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Part 2A Brochure of Form ADV

As of October 7, 2014

This brochure provides information about the qualifications and business practices of Freedom III Capital, LLC (the “Manager”). If you have any questions about the contents of this brochure, please contact Daniel Tamkin, Chief Compliance Officer, at (212) 235-2163 or dan.tamkin@freedom3capital.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 the Manager is also available on the SEC’s website at: www.adviserinfo.sec.gov.

The Manager is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of any registered investment adviser are intended to provide you with information which you may use in determining whether to hire or retain a registered investment adviser. This brochure is not intended for distribution, or use by, any party other than its investment advisory clients.



Item 2. Material Changes

This Item is not applicable to the Manager. No prior Form ADV has been filed or is being amended.

In the future, this Item will discuss only those specific material changes that are made to this brochure since our last annual update and will provide clients with a summary of such changes. It will also reference the date of the last update of this brochure. We will further provide clients with a new brochure, at any time and without charge, as necessary based on changes made to this brochure or new information as it pertains to the Manager. Currently, our brochure may be requested by contacting Daniel S. Tamkin, Chief Compliance Officer, at (212) 235-2163 or dan.tamkin@freedom3capital.com.

Item 3. Table of Contents

Item 1.	Cover Page	1
Item 2.	Material Changes	2
Item 3.	Table of Contents	3
Item 4.	Advisory Business.....	4
Item 5.	Fees and Compensation	5
Item 6.	Performance-Based Fees and Side-By-Side Management	6
Item 7.	Types of Clients	6
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9.	Disciplinary Information	9
Item 10.	Other Financial Industry Activities and Affiliations.....	9
Item 11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	10
Item 12.	Brokerage Practices	10
Item 13.	Review of Accounts	10
Item 14.	Client Referrals and other Compensation	11
Item 15.	Custody	11
Item 16.	Investment Discretion	11
Item 17.	Voting Client Securities	11
Item 18.	Financial Information	12

Item 4. Advisory Business

The Manager was organized in 2013 to provide investment management services to individual managed accounts (the “Accounts”) and Freedom III Investments I, LP, a private investment fund organized as a Delaware limited partnership (the “Fund”). In December 2013, the Fund held two closings and accepted subscriptions from limited partners in the aggregate of \$4.95 million. The Manager has entered into an investment management agreement with an insurance company with \$20 million of committed capital.

The Managing Partner of the Manager, Jason Block, owns a majority of the equity of the Manager. Although the Manager was organized in 2013, Mr. Block has 18 years of experience investing in the private credit market. The owners of the Accounts and investors in the Fund are referred to as “Clients” and their assets as “Client Assets.” On or about the date of submission of this Form ADV, the Manager managed \$26 million of committed Client Assets on a discretionary basis.

The Manager intends to invest the Accounts and the Fund in private credit instruments of middle market companies in North America. The Accounts and the Fund will generally invest in parallel and primarily in secured notes, unsecured notes, uni-tranche debt and preferred equity in middle-market companies with approximately \$10-50 million of EBITDA and enterprise values primarily between \$100 million and \$1 billion. The Manager will seek companies with leading market positions generally operating in non-cyclical industries led by strong management teams.

Investments will be determined by the Manager in the case of the Accounts, and recommended by the Manager and determined by Freedom III GP, LLC, a Delaware limited liability company and the general partner of the Fund (the “General Partner”), in the case of the Fund, and allocated to the Accounts and the Fund based on certain criteria, including length of the investment period (e.g., two or three years) and expected number of total investments for each Account and the Fund over their respective investment periods. The Accounts and the Fund will invest *pari passu*. Clients will have no discretionary authority over the investments made through the Accounts and by the Fund.

In October 2013, the Manager structured, negotiated and led a group of investors in the purchase of approximately \$200 million of Preference Shares (the “Preferred”) in Crowley Preferred Holding LLC (the “Crowley Investment”), a special financing subsidiary of Crowley Maritime Corporation (“Crowley”). An Account purchased \$7.5 million of the Preferred and, following its initial capital raise, the Fund purchased \$2.5 million of the Preferred. Crowley is a 120-year old family-owned marine solutions, transportation and logistics company. Crowley operates a leading, ocean-going Jones Act petroleum transportation fleet (U.S. law requires U.S. ship construction, ownership and crews for domestic operation), which enjoys high barriers to entry and has multi-year contracts for a substantial portion of its revenue. Crowley’s other operations include petroleum distribution in Alaska, shipping and logistics to Puerto Rico and Latin America, marine architecture, fleet management and salvage. The Preferred has 12% contractual payments, including 10% cash and 2% PIK, with two-year non-call and 106% call premium during the third year. As noted above, most investments will involve equity participation, but the Manager determined that Crowley was an appropriate fit for the portfolio without equity participation.

