporation provides back office, management and accounting services to C.M. Capital and our clients. C.M. Capital charges clients on behalf of C.M. Capital Corporation for such services.

##### General Partner of Absolute Return Fund

As disclosed in Item 4 of this Brochure, C.M. Capital owns the General Partner of the Absolute Return Fund and may also be paid administrative fees and/or management fees for the cost of administering the business affairs of the investment entities.

Clients should be aware that proprietary investment in the above-mentioned investment vehicles could potentially create an incentive for an adviser or the personnel of the adviser to favor such accounts due to the adviser or personnel of the adviser having their own funds invested alongside those of their clients. Consequently, we have an inherent incentive to favor vehicles with higher levels of proprietary investment.

While the General Partner is not separately registered as an investment adviser with the SEC, all of its investment advisory activities are subject to the Investment Advisers Act of 1940, as amended (the "Advisers Act") and the rules thereunder, and to all of C.M.

Capital's compliance policies and procedures. In addition, employees and persons acting on behalf of the General Partner are subject to the supervision and control of C.M. Capital and will therefore be deemed "persons associated with" C.M. Capital (as defined in section 202(a)(17) of the Advisers Act) and will be subject to SEC examination.

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

Code of Ethics Disclosure

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code provides for oversight, enforcement and recordkeeping. A copy of our Code of Ethics is available to our advisory clients and prospective clients, including investors and prospective investors in one or more of the Funds, upon request to the Chief Compliance Officer, at the firm's principal office address or by contacting the Chief Compliance Officer at the phone number or email address set forth on the cover page of this Brochure.

As disclosed at Item 5 of this Brochure, certain executive officers, directors, advisors and/or other employees of C.M. Capital have invested or may invest a portion of their personal net worth in one or more of the Funds. In addition, certain executive officers, directors and advisors of C.M. Capital have or may have direct investments in one or more of the underlying funds which the Funds have invested in.

It is the expressed policy of our firm that no person employed by us may usurp an investment opportunity which may be appropriate for one or more of the Funds without first presenting the opportunity to our Investment Team, particularly when there is limited availability for participation in the opportunity.

As these situations represent a conflict of interest, we have established the following restrictions in order to ensure its fiduciary responsibilities:

1. No officer or employee of our firm may prefer his or her own interest to that of an advisory client.
2. We maintain a list of all securities holdings for our firm and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by the Chief Compliance Officer.
3. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

4. Any individual not in observance of the above may be subject to disciplinary action up to and including termination.

The Advisers Act makes it unlawful for any investment adviser, directly or indirectly, acting as principal for its own account, to knowingly sell any security to, or purchase any security from, a client without disclosing to the client in writing the capacity in which the adviser is acting and obtaining the client's consent to the transaction. This rule may apply to certain transactions involving accounts in which investment advisers have interests, such as private fund investments by the firm's owners, principals, or employees. The SEC has indicated that when an investment adviser and/or its controlling persons own more than 25% of a fund's outstanding securities, it would be effectively treated as a principal transaction if such an account were to engage in a trade with another client account or fund.

C.M. Capital has adopted specific policies and procedures for monitoring the level of proprietary ownership in each fund it manages and for obtaining the requisite consent before engaging in a transaction that would be considered a principal transaction under applicable SEC interpretations.

#### **Item 12. Brokerage Practices**

As disclosed in Item 4 of this Brochure, we do not directly manage client portfolios in the traditional sense, but rather, we manage private "funds of funds" and invest in the interests of other funds managed by unrelated third-party investment managers.

The manager of any fund considered for investment will generally have their own policies, practices and procedures with respect to brokerage. These underlying fund managers will generally have been granted the discretionary authority to select the broker dealer through which to execute trades on behalf of the underlying fund through the fund's organizational documents, offering documents or investment management agreement.

As part of its due diligence, C.M. Capital will seek to ensure that any third party manager recommended for the Funds has adopted written policies and procedures reasonably designed to ensure that the manager will obtain best execution for trades placed in the underlying fund and that the manager endeavors to select brokers, dealers or other counterparties that will provide the best services at the lowest commission rates possible under the circumstances. It should be noted, however, that we do not have any direct influence or control over the underlying managers' selection of brokers or counterparties when executing transactions.

