

## **OTTER CREEK MANAGEMENT, INC.**

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### **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Otter Creek Management, Inc. If you have any questions about the contents of this brochure, please contact us at (561) 832-4110 or via e-mail at [jbeals@ottercreekmgt.com](mailto:jbeals@ottercreekmgt.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 Otter Creek Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Otter Creek Management, Inc. is 127397.

Otter Creek Management, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 Summary of Material Changes**

Since its most recent Form ADV filing, the Firm has revised this brochure to update the address of its principal place of business. In the future, this item will be updated as necessary to reflect any subsequent material changes made to this brochure.

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## Item 4 Advisory Business

### Description of Services and Fees

We are a registered investment adviser based in West Palm Beach, Florida. We are organized as a corporation under the laws of the State of Delaware and we have been providing investment advisory services since 1991. Roger Keith Long is our principal owner.

As used in this brochure, the words "we", "our" and "us" refer to Otter Creek Management, Inc. and the words "you" and "your" refer to you as either an investor or prospective investor. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### Private Pooled Investment Vehicles

We provide investment advisory services to two private investment funds ("Funds" or individually "Fund"), the securities of which are offered for sale to a limited number of qualified investors, Otter Creek Partners I, LP ("OCP"), for which we serve as general partner and investment adviser, and Otter Creek International, Ltd. ("OCI"), for which we serve as investment adviser. Each Fund is a pooled investment vehicle that invests in securities and other investments. Each Fund is a private investment fund within the meaning of Rule 203(b)(3)-1 under the Investment Advisers Act of 1940, as amended ("Advisers Act"), and neither fund is registered under the Investment Company Act of 1940, as amended (the "1940 Act"). We and certain of our Associated Persons have a significant investment in both entities. We may become the general partner (or similar status) and/or investment adviser of additional private funds in the future.

The securities of Fund are offered only to investors meeting certain sophistication and financial requirements and only by private placement memorandum and other offering documents. Investors and prospective investors should refer to the offering documents for the Funds for a complete description of the risks, investment objectives and strategies, fees and other relevant information pertaining to investments in the Funds.

We have the authority and responsibility to formulate investment strategies on behalf of the Funds, including deciding which securities to buy and sell, when to buy and sell and in what amounts, in accordance with the investment program and investment restrictions set forth in the confidential offering memoranda of the Funds, as amended or supplemented from time to time. In addition, we have the authority and responsibility to perform various other functions, including issuing custodial instructions, selecting brokers and dealers, executing securities transactions, administering, or retaining third parties to administer the Funds, preparing reports to investors, valuing the Funds and their securities, and exercising voting rights, subscription rights, rights to consent to corporate action and any other rights pertaining to the Funds' assets.

As set forth in the organizational documents of the Funds, we generally cannot be terminated as investment adviser to the Funds (subject, in the case of the Fund that is incorporated in a non-US jurisdiction, to the law of such non-US jurisdiction). However, an investor in a Fund that no longer wishes to have their assets managed by us though a Fund could redeem his, her or its interest in such Fund in accordance with the redemption procedures of such Fund.

Our investment advisory fees consist of an asset-based management fee and a performance fee (also referred to as a "Special Allocation"). We charge the Funds a management fee equal to an annual rate of 1%, payable monthly in arrears. With respect to the Fund that is organized as a partnership for US federal income tax purposes, we are eligible to receive an allocation each year generally equal to 20% of the Fund's net new profit for the year, if any. With respect to a Fund that is organized as a

corporation in a non-US jurisdiction, we are eligible to receive a fee each year generally equal to 20% of the Fund's net new profit for the year, if any. All performance fees and allocations are subject to a high-water mark.

### **Types of Investments**

We do not primarily provide advice on or purchase for the Funds any one particular type of investment but rather provide advice on and purchase a variety of investments subject to the investment objectives and limitations, if any, set forth in the offering documents for the Funds. Investors should refer to such documents for further information on the types of investments in which the Funds may invest.

### **Assets Under Management**

As of December 31, 2015, we provide continuous management services for \$71,293,254 in client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

Please refer to the "Advisory Business" section in this Brochure for information on our advisory fees and compensation.

