
Sherborne Investors Management LP
Form ADV Part 2A
Disclosure Brochure
March 1, 2014

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This Brochure provides information about the qualifications and business practices of Sherborne Investors Management LP. If you have any questions about the contents of this Brochure, please contact Craig McKibben at (212) 735-1000 or cmckibben@sherborneinvestors.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Sherborne Investors Management LP is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended. Recipients of this Brochure should be aware that registration with the SEC does not constitute an endorsement by the SEC of an investment adviser's skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill or training in providing advisory services to clients. Our oral and written communications are intended to provide you with information which you may use to determine to hire or retain us to provide investment advice.

Additional information about Sherborne Investors Management LP also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Since the last annual update to this Brochure as filed with the SEC on March 29, 2013, there have been no material changes to the information provided in this Brochure except for the removal of information of two former clients, Sherborne Strategic Fund C, LLC and SIGA , LP which distributed to their investors all of their assets, less performance fees earned by the Special Limited Partner. These pooled investment funds were dissolved subsequent to their voluntary liquidation in December 2013 as no further investment activity is envisioned. Effective the date of this filing, we continue to advise three clients with regulated assets under management of \$336,697,000.

We have not changed the nature of our advisory business which is to invest in turnaround situations of publicly listed companies that we believe will benefit from our active involvement in the target company's turnaround. The information contained in this Brochure reflects routine updates in connection with the annual review and update of our Form ADV Parts 1 and 2.

You may request a copy of our Brochure by contacting Craig McKibben at (212) 735-1000 or cmckibben@sherborneinvestors.com.

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Item 4: Advisory Business

A. Description of the Firm

Sherborne Investors Management L.P. (“**we**” or “**us**” or “**our**” or “**SIM**”), a Delaware limited partnership, is a private investment firm specializing in turnaround investments. We are majority owned and controlled by Mr. Edward Bramson. We seek to realize significant capital appreciation for our clients by acquiring large but minority stakes in underperforming publicly listed companies (“**Target Companies**”) which we believe can benefit from our active involvement in the “turnaround” of the Target Company.

Our antecedents date back to 1976 when some of our current partners began to be involved in private equity. The current strategy of investing in public securities began in 2002, initially using partners’ capital, and SIM was formally established in May 2006. Since 2002, SIM, its partners, and its clients have invested approximately \$900 million in a total of 12 transactions, six of which generated short-term trading profits, five of which resulted in active engagement by SIM in a turnaround of the target company and one has recently been initiated. At the end of 2013 we advised three private funds with regulated assets under management totaling \$336,697,000.

B. Types of Advisory Services

We form, raise capital for and provide investment advisory services to single purpose investment vehicles that we establish to invest in Target Companies that we believe could benefit from our active involvement in their turnaround. We currently provide these services to the following single purpose investment vehicles: (collectively, our “**Funds**”).

1. **Sherborne Investors (Guernsey) B. Ltd. (“SIGB”)**—a Guernsey based SFM-listed company which was formed to act as the feeder vehicle to fund the acquisition of up to 29.9% of the outstanding stock or other securities of a single U.K. listed company. A portion of the proceeds from the sale of shares in SIGB were used to purchase shares in 3i Plc. SIGB made its investment in 3i Plc through the formation of a limited investment partnership, SIGB, LP (“**SIGBLP**”), of which SIGB owns 99.98%. During 2013, 3i’s stock price appreciated significantly, which caused us to hedge our economic exposure and liquidate our holdings in early 2014. Profits on the sale, less performance fees earned by the Special Limited Partner, were distributed to investors. The balance of funds is available for investment in a newly selected target company. SIGBLP has recently begun to acquire an interest in Electra Private Equity plc.
2. **Sherborne Strategic Fund D, LLC (“SSFD”)**—a special purpose limited liability company formed in November 2012 to invest in the 2012 initial public offering of SIGB.

3. **Sherborne Strategic Fund E, LLC (“SSFE”)**—a special purpose limited liability company formed in November 2012 to invest in the 2012 initial public offering of SIGB.

In prior years we provided advisory services to Sherborne Investors (Guernsey) A Ltd. (“SIGA”) and Sherborne Strategic Fund C, LLC (“SSFC”) both single purpose investment vehicles. During 2013, the shares held by SIGA and SSFC in F&C Asset Management plc. and all other assets of such funds, less performance fees earned by the Special Limited Partner, were distributed to investors in the funds. These funds were dissolved subsequent to their voluntary liquidation in December 2013 as no further investment activity is envisioned.