Unless C.M. Capital is selling a security which it received in an in-kind distribution from an underlying investment fund, it does not currently, but may in the future, directly trade securities for the Funds. Due to the nature of its advisory services and investment model, C.M. Capital will generally execute a transaction for a client directly only when

implementing a recommendation that the client invest in a private fund. Depending on the specific circumstances, C.M. Capital will, on behalf of the Absolute Return Fund, typically subscribe to the interests of a private fund on behalf of one or more of the Funds through direct contact with the private fund's general partner or manager or by responding to a solicitation of a finder or the fund's prime broker. Typically, due to the limited nature and regulatory structure of the private funds, multiple subscription sources, finders or prime brokers will not be available and C.M. Capital may not be able to seek to execute the transaction through any other source or to negotiate finder fees, if any. As a matter of practice, we do not generally block client trades and typically implement client transactions separately for each Fund as set forth above.

We do not have any formal or informal soft-dollar arrangements and do not receive any soft-dollar benefits from any broker, dealer or other counterparty.

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

C.M. Capital monitors the portfolio managers of each underlying fund on an ongoing basis and investment policies and philosophies are discussed with each manager regularly.

On at least a quarterly basis, C.M. Capital conducts internal meetings of investment personnel to discuss each underlying fund and fund manager. Key investment personnel at C.M. Capital include Portfolio Managers, Keith Seibert and Nicole Belytschko, and C.M. Capital executives Bruce W. Madding, and Fernando Sucre.

The Funds are audited annually by an independent certified public accountant that is both registered with and subject to regular inspection by the Public Company Accounting Oversight Board ("PCAOB") and a copy of the audited financials are sent to each investor on a timely basis.

In addition to annual audited financials, investors will receive at least quarterly reports of the performance of the applicable Fund, net of all fees. On at least a quarterly basis, investors will receive performance letters pertaining to the performance of the Funds based on preliminary returns supplied by the managers of the underlying third-party funds.

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

Our firm does not receive any additional compensation from third parties for providing investment advice to its clients and does not compensate anyone for client referrals.

### **Item 15. Custody**

Because we act as investment adviser and as general partner to the Absolute Return Fund and because we own the General Partner of the Absolute Return Fund, we are deemed to have custody of the Funds' assets under Rule 206(4)-2 of the Advisers Act (the "Custody

Rule”). C.M. Capital is exempt from the quarterly account statement delivery obligations and surprise audit requirement of the Custody Rule because each of the Funds will be audited on an annual basis by an independent public accountant that is both registered with and subject to regular inspection by the PCAOB. Because each of the Funds is a fund of funds, we seek to send the audited financial statements to each investor within 180 days of the applicable Fund’s fiscal year end.

In addition, the cash assets and underlying securities of the Funds are generally held with one or more “qualified custodians” as defined in the Custody Rule (i.e. banks or broker-dealers) that are unaffiliated with C.M. Capital. Investors will not receive statements from the custodian. Investors should carefully review the audited financial statements prepared by the Funds’ independent auditor, and should compare these statements to the periodic performance reports or other account information provided by C.M. Capital.

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

As investment adviser to the Funds, C.M. Capital is granted the discretionary authority in the organizational documents and/or advisory agreements for the Absolute Return Fund to determine which investments are made on behalf of the Fund.

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

Typically, the underlying fund managers will vote proxies with respect to the holdings in their respective funds. However, in certain circumstances we may be required to vote proxies solicited by the underlying funds whose interests are held directly by the Funds. Under these circumstances, our firm will vote proxies in the best interest of the Funds, typically with the goal of maximizing value for the Funds and the investors in the Funds. To that end, C.M. Capital endeavors to vote proxies in the manner that it determines in good faith will be the most likely to cause the Funds’ investments to increase the most or decline the least in value. Consideration is given to both the short and long-term implications of the proposal to be voted on when considering the optimal vote. C.M. Capital’s complete proxy voting policy and procedures has been memorialized and is available for investors to review.

Generally, C.M. Capital will neither participate nor act on behalf of the Funds in class action proceedings involving companies whose securities are held by the underlying funds. In the unlikely event of a class action, bankruptcy or legal proceeding involving an underlying fund or fund manager, however, C.M. Capital will make a good faith determination of the costs and benefits of participating in such proceedings on a case by case basis. If, with respect to the Absolute Return Fund, in our sole discretion we determine that the benefits outweigh the costs, our firm will participate and distribute any benefit received upon settlement or otherwise to the Absolute Return Fund.

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

Under no circumstances will we collect fees in excess of \$1,200 more than six months in advance of services rendered. C.M. Capital has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability meet contractual commitments to the Funds or Investors.