

Altus Capital Partners, Inc.

Brochure

10 Westport Road, Suite C204

Wilton, CT 06897

203-429-2000

www.altuscapitalpartners.com

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This Brochure provides information about the qualifications and business practices of Altus Capital Partners, Inc. If you have any questions about the contents of this Brochure, please contact us at (203) 429-2000.

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. Please note, where this Brochure uses the term “registered investment adviser” and/or “registered,” registration itself does not imply any certain level of skill or training.

Additional information about the Altus Capital Partners, Inc. is also available on the SEC’s website at www.adviserinfo.sec.gov

Item 2: Material Changes

This Item 2 of this Brochure is to identify and discuss material changes, if any, made to the previous brochure. The previous brochure of Altus Capital Partners, Inc. was dated March 28, 2014, and prior to that, the previous annual amendment brochure of Altus Capital Partners, Inc. was dated March 23, 2013. There are no material changes to report since the date of the last annual amendment.

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Item 4: Investment Advisory Business

Established in 2002 by Russell Greenberg, Gregory Greenberg and Elizabeth Burgess, Altus Capital Partners, Inc. (“Altus” or the “Firm”) focuses on investing in private manufacturing companies. The Firm makes controlled investments in manufacturing companies, generally with estimated enterprise values between \$30 and \$100 million. The Firm is principally owned by Russell Greenberg (Managing Partner), and is also owned by Gregory Greenberg (Senior Partner) and Elizabeth Burgess (Senior Partner). They all are founding partners.

Limited to the private equity sphere, Altus provides portfolio management and administrative services to private equity funds, Altus Capital Partners I, L.P. (“Altus I,” formerly Altus Capital Partners SBIC, L.P. (“SBIC”)); Altus I’s parent fund, Altus Capital Partners Parent, L.P. (“Parent,” formerly Altus Capital Partners SBIC Parent, L.P. (the “SBIC Parent”)); Altus Capital Partners II, L.P. (“Altus II”); (collectively, the “Funds”); and four Co-Investment Funds (collectively, the “Co-Invests”). Altus’ services are provided pursuant to the negotiated operating agreements for each pooled investment vehicle, which delineates the specific terms of the relationship.

Altus I is owned 100% by the Parent. The General Partner of Altus I is Altus Management I, LLC. The Parent is owned 99.9% by the Limited Partners and 0.1% by its General Partner, Altus Management Parent, LLC. Although the license from the Small Business Administration (“SBA”) has been voluntarily surrendered, the SBA will continue to receive its profit participation on all realizations and will continue to receive periodic reporting on Altus I. The investment period for Altus I has expired and no new investments may be made without 75% consent of the limited partners. Altus is not seeking any new transactions for Altus I.

Altus Capital Partners II, L.P. is not and never was under the SBA program. The General Partner is Altus Management II, LLC. Altus controls the three General Partners for the Funds: Altus Management I, LLC; Altus Management Parent, LLC, and Altus Management II, LLC.

The services provided by Altus to the Funds generally include analyzing, structuring and negotiating potential investments, monitoring the performance of portfolio companies, and advising the respective Fund as to disposition opportunities. These recommendations are communicated to the General Partners of the Funds, who delegate investment discretion to Altus.

The Funds’ objectives are to make private equity or equity-related investments in manufacturing companies. Focusing on the industrial sector, the Funds seek to make investments in companies with a defensible market niche, proprietary technology, and strong brand recognition. Altus generally takes a controlling interest in a portfolio company and, through its board position, partners with the management of the portfolio company to strive to realize the portfolio company’s full potential. Altus supports each

investment with human or capital resources required for further growth and regularly monitors each portfolio company from acquisition through exit to identify opportunities for creating value.