We control Sherborne Investors Management (Guernsey) LLC (the “**Sherborne Manager**”) which acts as manager to SIGBLP. As a supervised person of SIM, the Sherborne Manager intends to conduct its activities in accordance with the Investment Advisers Act of 1940, as amended, and the rules thereunder (the “**Advisers Act**”). Any employee of the Sherborne Manager, and any other person acting on its behalf, are and shall be subject to the supervision and control of SIM. The Sherborne Manager is relying on SIM’s registration under the Advisers Act and is not registering itself. The Sherborne Manager and the affiliated entities that act as general partner to the Funds shall be included in all references to “we”, “us” or “SIM” herein.

The Funds are not registered as investment companies under the U.S. Investment Company Act of 1940, as amended (the “**Investment Company Act**”) and are, therefore, not subject to various provisions of the Investment Company Act. Shares or interests in the Funds are not registered for sale under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and are instead sold to qualified investors on a private placement basis.

The services we or our affiliates provide to the Funds, in the capacity as the investment manager, general partner, and/or managing member, may include: organizing and managing the Fund’s business affairs; acquiring, financing and disposing of investments; seeking board of director representation and operational authority to manage the Target Company’s turnaround; preparing financial statements; preparing tax related schedules; and providing investor relations functions such as drafting, printing and distributing correspondence to investors and prospective investors.

We provide investment advice directly to the Funds and not individually to the investors (the “**Investors**”) in each Fund.

C. Client Tailored Services and Client Tailored Restrictions

We manage each Fund based on the investment objectives and investment restrictions set forth in the organizational documents of each such Fund (together with any amendments thereto, each a “**Organizational Document**”) and investment management agreement between us and each such Fund (together with any amendments thereto, each a “**Management Agreement**”, and together with the Organizational Document of each Fund and the offering documents of each Fund, the “**Offering Documents**”).

Pursuant to the Organizational Documents of each Fund, we may be prohibited from investing more than a certain percentage of a Fund's assets in any single Target Company.

Investors are not advisory clients of the firm and do not impose restrictions on how we invest our Funds, other than through negotiation of the Organizational Document, Management Agreement, their subscription agreement and side letter entered into with us, if any.

D. Assets Under Management

As of December 31, 2013, we managed approximately \$336,697,000 of investments and cash for the Funds.¹ This entire amount is managed on a discretionary basis.

¹ Assets under management represents gross fair market value of the assets managed by us on behalf of the Funds, including any leverage and accrued but unpaid fees and expenses, presented as direct ownership interest, contracts for difference which provide an economic interest but not an ownership interest and any uncalled capital commitments.

Item 5: Fees and Compensation

A. Fee Schedule and Payment Method

We receive a management fee (“**Management Fee**”) payable in advance on a monthly or quarterly basis as negotiated, based on the net assets of the respective Fund. Management fees are negotiable and are deducted from respective Fund assets.

We, in our discretion, may waive or reduce the Management Fee applicable to all or any of the Investors in each Fund or agree with an Investor to waive or alter the Management Fee as to that Investor.

In addition to the Management Fee, an affiliate of SIM, Sherborne Investors LP serves as the (“**Special Limited Partner**”) and in this capacity receives a percentage of capital gains (“**Performance Fee**”) realized by each Investor that invests in the Fund at the time the Target Company is sold or its shares distributed to Investors. The percentage is negotiated and may incorporate hurdle rates or other factors that may increase or decrease the percentage. If an Investor invests in multiple Funds, the Performance Fee is assessed separately for each Fund and therefore a loss realized in one Fund is not netted against a gain realized in another Fund.

We or our affiliate, in our discretion, may waive or reduce the Performance Fee as to all or any of the Investors in each Fund or agree with an Investor to waive or alter the Performance Fee as to that Investor.

While Investors in SIGB hold publicly listed securities that are freely tradable, the Funds do not provide Investors with interim liquidity prior to the sale or distribution of Target Company securities. Our advisory contract with SIGB is cancelable by the Board, but we would be entitled to supplemental compensation if it is cancelled other than for cause.

Once a Fund acquires a certain percentage of the outstanding shares of the Target Company, we are required to make certain public disclosures as to the Fund’s holdings as well as subsequent changes in its holdings. Third-parties who follow SIM’s investment activities may read these disclosures and decide to purchase shares or other securities of the Target Company outside of the Fund to benefit from SIM’s active involvement with the Target Company without restrictions on interim liquidity and without being required to pay management or other fees charged by SIM or its affiliates.

Investors should refer to each Fund’s Organizational Document and Management Agreement for additional or supplementary information regarding such Fund as well as the fees paid by such Fund.

