

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

**Item 1 - Cover Page**

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The date of this brochure is June 27, 2014.

**This brochure provides information about the qualifications and business practices of Melody Capital Partners, LP. If you have any questions about the contents of this brochure, please contact us at 212 583-8700 or email [IR@melodypartners.com](mailto:IR@melodypartners.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about Melody Capital Partners, LP also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Any reference to Melody Capital Partners, LP as a “registered investment adviser” or as being “registered,” does not imply a certain level of skill or training.**

**Item 2 - Material Changes**

*Not applicable.*

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**Item 4 - Advisory Business**

Melody Capital Partners, LP (“we” or “us”) is a Delaware limited partnership that was formed on September 3, 2012.

We provide discretionary investment advice to private investment funds (the “Funds”). We generally will invest on behalf of the Funds in direct lending and special situations credit strategies. (*See Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss*)

The general partner of each Fund is either Melody Capital Partners GP, LLC (“MCP GP”) or Melody Special Situations GP, LLC (“MSS GP,” and together with MCP GP, the “General Partners”). The General Partners are Delaware limited liability companies and are Relying Advisers in reliance on the position expressed in the SEC No-Action letter to the ABA, Business Law Section, dated January 18, 2012.

We and the General Partners are ultimately controlled by Cesar Gueikian, Andres Scaminaci and Omar Jaffrey, together the “Founders”.

We generally will not permit investors in the Funds to impose limitations on the investment activities described in the offering documents for the Funds. Under certain circumstances, we may contract with an investor in a Fund to adhere to limited risk and/or operating guidelines imposed by the Fund. We negotiate such arrangements on a case-by-case basis. (*See Item 16 - Investment Discretion*)

We do not participate in wrap fee programs.

As of March 31, 2014, we managed \$261,314,884 in regulatory assets on a discretionary basis. We do not manage any assets on a non-discretionary basis.

**Item 5 - Fees and Compensation**

Our fees and compensation are described in the advisory contracts we enter into with the Funds, as well as in the applicable offering memorandum for each Fund. All of the investors in the Funds are “qualified purchasers” (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “1940 Act”)).

We generally deduct our management fees from each Fund quarterly in advance. Management fees are not refundable if the advisory contract is cancelled prior to the end of a payment period. We receive performance-based fees or allocations or carried interest from each Fund, as further described in *Item 6 – Performance-Based Fees and Side-By-Side Management*. While we presently have no separately managed accounts, fees for such accounts would be negotiated on a case-by-case basis.

Each Fund bears its reasonable organizational and offering expenses. In addition, each Fund bears investment related expenses (including brokerage expenses, when applicable (*See Item 12 “Brokerage Practices” below*)); local and foreign taxes and fees; extraordinary expenses (including litigation, indemnification and contribution expenses); accounting, auditing, consulting, filing, information services and professional fees, auditing and tax preparation expenses related to the Fund; valuation and administrative expenses; insurance expenses (including for directors’ and officers’ liability insurance); expenses relating to meetings of the Fund advisory board, independent fund representatives and/or investors in the Fund, as applicable.

We also perform asset management services with respect to Fund investments, which services may include monitoring covenant compliance by borrowers and other counterparties, monitoring the financial condition and other relevant operating data of such borrowers and other counterparties and tracking and enforcing payment obligations and cash payments. Each Fund will bear (i) all costs and expenses that are directly attributable to the salaries, bonuses and fringe benefits payable to our (or our affiliates') asset management employees performing asset management services whose work is provided solely to such Fund and all costs and expenses of information systems, software and hardware utilized solely by such Fund in connection with asset management, and (ii) its allocable share of all costs and expenses incurred by us (or our affiliates) that are directly attributable to the salaries, bonuses and fringe benefits payable to our (or our affiliates') asset management employees whose services are provided to such Fund and all costs and expenses of information systems, software and hardware utilized by such Fund in connection with asset management, such allocable share to be based on the relative values of the specific assets of such Fund and other Funds for which asset management services are being provided. Notwithstanding the foregoing, in circumstances where we reasonably believe that an allocation of costs and expenses or the amount allocated to any Fund pursuant to the above procedures would produce an inequitable result to the Funds, we may, after consultation with the required consultation or approval, allocate such costs and expenses in a fair and equitable manner.

We or our affiliates may originate debt for the benefit of one or more Funds. In such circumstances, we or our affiliates may receive nominal origination fees from various loan recipients in exchange for originating such transactions. Such fees may exceed out-of-pocket expenses.

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

We or our affiliates receive annual performance-based fees or allocations or periodic carried interest from each Fund. Performance-based fees and allocations are based on a percentage of the capital appreciation of assets in the applicable Fund. Carried interest is based on a percentage of investment proceeds above certain thresholds upon the distribution of investment proceeds to investors in the applicable Fund. We may, from time to time, elect to reduce, waive or calculate differently the performance-based fees or allocations or carried interest with respect to any investor in a Fund.

