

**RHODIUM CAPITAL MANAGEMENT LLP  
CRD# 170244**

**Form ADV Part 2A**

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**This Brochure provides information about the qualifications and business practices of Rhodium Capital Management LLP. If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer, Iftikhar Ali, at +44.7973.285.539 or [iali@rhodiumcapital.com](mailto:iali@rhodiumcapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Rhodium Capital Management LLP can be found on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Registration of an investment adviser does not imply that Rhodium Capital Management LLP, or any of our principals or employees, possesses a particular level of skill or training in the investment advisory business or any other business.**

**Item 2: Material Changes**

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Rhodium Capital Management LLP is submitting their registration as a newly formed advisor and as such, this is the first version of the Form ADV Part 2A brochure document. The Firm will use this section in the future to report any material changes made to this brochure.

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**Item 4: Advisory Business**

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Rhodium Capital Management LLP ("**RCMLLP**", the "**Firm**", the "**Investment Manager**", "**we**", "**us**", or "**our**"), is a limited liability partnership incorporated under the laws of England and Wales on March 22, 2013. Rhodium Capital Management (UK) Ltd. ("**RCMUKL**") is the majority owner of RCMLLP. RCMUKLP is wholly owned by Rhodium Capital Management Ltd. ("**RCML**"). RCML is the managing member of RCMLLP and is solely owned by Jeffrey Tirman and Iftikhar Ali.

RCMLLP has been the appointed investment manager to Rhodium Capital Credit Master Fund Ltd. (the Cayman master fund), Rhodium Capital Credit Fund Ltd. (the Cayman offshore feeder fund) and Rhodium Capital Credit Fund LP (the Delaware onshore feeder fund), collectively and hereinafter referred to as the "**Funds**."

RCMLLP may also provide investment advisory services to an institutional investor through a separately managed account (the "**Managed Account**"). The Funds and the Managed Account collectively and hereinafter will be referred to as the "**Client Accounts**," unless otherwise noted. Investment management services will be provided to the Client Accounts pursuant to the terms of the Investment Management Agreements.

As of December 31, 2013, the Firm managed \$25,400,000 in regulatory assets under management on a discretionary basis.

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**Item 5: Fees and Compensation**

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RCMLLP will receive a fee for management services (the "**Management Fee**"), payable monthly as of the last day of each month, equal to 0.167% (2% per annum) of the net asset value of each series of shares as of the end of each month. The Management Fee will be calculated and paid in arrears, with payment due within 10 days of the last day of each month, or as soon as reasonably practicable thereafter.

The Funds bear their own expenses and pro rata shares of the Master Fund's expenses, including, but not limited to: the Management Fee; the Incentive Fee; investment expenses; investment-related travel expenses; professional fees relating to investments; software and technology; research and market data; administrative expenses; legal expenses; external accounting and valuation expenses; audit and tax preparation expenses; organisational expenses; and extraordinary expenses.

The Managed Account will also bear its own expenses. With respect to brokerage and other transaction costs, please see the discussion below under Item 12, "Brokerage Practices."

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**Item 6: Performance-Based Fees**

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The Investment Manager may receive an incentive fee (the "**Incentive Fee**"), generally payable on an annual basis following the end of each fiscal year, equal to 20% of the net realised and unrealised appreciation in the net asset value of each series of shares, adjusted for any redemptions made during the year and any accruals of the Incentive Fee.

All Incentive Fees are charged in compliance with Rule 205-3 of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"), whereby each investor that is charged a performance fee must be a "qualified Client."

**Item 7: Types of Clients**

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As discussed in Item 4, we plan initially to provide investment management services to pooled investment vehicles, primarily hedge funds, and to institutional investors through separately Managed Accounts. For further discussion regarding investor suitability within the Funds, please refer to the Funds' Offering Memoranda.

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

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RCMLLP generally begins its investment approach with a top down view of the world, considering regional and geo-political factors, foreign exchange relationships, interest rates and current yield curve shapes, and general credit market and business cycle developments. This view is based on the experience, as market participants, of the principals of the Firm.

We seek to achieve this objective by primarily focusing on European debt and credit-related investments across a mix of value, arbitrage, income and event-driven strategies that are generally uncorrelated with market indices. We seek to minimize volatility and the risk of permanent impairment to capital by maintaining a hedged bias in the portfolio, including currency exposure.