B. Other Fees and Expenses

Each Fund bears the expenses of its organization and all operational expenses incurred in connection with the purchase, sale, financing and refinancing of investments, the offering of interests in the Fund and the fees and expenses of third party service providers to the Fund. Such expenses include but are not limited to:

- fees and expenses of consultants, appraisers and other agents
- finders, placement, brokerage and other similar fees incurred in the course of making investments in Target Companies or follow-on investments
- custodial fees; interest expense and other costs incurred with derivative instruments
- costs of meetings with (including travel) and reports to Investors
- costs and expenses incurred for the preparation and distribution of financial reports, tax reports and other information for the benefit of Investors or specifically requested by an Investor
- legal costs, filing fees and out of pocket expenditures incurred to register SIM with the SEC or other regulatory agencies; costs incurred by SIM to develop and maintain requisite policy and procedures, email and other record retention programs mandated by the SEC or other regulatory agencies; out of pocket costs incurred by SIM in connection with SEC or other regulatory agency examinations
- any taxes, registration costs, fees or other governmental charges levied against the Fund on its income or assets or in connection with its business or operations
- costs of any agency or administrative actions or hearings
- any governmental action or third party litigation or other matters that are the subject of indemnification provided by the Fund to SIM and its affiliates
- costs of director and officer liability insurance to protect SIM and its affiliates
- costs and expenses incurred for the due diligence associated with any proposed or actual investment
- costs and expenses of a proxy solicitation or proxy contest with respect to an investment
- costs of winding up and liquidating the Fund

The Funds are not charged with costs and expenses of office space, facilities, utility services, supplies, administrative and clerical functions, and compensation paid and benefits offered to employees of SIM.

C. Sales Compensation

Neither we nor any of our supervised persons will accept compensation in connection with the sale of interests in the Funds.

SIM and its affiliates currently do not receive any compensation in connection with identifying or recommending a Target Company, acquiring shares or other securities of the Target Company or upon the sale of shares or other securities of the Target Company.

In connection with the organization of publicly listed funds, we paid a customary placement fee to an unaffiliated investment banker for selling shares in the public funds.

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

“Performance-Based Fees” are fees that are based on a share of the capital gains or capital appreciation of the assets of an account. Our affiliate, Sherborne Investors LP serves as the Special Limited Partner and in this capacity receives performance-based compensation from each Fund when the investment in the Target Company has been sold or distributed to investors at a profit. For a discussion of our Performance Fee, please refer to Item 5A above. Fees based on performance will only be charged in accordance with the provisions of Rule 205-3 under the Advisers Act.

Performance-based compensation may create an incentive for us to cause a Fund to make investments in Target Companies that are more risky or speculative than would otherwise be considered in the absence of the performance fee. To manage this potential conflict, an independent board of directors to the public funds that hold 99.98 % interest in a Fund must approve the investment in the Target Company that we propose.

Item 7: Types of Clients

For a discussion of our Funds, please refer to Item 4 above.

Account Requirements and Minimums

Investors that are U.S. persons must be “accredited investors” under Regulation D under the Securities Act, and, for certain Funds, “qualified purchasers” under Section 2(a)(51)(A) of the Investment Company Act. The Funds charge performance fees only with respect to those Investors in each Fund who are “qualified clients” eligible to pay performance fees under the Advisers Act.

Investors in Funds include hedge funds, high net worth individuals, pension plans and other sophisticated investors. Investors in SIGB are comprised of UK-based institutional investors, offshore hedge funds and other accredited investors.

We require Investors to make representations concerning their financial sophistication and ability to bear the risk of loss of their entire investment in a Fund. There is no minimum amount required to invest in Funds.

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

A. Methods of Analyses

SIM identifies prospective Target Companies by screening public databases for companies that have experienced significant and prolonged share price underperformance due to operational and strategic decisions by management and the board. As a result, these companies' shareholders may be receptive to changes proposed by SIM.

We use publicly available information to develop a turnaround investment thesis which generally assumes operating expenses return to competitive levels and the Target Company's resources are reallocated towards areas of the business which we believe provides the greatest potential return to shareholders. As part of the investment thesis, we establish an average price up to which we would be willing to accumulate shares and a target exit price at which we would consider disposing of the investment in order to achieve a desired rate of return.

We conduct such due diligence as we deem reasonably practicable and appropriate, based on the facts and circumstances applicable to each potential Target Company, before acquiring any securities. The primary objective of the due diligence process is to collect and understand information which will be used to formulate the assumptions on which a potential turnaround plan for the Target Company will be based. During the due diligence process it is also of great importance to identify material issues which might adversely affect an investment's return or would discourage us from undertaking the investment.

We present our turnaround investment thesis to the Board of the publicly listed fund which ultimately decides whether or not to approve the choice of the selected Target Company.