Since the Manager does not provide individualized advice to the investors in the Fund, such investors must consider whether the Fund meets their investment objectives and risk tolerance prior to investing. Information about the Fund can be found in its offering documents, including its Private Placement

Memorandum dated February, 2014 (the “PPM”). However, the Fund will rely on certain registration exemptions available under the Investment Company Act of 1940, as amended, and the Securities Act of 1933, as amended. Therefore, this brochure is designed solely to provide information about the Manager and should not be considered to be an offer of interests in the Fund. Any such offer may be made only by delivery to the prospective investor of the PPM.

Item 5. Fees and Compensation

As more specifically set forth in the limited partnership agreement and the related management agreement for the Fund, the Fund will pay the Manager an annual management fee, payable quarterly in advance, equal to 2.0% per annum of the aggregate capital commitments of investors during the Fund’s investment period, and 1.5% per annum of the lesser of cost or net asset value of the Fund’s portfolio after the investment period. Upon the raising of a successor fund, the management fee will be reduced to 1.0% per annum of the lesser of cost or net asset value of the Fund’s portfolio.

The Fund’s management fee will be offset by 100% of all directors’ fees, transaction fees, investment banking fees, break-up fees, advisory fees, monitoring fees or other similar fees received by the Manager, the General Partner or any of their respective affiliates net of any unreimbursed expenses.

Compensation to the Manager from the Accounts will involve a similar structure as that related to the Fund but will be negotiated on a case-by-case basis.

The Fund will bear all legal and other expenses incurred in the formation of the Fund (other than any placement fees) (“Organizational Expenses”), up to an amount not to exceed \$250,000. Organizational Expenses in excess of this amount, and any placement fees, may be paid by the Fund but borne by the Manager through a 100% offset against the Management Fee.

The Fund is also responsible for all other expenses attributable to its operations, including, but not limited to:

- the fees and expenses relating to consummated portfolio investments, unconsummated investments, indebtedness (including interest thereon), guarantees and temporary or short-term investments, including the evaluation, acquisition, holding and disposition thereof, to the extent that such fees and expenses are not reimbursed by a portfolio company or other third party;
- premiums for insurance protecting the Fund and any indemnified parties from liabilities to third parties in connection with the Fund’s investment and other activities;
- legal, custodial, auditing, bookkeeping and accounting expenses, including expenses associated with the preparation of the Fund’s financial statements, tax returns and Schedule K-1s (or equivalent) and the representation of the Fund or its partners by the tax matters partner, including expenses paid or incurred in connection therewith;
- banking and consulting expenses;
- appraisal and valuation expenses;
- expenses related to organizing persons through or in which portfolio investments may be made;
- costs and expenses that are classified as extraordinary expenses under generally accepted accounting principles;
- taxes and other governmental charges, fees and duties payable by the Fund;
- indemnifiable claims, losses and damages;

- costs of reporting to the partners and of each annual meeting of partners and the meetings of the limited partner advisory board (including, without limitation, expenses of the limited partners incurred in connection therewith or in the attendance thereof);
- costs of winding up and liquidating the Fund; and
- all annual registration fees and registered office fees and expenses.

The General Partner, an affiliate of the Manager, is entitled to receive performance fees in the form of carried interest on the profits of the Fund. The Manager is entitled to receive performance or incentive fees on the profit generated by the Accounts on a case-by-case basis subject to the terms agreed to for each Account. See Item 6 below.

Fees and expenses will be deducted from the assets of the Accounts and the Fund. Except for the payment of quarterly management fees in advance, no fees are required to be paid in advance, but will be calculated from time to time based on committed assets and performance.

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

As more specifically set forth in the limited partnership agreement and the related management agreements for the Fund and in the management agreements for the Accounts, the General Partner and the Manager, as applicable, are entitled to receive performance fees in the form of carried interest or an incentive fee equal to 20% of the Fund's or an Account's profits. The performance fee includes a catch-up provision for the 6.25% preferred return earned by Clients.

