

Nexus Capital Management LP

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Part 2A of Form ADV: Firm Brochure
January 1, 2014

This brochure provides you with information about the qualifications, business practices, and nature of advisory services of Nexus Capital Management LP, all of which should be considered before becoming an advisory client of our firm. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC") or by any state securities authority.

We are an investment adviser registered with the SEC. Registration does not imply a certain level of skill or training. Additional information about our firm is available by calling us at the number above or on the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 168618.

Item 2. Material Changes

This Brochure is Nexus Capital Management LP's ("Nexus Capital" or the "Firm" or the "Adviser") initial Form ADV Part 2A submitted with its application for registration with the SEC, and therefore there are no material changes to report. If the Firm makes any material changes to this Brochure, this section will be revised to include a summary of such changes.

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Item 4. Advisory Business

Nexus Capital's current advisory activities consist of providing investment advice to pooled investment vehicles (the "Funds") that are exempt from registration under the Investment Company Act of 1940, as amended (the "1940 Act"), and whose securities are not registered under the Securities Act of 1933, as amended (the "Securities Act"), and that are managed by a third-party, unaffiliated investment adviser. Nexus Capital seeks investment opportunities in private equity, distressed credit and public equity securities and will generally focus its analysis on small to middle market companies located in the United States.

This document is neither an offer to sell nor a solicitation of an offer to buy interests in or shares of any of the Funds. If a Fund is then being offered, such an investment may be made only after receipt and review of the respective Fund's offering document.

Nexus Capital provides tailored investment advice to each Fund based on that Fund's investment objectives and policies.

The principal owner of Nexus Capital is Damian J. Giangiacomo. The Firm has been in business since 2013.

As of January 1, 2014, the Firm's assets under management were approximately \$ 234.6 million, all of which were managed on a discretionary basis.

Item 5. Fees and Compensation

As compensation for investment advisory services rendered to the Funds, Nexus Capital is paid an annual management fee ("Management Fee") from the Funds. The Management Fee is equal to a fixed percentage of invested capital and is generally paid monthly in arrears. In addition, Nexus Capital may be entitled to reimbursement of certain expenses in connection with various investments, as agreed to by Nexus Capital and the relevant Fund. Nexus Capital is also entitled to performance-based compensation, as described in Item 6 below. Nexus Capital bills the Funds for fees incurred. Funds may incur brokerage and other transaction costs, and you should refer to Item 12 below for a discussion of the Firm's brokerage practices.

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

Upon the disposition of an investment for a Fund, Nexus Capital generally is entitled to a performance-based fee equal to a percentage of the realized gain on that investment that exceeds certain pre-negotiated hurdle rates and offsets. The existence of a performance-based fee may cause Nexus Capital to manage a Fund more aggressively, and Nexus Capital may have an incentive to favor a Fund that pays a higher performance-based fee relative to a Fund paying a lower fee. Nexus Capital has adopted trade allocation policies that address these conflicts of interest to insure that each Fund is treated fairly.

Item 7. Types of Clients

The Adviser currently provides investment advisory services to the Funds. Interests in the Fund are offered pursuant to applicable exemptions from registration under the 1940 Act and the Securities Act. In the future, the Adviser may acquire other types of clients.

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

Methods of Analysis and Investment Strategies

The Adviser seeks investment opportunities in private equity, distressed credit and public equity securities. The Adviser will generally focus its analysis on small to middle market companies located in the United States. Prior to making an investment, the Adviser carries out extensive analysis of a target investment.

The Adviser's philosophy is to approach each investment as an opportunity to potentially further enhance value by leveraging the Adviser's background in capital structure, operational and/or strategic change. Whether public or private investments, the Adviser generally seeks to affect this through a constructive approach with senior management with a focus on corporate strategy, merger and acquisition activity, operational discipline, and financial structuring. The Adviser strongly believes in economic alignment of interests between its investments and the senior management of those investments. The Adviser does not seek to run day-to-day operations.