Pursuant to the investment strategy, there may be situations where the Firm will create a co-investment vehicle. The co-investment opportunities are first offered to existing limited partners in the relevant fund. If there is not enough interest from existing limited partners in the relevant fund, the Firm will offer the co-investment opportunity to other investors outside of the relevant Fund, typically investors who have existing investments in another Altus fund. There are situations where the Firm may limit the offering in terms of minimum investment and to less than 100% of existing limited partners. The risk profile is greater in a co-investment since they invest in only one company. As a result, the higher risk due to concentration is not suitable for all investors. The Firm offers co-investment opportunities to direct limited partners in the Altus Fund in its investment period, but not to the underlying limited partners of “look-through” entities. The Co-Invests are formed as LLCs, and an Operating Agreement and Subscription Agreement are executed. The Firm is the Managing Member in each of the Co-Invests. Each Co-Invest makes its investment directly in the portfolio company, alongside the main Fund. The Co-Invests are advisory clients of Altus.

Altus does not participate in wrap-fee programs.

As of December 31, 2013, Altus has a total of approximately \$233,737,172 in discretionary assets under management.

Please see Item 8 for more information on advisory services and strategies.

Item 5: Fees and Compensation

SBIC/Altus I has not paid a management fee since August 2009 due to offsets in place. Altus will not charge a management fee for the remainder of the life of Altus I.

During the investment period, Altus II pays a management fee to Altus equal to 2% of capital commitments. Thereafter the management fee is equal to 2% of invested capital in portfolio companies. The management fee is payable quarterly in advance from a drawdown of the Limited Partner’s unfunded capital commitments. The management fees are paid by a direct debit from Altus II’s bank accounts and credited to Altus’ bank account. The management fees are either paid 30 days in advance of the quarter or during the first month of the quarter covered by the fee.

The Co-Investments are not charged and do not pay a Management Fee.

Terms of a fund operating agreement, including fees, are negotiated prior to execution and formation of the operating agreement.

Upon the disposition of a portfolio investment, all distribution, in-kind securities, dividends, interest, or other income is distributed to investors in accordance with the Limited Partnership Agreement. These proceeds will reimburse Limited Partners up to 100% of their aggregate capital contribution for expenses, realized investments, and investments written to zero, plus a preferred return of 8% per annum, compounded annually. All remaining proceeds will be divided such that the Limited Partners will receive 80% of the Profits, pro-rata and the General Partner will receive 20% of the Profits. These and other terms are more fully explained in the Limited Partnership Agreements.

Other Expenses: The Funds may incur custodial, legal, accounting, insurance, brokerage and other administrative and transaction costs. Generally, Altus will pay all normal operating expenses incurred during normal day-to-day administrative services to the Funds, including overhead and expenses related to the sourcing, evaluating and due diligence of all investments. Expenses associated with any investment not completed is generally paid by Altus. Expenses associated with any investment made by the Fund(s) is generally later reimbursed by the applicable portfolio company to Altus as part of the closing costs. These expenses generally include, but are not limited to, travel, travel meals, business meals, meeting expenses, legal and accounting services, market studies, insurance diligence, portfolio management placement fees, direct telephone expenses and any direct expenses associated with the sourcing, analysis, negotiating and closing of the investment. These reimbursed expenses and fees are paid either by a direct debit from the Fund(s) bank account; a wire paid to Altus by the senior lender who is providing the leverage in the new transaction; or by a wire or check from the portfolio company to Altus.

Broken Deal Expenses: All expenses associated with a transaction under a “Letter of Intent” (“LOI”) which subsequently does not close are reimbursed by the Fund(s) to Altus. These expenses are 100% offset by any Break-up Fee if such a Break-up Fee is received by Altus. Any expense in excess of the Break-up Fee is reimbursed by the Fund(s) to Altus. These expenses are generally paid by the Fund(s) to Altus from a direct debit of their bank account. 100% of the Break-up Fee, paid to the Firm, less any expenses paid by the Firm directly related to the transaction, will be applied to reduce the management fee otherwise payable.

Altus may assess a fee to portfolio companies. These fees may include a director’s fee, transaction fees, monitoring fees, and other similar service or advisory related fees. 65% of these fees paid by the portfolio companies to the Firm will be applied to reduce the management fee otherwise payable. Additionally, any fees earned in excess of \$3.5 million annually directly related to the investments in Altus II will 100% offset management fees paid by Altus II. These fees are paid by the portfolio company directly to Altus.