Item 7. Types of Clients

The Manager will seek Accounts from insurance companies and similar institutions.

Investment in the Fund will only be available to "accredited investors" (as that term is defined under the rules promulgated under the Securities Act of 1933, as amended) consisting of friends and family of the Manager, as well as family offices and other sophisticated investors. The Fund will generally have a specified minimum investment amount as set forth in its offering materials, disclosure documents and/or governing documents. The Manager or the General Partner will have discretion, to permit investments below the specified minimum with respect to any investor.

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

Methods of Analysis.

The Manager will gather intelligence from an array of industries and from market participants such as private equity firms, investment and commercial banks, transaction advisors and investors in the senior lending and the high yield bond markets. The Manager will also rely on its Management Council comprised of internal and external individuals who will have experience operating businesses in different industries.

Each prospective Fund and Account investment will follow the same consistent process for approval, which includes at least three meetings of the Manager's Investment Committee held at different stages of the investment evaluation process. The focus of the investment process from the outset is to identify good quality companies with strong management teams. Each prospective company evaluation starts with four questions during the preliminary evaluation phase:

- Is the company in an industry in which the Fund and the Accounts should invest?
- How strong is the company's position in the industry?
- Is the company's business plan sensible and viable?
- Does the company's management team have the right skills and incentives to achieve the business plan?

Only if the Manager's investment team is satisfied with the strength of the company after answering such questions will it examine the company's structure and risk profile, including an evaluation to gain comfort with the company's credit profile.

- Structure of the investment – The mezzanine investment in a target company must be largely invested in credit securities to give the Manager comfort that investment principal will be protected. A basic guiding principle in the Manager's evaluation is to be comfortable that the existing business can support the credit (i.e., payment of interest as well as the repayment of principal). If the target company depends upon growth to support the security, it is the Manager's view that the security then takes on equity risk and therefore is not part of the credit.
- Risk profile – While risk profile is a somewhat subjective measure, the Manager must feel comfortable that the credit securities are appropriately priced for the Fund's or the Accounts' risk. The Manager intends to focus on income generation and principal preservation. In addition, the Manager believes that the capital solutions it intends to offer will provide the Fund and Accounts with the flexibility to maximize returns while minimizing downside risk.

The Manager will devote significant time to performing due diligence in order to address the questions and guidelines outlined above in conjunction with target company management teams, financial sponsors, entrepreneurs and industry experts. As part of the Manager's due diligence process, it will dedicate considerable effort to evaluating the creditworthiness of a target company. This will include running numerous sensitivity analyses of business drivers. The Manager must be comfortable that the target company's business plan is not only logical, but is sensible given specific industry dynamics and company capabilities. In this analysis, the Manager will develop a view as to the potential downside scenarios and their impact on the target company's ability to repay the investment. Once the Manager becomes comfortable that downside risk can be minimized, it will generate a customized investment proposal.

Throughout the investment evaluation process, all of the issues and relevant data points will be discussed among the Manager's investment team and with any outside advisors engaged by the Manager. The investment team will use this highly collaborative process to ensure it can give clear and consistent feedback to target company management teams, financial sponsors, family owners and entrepreneurs about what the Manager requires to become comfortable to make an investment. Communication with these investing partners is of critical importance, particularly if the Manager's decision comes to a "no" as it anticipates will occur approximately 90% of the time.

Having identified opportunities that meet the foregoing criteria, the Manager will price investments according to the level of risk and will structure the capital to provide the degree of flexibility required by the companies.

Investment Strategies.

The Manager will seek to create for the Accounts and the Fund a high quality portfolio by investing in North American middle market companies. Investments will be in the form of secured notes, unsecured notes, uni-tranche debt and preferred equity (collectively "Mezzanine Debt") in middle market companies with approximately \$10 - 50 million of EBITDA and enterprise values primarily between \$100 million and \$1 billion. Investments will typically be made in companies with leading market positions in non-cyclical industries led by strong management teams.

