

# **Fine Capital Partners, L.P.**

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This Brochure provides information about the qualifications and business practices of Fine Capital Partners, L.P. If you have any questions about the contents of this Brochure, please contact Fine's Chief Compliance Officer ("CCO"), Brian Jozwiak at 212-492-8225 or by email at [brian@finecapitalpartners.com](mailto:brian@finecapitalpartners.com). Additional information about Fine Capital Partners, L.P. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Registration of an investment adviser does not imply that Fine Capital Partners, L.P. or any of its 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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We have been no material changes in prior filings to report.

**Item 3: Table of Contents**

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**Item 4: Advisory Business**

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Fine Capital Partners, L.P. (“**Fine**”, the “**Adviser**”, “**we**”, “**us**”, “**our**” or the “**Firm**”) is an investment adviser with its principal place of business in New York, New York. Fine commenced operations as an investment adviser on October 1, 2004. Fine provides investment management services to private pooled investment vehicles (the “**Funds**”) based on specific investment objectives and strategies. Fine does not tailor advisory services to the individual needs of clients.

Fine Capital Advisors, LLC is the general partner of the Firm with an interest of 1%, and is 100% owned by Debra Fine. Debra Fine and Martin Schneider are the Limited Partners of the Firm and their ownership percentages are as below:

Debra Fine	49%
Martin Schneider	50%

As of December 31, 2014, the Firm had US\$1.72 billion in regulatory assets under management, all of which are managed on a discretionary basis.

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**Item 5: Fees and Compensation**

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Fine generally charges each Fund a quarterly management fee at an annual rate ranging from 1.5% to 2% of the net assets of the Fund. Management fees are charged each quarter in advance based on the total market value of the assets in the Funds’ accounts (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the first day of the quarter. The management fee will be prorated for additions to and withdrawals from a Fund’s account during a quarter.

Fees are deducted from the Funds’ accounts by instructing the Funds’ custodian. The Funds shall pay for their organizational and initial offering expenses as well as for their operating expenses, including but not limited to, all accounting, auditing, tax preparation, legal, administration, research, and trading costs. The Funds may incur brokerage and other transaction costs. For further details on the Firm’s brokerage practices refer to Item 12 of this Brochure.

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

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An affiliate of the Firm receives a performance allocation with respect to each Fund that is calculated based upon a percentage of the net capital appreciation of the relevant Fund. The performance allocations are charged in compliance with Rule 205-3 of the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”).

Net asset value includes net realized and unrealized profits and losses. Net profits are calculated net of management fees, but before the performance allocation.

Performance based fee arrangements may create an incentive for Fine to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Fine has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients. These procedures include requiring that similarly managed accounts participate in investment opportunities pro rata based on

asset size and requiring that, to the extent orders are aggregated, the Fund orders are price-averaged. Fine's procedures also require the objective allocation for limited opportunities (such as initial public offerings and private placements) to ensure fair and equitable allocation among accounts. These areas are monitored by the CCO.

No other hourly, flat or asset-based fees are charged to the Funds.

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**Item 7: Types of Clients**

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The Firm's clients are the Funds. The initial and additional subscription minimums for each Fund are disclosed in the offering documents for the Fund.

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

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***Methods of Analysis & Investment Strategy***

We employ a combination of long investments and short positions identified by our fundamental security-level research. This investment strategy is designed to take advantage of our experience in business analysis, business judgment and Debra Fine's experience as a portfolio manager and research analyst. We evaluate several factors with respect to each investment including current market valuation, competitive market position, profit and growth outlook, management capabilities, capital structure, and cash flow generation properties. We rely on numerous sources of publicly available information for investment judgments and when applicable have detailed discussions with the management of potential portfolio companies.

While we currently expect that U.S. equity securities will represent a majority of the Funds' portfolios, there is no limit on the types of investments, asset classes or geographic regions in which the Funds may invest.

Fine's investment program utilizes leverage which involves the borrowing of funds from brokerage firms, banks and other institutions in order to be able to increase the amount of capital available for marketable securities investments.

We may modify the investment objectives and strategies of the Funds at any time. Our right to modify strategies with respect to the Funds depends upon the terms of the agreements governing such accounts and vehicles.

***Risk of Loss Factors***

The following are the material risks involved in Fine's investment strategy. This list does not purport to be a complete enumeration or explanation of the risks involved in such strategy.