The terms of the performance-based fees and allocations and carried interest may differ among the Funds. This may result in a conflict of interest when we allocate opportunities among the Funds because we will have an incentive to favor the Funds that have higher performance-based fees or allocations or carried interest. To avoid such a conflict of interest, we generally follow documented procedures in allocating opportunities among the Funds, which do not take into account the performance-based fees or allocations or carried interest to which the Funds are subject (*see below*).

We allocate investment opportunities in accordance with documented procedures. It is our policy that no Fund for which we have investment discretion will receive preferential treatment over any other Fund. In allocating investment activities among the Funds, it is our policy that all Funds should be treated fairly and, to the extent possible, all Funds should receive equivalent treatment. We allocate investment activities among the Funds taking into account, among other things, the following factors: the investment objectives, risk tolerances, preferences, and constraints of the Funds; the appropriateness of making a particular allocation to a Fund in light of those investment objectives, risk tolerances, preferences, and constraints; timing of cash flows and the amount of buying power available to invest for a Fund including current or anticipated liquidity needs of a Fund; current market conditions; supply or demand for an investment at a given price level; previous investment allocation decisions; size of available position, as well as future actions that may be taken relating to such position including cash commitments; characteristics of an investment; size of round lots in a particular market; tax and legal status of the Fund;

the best interests of each Fund; and any other information determined to be relevant to the fair allocation of investment activities. Under no circumstances will investment allocations be determined based upon the likelihood of us or our related persons earning a performance-based fee or allocation or receiving some other benefit.

As the management fees and performance-based fees and allocations are, in certain cases, based directly on the net asset values of the applicable Funds, we have a conflict of interest in valuing the assets held in the Funds. We will follow our documented valuation policies, use third party valuation agents, auditors and consult with the third-party administrator to the Funds in order to mitigate this risk.

## **Item 7 - Types of Clients**

We primarily provide investment advice to clients that are private investment funds. Investors in such private investment funds are generally high net worth individuals and institutional investors that qualify as “accredited investors” (as defined in Rule 501 under the Securities Act of 1933, as amended) and “qualified purchasers” (as defined under the 1940 Act). The minimum investment in the private investment funds is generally \$5,000,000. We may waive the minimum under certain circumstances. We would determine the minimum investment for a separately managed account on a case-by-case basis.

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

### *Methods of Analysis and Investment Strategies Generally*

Our investment objective is to generate attractive risk-adjusted returns by finding opportunistic investments with a focus on loan origination and direct lending.

### Loan Origination

Our primary focus is “bespoke” senior secured loan origination in North America and Western Europe. We target investments that offer downside protection and current income. In addition, we may participate in private loans originated by banks and others that offer attractive risk-adjusted returns.

### Special Situations

We may also invest in (a) corporate securities, primarily debt securities and (b) asset-based investments, including portfolios of receivables, asset-backed financial instruments, real estate, leases, easements and other tangible or secured assets. These investments may include bank debt, corporate bonds, trade claims, contractual arrangements, lease receivables, revenue interests, preferred stock or common equity in (i) out-of-favor sectors where we can acquire investments at a significant discount to the fundamental value of their underlying cash flow or assets, (ii) situations where an issuer, company or obligor faces a broad range of liquidity issues, has limited refinancing choices, is under time pressure, or has a complicated or faulty capital structure, and (iii) companies undergoing, or considered likely to undergo, reorganizations and/or liquidation under U.S. or foreign bankruptcy laws.

**Investing in securities involves risk of loss that clients and investors should be prepared to bear.**

### *Risk Factors*

An investment in each Fund is speculative and involves a high degree of risk. There can be no assurance that the investment objectives of any Fund will be achieved or that an investment in a Fund will generate

positive returns. The Funds have substantial limitations on investors' ability to withdraw or transfer their interests in the Funds, and no secondary market for the Funds' interests exists or is expected to develop. Each Fund's investment techniques involve significant risks which are described in detail in its offering memorandum. Prospective investors are strongly urged to review the applicable offering memorandum or other governing documents carefully and consult with their own financial, legal and tax advisers before investing in a Fund.

**Item 9 - Disciplinary Information**

*Not applicable.*

**Item 10 - Other Financial Industry Activities and Affiliations***Services by Certain Related Persons*

As noted above, either MCP GP or MSS GP serves as the general partner to each Fund.