### **Additional Fees and Expenses**

Fund Investors pay Fund administration and other incidental fees as necessary to operate the Funds, and minor legal fees related to the maintenance of the Funds' documents as identified in the Funds' audited financial statements.

From time to time we cause the Funds to invest in shares of registered investment companies ("mutual funds"). Investors and prospective investors in the Funds should be aware that mutual funds assess a management fee to their investors and, in certain cases, charge administrative, servicing and/or other fees, including performance fees. Any fees paid to such mutual funds or their affiliates would be in addition to any fees that we charge the Funds.

Investors and prospective investors should refer to the Funds' private placement memorandum for a complete description of all fees associated with the Funds.

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

We are entitled to receive a performance based fee for managing the Funds as stated below. Our affiliated adviser, Otter Creek Advisors, LLC manages client accounts which have similar objectives to the Funds that are not charged a performance based fee. This is called "side-by-side management". Performance based fees and side-by-side management create conflicts of interest which we have identified and described in the following paragraphs.

We are entitled to receive a performance fee (also referred to as a "Special Allocation") from the Funds equal to 20% of the Funds' net new profit per year, subject to a high water mark, which will be charged to each investors account.

Performance-based fees may create an incentive for us to make investments for the Funds that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, our investment committee continually monitors investments in the Funds to ensure that such investments are suitable and in accordance with the investment objectives and risk tolerance of the Funds.

Performance based fees may also create an incentive for us to overvalue investments which lack a market quotation. In order to address such conflict, we have adopted policies and procedures that require us to "fairly value" any investments, which do not have a readily ascertainable value.

Investors and prospective investors should refer to the offering documents of the Funds for further information on our performance based fees.

Side-by-side management might provide an incentive for our firm to favor accounts for which we receive a performance-based fee. For example, we may have an incentive to allocate limited investment opportunities to the Funds who are charged performance-based fees over allocations our affiliate may make to their client accounts which are charged asset based fees only. To address this conflict of interest, we have instituted policies and procedures that require our firm (and our affiliate) to allocate investment opportunities (if they are suitable) in an effort to avoid favoritism among our clients, regardless of whether the client is charged performance fees.

## **Item 7 Types of Clients**

We provide investment advisory services to two private investment funds, Otter Creek Partners I, LP ("OCP") and Otter Creek International, Ltd. ("OCI") as discussed above in the Advisory Business section.

Investors in the Funds will be required to make a minimum initial investment of \$1,000,000 upon subscription. Investors in OCP must be (i) "accredited investors," as defined in Rule 501 under the Securities Act of 1933, as amended (the "1933 Act"), and (ii) "qualified purchasers," as defined in the 1940 Act. Investors in OCI must generally be (i) accredited investors and (ii) "qualified clients," as defined in Rule 205-3 under the Advisers Act. OCM may, in its sole discretion, accept lesser amounts and/or change the minimum investment requirement in the future. Investors in OCP are required to be U.S. persons and investors in OCI are required to be non-U.S. Persons and U.S. Tax Exempt Investors.

Investors and prospective investors should refer to the Funds' offering documents for further information on minimum investment and investor qualification requirements.

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

Investors and prospective investors should refer to the Funds' offering documents for a description of methods of analysis, investment strategies and risk of loss associated with investing in the Funds.

## **Item 9 Disciplinary Information**

Otter Creek Management, Inc. has been registered since 2003 and providing investment advisory services since 1991. Neither our firm nor any of our management persons have any reportable disciplinary information.

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

As discussed earlier, OCM serves as general partner and investment adviser to a Delaware limited partnership, Otter Creek Partners, LP, in which certain qualified prospective US investors are solicited to invest. OCM also serves as investment adviser to Otter Creek International Ltd., a British Virgin Islands International Business Company, in which certain qualified prospective non-U.S. Persons and U.S. Tax Exempt Investors are solicited to invest.