We operate with an opportunistic investment mandate, employing a disciplined fundamental and quantitative analytical process that focuses on those credit market opportunities which we believe offer the most attractive absolute and risk-adjusted returns, with a constant emphasis on capital preservation. Rhodium deploys capital primarily in Europe, and opportunistically in other markets, concentrating on debt and credit-related securities, although we may invest from time to time in other markets and in non-credit related instruments.

***Risk of Loss Factors***

All investments entail a risk of loss, including substantial or even total loss. No assurances can be given that we will achieve our objective on behalf of our Clients, and our investment management performance may vary substantially over time and from period to period. In addition, the performance may vary substantially as a result of differing restrictions and the employment of differing investment strategies.

The following are certain of the material risks involved in our investment strategy:

***Derivative Investment***

Subject to restrictions established by our Clients, assets may be invested in traded derivative instruments, or "derivatives," including futures, options on stocks and futures, structured securities and other instruments and contracts that derive their value from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, currency or index at a fraction of the cost of investing in the underlying asset. Because the value of a derivative depends largely upon price movements in the underlying asset or assets, many of the risks applicable to trading the underlying assets are also applicable to derivatives of such asset. However, price movements in the underlying assets typically give rise to higher, and perhaps much higher, price movements in related derivatives, thereby exposing the investing Client Account to risks of substantial loss. In addition, certain kinds of derivatives may be traded in dealer markets that can, as noted below under "Illiquid Investments," suffer from a lack of liquidity.

***Illiquid Investments***

Subject to restrictions established by a Client, a Client Account may be invested in instruments that are thinly traded or traded on relatively illiquid markets. A Client Account may invest assets in debt securities that are traded on “dealer” markets rather than regulated exchanges; in such markets no participant is obligated to make a market that will provide liquidity to persons who wish to sell their securities. Furthermore, investments in certain securities, especially those of financially distressed companies, may require a long holding period prior to profitability. These and other factors may give rise to situations in which a Client Account position either cannot be readily sold or, if sold rapidly, must be sold at a substantial discount to the price that might otherwise be obtainable.

***Use of Leverage***

If a Client authorizes us to incur leverage in managing its assets, the Client Account’s investment positions may be leveraged by borrowing funds from broker-dealers, banks or others. While the use of leverage presents opportunities for increasing the total return on a Client Account’s investments, it has the effect of allowing larger investments in relation to the net value of the Client Account (which is determined by taking into account both the value of the Client Account’s investments and the borrowings against those investments) and, therefore, of magnifying the effect of losses on the Client Account’s NAV.

***Non-U.S. Investments***

Subject to restrictions established by the Client Accounts, assets may be invested in the securities of non-U.S. issuers or securities principally traded outside the United States. Such investments involve certain special risks due to economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities. Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive accounting reporting and disclosure requirements than domestic issuers, and the regulation of non-U.S. securities markets, particularly in emerging market countries, is frequently less comprehensive and less effectively administered than regulation in the United States and other developed country markets. The markets in the securities of some foreign governments and companies may be less liquid and at times more volatile than comparable U.S. markets.

***Foreign Currency and Exchange Rate Risks***

If Client assets are invested in securities that are denominated in a currency other than the U.S. dollar, changes in the applicable exchange rate may result over time from the interaction of many factors directly or indirectly affected by economic and political conditions. Changes in currency values may affect both the U.S. dollar value of the instruments in which a Fund invests and the prospects of the issuers of those instruments. National governments may not allow their currencies to float freely in response to economic forces. Sovereign governments use a variety of techniques, such as intervention in the currency markets by a country’s central bank, or imposition of regulatory controls or taxes, to affect the exchange rates of their currencies. Currency exchange rate fluctuations, currency devaluations and exchange control regulations may adversely affect the performance of a Client Account and the return realized on an investments. The costs of currency hedging may not offset any advantages gained by engaging in hedging transactions. We do not intend to engage in currency speculation on behalf of our Clients.

***Impact of Geopolitical Events***

Geopolitical events that include: the ongoing turmoil in countries in the Eurozone; the volatility of the price of oil; developments in the Middle East, Iran and elsewhere and other geopolitical and domestic developments; the continued threat of terrorism both within the United States and abroad; ongoing military and other actions and heightened security measures in response to these threats; international tensions between the United States and other nations; and other unanticipated global events may cause disruptions to commerce, reduced economic activity, and continued volatility in markets throughout the world. Some of the assets in a Fund's portfolio may be adversely affected by declines in the securities markets and economic activity because of these factors. We cannot predict the extent and timing of any decreased commercial and economic activity resulting from the above factors, or how any such decrease might affect the value of securities and other assets held by a Fund.