*Management of Multiple Funds*

The management of multiple pooled investment vehicles may result in conflicts of interests when we and our related persons allocate their time and investment opportunities among the Funds. In addition, the compensation earned by us and our related persons from each of the Funds may differ from one another. We and our related persons will generally follow documented procedures in allocating investment opportunities among the Funds. *(See Item 6 - Performance-Based Fees and Side-By-Side Management)*

Subject to applicable law, we may effect transactions (generally for rebalancing purposes and to correct misallocations of trades) among the Funds in which one Fund will purchase securities from or sell securities to another Fund (including Funds in which we or our related persons may have a significant interest). This may result in a conflict of interest because a potential transaction may result in benefits to one Fund that may be greater than the benefits to the other Fund. In order to mitigate such conflicts, we effect such transactions only when we determine in good faith that such transactions are in the best interests of the applicable Funds.

In addition, except for cross trades to correct misallocations of trades among client accounts and for cross trades that are exempt from the prohibited transaction rules under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Internal Revenue Code of 1986, as amended (the "Code"), as provided by the Pension Protection Act of 2006, we will not effect any cross trades on behalf of any account that constitutes "plan assets" under ERISA or the Code.

Our Founders (and/or other related persons) may have a greater portion of their personal assets invested in certain of the Funds. As a result, we may have a conflict of interest in allocating investment opportunities among the Funds. We will generally follow documented procedures in allocating investment opportunities among Funds.

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

We have adopted a Code of Ethics (the "Code of Ethics") which is designed to ensure that we conduct our business in accordance with all applicable laws and regulations and in an ethical and professional manner.

In addition, we recognize that we have a fiduciary duty to the client accounts we manage, and that all of our employees must conduct their business on our behalf in a manner that enables us to fulfill this fiduciary duty. In this regard, we have developed policies and procedures in our Code of Ethics that are premised on fundamental principles of openness, integrity, honesty and trust. In addition, among other things, our Code of Ethics governs all personal investment transactions by our employees, our policies with respect to gifts and entertainment, the manner in which violations of our Code of Ethics are to be reported, and certain other outside activities of our employees. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

#### *Participation in Client Transactions*

We offer to qualified prospective investors the opportunity to invest in the Funds. Our Founders and other management persons may have significant personal investments in these Funds. In addition, we and our affiliates receive performance-based fees or allocations or carried interest from these Funds.

Subject to applicable law, we may effect transactions between client accounts (generally for rebalancing purposes and to correct misallocations of trades) whereby one client account will purchase securities from or sell securities to another client account. (See *Item 10 - Other Financial Industry Activities and Affiliations*)

In the event that we effect a cross trade between an account in which we or our controlling persons own more than twenty five percent (25%) and another client account, such transaction may be deemed to be a principal transaction under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Such transactions may create a conflict of interest for us because we may put our or our control persons’ interests in such accounts before the interests of our clients in the other account. We will not effect any cross trades between accounts if we believe that such trade would result in a principal transaction unless we obtain required consent in accordance with our documented policies and procedures and the relevant Funds’ documentation. In addition, as may be set forth in the governing documents of each Fund, approval from such Fund’s advisory board, independent directors or independent fund representative, as applicable, is required for certain other related party transactions.

#### *Personal Trading Policy*

Employees are generally prohibited from engaging in a personal securities transaction without the prior written consent of our Chief Compliance Officer (or in the case of the Chief Compliance Officer, the prior written consent of a designated Founder). The Chief Compliance Officer may deny approval of a proposed transaction for the following reasons, among others: that such transaction may have the appearance of improper conduct; that such transaction may constitute a violation of the Code of Ethics; that the employee would be taking conflicting sides of a transaction with a Fund; and such transaction may be front-running or perceived front-running before an intended Fund investment. Prohibitions relating to personal trading also generally apply to any spouse or minor child, or an immediate family member of an employee living in the same household as such employee.

### **Item 12 - Brokerage Practices**

#### *Selection of Brokers*

Although we generally do not expect to engage in securities trading activity on behalf of our clients, we have an obligation to seek to obtain “best execution” for our clients with respect to such trading activity, if applicable.

*Research and Other Soft Dollar Benefits*

We do not currently have any formal soft dollar arrangements. If we determine to engage in soft dollar transactions, we intend to comply with the provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Notwithstanding the foregoing, in connection with client transactions, broker-dealers may, as part of their bundled services, provide us with research and research-related services. Employees that receive any such research are responsible for tracking the types of research and research-related services received from such brokers. An employee must notify the Chief Compliance Officer in the event that such employee receives any research in exchange for a commitment to trade through a particular broker. The Chief Compliance Officer will periodically review the research and research-related services received from brokers as part of such bundled services.

*Brokerage for Client Referrals*

To the extent that we trade in securities through any brokers, subject to applicable law and consistent with best execution, we may direct some client brokerage business to brokers that refer prospective investors to us and may pay or share amounts we or our affiliates receive as management fees and/or performance compensation. Because such referrals, if any, would be likely to benefit us but may only provide an insignificant (if any) benefit to our clients, we may have a conflict of interest with our clients when allocating brokerage business to a broker that has referred investors to us. To mitigate this potential conflict, we will not allocate brokerage business to a referring broker unless we determine in good faith that the commissions payable to such broker are not materially higher than those available from non-referring brokers offering services of substantially equal value to our clients. Prime brokers may provide capital introduction services to us. Such services may influence us in deciding whether to engage such prime brokers.