We are under common control and ownership with Otter Creek Advisors, LLC, a registered investment adviser. Otter Creek Advisors, serves as the investment adviser to registered mutual funds. Investors in our Funds may also be Clients of our firm may also be investors in the registered mutual funds advised by Otter Creek Advisors and are hereby advised that the fees associated from investing in the Funds are separate and apart from the fees associated with investing in the registered mutual funds. . We may have incentive to recommend investments in the registered mutual funds given our affiliation. Investors should refer to each registered mutual fund's prospectus for information regarding the mutual fund.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Justin A. Beals at (561) 832-4110 or via e-mail at [jbeals@ottercreekmgt.com](mailto:jbeals@ottercreekmgt.com).

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

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

### **Personal Trading Practices**

Our Code of Ethics prohibits employees from trading in securities of which the employee has actual knowledge is being considered for purchase or sale for the Funds.

## **Item 12 Brokerage Practices**

We have adopted a Policy on Selecting Brokers and Dealers which requires that "best execution", adherence to fiduciary duty and compliance with the law are paramount considerations in selecting a broker or dealer to effect transactions for Fund accounts. In selecting broker-dealers, we will generally seek the best combination of net price and execution for Fund accounts and may consider other factors, including the broker's trading expertise, stature in the industry, execution ability, facilities, clearing capabilities and financial services offered, reliability and financial responsibility, timing and size of order and execution, difficulty of execution, current market conditions and depth of the market.

We do not obligate ourselves to seek the lowest transaction charges in all cases except to the extent that it contributes to the overall goal of obtaining the best results for the Funds. A higher transaction charge on exchange and over the counter trades may be determined reasonable in light of the value of the brokerage and research services provided. These services are of the type described in Section 28(e) of the 1934 Act and are designed to augment our internal research and investment strategy capabilities, as further discussed below.

Section 28(e) of the Securities Exchange Act of 1934 defines "research" for this purpose as including (A) advice, furnished either directly or through publications or writings, as to the value of securities, the advisability of investing in, purchasing, or selling securities, and the availability of securities or purchasers or sellers of securities, and (B) analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts. The test for determining whether a service, product or benefit obtained from or at the expense of a broker constitutes "research" under this definition is whether the service, product or benefit assists the Firm in investment decision-making for discretionary accounts. Services, products or benefits that do not assist in investment decision-making for discretionary accounts do not qualify as "research."

### **Research and Other Soft Dollar Benefits**

We currently have soft-dollar arrangements with several brokerage firms which execute transactions for the Funds ("Soft Dollar Brokers"). The process of paying for some investment decision-making products and services with soft dollars may be viewed as a potential conflict of interest between us and the Funds in such cases where we might have paid for such products and services using our own funds. We seek to control this process by maintaining a relatively small soft dollar budget and by limiting the services to those that fall squarely under the safe harbor of Section 28(e).

Soft Dollar Brokers pay for research products and services including statistical corporate data, real time and historical securities quotes, valuation services, text retrieval, pricing and analytical services, proxy analysis and proxy vote recommendations, company lawsuit and legal liability data and analysis, economic and industry data, and fundamental data provided by third party advisers in exchange for our directing commission business to the Soft Dollar Brokers. The portion of products and services that assist in the investment decision-making process are paid for in soft dollars. The non-research function is paid for by us in hard dollars. We will continue to pay the non-research function of such mixed-use services in hard dollars as other situations arise.

### **Allocation/Block Trades/Rotation**

Our policy on trade allocation requires that trade orders be allocated and block traded in a fair and equitable manner. In the majority of cases, trade orders are allocated among the Funds on a pro rata basis, subject to some exceptions, including that specific allocations may be made: (1) in order to adjust or maintain the overall ratios of specific securities held by the Funds; (2) based upon an account's existing positions in securities; (3) because of the cash availability of one or more particular accounts; (4) an account's allocation may be eliminated, reduced or increased because of investment policies and restrictions, account guideline limitations or investment objectives; and (5) for tax reasons.

