

**Item 1**  
**Cover Page**

PART 2A OF FORM ADV: FIRM BROCHURE

**Virgo Investment Societas LLC**

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This brochure provides information about the qualifications and business practices of Virgo Investment Societas LLC. If you have any questions about the contents of this brochure, please contact us at (650) 486-1953. 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.

From time to time in this and other documents Societas may refer to itself as a "registered investment adviser" by virtue of its registration with the SEC. This title does not imply any level of training or skill.

Additional information about Societas is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2**

### **Material Changes**

This brochure, dated March 27, 2015, is Virgo Investment Societas LLC's annual updating amendment to its last brochure, which was filed on March 27, 2014. There have been no material changes to this brochure.

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

Effective January 1, 2015, Barry Uphoff is no longer a Senior Adviser to Virgo Investment Group LLC, a direct owner and affiliate of Virgo Investment Societas LLC.

#### **Item 1.F: Other Offices**

We have added a new office location in Summit, New Jersey.

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## **Item 4**

### **Advisory Business**

**A.** Virgo Investment Societas LLC (“Societas” or the “Firm”), a Delaware limited liability company, is an investment adviser located in Redwood Shores, California, founded in 2009. Virgo Investment Group LLC (“VIG”) and Capricorn Investment Group LLC (“Capricorn”), each a registered investment adviser, are joint owners of the Firm<sup>1</sup>.

Societas provides investment advice and management services to private investment vehicles (collectively, the “Clients”)<sup>2</sup>. The Clients are exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”), pursuant to Section 3(c)(7) of the Investment Company Act or by virtue of accepting only foreign and U.S. tax-exempt investors. Societas’s Client investors are all qualified investors.

**B.** Services provided by Societas include: recommending, evaluating, structuring and negotiating prospective investments, managing portfolio companies post-acquisition and post-investment and advising the Clients with respect to disposition opportunities. Societas invests primarily in private investments, targeting middle-market credit and asset-based investments. In general, investments consist of a diversified portfolio across securities, industry sectors and asset classes. Each Client may have one or more investors.

The Firm is no longer actively investing on behalf of Societas's active Clients. As such, the Firm is currently only advising Clients with respect to the disposition of investment opportunities.

**C.** Societas utilizes the same strategy for all of the Clients. However, the Firm may tailor its advisory services to the specific needs of a Client when deemed necessary.

**D.** Societas does not participate in wrap fee programs.

**E.** As of December 31, 2014 Societas managed \$8,678,755 in assets on a discretionary basis and \$22,540,175 in assets on a non-discretionary basis.

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<sup>1</sup> Please see the disclosure relating to conflicts with VIG and Capricorn in Item 10 below.

<sup>2</sup> “Client” means any investment vehicle for which Societas provides investment advice. The investors and other persons who invest in the Societas-sponsored investment vehicles are generally referred to herein as “investors.” Unless otherwise expressly stated herein, the term “Client” does not include “investors.”

## **Item 5**

### **Fees and Compensation**

**A.** Societas's Client investors are all "qualified purchasers" as defined in the Investment Company Act. The specific terms of Societas's fee arrangements with the Clients are set forth in each Client's limited partnership agreement.

**B.** Societas generally deducts management fees ("Management Fees") directly from the Clients' assets. The Firm also may be entitled to a performance fee (the "Carried Interest Distribution"), based on realized gains from investments above a performance benchmark. Carried Interest Distributions, if applicable, are deducted directly from Clients' assets as investments realize gains and not on a pre-determined scheduled.

In addition to the Management Fee, in connection with the affairs of a Client, the Firm may receive fees relating to the completion, termination, cancellation or abandonment of any consummated or proposed investment, including origination fees, or other related services in relation to investments ("Additional Fees"). Fifty percent of the portion of Additional Fees attributable to a Client's investment will generally be distributed to investors or applied as an offset to the Management Fee for current and future periods.

**C.** Each Client will bear separately its own formation expense and operating costs, including but not limited to: costs and expenses incurred in the holding, purchase, sale or exchange of investments; organizational expenses; third-party deal sourcing fees; legal, audit, fund administration and accounting fees; interest on borrowed funds; brokerage fees and regulatory fees; taxes applicable to each Client on account of its operations; fees related to preparation of tax returns and annual filings with the State of Delaware; fees and expenses of any administrator, custodian and any other service providers; ongoing reporting and administration costs; and any extraordinary expenses.

Clients will incur brokerage and other transaction costs. Please see Item 12 "Brokerage Practices" for more information.

**D.** Management Fees are paid quarterly in advance. Upon termination of an advisory contract, any prepaid, unearned Management Fees will be promptly refunded, based on the actual number of days remaining in the quarter during which the advisory contract was terminated.