Investments in securities involve risk of loss that investors must be prepared to bear.

B. Investment Strategies

We typically find that a Target Company's underperformance is due to operational and strategic decisions that the incumbent board and management have made over a significant period of time. We may propose an investment when we believe that its underperformance is recoverable based on our successful track record of turning around companies across a broad spectrum of industries in the U.S. and U.K.

We invest in equity, debt, derivative, or other securities of Target Companies which provide us influence with the board and management of the Target Company. If, prior to us having accumulated our desired ownership percentage, the Target Company's stock price appreciates and exceeds the entry price established in the investment thesis, we will sell our position for a short-term profit. The investment process will re-commence in order to identify a new Target

Company. Terms of the Fund will determine if Investors are required to participate in the new investment or whether they are permitted to request their capital and profits be distributed to them.

Generally we prefer to be one of the largest shareholders in the Target Company, typically holding between 10% and 20% of the Target Company's outstanding shares. As a result, we hold a minority shareholding and therefore do not control the Target Company. Except in rare circumstances, we will not accumulate more than a 30% stake in any one company.

Once an investment is made, we engage with the board of directors of the Target Company to initiate a constructive dialogue about our representation on the board and the prospects for remedying the company's underperformance. We seek to have our nominees be invited onto the board and be given a mandate to oversee a turnaround. If our initial proposals are rejected by the board of the Target Company, we will call for a shareholder meeting to vote on our alternative director slate which typically involves, implicitly or explicitly, having a SIM nominee be appointed Chairman of the Board. Our director slate often includes one or more SIM-affiliated individuals as well as one or more nominees independent of SIM.

Historically, after joining the board of the Target Company, the SIM-affiliated directors have typically comprised a minority of the Target Company's board. As a minority shareholder and having minority representation on the board, SIM must manage the turnaround with the support of the unaffiliated directors. While each investment is unique, our completed turnaround investments have been held for an average of approximately 2 years.

Each Fund may make its investments in a Target Company through the formation of subsidiaries structured as limited liability companies or other entities.

The investment strategy for each Fund is more particularly described in each Fund's Offering Documents. Prospective investors should carefully read the Offering Documents of a Fund and consult with their own counsel and advisers as to all matters concerning an investment in such Fund prior to making an investment.

C. Material Risks

Investment Strategy Risks:

Acquiring interests in a Fund is intended for sophisticated investors who can accept a high degree of risk in their portfolio, do not need regular current income from their investment with us and can accept a potential loss of their entire investment. Investment risks specific to the investment strategy of each Fund are described in the Offering Documents of such Fund. Such risks may include (but are not limited to):

Portfolio Management. The performance of a Fund depends on our skill in making appropriate investment decisions and our ability to structure, consummate, manage and realize returns on attractive investments.

Due Diligence Risks. We rely on resources available to us, including, in the main, public information and, in some circumstances, third party investigations. Information provided directly by potential Target Companies will typically not be sought. We rely on public sources of information about the businesses of potential targets, which may contain limited information and may not allow a complete and accurate assessment of those businesses' assets, liabilities or prospects or the risks of acquiring them. As a result, there can be no assurance that the due diligence undertaken with respect to any potential Target Company will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such Target Company or formulating a turnaround plan.

There can be no assurance as to the adequacy or accuracy of information provided during any due diligence exercise or that such information will be accurate and/or remain accurate in the period from conclusion of the due diligence exercise until the desired stake in the Target Company has been purchased. As part of the due diligence process, we will also make subjective judgments regarding the value, performance and prospects of any potential Target Company. We cannot provide assurances that the due diligence exercise will result in an investment being successful. If the due diligence investigation fails to correctly identify material information regarding an investment opportunity, we may later be forced to significantly modify our turnaround plans for the Target Company or may be unable to effect a turnaround at all, which could adversely affect investment returns and/or lead to a loss on the investment. Due diligence may also be insufficient to reveal all of the past and future liabilities relating to the operations and activities of the Target Company, including but not limited to liabilities relating to litigation, breach of environmental regulations or laws, governmental fines or penalties, pension deficits or contractual liabilities.