- Certain investments may be very illiquid, and may not be able to be sold at prices that reflect our assessment of their value. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale and other factors. Furthermore, the nature of certain investments, especially those in financially distressed companies, may require a long holding period prior to profitability.
- Fine's investment program involves entering into transactions known as "short sales," in which a Fund sells a security it does not own in anticipation of a decline in the market value of the security. Short sales that are not made "against the box" theoretically involve unlimited loss potential since the market price of securities sold

short may continuously increase. Under adverse market conditions, it may be difficult or impossible to purchase securities to meet short sale delivery obligations. Furthermore, a Fund might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.

- Derivative instruments, or “derivatives,” include futures, options, swaps, structured securities and other instruments and contracts that are derived 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. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading, including liquidity risk and counterparty risk.
- Investing in loans, securities traded over-the-counter, swaps, “synthetic” or derivative instruments, repurchase agreements, certain types of options and other customized financial instruments, and, in certain circumstances, non-U.S. securities, creates the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions that generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.
- Fine’s investment program involves borrowing funds in order to make additional investments, which increases both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the investments would be amplified. Interest on borrowings will be a portfolio expense of the Funds and will affect the operating results of the Funds. Investing in options and other derivatives provides significantly more market exposure than investing directly in the underlying asset. Accordingly, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Funds to the possibility of a loss exceeding the original amount invested. In addition, the value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market’s perception as to the future price behavior of the underlying asset, or any combination thereof.
- Fine’s investment program will not necessarily be widely diversified. Accordingly, the investment portfolio of the Funds may be subject to more rapid changes in value than would be the case if the Funds maintained a wide diversification among companies, securities and types of securities.

#### **Item 9: Disciplinary Information**

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Neither we nor any of our management personnel are subject to, or have in the past ten years been subject to, any criminal or civil action in any domestic or foreign court, and neither we nor any of our management personnel have been subject to any administrative proceedings before the SEC or any other state, federal or foreign financial regulatory authority.

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

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Neither Fine nor any of our employees have any relationships or arrangements that pose material conflicts of interest to our business.

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

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***Participation or Interest in Client Transactions***

We serve as the investment adviser to the Funds. Employees, affiliates of the employees, and relatives of the employees may make investments in the Funds.

In addition, the Firm's related persons may invest in the same securities (or related securities) that the Firm recommends to the Funds. Such practices present a conflict where a related person is in a position to trade in a manner that could adversely affect the Funds (e.g., by placing its own trades before or after Fund trades are executed in order to benefit from any price movements due to the Fund's trades). In addition to affecting the related person's objectivity, these practices by the related person may also harm Funds by adversely affecting the price at which the Funds' trades are executed. The Firm has adopted a pre-clearance policy, as discussed below, in an effort to minimize such conflicts.

***Code of Ethics & Personal Trading***

Pursuant to Rule 204A-1 of the Advisers Act, we have adopted a Code of Ethics and an Employee Investment Policy that establishes various procedures with respect to investment transactions in accounts in which our employees or related persons have a beneficial interest and accounts over which an employee has investment discretion.

In general, employees (and members of their immediate households) are permitted to invest in equities, options or futures but must obtain written pre-approval from the CCO. The spirit of the Code of Ethics and the Employee Investment Policy is to discourage frequent trading in employee personal accounts. In addition, employees may not acquire securities for their own account in an initial public offering. Employees must also obtain pre-approval from the CCO before engaging in any outside business activities or private placements.

All of our employees must direct their brokers to send duplicate brokerage statements to the CCO. These records are used to monitor compliance with the foregoing policies.

These policies apply to any personal transactions involving equity, debt, options, or futures. This policy does not apply to transactions involving government securities, open-end mutual funds or other instruments which afford the investor no discretion over individual securities transactions.

Our Code of Ethics and Employee Investment Policy are available upon request.

**Item 12: Brokerage Practices**

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As an adviser and a fiduciary to the Funds, we require that the Funds' interests must always be placed first and foremost, and our trading practices and procedures prohibit unfair trading practices and seek to disclose and avoid any actual or potential conflicts of interests or resolve such conflicts in the Fund's favor. We have adopted the following policies and practices to meet the Firm's fiduciary responsibilities and to ensure our trading practices are fair to all Funds and that no Fund or account is advantaged or disadvantaged over any other.