We generally will aggregate ("block trade") orders with respect to a security if such aggregation is consistent with achieving best execution for the various client accounts. We are not obligated to block trade all orders and when orders are aggregated, each participating account will receive the weighted average share price for all transactions in a particular security effected to fill such orders on a given business day and transaction costs will be shared pro rata based upon each account's participation in the transaction, subject to our discretion of the relevant portfolio manager depending on factual or market conditions and the duty to achieve best execution for client accounts. We may aggregate orders with those of our affiliated adviser.

In addition, in the event the same securities purchased by clients of our firm are also purchased for clients of our affiliated adviser, Otter Creek Advisors, LLC, the entry of such orders is alternated with the goal of treating all clients (including those of our affiliate) fairly.

Investors and prospective investors should refer to the Funds' private placement memoranda for further information on Brokerage Practices.



## **Item 13 Review of Accounts**

On a daily basis, a senior member of our firm reviews performance and asset allocation of each Fund for consistency of investment policy implementation. There are no triggering factors for reviews. Individuals currently performing portfolio reviews are Roger Keith Long, Michael Winter, Tyler Walling, as Investment Professionals and Justin Beals as Director of Operations and CCO. The individuals conducting reviews may vary from time to time, as individuals join or leave the firm.

We provide monthly reports as well as annual audited financial statements to investors in the Funds.

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

Please see Item 12 above for information on the soft dollar benefits we receive.

We may compensate third parties for referring investors to the Funds. We will pay such third parties a portion of the management and performance fee charged by us to the Funds and no sales charge, commission or placement fee will be charged to investors in the Funds.

## **Item 15 Custody**

As noted above, we serve as investment adviser to two private investment funds ("Funds"), Otter Creek Partners I, LP ("OCP"), for which we also serve as general partner, and Otter Creek International, Ltd. ("OCI"), for which Roger Keith Long is also a Director. In our capacity as general partner of Otter Creek Partners I, LP and because Mr. Long is a Director of Otter Creek International, Ltd., our firm and Mr. Long have legal access to the Funds' assets, and therefore have custody over such assets. We provide each investor in OCP and OCI with audited annual financial statements. If you are a Fund investor and have questions regarding the financial statements or if you did not receive a copy, please contact Justin A. Beals, Chief Compliance Officer, at (561) 832-4110 or via e-mail at [jbeals@ottercreekmgt.com](mailto:jbeals@ottercreekmgt.com).

## **Item 16 Investment Discretion**

Subject to any limitations stated in the Funds' offering documents, we have discretionary authority over Funds and have the power to purchase and sell securities for the Funds as well as select broker-dealer and commissions rates to be paid for Fund transactions without seeking any investors' consent.

## **Item 17 Voting Client Securities**

### **Proxy Voting**

In general, we will determine how to vote proxies based on our reasonable judgment of that vote most likely to produce favorable financial results for the Funds. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders; proxy votes generally will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Consistent with our paramount commitment to the financial investment goals of the Funds, social considerations will not be considered absent contrary Funds mandate.

Conflicts of interest between our firm or a principal of the firm and the Funds in respect of a proxy issue conceivably may arise, for example, from personal or professional relationships with a company or with the directors, candidates for director, or senior executives of a company that is the issuer of securities held by the Funds.

If our Chief Compliance Officer determines that a material conflict of interest exists, the following procedures shall be followed:

- We may abstain from voting, particularly if there are conflicting Fund interests (for example, where Fund accounts hold different securities in a competitive merger situation); or
- We may follow the recommendations of an independent proxy voting service in voting the proxies.

## **Item 18 Financial Information**

We are not required to provide financial information because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## **Item 19 Requirements for State-Registered Advisors**

We are a federally registered investment adviser therefore this section is not applicable.

## **Additional Information**

### **Your Privacy**

We view protecting our customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, we have instituted policies and procedures to ensure that your information is kept private and secure.

We do not disclose any nonpublic personal information about our customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants and lawyers.

We restrict internal access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic and procedural safeguards that comply with federal standards to guard your nonpublic personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be our policy never to sell information about current or former customers or their accounts to anyone. It is also our policy not to share information unless required to process a transaction, at the request of our customer, or as required by law.