Risk of Loss. The Target Company is likely to have experienced or may be expected to experience operating issues and may have associated financial difficulties. Such issues and difficulties may never be overcome. Such companies generally have less predictable operating results; may have highly indebted capital structures that make them more vulnerable to adverse financial or business developments than less indebted companies; may be at a heightened risk of breaching financial covenants under any financing arrangements to which they are party; may be dependent on a small group of persons and, as a result, the death, disability, incapacity, resignation, termination or otherwise of one or more of those persons could have a material adverse impact on their business and prospects; and, may be exposed to substantial litigation but unable to contest claims satisfactorily. While we seek to identify and invest in a Target Company where we believe value might be added through our active involvement in a turnaround, the Target Company may not prove to be capable of generating any additional value for its shareholders. In addition, the turnaround might attain or exceed its objectives but, due to other market conditions, the stock price of the Target Company may not appreciate. Such risks could lead to the partial or total loss of a Fund's investment in the Target Company. Therefore, an

investment in the Funds involves a high degree of risk, potentially including the loss of all principal invested.

Non-Controlling Interests. Although we will seek appropriate rights to protect each Fund's interests, the Funds hold non-controlling interests in Target Companies and, therefore have a limited ability to protect its position in such assets and control the management and disposition of such assets.

No Diversification or Interim Liquidity. The Funds have only one or a few concentrated positions and therefore do not contain a well-diversified investment portfolio. A concentrated investment portfolio is subject to greater fluctuation in value than would be expected from a well-diversified portfolio. A consequence of this is that the returns to Investors will be adversely affected if the realization of growth in the capital value of the Target Company is not achieved. The risks of investing in a Fund could be greater than the risk of investing in an entity which acquires a broader range of businesses, or stakes in listed companies, or otherwise diversifies its portfolio of investments. The Funds' performance and ability to achieve satisfactory investment returns are therefore solely dependent on the effective identification, analysis, turnaround and subsequent sale or other distribution of a single or small number of securities.

The nature of turnaround investing often requires that Investors be willing to "lock up" funds for an extended period of time, usually 36 months. The Funds typically do not provide Investors with interim liquidity and generally Investors are unable to sell or transfer their investment during the life of the Fund. Investors in publicly listed funds hold securities that are listed on the London Stock Exchange and are freely tradable. These shares may trade at a substantial discount to the fair market value of the Funds' underlying investments.

We are dependent upon Mr. Edward Bramson to effect the turnarounds that are central to our investment strategy. The success of our investment strategy depends to a substantial extent upon the experience and capabilities of Mr. Edward Bramson in orchestrating the turnarounds of the businesses of Target Companies. We cannot assure Investors that the services of Mr. Bramson will always be available, particularly in the case of his disability or death, in which case we would be required to recruit a suitable replacement to take on the turnaround responsibilities. We can provide no assurance that we would be able to recruit successfully and in a timely manner a replacement with similar experience and capabilities.

Also, the Board of the public funds may terminate our investment management agreement with or without cause. If our services are terminated the Board would be required to recruit an alternative manager.

The Funds are subject to additional risks than those set forth above. Please see the Offering Documents of each Fund for additional risks associated with such Fund.

Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or potential client's evaluation of the firm or the integrity of the firm's management in this item.

We have no legal or disciplinary events to report.

Item 10: Other Financial Industry Activities and Affiliations

Neither we nor any management person is registered as (i) broker-dealer or registered representative or (ii) Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor or an Associated Person of such entities.

Certain of our affiliates serve as the manager, general partner or managing member of the Funds. As indicated in Item 4, we control the Sherborne Manager who is relying on our registration under the Advisers Act and is not registering itself. Our advisory contract with SIGB is cancelable by the Board but we would be entitled to supplemental compensation if it is cancelled other than for cause. Investors generally are not permitted to withdraw from a Fund prior to its dissolution. Fund investors have no right to terminate the advisory relationship with us.

In addition, neither we nor our related persons are obligated to allocate any specific amount of time or investment opportunities to a particular Fund. We and our related persons intend to devote as much time as we deem necessary for the conduct of each Fund's operation and portfolio management.

We may from time to time enter into a side letter agreement with one or more investors in a Fund which may, among other terms, provide for reduced management fees or greater or more frequent transparency with respect to the Fund.

As part of our regular business, we and our affiliates provide other financial and business advisory services. In addition, we and our affiliates may provide investment advisory services in the future beyond those currently provided.

We do not select other advisers to provide services to the Funds.

Item 11: Code of Ethics

A. Code of Ethics

In order to address conflicts of interest, we have adopted a code of ethics (the “**Code**”) which is applicable to all of our supervised persons (collectively, “**Associated Persons**”). The Code generally sets the standard of ethical and professional business conduct that we require of our Associated Persons, requires Associated Persons to comply with applicable federal securities laws and regulations, and sets forth provisions regarding personal securities transactions by certain Associated Persons deemed access persons under applicable regulations. Additionally, the Code sets forth our policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary obligations that we and each of our Associated Persons owes to each advisory client.

The Code is circulated at least annually to all Associated Persons, and each Associated Person at least annually must certify in writing that he or she has received and followed the Code and any amendments thereto.