Fundamental Business Diligence. The core assessment of any target investment begins with a thorough assessment of the target investment's industry, its business and relative competitive position. The Adviser seeks investments in industries and companies with strong fundamental growth prospects, attractive economic positioning, and defenses to competitive entry. The business due diligence process includes, but is not limited to, each competitor's relative position, market and segment shares, technology, management, financial capability, and implicit future strategy.

Unit Economics. The Adviser seeks to assess the unit economics of a company by evaluating a company's (or its divisions when applicable) revenue and cost structure by the identifiable variables that primarily impact results. The fundamental aspect of unit economics requires assessment of the revenue business model and the fixed and variable nature of expenses. Prepared with an understanding of the factors that will drive a business's cost position, strategies and actions can be developed that will reduce costs and improve margins, eliminate unnecessary costs, and build sustainable advantage and value.

Capabilities and Assets. Generally, a business enjoys, or can develop, distinctive capabilities that set it apart from other participants in its industry. The value and potential of these capabilities can be assessed from a financial perspective. These capabilities may include design and manufacturing expertise, brand franchise, distribution strength, market share, and technology.

Capital Structure. The Adviser evaluates, and when applicable seeks to implement, capital structures for flexibility, liquidity and covenants that would mitigate risk or create opportunities for a target investment.

Exit Analysis. A core assessment of the investment underwriting process is exploring the alternative options for exiting the investment in the future.

Risks

Investing in securities involves a substantial degree of risk. The Adviser's investments may lose all or a substantial portion of their principal, and investors in the Funds must be prepared to bear the risk of a complete loss of their investments.

The following list is not a complete list of all risks involved in connection with an investment. In general, the risks applicable to the activities of the Adviser include, but are not limited to:

No Assurance of Investment Return

The Adviser cannot provide assurance that it will be able to choose, make and realize investments in any particular company or portfolio of companies. There is no assurance that the Adviser will be able to generate returns or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. There can be no assurance that expected returns for the investments will be achieved, or that the investors in the Funds will receive a return of their capital.

Illiquidity of Investments

The Adviser's investments may consist of securities that are subject to restrictions on sale under U.S. securities laws ("Restricted Securities"). Generally, the Adviser will not be able to sell these Restricted Securities publicly in the U.S. without the expense and time required to register the securities under the Securities Act or will be able to sell the Restricted Securities only under Rule 144 or other rules under the Securities Act that permit only limited sales under specified conditions. When Restricted Securities are sold to the public, the Adviser may be deemed a controlling person, or possibly an "underwriter," with respect thereto for the purpose of the Securities Act and be subject to liability as such under the Securities Act. In addition, practical limitations may inhibit the Adviser's ability to liquidate certain of its investments in the portfolio companies since the issuer will be privately held and the Adviser and the Funds may own a relatively large percentage of the issuer's equity securities. Sales may also be limited by market conditions, which may be unfavorable for sales of securities of particular issuers or issuers in particular industries. The limitations on liquidity of the Adviser's investments could prevent a successful sale thereof, result in a delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

Financial Market Fluctuations

General fluctuations in the market prices of securities may affect the value of the investments held by the Adviser and the Funds. Instability in the securities markets may also increase the risks inherent in the Adviser's investments. There can be no assurance that the market will become more liquid than it is at present and it may well continue to be volatile for the foreseeable future. The Funds may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and the Adviser may be unable to dispose of an investment at a price that the Adviser believes reflects the investment's fair value. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted.

Legal and Regulatory Risks

Legal, tax and regulatory changes could occur that may adversely affect the Adviser's investments for the Funds. The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds may adversely affect the value of investments held by the Adviser and the ability of the Funds to obtain the leverage they might otherwise obtain or to pursue their trading strategies. New laws or revised regulations imposed by the SEC, other governmental regulatory authorities, self-regulatory organizations or industry bodies that supervise the financial markets that could adversely affect the Adviser and the Funds may be adopted in the future. The Adviser and the Funds may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these regulatory authorities or self-regulatory organizations.