***Lack of Operating History***

The Funds and the Investment Manager are newly formed and therefore do not have extensive operating history upon which prospective investors can evaluate the anticipated performance of Client Accounts. The past performance of the affiliates and key personnel within the Firm may not be indicative of the future performance.

***Dependence on Key Individuals***

Shareholders have no authority to make decisions on behalf of the Funds. The success of the Client Accounts depends upon the ability of key members of the Investment Manager's investment team to develop and implement investment strategies that achieve the Client's investment objective. If the Funds were to lose the services of these members, the consequence to the Client Accounts could be material and adverse and could lead to the premature termination of the Client Accounts.

***Operational Risk***

Operational risk is the potential for loss caused by a deficiency in information, communication, transaction processing, and settlement and accounting systems. We (or our agents) maintain controls that include systems and procedures to record and reconcile transactions and positions, and to obtain necessary documentation for trading activities. However, our systems and our agents' systems may not always be effectively designed or administered to control those risks, and losses may result from failures in that respect.

***Item 9: Disciplinary Information***

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We have no legal or disciplinary events to report in response to this item.

***Item 10: Other Financial Industry Activities and Affiliations***

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Certain inherent conflicts of interest arise from the fact that the RCMLLP will provide investment management services to the Fund, the Master Fund and the US Partnership and intends to carry on investment activities for Managed Account(s) in which neither the Fund nor the Master Fund will have any interest. The respective investment programs of the Funds and Managed Account may or may not be substantially similar. RCMLLP may give advice and recommend securities to the Managed Account which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar.

It is the policy of the Investment Manager to allocate investment opportunities fairly and equitably over time. This means that such opportunities will generally be allocated among those accounts for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations (a) whether the risk-return profile of the proposed investment is consistent with the Client Account's objectives; (b) the potential for the proposed investment to create an imbalance in the account's portfolio; (c) liquidity requirements; (d) potentially adverse tax consequences; (e) regulatory restrictions that would or could limit an account's ability to participate in a proposed investment; and (f) the need to re-size risk in the account's portfolio. Such considerations may result in allocations among the Fund and/or the Managed Account on other than a pari passu basis. In certain circumstances, investment opportunities will be allocated solely to the Funds or to the Managed Account with respect to which the opportunity has been generated.

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

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### ***Code of Ethics and Employee Investment Policy***

Pursuant to the Code of Ethics Rule under the Investment Advisers Act of 1940 (the "Advisers Act"), we have adopted a Code of Ethics. Our Code of Ethics is based on the principles that our employees:

- must at all times place the interests of our Clients first;
- must make sure that all personal securities transactions are conducted consistent with our "Employee Investment Policy"; and
- must not take inappropriate advantage of their positions with us or knowledge of our activities on behalf of our Clients for their personal benefit.

All employees are required to certify their adherence to the Code of Ethics annually. In addition, employees must obtain the approval of our CCO before acquiring securities for their own account in an initial public offering, before engaging in any outside business activities and before buying privately placed securities. Employees are prohibited from trading securities that appear on our "Restricted List" that will contain the names of securities currently contained in the portfolios that we are liquidating.

Our Employee Investment Policy applies to all personal transactions involving equity, debt, options, or futures. It does not apply to transactions involving government securities, open-end mutual funds, money market funds or other securities with respect to which reporting of transactions is not required under the Codes of Ethics Rule.

All of our employees are instructed to direct their brokers to send duplicate brokerage statements to the CCO. These records are used to monitor compliance with the Employee Investment Policy.

Our Code of Ethics is available to Clients upon request.

## **Item 12: Brokerage Practices**

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We have discretionary authority to manage the Funds, including the authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and the commissions paid. Our authority is governed by the terms of the Investment Management Agreement governing the Funds.

In selecting an appropriate broker-dealer to affect a trade, we seek to obtain “best execution,” meaning generally the execution of a securities transaction for a Client in such a manner that a Client’s total cost or proceeds in the transaction are the most favorable under the circumstances. Accordingly, in seeking best execution, we take into consideration the price of a security obtained by the broker-dealer (or offered, in the case of a principal transaction), as well as a broker-dealer’s full range and quality of services, including, among other things, its trading facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (e.g., research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance and settlement and custodial services.