We will provide a copy of the Code to any client or prospective client upon request.

B. Recommendations Involving Material Financial Interests

We may participate or have an interest in Fund transactions as described below. We make all investment management decisions in our Funds’ best interests.

1. *Principal and Agency Transactions:*

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from, or sells any security to, an advisory client. A principal transaction would occur if we bought securities for our own or an affiliate’s inventory from a Fund or sold securities from our inventory to a Fund.

SIM and its related persons do not engage in principal transactions with the Funds.

An “agency cross transaction” is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. We do not engage in agency cross transactions.

2. *Cross Transactions*

It is our policy not to engage in buying or selling of securities from one Fund to another Fund (typically referred to as a “cross trade”).

3. *Investment in Funds*

We or an affiliate will generally make a general partner or similar investment in the Funds. We, our investment professionals and principals and related persons may invest in the Funds or be granted interest in or phantom interests related to the Funds. We do not believe that these investments cause a conflict of interest between us and the Funds but rather function to better align the interests of the Investors with our own interests since our own capital is being invested alongside the Investors’ capital. By virtue of our capital investment in the Funds, we may be considered to participate, indirectly, in transactions effected for the Funds. The foregoing relationships, fees and any other actual or potential conflicts of interest arising therefrom are disclosed in the Offering Documents. Any such investments are made in conformity with the Code which has procedures regarding the use of confidential information and personal investing.

4. *Buying and Selling Securities That Are Recommended to Clients:*

We, our affiliates and Associated Persons may not invest directly in any of the Target Companies in which the Funds invest. However, due to our interests in the Funds as described below, we may be considered to participate, indirectly, in transactions effected for the Funds.

We or an affiliate serve as the general partner, investment manager and/or investment adviser to the Funds. Associated Persons may own interests in the Funds, either directly or indirectly through family members or have indirect financial interest in the Funds by way of performance allocation. We do not believe that these investments cause a conflict of interest between us and the Funds but rather function to better align the interests of the Investors with our own interests. The foregoing relationships, fees and any other actual or potential conflicts of interest arising therefrom are disclosed in the Offering Documents.

C. Personal Trading

We, our affiliates and Associated Persons are precluded from investing directly in any of the Target Companies in which the Funds invest. Our Code addresses personal trading for Associated Persons. Included in the personal trading section is the requirement that Associated Persons that we deem access persons (investment personnel, portfolio managers) pre-clear certain personal investments and disclose their personal securities holdings and transactions to the Chief Compliance Officer on a quarterly basis.

D. Other Conflicts of Interests

Our Code of Ethics has policies and procedures to address the following additional conflicts of interest. While we do not believe that there are any conflicts that pose material risks to the Funds' interests, we wish to note some additional potential conflicts that are inherent in our structure and activities. We also have included brief descriptions of the procedures we use to mitigate their effects.

1. Non Public Material Inside Information/Insider Trading

We have established policies and procedures reasonably designed to prevent the misuse by us and our Associated Persons of material information regarding issuers of securities that has not been publicly disseminated ("**material non-public information**"). In general, under the procedures, when we are in possession of material non-public information related to a publicly-traded security or the issuer of such security, whether acquired unintentionally or otherwise, neither SIM nor its Associated Persons are permitted to render investment advice as to, or otherwise trade or recommend a trade in, the securities of such issuer until such time as the information that we have is no longer deemed to be material non-public information.

2. Gifts/Gratuities

Our Code sets forth procedures regarding gifts and business entertainment to address the potential conflicts of interest surrounding these practices. In general, we limit the receipt of gifts to each Associated Person from each business contact, and limit the giving of gifts to Investors and potential Investors and other business contacts. In addition, with regard to business entertainment, we have a policy to generally allow for business entertainment opportunities provided that it is for legitimate business purposes. Exceptions to these policies may be made upon review and approval by an appropriate member of senior management. In all cases, we monitor not only potential conflicts of interest in individual instances of gifts or business entertainment but also patterns over time. A further explanation of our gift and business entertainment policy can be found in our Code.

3. Political Contributions

Due to the potential for conflicts of interest, SIM has established procedures relating to political contributions which are designed to comply with applicable federal and state law.

4. *Valuation*

While we typically invest in publicly traded securities on behalf of the Funds, our Funds may at times hold illiquid or difficult to value investments. We believe our valuation policies and procedures enable us to value Fund assets fairly and in a manner that is consistent with the best interests of the Funds, however since we have the authority to determine the value of the Funds' investments which may be illiquid or difficult to value, we may have an incentive to select the highest potential value for these investments. Our judgment as to the value of the Fund assets is subject to review and audit by the Funds' administrators and auditors.