**E.** Neither Societas nor any of its supervised persons receive, directly or indirectly, any compensation from the sale of securities or other investment products.

## **Item 6**

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

As stated in Item 5 (“Fees and Compensation”) above, Societas may be entitled to receive a Carried Interest Distribution based upon realized gains from investments above a performance benchmark.

The Carried Interest Distributions are structured subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

The Carried Interest Distribution may create an incentive for the Firm to recommend to the Clients investments that are riskier or more speculative than those which would be made under a different fee arrangement.

The Carried Interest Distribution charged by the Firm may vary among investors. Some investors, such as the Firm’s operating partners’ (the “Operating Partners”), pay no Carried Interest Distribution. This may incentivize the Firm to favor those accounts which pay higher Carried Interest Distributions. However, the Firm is committed to fulfilling its fiduciary duty to its Clients and investors and to act at all times in the best interests of the Clients and investors. To this end, the Firm has implemented internal controls to address the potential conflicts associated with performance-based fees and varying fee structures.

**Item 7**  
**Types of Clients**

Societas provides investment advisory services to the Clients, which are private investment vehicles that are exempt from registration under the Investment Company Act. The Clients are limited to “qualified purchasers,” as defined in the Investment Company Act.

Societas does not impose a minimum account size.

## Item 8

### Methods of Analysis, Investment Strategies and Risk of Loss

Societas's Clients are opportunistic, yet have a value investment philosophy, a bias toward the preservation of capital and an emphasis on generating a current yield on invested capital. The Clients seek to achieve risk-adjusted returns through a process of fundamental research and a probabilistic approach to portfolio construction. Societas targets market seams, including both cyclical market opportunities and thematic industry viewpoints, where investment returns are less correlated with market credit spreads and corporate valuation multiples. Societas identifies and capitalizes on these market seams with the belief that it is the best way to discover and deliver attractive returns on invested capital for its Clients. Furthermore, Societas believes distressed opportunities and other special situations within the middle-market investment universe offer the greatest chance for consistent value creation. The Firm targets credit risks that are inefficiently priced by the traditional capital markets, businesses or assets in transition where there is unlocked value pre-investment, and business transformations where there is an opportunity to create and build value post-investment.

Being an opportunistic investor requires a disciplined approach to theme development, sourcing and investment due diligence given the breadth of investment activity pursued. Societas recognizes the importance of a well-constructed and consistently applied investment strategy to achieving long-term results. Societas follows a disciplined investment approach to: (i) identify market seams or thematic investment theses; (ii) select specific investment opportunities; (iii) develop an information advantage or analytical edge in diligencing and assessing risks; and (iv) execute and exit investments efficiently to maximize returns for the Clients.

Societas believes that rigorous research, bottom-up due diligence and a fundamental understanding of companies or assets is critical to achieving long-term investment results and provides the best risk management. Investment ideas are generated internally through research and analysis. In connection with identifying, evaluating, analyzing and investigating investment opportunities for the Clients, investment professionals also generally draw upon their professional experience in relevant industries and contact with industry executives, established business relationships and independent consultants. Societas invests across the capital structure with an emphasis on (i) middle-market specialty finance, (ii) niche asset-based market segments, (iii) distressed investments, and (iv) structured private financings for middle-market companies.

Societas's investment program is speculative and involves significant risks, including the risk of total loss. Investments made by the Clients are very illiquid. There can be no assurance that Societas's investment objectives will be achieved, and actual investment results may vary substantially from the investment objective and prior performance. Investors should be prepared to bear these general risks as well as the more specific risks set forth below.

Other risks inherent to the strategies employed by Societas include, but are not limited to, the following:

*Concentrated Portfolio.* Generally, a Societas Client will be formed as a limited liability corporation with the objective of acquiring one or more credit investments without regard to formal diversification policies. Although the Firm does adhere to certain allocation limits, as more fully described in each Client's limited partnership agreement, concentration risks still exist. At any given time, a Client may be highly concentrated in certain types of credit investments (as grouped by issuer, industry, geography,



market and/or investment strategy). The aggregate returns of any Client may be adversely affected by the unfavorable performance of a single investment.

*Illiquid Investments.* In general, there will be no active market or readily ascertainable values for certain credit investments. Investors must have the financial ability and willingness to remain invested for the long term. If a Client is required to sell an illiquid credit investment, it may only be able to do so at disadvantageous prices.

*Competition.* A large number of private investment funds have been formed to capitalize on the types of credit investments that Societas will seek. Many of these funds are already active in the marketplace. There can be no assurance that Societas will be able to compete successfully against competitors for opportunities in the marketplace.

*Interest Rate Risk.* The value of any particular credit investments may be sensitive to changes in prevailing interest rates and other factors beyond Societas's control.