**Aggregation**

The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to the Funds. Our policy is to aggregate Fund transactions where possible and when advantageous to the Funds. In these instances, Funds participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis.

**Allocation**

Our policy prohibits any allocation of trades in a manner that would cause our proprietary accounts, affiliated accounts, or any particular Fund or group of Funds to receive more favorable treatment than other Funds.

All Funds are generally traded *pari passu* and trades are normally allocated pro rata based on assets under management with the allocations being set on a continual basis.

**Best Execution**

As an investment advisory firm, we have a fiduciary duty to seek best execution for client transactions. As a matter of policy and practice, we seek to obtain best execution for client transactions, i.e., seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances.

**Principal Trading**

Our policy and practice is to not engage in any principal transactions.

**Soft Dollars**

We may use “soft dollars” generated by Funds’ trading activities to obtain research and brokerage services within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended. This use of soft dollars raises conflicts of interest. For example, Fine will not have to pay for the products and services itself. This creates an incentive for Fine to select or recommend a broker-dealer based on its interest in receiving those products and services. During the Adviser’s last fiscal year, as a result of client brokerage commissions, the Adviser and/or its related persons acquired research reports (including market research); financial models providing analysis of individual securities; attendance at certain seminars and conferences; discussions with research analysts; and meetings with corporate executives.

In determining whether to direct client brokerage transactions to particular broker-dealers, the CCO periodically reviews and evaluates the soft dollar practices of Fine to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer.

**Trade Errors**

As a fiduciary, we have the responsibility to effect orders correctly, promptly and in the best interests of the Funds. In the event any error occurs in the handling of any Fund



transactions, due to our actions, or inaction, or actions of others, our policy is to assess each trade error on a case-by-case basis. Such loss will be borne by the Fund unless an error is the result of the Firm's willful misconduct, recklessness, or gross negligence.

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**Item 13: Review of Accounts**

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***Review of Accounts***

The Funds managed by the Firm are reviewed on a continual basis by Debra Fine to assure conformity with investment objectives and guidelines.

***Reporting***

Fine will distribute an audited financial report for each Fund with respect to the previous fiscal year to all investors in such Fund within 120 days of year-end. In addition, each Fund will generally distribute net asset value updates and performance reports with attribution analysis on a monthly basis.

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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 for client referrals.

We do not currently provide advice to parties other than the investors in the Funds. The Firm also does not provide other advisory services to the investors in the Funds.

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**Item 15: Custody**

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While it is Fine's practice not to accept or maintain physical possession of any of our Funds' assets (and our Funds' assets are in the custody of one or more prime brokers and or banks), we are deemed to have custody of their assets under Advisers Act Rule 206(4)-2 because we have the authority to access client funds and to deduct fees and expenses from the Funds' accounts.

To comply with Rule 206(4)-2, we utilize the services of a bank or qualified custodian to hold all assets of our Funds except those assets that are not capable of being held by a custodian. We also confirm that the qualified custodian maintains these assets in accounts bearing each Fund's name that contain only assets of such Fund.

While Rule 206(4)-2 generally requires an investment adviser to provide for a qualified custodian to send account statements to all of its clients whose assets the custodian holds at least quarterly, we are not subject to such requirement because our Funds are subject to audit at least annually by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board.

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**Item 16: Investment Discretion**

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Fine possesses discretionary portfolio management authority over the Funds with respect to asset allocations and direct investments as per the advisory agreements in place.

Prior to assuming full discretion in managing a client's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Fine has the authority to determine (i) the securities to be purchased and sold for the Funds' accounts (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) and (ii) the amount of securities to be purchased or sold for the Funds' accounts.

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**Item 17: Voting Client Securities**

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To the extent Fine has been delegated proxy voting authority on behalf of its clients, Fine complies with its proxy voting policies and procedures that are designed to ensure that in cases where Fine votes proxies with respect to client securities, such proxies are voted in the best interest of the Funds. The investors in the Fund may not direct voting of proxies.

If a material conflict of interest between Fine and a Fund exists, Fine will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the Fund or take some other appropriate action.

Upon request, we will provide an investor with a copy of our proxy voting policies and procedures and/or a record of all proxy votes cast by the Funds.

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**Item 18: Financial Information**

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Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Fine has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.