5. *Conflicts from Competing Interests*

Individual Funds may simultaneously invest in a particular Target Company. Parallel investment or co-investment in a Target Company by multiple funds will be disclosed in Organizational Documents for the Fund.

In an effort to mitigate potential conflicts of interest that might arise, acquired shares of the Target Company are allocated among the Funds based on their respective capital balances to the particular investment. Similarly, when shares of the Target Company are sold or distributed in-kind to Investors, the sale proceeds or shares are allocated amongst Funds and their Investors on the basis of capital balances.

We may devote more time, attention or resources to some of our Funds than to others and/or present an investment opportunity to certain Funds that we do not or cannot present to all. This could have a material adverse effect on a Fund's ability to acquire assets, generate cash flow and income, and make distributions.

Performance-based compensation may create a conflict of interest, as it can create an incentive for us to make or recommend investments that are riskier or more speculative than would be the case in the absence of such compensation structure. Certain of our supervised persons individually receive, as part of their compensation, carried interest payments, which are based on the performance of the relevant Fund. We manage each Fund in accordance with the investment strategy set forth in the Fund's Offering Documents and strive to ensure that investors are aware of the investment strategy and the risks associated with the strategy. The Offering Documents of each Fund contains further details regarding the incentive allocation and risk and strategy of such Fund.

6. *Conflicts in general*

Various parts of this brochure discuss potential conflicts of interest that arise from our advisory business. We disclose these conflicts due to the fiduciary relationship we have with the Funds. When acting as a fiduciary, we owe the Funds a duty of loyalty. This includes the duty to address, or at minimum disclose, conflicts of interest that may exist between different Funds; between us and the Funds; or between our Associated Persons and the Funds. Where potential conflicts arise from our fiduciary activities, we will take steps to mitigate, or at least disclose, them. Conflicts arising from fiduciary activities that we cannot avoid (or chose not to avoid) are

mitigated through written policies that we believe protect the interests of the Funds as a whole. In these cases – which include issues such as personal trading and client entertainment, discussed above – regulators have generally prescribed detailed rules or principles for investment firms to follow. By complying with these rules and following robust compliance practices, we believe that we handle these conflicts appropriately.

Item 12: Brokerage Practices

A. Criteria for Selection of Broker-Dealers

In General—Brokerage Selection

We have discretion to purchase and sell securities for our Funds and to select the broker-dealer for securities transactions. We typically select a single executing broker-dealer which we believe will be most effective in acquiring large blocks of stock in the Target Company within the price range established in the investment thesis. As a result, brokerage commissions paid are designed to compensate the broker for in-depth market analysis to identify where large blocks of shares are held; at what price they can be acquired; and the ability to execute the transaction in a timely and confidential manner. While brokerage commissions represent a small percentage of the total cost of the investment, commission rates paid nonetheless exceed commission rates that are available from a low cost broker that cannot perform the value-added market analysis required to successfully implement SIM's investment strategy. We receive no compensation directly or indirectly from the purchase or sale of Target Company securities.

Research and Other Soft Dollar Benefits

Soft dollars refers to the practice of using a portion of the commissions generated when executing client transactions to acquire useful research and brokerage services from broker-dealers. In general, our policy is to not direct soft dollar credits to individual brokers or dealers on behalf of the Funds.

Brokerage for Client Referrals

We do not enter into agreements with, or make commitments to, any broker-dealer that would bind us to compensate that broker-dealer, directly or indirectly, for client referrals (or sale of fund interests) through the placement of brokerage transactions.

Directed Brokerage

We do not engage in directed brokerage transactions.

B. Aggregation of Orders/Allocation of Trades

Not applicable.

Item 13: Review of Accounts

A. Periodic Reviews

We monitor all Funds and their investments on an ongoing basis. Performance reviews are conducted at key milestones during the lifecycle of the investment rather than at regular periodic dates. These updates may be conducted in person, by phone, or by email and are delivered by the Portfolio Manager and/or Director of Research. Typical milestones may include: acquiring a disclosable interest in the Target Company; the Target Company's response to SIM's engagement with the board of directors; SIM's decision to propose an alternative slate of board representatives; announcement of turnaround plans resulting from an internal review; announcement of interim and annual results of the Target Company; updates on the results of turnaround initiatives; and dissolution of the fund and distribution of assets to investors.

B. Non-Periodic Reviews

Not applicable.

C. Client Reports

SIM provides Investors in the Funds with a Net Asset Value ("NAV") report at least semi-annually. We engage an independent administrator to maintain the Funds' accounting records and financial statements. The administrator reconciles cash and investment activities with records maintained by the Funds' independent custodian. Financial statements are prepared monthly by the administrator and sent to Investors on a periodic basis. Each fund is audited annually.