*Projections.* Investments will be selected based upon Societas's analysis of specific credit investments and various projections regarding future performance and cash flow. Projections are inherently uncertain and subject to factors beyond Societas's control. The occurrence of unforeseen events could materially impair the performance of one or more credit investments.

*Distressed Investment Risk.* The Clients may invest, directly or indirectly, in securities of U.S. and non-U.S. issuers which lack financial strength. Investments of this type may involve material financial and business risks that can result in substantial, or at times even total, loss of invested capital.

*Usury.* Certain credit investments made by a Client to a borrower may be subject to state usury laws. Societas intends to use reasonable best efforts to cause each Societas Client to comply with applicable usury laws. If a Societas Client fails to comply with applicable usury laws, a credit investment may suffer significant losses.

*Potentially Subjective Valuation.* Societas has a valuation policy that provides for a particular methodology to be used in the valuation of investments. Under Societas's valuation policy, for the majority of investments, the Firm derives its own financial models in determining the fair market value of certain credit investments. Societas's judgment as to the fair market value of certain investments is predicated on a variety of assumptions and estimates that may prove to be incorrect. To mitigate this risk, the Firm generally utilizes the services of a third party valuation agent to confirm that Client investments are valued in a manner that is fair and objective on an annual basis.

*Lender Liability Considerations and Equitable Subordination.* A number of jurisdictions have upheld the right of borrowers to sue lenders on a variety of legal theories (collectively termed "lender liability") including violations of implied or contractual duties owed by lenders to borrowers. Because of the nature of Societas's credit investments, a Client may be subject to allegations that such duties were breached or that the claim of a Societas Client to a borrowers' assets should be subordinated to claims of other creditors ("equitable subordination").

**Item 9**  
**Disciplinary Information**

In the past ten years, there have been no legal or disciplinary events involving either Societas or any of its management persons that are material to Societas's advisory business.

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

**A.** Neither Societas nor any of its management persons are registered, or have an application pending to register, as broker-dealers or registered representatives of a broker-dealer.

**B.** Neither Societas nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

**C.** As discussed above in Item 4, currently, the Firm is jointly owned by VIG and Capricorn. VIG and Capricorn share the profits from the Firm in accordance with their respective percentage interests. Currently, Capricorn and VIG are entitled to 75% and 25%, respectively, of the Firm's profits.

Because Societas and Capricorn pursue distinct investment strategies with minimal overlap, this relationship does not present any material conflicts.

Societas and VIG clients have similar investment strategies and will invest to a certain extent in the same securities. This overlap in investment approach poses the potential for conflicts of interest. However, both Societas and VIG are committed to fulfilling their fiduciary duty to their clients. To this end, Societas and VIG have implemented internal controls to address the potential conflicts. Specifically, when investment opportunities are suitable for both Societas and VIG clients, such investment opportunities will be allocated pro-rata among the applicable clients based on available capital, per the allocation policies and procedures adopted by both VIG and Societas.

**D.** Societas does not recommend or select other investment advisers for its Clients.

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## **Item 11**

### **Code of Ethics, Participation or Interests in Client Transactions and Personal Trading**

- A.** Societas has adopted a Code of Ethics (the “Code”) to ensure that Societas fulfills its role as a fiduciary to the Clients. The interests of the Clients must always be recognized, respected, and have precedence over those of Societas employees and others as determined by the Firm’s Chief Compliance Officer. The Code requires that Societas employees and certain associated persons (“Covered Persons”) act in the best interests of the Clients to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Clients to the extent reasonably possible, and identify and manage conflicts of interest to the extent they arise. Covered Persons are also required to comply with applicable provisions of federal securities laws and make prompt reports of any actual or suspected violations of such laws by Societas or Covered Persons. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of Covered Persons. The Code requires that Covered Persons pre-clear certain public and private personal securities transactions, report all personal securities transactions on at least a quarterly basis and submit reports to Societas regarding personal accounts and reportable securities holdings at least annually. The Code also addresses confidentiality, outside activities, conflicts of interest, policies and procedures concerning the prevention of insider trading, includes restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and the pre-clearance and reporting of political contributions. Covered Persons are required to provide a written certification to Societas as to their compliance with the Code upon hire, and on an annual basis thereafter. Copies of the Code will be provided to any existing or prospective investor upon request.
- B.** From time to time, consistent with a Client’s investment objectives and subject to satisfaction of Firm policies and procedures, the Client’s governing documents and applicable law, Societas may recommend that a Client acquire or sell securities or interests in which Societas or an affiliate has a pre-existing direct or indirect interest. The Code is designed to identify and manage conflicts of interest to the extent they arise in connection with such transactions, and to ensure that the Firm fulfills its role as a fiduciary to the Clients.
- C.** From time to time, subject to satisfaction of Firm policies and procedures, the Client’s governing documents and applicable law, a Covered Person may acquire or sell securities that are recommended to a Client or in which a Client has a pre-existing direct or indirect interest. The Code is designed to identify and manage conflicts of interest to the extent they arise in connection with such transactions, and to ensure that the Firm fulfills its role as a fiduciary to the Clients.
- D.** Neither Societas nor any related person recommends securities to Clients, or buys or sells securities for Client accounts, at or about the same time that they buy or sell the same securities for their own account.