*Trade Error Policy*

Although we generally do not engage in securities trading for clients, our investment personnel may on occasion experience errors with respect to investments made on behalf of clients. Given the nature of the investment program for our clients, the term trade errors as used in this section generally refers to investment errors. We will reimburse each client for net losses resulting from trade errors to the extent that we are required to do so under the governing agreements for such client. In general, we will not be liable to a client for net losses resulting from a trade error unless such trade error results from our actual fraud, gross negligence (as defined under the laws of the State of New York) or willful misconduct.

If a trade is allocated incorrectly, we will attempt to reallocate the trade using the intended allocation methodology prior to the trade's settlement date. If a trade has settled, we may, subject to applicable law, within the same calendar month effect a cross trade between clients to correct the misallocation such that each client would be in the position it would have been in had the misallocation not occurred.

*Aggregation of Orders*

To the extent we aggregate orders for purchase and sale, we will aggregate such orders as we deem appropriate and in accordance with each client's governing documents and in the best interest of each client.



**Item 13 - Review of Accounts***Review of Accounts*

The Chief Compliance Officer will be primarily responsible for ensuring that the securities (or other financial instruments) held by the Funds are consistent with the disclosures set forth in the relevant offering documents. In addition, at least one of the Founders or the Chief Compliance Officer will regularly review the Funds' portfolio holdings in accordance with the guidelines set forth in our Compliance Policies and Procedures Manual to determine that the securities (and other financial instruments) held by the Funds remain consistent with their investment objectives and guidelines.

*Reporting*

We may, in our discretion, furnish investors in the Funds with periodic written unaudited performance reports on a monthly or quarterly basis. On an annual basis, we provide investors with a copy of the relevant Fund's annual audited financial statements and, if applicable, a statement of taxable income (form K-1).

We may provide certain investors with access to more frequent and/or more detailed information regarding the Funds' securities positions, performance, finances, and management and/or other information about the Funds or us (including notification of the commencement of certain disciplinary actions, legal proceedings, investigations or similar matters against a Fund, us and/or our personnel, or of withdrawals from a Fund by us and/or our personnel), possibly enabling such investors to better assess the prospects and performance of the Funds.

**Item 14 - Client Referrals and Other Compensation**

We have entered into arrangements with one or more third parties that we will compensate for referring investors to us. Typically, we will pay these third parties a fee equal to a percentage of the capital commitment of each referred investor. Any such arrangements will be on a fully-disclosed basis and in accordance with all applicable laws.

We may enter into soft dollar arrangements with brokers pursuant to which we obtain certain research and brokerage products and services in return for directing client securities transactions to the broker. (*See Item 12 - "Selection of Brokers"*)

**Item 15 - Custody**

For purposes of Rule 206(4)-2 under the Advisers Act (the "Custody Rule"), we are deemed to have custody over the Funds' assets. In accordance with the Custody Rule, a qualified custodian is not required to deliver quarterly account statements to the Funds or their respective investors because annual audited financial statements are delivered to investors within 120 days after the end of each Fund's fiscal year.

**Item 16 - Investment Discretion**

We have discretionary authority to manage securities accounts on behalf of our clients. The investors in the Funds generally may not place any limits on our authority beyond the limitations set forth in the offering and governing documents of such Funds.

**Item 17 - Voting Client Securities**

To the extent that we trade in public securities, we will generally have voting discretion over securities held in clients' accounts. Clients are generally not able to direct their votes in a particular situation. We have adopted a proxy voting policy which is summarized below.

In the absence of specific voting guidelines from the client or conflicts of interest, we will vote all proxies in the best interests of each client, which may result in different voting results for proxies for the same issuer. In addition, we may determine to abstain from voting a proxy if we believe that such action is in the best interests of a particular client. We may take into account the following factors, among others, in determining if a specific proposal is in the best interests of a particular client: (a) management of the issuer's views and recommendations on such proposal; (b) whether the proposal may have the effect of entrenching existing management and/or making management less responsive to shareholders' concerns (e.g., instituting or removing a poison pill, classified board of directors and/or other anti-takeover measure); and (c) whether we believe that the proposal will fairly compensate management for its and/or the issuer's performance. If we deem that the issue being voted upon is not material for us and our clients, we will not be obligated to vote on such matter.

Upon the request by a client, we will disclose to such client how we voted proxies for securities owned by such client. We will also provide a copy of our proxy voting policies and procedures to clients upon request.

**Item 18 - Financial Information**

*Not applicable.*

**Item 19 - Requirements for State-Registered Advisers**

*Not applicable.*