Item 14: Client Referrals and Other Compensation

A. Compensation by Non-Clients

None.

B. Compensation for Client Referrals

We have historically raised a dedicated investment fund to pursue each turnaround investment opportunity. We have contacted institutional investors that have been introduced to us by various business associates and existing investors to raise capital commitments for these funds. To date we have not paid any fees to third parties for these introductions.

In connection with the organization of publicly listed funds we paid a customary placement fee to an unaffiliated investment banker for selling shares in the public funds.

Item 15: Custody

Neither we nor any of our affiliates maintain physical possession of the funds or securities of any Fund. Physical custody of the assets of a Fund are maintained with a qualified custodian selected by us, in our exclusive discretion, which selection may change from time to time generally without the consent of investors in the Fund.

Although neither we nor our affiliates have physical possession or custody of the assets of any Fund, under Rule 206(4)-2 of the Advisers Act (the “Custody Rule”), we are deemed to have “constructive” custody of the assets of the Funds by virtue of our and our affiliates relationships with the Funds.

In order to comply with the Custody Rule, the Funds undergo an annual audit performed by an independent accounting firm registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB) and the audited financial statements are distributed to all investors in each Fund following the end of such Fund’s fiscal year.

Item 16: Investment Discretion

Subject to any investment restrictions set forth in the Organizational Documents for a Fund, we have discretionary authority to make the following determinations without obtaining the consent of any Fund investor before the transactions are effected:

- the investments that are to be bought or sold;
- the total amount of investments to be bought or sold;
- the brokers, investment banks or placement agents, if any, through which investments are to be bought or sold; and
- the acquisition price and associated fees at which investment transactions for a Fund are effected.

Our discretionary authority is derived from the authority of our affiliates as general partner or managing member of each Fund and our authority pursuant to the Organizational Documents of each Fund. There may be certain limitations on investments as negotiated with each Investor.

Item 17: Voting Client Securities

We generally will vote (by proxy or otherwise) on all matters for which a security holder vote is solicited by, or with respect to, the Target Company securities beneficially held by the Funds in such manner designed to support the turnaround of the Target Company.

Item 18: Financial Information

A. Prepayment of Fees (Six or more months in advance)

Not Applicable.

B. Impairment of Contractual Commitments

In certain circumstances, registered investment advisers are required to provide you with financial information or disclosures about their financial condition in this Item. We have no financial commitment that impairs our ability to meet our contractual and fiduciary commitments to the Funds.

C. Bankruptcy Petitions

Not Applicable.

Item 19: Privacy

Sherborne Investors Management LP - Privacy Notice

Collection and Use of Client Information

We collect only relevant information about Fund investors that the law allows or requires us to have in order to conduct our business and properly service our accounts. We collect financial and other personal information about Fund investors from the following sources:

- Directly provided by investors from subscription documents and other forms; and
- Information provided to us by authorized parties acting on behalf of investors such as accountants, attorneys and investment consultants.

Keeping Information Secure

We maintain physical, electronic and procedural safeguards and procedures to protect investor financial and other personal information, and we continuously strive to improve these safeguards and procedures.

Limiting Access to Information

All of our Associated Persons are aware of the importance of maintaining and respecting investor privacy and to recognize the importance of confidentiality. Those who violate our privacy policies are subject to disciplinary action.

Use of Personal and Financial Information by Us and Third Parties

Information about investors that is in our possession is shared with non-affiliated third parties only to the extent necessary for us to provide services to the Funds, and then only to the extent permitted by law.

We typically do not share nonpublic client information with unaffiliated third parties other than as necessary to carry out the actual performance of our investment management services to the Funds. We may also use such information in the account intake process including to conduct anti-money laundering screening. As a general rule, we do not engage in joint marketing arrangements with unaffiliated third parties that involve the sharing of nonpublic information regarding investors. Nor do we sell investor information to unaffiliated third parties for their own marketing purposes. Any exceptions to these practices are made only with the permission of the particular investor for the sharing of information with identified third parties or as otherwise required by law.

Maintaining Customer Privacy in Business Relationships

We do not share investor information with anyone who does not agree to keep such information confidential.

Privacy Policy Concerning Other Persons

During the routine course of business, we may also obtain personal information from persons other than investors. It is our policy to protect such personal information by employing physical, electronic and information destruction safeguards. We limit access to such personal information, including social security numbers, to only those individuals who need such information to execute their employment duties or to comply with applicable law or regulation. Any other use, access, or distribution of personal information obtained by us is prohibited.