**Item 12**  
**Brokerage Practices**

- A.** The Firm is largely focused on private investment opportunities and therefore is generally not in a position to select a broker-dealer for Client transactions.
- B.** Societas does not engage in soft dollar arrangements with broker-dealers.
- C.** In the private equity context, client referrals are not relevant to Societas's selection or recommendation of broker-dealers.
- D.** Societas does not engage in directed brokerage.
- E.** Due to the nature of investments recommended to Societas's Clients, Societas does not engage in the aggregation of the purchase or sale of securities.

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

**A.** Societas’s portfolio managers and analysts review the Clients’ portfolio holdings on a quarterly basis. The goal of the reviews is to conduct a focused evaluation of current performance and “connect the dots” across investments. Societas is focused on mining completed investments to better understand the current economy. Societas’s portfolio managers and analysts also review the Clients’ portfolio holdings informally on a continual basis.

**B.** The Firm does not utilize any specific criteria to trigger a review of Client investments at this time.

**C.** Within 120 days after the Firm’s fiscal year-end, audited financial statements are emailed to each investor in the Clients. In addition, the Firm delivers to investors unaudited performance information for the Clients on a quarterly basis.

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

**A.** Other than the Firm's ability to earn Additional Fees, as described in Item 5, no one other than the Clients provides an economic benefit to Societas for providing investment advice or other advisory services to the Clients.

**B.** Neither Societas nor any related person directly or indirectly compensates any person who is not a supervised person for Client referrals. However, from time to time Societas may use an unaffiliated third party for investor referrals.

## **Item 15**

### **Custody**

The Clients assets, of which the Firm is deemed to have custody, are generally maintained with a qualified custodian, as defined in Rule 206(4)-2 of the Advisers Act ("Qualified Custodian"). The Clients' privately-issued certificated securities are generally held by the Qualified Custodian by maintaining a copy of the stock certificates. The Clients' privately-issued securities or other assets that are recorded only on the books and records of the issuer (or its transfer agent) in the name of the Client and that are only transferable with the prior consent of the issuer or other security holders are not required to be maintained by a Qualified Custodian. In accordance with Rule 206(4)-2 of the Advisers Act, each Client will distribute independently audited financial statements of the Client to its respective investors not later than 120 days after the end of each Client's fiscal year.



**Item 16**  
**Investment Discretion**

Societas has discretionary authority to manage the assets of several Clients. Societas also manages several of the Clients on a non-discretionary basis, as specified in the Clients' operating agreements. As described more fully in each Client's individual operating agreement, the Firm is granted full power of attorney over the Clients' assets, including, in some vehicles, the right to pursue an investment program in its full discretion and all rights, privileges and powers of ownership with respect to the Client's assets.

## **Item 17**

### **Voting Client Securities**

As the Clients invest primarily in private securities, the Firm is generally not in a position to vote proxies. However, in the event that the Clients obtain securities with voting authority, the Firm will vote in accordance with Rule 206(4)-6 of the Advisers Act. The Firm's general policy is to vote proxies in the best interest of the Clients. The Firm maintains that company management generally is best suited to make the decisions that are essential to the ongoing operation of the company. Therefore, the Firm generally will vote proxies in line with company management. However, if a situation arises where the Firm believes that company management's proposal does not maximize value for the Clients, the Firm will vote against company management. In such instances, the reason for the decision and a record of the vote will be retained by the Firm.

If the Firm believes that a particular proposal presents a material conflict of interest, the Firm will determine how to vote that proposal taking into consideration various factors including the investment objectives and strategies of the relevant Client and any procedures set forth in the governing documents of the relevant Client. The Firm will document the factors considered in determining how to vote a proposal that presents a material conflict of interest.

Information regarding how Clients' proxies have been voted in the past and a copy of the Firm's Proxy Voting Policies and Procedures will be provided by Societas to its investors upon request. The Firm's compliance team may be contacted at (650) 486-1953.

**Item 18**  
**Financial Information**

Societas does not require or solicit prepayment of more than \$1,200 in fees per Client six months or more in advance.

Societas does not believe that there are any conditions that are reasonably likely to impair Societas's ability to meet contractual commitments to Clients.

Societas has never been the subject of a bankruptcy petition at any time during the past ten years.