### ***Soft Dollar Usage***

Although, as noted above, we may take into account broker-dealers’ research ideas, analysis and thoughts concerning investment strategies in selecting which broker-dealers to use, we do not currently have any “soft dollar” arrangements with brokers. In the future should we engage in soft dollar arrangements, all benefits received will be within Section 28(e) of the safe harbor exemption.

### ***Aggregation of Orders***

When we purchase or sell the same security or commodity for the Client Accounts, we may aggregate trade orders for the participating Account in order to achieve more efficient execution or to provide for equitable treatment among the accounts. The Client Accounts participating in aggregated trades on a day will be allocated securities based on the average price achieved for such trades.

### ***Allocation***

Our policy prohibits any allocation of trades in a manner that would favor our proprietary accounts, affiliated accounts or any particular Client over other Client Accounts.

We have adopted a policy for the fair and equitable allocation of transactions that generally analyzes each trade on an investment by investment basis, taking into consideration the specifics of each trade and the characteristics of each Client Account. To the extent that multiple Accounts participate in a particular transaction and it is not feasible to purchase or sell the instrument in question for all such Accounts in the full desired quantity or at the best obtainable price, purchases or sales will generally be allocated *pro-rata*, unless facts specific to the transaction and the trade warrant an alternative allocation methodology.

### ***Trade Errors***

As a fiduciary, we have the responsibility to effect orders correctly, promptly and in the best interests of our Clients. If an error occurs in the handling of any transactions due to our actions, or inaction, or the actions of others, our policy is to assess each trade error on a case-by-case basis.

## **Item 13: Review of Accounts**

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We review the Client Accounts on a continual basis to assess their investment performance, positions and cash balances and to assure conformity with their investment objectives and guidelines. We, or our administrator, generally provides monthly or quarterly reports (as requested by a Client) to our Clients concerning the performance of their accounts and we are available for Client consultation at any time during normal business hours.

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

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We do not currently utilize any third party marketers or solicitors and do not receive an economic benefit from any other person for providing our investment management services to our Clients.

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**Item 15: Custody**

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We maintain all funds and securities for which we are considered to have custody under the Advisers Act's "Custody Rule" in accordance with its provisions as applicable. For our Funds, we comply with the Custody Rule's "audit approach" by delivering annual audited financial statements prepared in accordance with generally accepted accounting principles (GAAP) by an independent public accountant (that is registered and subject to regular inspection by the Public Company Accounting Oversight Board) within 120 days of the relevant Fund's fiscal year end.

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**Item 16: Investment Discretion**

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Subject to restrictions set forth in the Investment Management Agreement, RCMLLP has full discretion, subject to the control of and review by the Board of Directors, the board of directors of the Master Fund and the general partner of the US Partnership to invest the assets of the Master Fund in a manner consistent with the investment objective, approach and restrictions described in the offering memorandum. The investment authority granted by the Fund to the Investment Manager under the Investment Management Agreement is limited to investing all of the Fund's investable assets in the Master Fund.

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**Item 17: Voting Client Securities**

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***Proxy Voting Policy***

Although we are permitted to vote proxies on behalf of our clients, we have not previously done so, nor do we anticipate doing so in the foreseeable future. However, should clients delegate proxy voting authority to us with respect to the securities held in their accounts, we will exercise the applicable voting rights in a manner that we believe to be in the Client's best interest, and we will not seek (and we will not accept) the Client's instructions on how to vote. If a Client does not delegate such powers to us, we assure that the Client's custodian is instructed to send proxy materials to the Client and do not offer the Client advice as to how to vote. We believe we will not generally have conflicts of interest in voting securities on behalf of our Clients because we will have no affiliations with the issuers of the securities for which we may vote proxies. If, unusually, one of our principals or employees holds another class of securities in an issuer whose securities are held in a Client Account and the interests of the holders of that other class of securities could be adversely affected by a vote of the Account's securities, we will take measures to assure that the principal or employee in question does not participate in or influence the decision as to how to vote the Client Account's proxy.

Upon request, we will provide our Clients with a copy of our proxy voting policies and procedures and/or a record of all proxy votes cast for such Client.

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**Item 18: Financial Information**

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We are not required to provide a balance sheet or other disclosures under this item.