The Manager will focus on originating, structuring and controlling investments primarily in Mezzanine Debt. Mezzanine investing is a hybrid of debt lending and equity investing, typically combining elements of high current income through fees and cash interest with longer-term capital gains. In addition, Mezzanine investing usually provides cash returns in the form of quarterly or semi-annual cash interest payments and also includes paid-in-kind interest or repayment penalties. These investments also often include warrants for the common stock of the business.

The Manager will approach each opportunity with a tailored capital structure solution. As such, it is expected that management teams, equity sponsors and entrepreneurs will offer the Manager the opportunity to invest in their companies. While it is always necessary to compete on price and investment opportunities are rarely exclusive, the Manager believes that its approach and ability to add value to an investment will allow it to define a less competitive niche.

Risk of Loss

Investing in securities involves a high degree of loss that clients should be prepared to bear. Clients bear the entire risk of loss of their investments. An investment in the Accounts or in the Fund involves a significant degree of risk, relating both to the types of investments contemplated by the Accounts or the Fund and the Accounts' and Fund's ability to achieve their respective investment objectives. There can be no assurance that the Accounts' or the Fund's investment objectives will be achieved or that an investor will receive any return of capital. An investor should have the ability to sustain the loss of its entire investment in the Accounts or in the Fund. An investment in the Accounts or in the Fund requires a long-term commitment, with no certainty of return. Since the Accounts and the Funds may only make a limited number of investments, and since the Accounts' and the Funds' investments generally will involve some degree of risk, poor performance by a few of the investments could affect the total returns to the investors. There can be no assurance that the Accounts or the Fund will be able to generate returns for the investors.

or that returns will be commensurate with the risks of the investments within the Accounts' or the Funds' investment objectives.

Mezzanine investing, in particular, involves certain risks including, but not limited to:

- Illiquidity of investments - The Fund and Accounts typically will be dependent upon a portfolio company being sold, refinanced, reorganized or having a public offering in order to achieve liquidity for an investment.
- Subordination - The investments of the Fund and Accounts will typically be subordinated to the senior obligations of an issuer either contractually or structurally or because of the nature of the security leading to greater risk of investment.
- Creditor risks - The Fund, or in the case of the Accounts, the Manager, may oversee or participate in the management of one or more of their portfolio companies. If such participation or influence are perceived to cause a portfolio company to take actions that were in the Fund's and Accounts' interests and not in the best interests of the creditors and stockholders, the Fund's and Accounts' claims under their investment documents, which normally would be subordinated only to any senior debt of the portfolio company, could be subordinated to the claims of all creditors and, in some cases, stockholders of the portfolio company.
- Debt securities - A debt security or obligation may be subject to prepayment or redemption at the option of the issuer. If a debt security or obligation held by the Fund or Accounts is called for redemption, the Fund or Accounts may be required to permit the issuer to redeem such security or obligation, which could have an adverse effect on the cash-on-cash return objective.
- Portfolio company leverage - Investments are expected to include portfolio companies with significant levels of debt. Such investments are inherently more sensitive than others to declines in revenues and to increases in expenses and interest rates, increasing exposure to adverse economic factors. Because the securities in which the Fund and Accounts will invest will likely be subordinated and among the most junior in a portfolio company's capital structure, the inability of a portfolio company to service its debt obligations could result in a loss of investment.
- Minority investments - Investments will generally represent minority interests in portfolio companies and the Fund and Accounts may hold minority voting positions (if any) on the boards of directors of certain portfolio companies. Consequently, they may not be able to control or exercise substantial influence over such portfolio companies.

Item 9. Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of the Manager or the integrity of its management. Neither the Manager nor its management has been subject to any legal or disciplinary actions required to be disclosed in this brochure.

Item 10. Other Financial Industry Activities and Affiliations

Registered investment advisors are required to disclose any relationship or arrangement with certain industries or industry professionals that may be material to their advisory business or to their clients. The Manager is affiliated with Freedom III GP, LLC, a Delaware limited liability company that has been formed for the purpose of serving as the general partner of the Fund.