Co-Investment Expenses: The Co-Invests pay their own direct expenses. These generally include all carrying costs including custody fees charged by the bank. Such expenses are paid for by the Firm until there is a realization. The Co-Invests will reimburse the Firm for expenses prior to distributing proceeds to investors. All

origination and formation expenses are charged to the original transaction to be effectively covered by the invested equity. This is similar to the treatment of originating and transaction expenses of the main Fund.

Note: For a full detailed breakdown of all fees and expenses, please refer to the Private Placement Memoranda of the respective Fund. Additionally, although the Funds and Co-Invests do not generally use broker-dealers due to the private equity nature of the investments, please see Item 12 of this Brochure for more information related to brokerage.

Item 6: Performance-Based Fees and Side by Side Management

In addition to the base fee of 2% of assets under management, Altus assesses to the Funds a performance based fee of 20% of realized profits upon the disposition of a portfolio company or on interim dividends or other similar income received from investments. Proceeds from the net income of the Fund including the proceeds from realizations will reimburse limited partners up to 100% of their aggregate capital contribution for expenses, realized investments, and investments written to zero, plus a preferred return of 8% per annum, compounded annually. All remaining proceeds will be divided such that the Limited Partners will receive 80% of the Profits, pro-rata and the General Partner will receive 20% of the Profits. These terms are more fully explained in the Limited Partnership Agreements.

All limited partners of Funds and Co-Invests are deemed to be “Accredited Investors” and “Qualified Investors.”

The performance based fee for the main Fund is different than the fee structure for the Co-Invests. The fee structure for the co-investment is disadvantageous to Altus as compared to the Fund. Generally, the Co-Invests pay a performance based fee of 10% after investors earn a 10% preferred return calculated as simple interest.

All base and performance fees assessed to the Funds and Co-Invests are fully disclosed to investors in the respective operating agreements.

Item 7: Types of Clients

As mentioned in Item 4, the Firm provides investment management services to two private equity funds and several co-investor vehicles. The Co-Invests make investments in certain portfolio companies simultaneous to the Fund investment. The Co-Invests are largely comprised of limited partners of the two Funds. Outside investors may be invited to participate if there is insufficient funding committed to by existing limited partners.

Altus required limited partners to make minimum capital commitments in Altus I and in Altus II. For co-investment vehicles raised by the Firm, Altus also generally requires a

minimum investment amount from investors. However, minimum investment sizes are negotiable, under certain circumstances, at the sole discretion of the Firm.

Generally, the minimum investments for the Funds are as follows:

1. Altus Capital Partners Parent, L.P.: \$1,000,000
2. Altus Capital Partners II, L.P.: \$5,000,000

The minimum investor commitment for co-investment vehicles raised by the Firm is generally \$500,000.

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

As mentioned in Item 4, Altus pursues a focus on investing in industrial manufacturing companies domiciled in the United States. The Firm seeks to make control investments in lower middle market companies with unique engineering competencies and technology-driven products. These businesses often have well-established product offerings and are leaders in certain or all of their markets, but may lack the human or capital resources required to reach their potential or for future growth. The goal is to position portfolio companies for the next phase of their development. The Firm supports each investment with internal and external resources and independently evaluates each company from origination through exit to identify opportunities for creating value in concert with management. Altus views capable, committed management as a company's most valuable asset. Accordingly, the Firm generally regards management as partners in each transaction.

Risk of Loss: Investing in securities involves risk of loss that clients must be prepared to bear. Investing in the private equity space has risk. Illustrative risk factors in the private equity space include, but are not limited to: investments are not readily transferable; investments are illiquid; there are long-term holding periods. Investors may lose their entire investment and have additional costs of disposing of the portfolio company. Investors may have legal and tax fees. Questions regarding these risks and/or increased costs may be directed to the Firm.

Item 9: Disciplinary Information

Rule 206(4)-4 of the Investment Advisers Act of 1940 requires investment advisers to provide clients and prospective clients with disclosure as to any legal or disciplinary activities deemed material to their evaluation of the adviser. Neither the Firm nor its personnel have any disciplinary, regulatory, criminal, civil, or otherwise reportable history to disclose at this time.