Lack of Sufficient Investment Opportunities

The business of identifying and structuring private equity, public securities and other financial transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Adviser may not be able to find enough attractive investments to fully invest the capital allotted to it by a Fund.

Reliance on the Principal of the Adviser

The success of the Adviser in finding attractive investments will depend in large part upon the skill and expertise of Damian J. Giangiacomo. Investors in the Funds will have no right or power to participate in the management or control of the business of the Adviser and thus must depend solely upon the ability of the Adviser in making Fund investments.

Item 9. Disciplinary Information

None.

Item 10. Other Financial Industry Activities and Affiliations

None.

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

Code of Ethics and Personal Trading

The Adviser has adopted a written Code of Ethics that is applicable to all of its officers and employees, as well as officers and employees of its affiliates and certain independent contractors (collectively, “Adviser Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), establishes guidelines for professional conduct and personal trading procedures, including certain reporting obligations and pre-clearance of any proposed purchase of any initial public offering or limited offering. Adviser Personnel and their families and households may purchase investments for their own accounts subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

Adviser Personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, a letter of censure or suspension or termination of the employment of the violator. Adviser Personnel are required to annually acknowledge compliance with the Code of Ethics.

Clients and prospective clients may contact the Adviser to request a copy of its Code of Ethics.

Participation or Interest in Client Transactions

Certain Adviser Personnel are allowed to invest in the Funds; however, Nexus Capital does not permit Adviser Personnel to invest in securities that the Adviser has purchased for a Fund or is considering purchasing for a Fund.

Item 12. Brokerage Practices

Nexus Capital generally has discretion with regard to the broker-dealer(s) to be used to effect a securities transaction on behalf of a Fund. Nexus Capital has a duty to execute transactions, select brokers-dealers, and negotiate commission rates in the best interest of its clients. As such, Nexus Capital conducts regular reviews of its brokerage decisions to ensure that its clients’ interests are being served. Nexus Capital seeks to obtain “best execution,” meaning generally that the execution of a securities transaction for a client is performed in a manner that a client’s total costs or services received in the transaction are most favorable under the circumstances. In seeking best execution, Nexus Capital takes into consideration the price of a security offered by the broker-dealer, as well as a broker-dealer’s full range and quality of services including, but not limited to: execution, reliability, financial responsibility, commission rates, responsiveness, and the research provided by the broker-dealer to Nexus Capital.

Nexus Capital policy is to not use soft dollars.

Item 13. Review of Accounts

Oversight and Monitoring

The portfolio investments of the Funds are continuously reviewed by the Firm's President and the Firm closely monitors the Fund's portfolio companies.

Reporting

The Firm provides written reports on target and existing investments to the Funds on a regular basis.

Item 14. Client Referrals and Other Compensation

Not applicable.

Item 15. Custody

Nexus Capital utilizes the services of a bank or other qualified custodian as defined in Rule 206(4)-2 under the Advisers Act to hold all assets of our clients. Nexus Capital does not have custody of client assets.

Item 16. Investment Discretion

The Firm has full discretion and authority to make all investment decisions with respect to the types of securities to be bought or sold or the amount of securities to be bought or sold for a Fund, subject to any limitations imposed in the investment advisory agreement entered into with a Fund.

Item 17. Voting Client Securities

The Firm intends to vote proxies or similar corporate actions in the best interests of the Funds, taking into account such factors as it deems relevant in its sole discretion. The Firm has adopted a proxy voting policy designed to ensure that if a material conflict of interest is identified in connection with a particular proxy vote, the vote is not improperly influenced by the conflict. A detailed summary of the Firm's proxy voting policies and procedures, as well as information regarding how the Firm has voted proxies, is available to clients on request.

Item 18. Financial Information

Not applicable.

Item 19. Requirements for State-Registered Advisers

Not applicable.