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

The Manager has adopted and implemented a compliance manual which includes a code of ethics in compliance with SEC rule 204A-1 and Rule 204-2 (Code of Ethics) of the Investment Advisors Act of 1940. The Manager will provide a copy of its code of ethics to any client or prospective client upon request. The Compliance Manual contains written policies regarding the following matters:

- Procedures for continuing monitoring of compliance;
- Advertising and marketing;
- Solicitation Arrangements;
- Private Placements;
- Accuracy of disclosure documentation;
- Anti-money laundering;
- Client assets safeguarding;
- Recordkeeping;
- Personal securities transactions; pay to play and confidentiality;
- Insider trading;
- Portfolio management;
- Valuation;
- Privacy;
- Proxy voting;
- Business continuing;
- SEC registration and Form ADV;
- Communications with regulators and media

Item 12. Brokerage Practices

With respect to the portfolio companies in which the Accounts and the Fund are invested, the securities of such portfolio companies are generally purchased through private placement transactions, without the assistance of a broker or dealer and without the payment of a brokerage commission. Although the Manager does not anticipate utilizing the services of a broker or dealer through which to effect investments, it may in certain limited circumstances acquire Mezzanine Debt securities from a broker or dealer. The Manager may, however, use a broker-dealer to solicit capital commitments to the Fund or to establish Accounts.

Item 13. Review of Accounts

All accounts will be reviewed on a quarterly basis. The Manager will review the latest financial information from portfolio investments and endeavor to allocate values accordingly along with allocation of expenses for the Accounts and the Fund.

Written reports will be provided to the Accounts and the Fund on a quarterly basis which will include a report from the Manager (and/or, in the case of the Fund, from the General Partner of the Fund)

describing investment activities, pending and closed transactions and an overall general outlook. Reports will also provide information regarding use of broker-dealers, if any, including expenses incurred, as set forth in Item 12 above. In addition, an annual audited report will be provided to the Fund.

Item 14. Client Referrals and other Compensation

The Manager may enter into one or more solicitation agreements with registered broker-dealers in compliance with SEC Rule 206(4)-3 to secure Accounts and/or investors for the Fund. In such cases, compensation will be negotiated, paid by the Manager and consistent with industry practice. The Manager has entered into one such agreement with Brittany Capital Group, Inc. (“Brittany”), which is unaffiliated with the Manager. Pursuant to such agreement, Brittany will assist the Manager, on a non-exclusive basis, in raising capital for the Fund and arranging for investors to establish Accounts. The Manager will compensate Brittany for these services with payment of (a) a non-refundable and non-creditable retainer payable in cash and in installments and (b) transaction fees based on a percentage of capital raised pursuant to a schedule of rates that may differ from investor to investor, also payable in cash and in installments.

Item 15. Custody

Neither the Manager nor its affiliates will maintain Client Assets. As such, Clients will receive account statements from an independent third party custodian. Clients may, however, receive reports periodically from the Manager. These reports should be carefully reviewed and compared against reports received from the independent third party custodian.

Item 16. Investment Discretion

All Client Assets in Accounts are managed by the Manager on a discretionary basis, subject only to the investment limitations set forth in the related management agreement and/or other governing documents. In addition, all Fund assets are managed by the Manager on a discretionary basis, subject only to investment limitations set forth in the Fund’s limited partnership agreement. See Item 4 above.

Item 17. Voting Client Securities

The Manager may hold a power-of-attorney to vote the securities held by the Accounts. Similarly, the General Partner, on the advice of the Manager, votes the securities held by the Fund. The Manager’s and the General Partner’s policy is to vote securities with the aim of furthering the best economic interests of the Accounts and the Fund. Clients cannot direct the Manager or the General Partner as to how to vote in a particular solicitation.

Due to the nature of the Manager’s business and structure, the Manager does not believe it is likely that material conflicts of interest will arise in voting securities of portfolio companies. However, material conflicts of interest could arise in certain circumstances, such as, for example, where an investor in the Fund is associated with the company soliciting a vote, or where an executive officer of the Manager has personal or business relationships with participants in a vote (such as a company director). The Manager

will take steps to identify the existence of any material conflicts related to the securities to be voted and/or the issues at hand. For example, the Manager's employees must disclose to the CCO any potential personal conflicts of interest known to them and potential conflicts based on business relationships or dealings. In considering whether a material conflict of interest exists, the CCO may consult with other executive officers of the Manager and other persons he deems relevant in making a determination.

Item 18. Financial Information

The Manager requires that management fees be paid quarterly in advance. See Item 5 above for management fee information. The Manager is not aware of any financial condition that is reasonably likely to impact its ability to meet its contractual commitment to the Fund or the Accounts, and has not been the subject of a bankruptcy proceeding.