Item 10: Other Financial Industry Activities and Affiliations

As stated, Altus serves as the investment advisor for the Funds and Co-Invests. There is a general partner to each Fund and a managing member to each Co-Invest. The general partners are comprised of Altus employees. As previously stated in Item 4, the general partner entities are Altus Management I, LLC, Altus Management Parent, LLC, and Altus Management II, LLC. Altus is the managing member of the Co-Invests.

Pursuant to the operating and management agreements, the Firm's principals generally maintain several board of director affiliations with the portfolio companies. Usually, at least one member of the Fund's general partner sits on the board of each portfolio company, and, in many cases, two members of the Fund's general partner sit on the board. Alternatively, Altus may appoint a vice-president or similarly appointed Firm employee to the board instead of two members of the Fund's general partner.

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

Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, Altus has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the Firm. The Code of Ethics is distributed to all employees of Altus and they acknowledge receipt and understanding of same. The Code of Ethics describes the Firm's fiduciary duties and obligations to clients, and sets forth the Firm's practice of supervising the personal securities transactions of employees who maintain access to client information. Specifically, the Firm collects and maintains records of securities holdings and transactions made by employees. The Firm reviews the personal trading practices of its employees to identify and resolve any potential or realized conflicts of interest.

As further explained in Item 12, typically only one Fund is in its "Investment Period," meaning only one Fund is actively making new investments. This mitigates conflicts that may arise between clients that invest at the same time. The amount of each investment is governed by the partnership agreement, often including the maximum amount that may be invested in any one transaction without Advisory Board approval. The disclosed strategy will include the approximate number of portfolio companies to be invested in, the average amount of the initial investment, and amounts held in reserve for follow-on acquisitions, working capital, and other financial needs of the portfolio company. Co-investment procedures are also disclosed in the partnership agreement, including when they will be offered and to whom. Additional investments in co-investments by any investor exposes them to a higher risk, due to concentration.

Altus employees may invest in co-investments for two reasons. One is as a requirement of their employment. New senior employees (typically principals) who join the Firm after a Fund is raised may not have had the opportunity to make a commitment to the

Fund. These senior employees' primary responsibility is sourcing and negotiating new portfolio investments and, to better align their interests with the Fund's interest, Altus may require that they make a meaningful investment in portfolio companies they source. The investment may be through a co-investment or directly into the portfolio company if no co-investment is raised. Second, Altus employees may elect to make an investment in a co-investment that is not a requirement of their employment. Such investment is treated the same way any other limited partner investment is treated.

In either case, any investment made by an Altus employee is disclosed to the Advisory Board and if no objection is made by the Advisory Board, the investment is completed.

A copy of Altus's Code of Ethics is available upon request to the Funds, Co-Invests, and investors of the Funds and Co-Invests.

Item 12: Brokerage Practices

Given the nature of private equity investing, the Firm does not generally utilize any brokerage platform or trade on any security exchanges.

For each investment, a board is formed, for which Altus appoints two seats, the portfolio company appoints two seats, and agreement is reached on the fifth seat. This board votes on matters, including, for example if a broker-dealer is needed for a transaction. Altus may make recommendations for a broker-dealer, but this board retains authority to choose the broker-dealer. Additionally, the board retains authority to select investment bankers used in transactions regarding the portfolio companies.

In its private investment process, Altus is typically approached by investment bankers to solicit bids on a company up for sale. The Firm receives a prospectus on a target company and based on a review of the prospectus may issue an "Indication of Interest" letter ("IOI"). If the IOI is accepted by the seller, then the investment banker will arrange for additional information to be provided to Altus and arrange for a visit to the company. Subsequently, the Firm may issue a "Letter of Intent" based on the preliminary due diligence. The transaction generally closes 90 days later depending on due diligence, negotiations, and regulatory approval where required. All investment banker expenses, during the buying process, is borne by the Firm and reimbursed by the portfolio company if the transaction is successfully closed. Expenses paid to investment bankers are typically stipulated in the engagement letter. Investment banker expenses are paid regardless if the proposed transaction is successful or not.

When Altus wants to sell a portfolio company, the portfolio company's board will typically engage an investment banker to market the portfolio company. The investment banker is selected after an interview process where several investment bankers are invited to pitch their services. Altus generally selects three to five investment bankers that best fit the industry sector with a good track record. The portfolio company's board of directors make the final selection of the investment banker and an engagement letter is

executed between the portfolio company and the investment banker. The investment banker prepares a marketing presentation; trains the portfolio company for prospective buyer meetings and conducts an auction to solicit bids. The bids are presented to Altus. The offers are discussed with the portfolio company board and a winning bid is then selected by the board. The investment banker is paid a fee for a successful sale by the portfolio company. The fee is paid from the sale proceeds prior to any distribution to shareholders (Funds, management, mezzanine equity, and Co-Invests).

Altus only receives services from the investment banker that are directly related to the transaction. The only fee the investment banker receives is from the successful closing of a transaction. Transactions are negotiated with an unrelated buyer/seller and is controlled through attorneys.

Altus does not receive soft dollars.

As also explained in Item 11, while Altus may operate more than one fund at a time, only one fund is in its "Investment Period." Thus, only those investors in the active fund are funding new investments. In addition, Altus may raise a co-investment vehicle to fund new transactions consistent with its risk diversification strategy. These co-investments are offered to all existing investors of the current fund during its investment period. Currently, only Altus II is in its investment period and thus only the investors in Altus II are offered co-investment opportunities. If more interest is indicated by investors than is required to fund the co-investment, Altus may either reduce all interest pro rata or may raise the minimum investment. Investors are given the opportunity to change their interest once the final allocation is determined.

Item 13: Review of Accounts

Altus provides written quarterly financial reports to the clients and limited partners. These reports are prepared by Altus personnel and are reviewed and approved by the Investment Committee and the Chief Financial Officer. The reports include a summary of the Fund's capital commitments, investments, and distributions, as well as a valuation of the portfolio companies. The reports also include a financial summary for each portfolio company as well as the Fund's financial statements.

Item 14: Client Referrals and Other Compensation

Altus has contractual arrangements with third party entities to act as placement agents for investors to the Firm's Funds. These placement agents will receive a portion of Altus' management fee as compensation; investors will not pay an additional fee for this arrangement. Altus works to ensure that all appropriate disclosures are made, all written documentation is maintained, and all applicable federal and/or state laws are observed.

Item 15: Custody

Per the SEC Custody Rule, Altus has custody. As general partners or managing members of the Fund and Co-Invests, Altus, its related persons, and its supervised persons have access to the funds and securities of the Funds and Co-Invests. Additionally, Altus is able to deduct management fees once a capital call is made. All funds and securities are kept at a qualified custodian(s), other than certain privately offered securities to the extent permitted by the Advisers Act and the SEC. Qualified custodians send regular statements to the Funds and Co-Invests. The Funds, the Co-Invests, and the investors of each also receive statements from Altus. Annual audited statements, from an auditing firm registered with the Public Company Accounting Oversight Board, are also sent to investors. All statements, from Altus and others, should be carefully reviewed and comparisons made between and among the qualified custodial statements, the auditor's statements, and Altus' statements.

Item 16: Investment Discretion

Altus has discretionary authority over the Funds, specifically, Altus maintains discretionary authority over the selection of portfolio companies to be bought or sold in the Funds without obtaining prior consent or approval from investors. These purchases or sales are subject to specified investment guidelines and limitations set forth in each respective Fund's negotiated Limited Partnership Agreement. Altus has discretionary authority over the Co-Invests, set forth in each respective Co-Invest's negotiated formation document.

Item 17: Voting Client Securities

Altus does not accept authority to vote client securities. Applicable to the private equity space, Altus typically maintains a controlling interest in each portfolio company. Business decisions are generally made in a collaborative effort between Altus and senior management of the portfolio company.

Item 18: Financial Information

Rule 206(4)-4 of the Investment Advisers Act of 1940, requires advisers to disclose certain information about their business practices that might serve as material to the client's decision in choosing an investment adviser.

As of the date of this filing, Altus does not require the pre-payment of any fees or maintain any financial hardships or other conditions that might impair its ability to meet its contractual obligations to clients.