

## **BUSHIDO CAPITAL PARTNERS LLC**

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This brochure provides information about the qualification and business practices of BUSHIDO CAPITAL PARTNERS LLC. Bushido Capital Partners' current brochure may be requested by contacting Carmen Colt, Chief Compliance Officer, at 202-828-6200 or [compliance@marshfieldinc.com](mailto:compliance@marshfieldinc.com). Additional information about Bushido Capital Partners is available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site additionally provides information about any persons affiliated with Bushido Capital Partners who are registered, or are required to be registered, as investment adviser representatives of Bushido Capital Partners. 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.

## **Item 2 - Material Changes**

Bushido Capital Partners was the adviser to the Bushido Capital Long/Short Fund, which closed on November 30, 2016.

Bushido's current brochure may be requested by contacting Carmen Colt, Chief Compliance Officer, at 202-828-6200 or [Compliance@bushidofunds.com](mailto:Compliance@bushidofunds.com), and additional information about Bushido Capital Partner is available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site additionally provides information about any persons affiliated with Bushido who are registered, or are required to be registered, as investment adviser representatives of Bushido.

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## Item 4 - Advisory Business

### Private Investment Portfolio Management:

<b>The Adviser:</b>	Bushido Capital Partners LLC (the “Adviser”)
<b>Portfolio Manager:</b>	John Beatson
<b>Managing Partner (&gt;25% Ownership):</b>	John Beatson and Christopher Niemczewski
<b>The Managing Member:</b>	Fields End Capital LLC (“Fields End”) The principals of the Adviser are also members of Fields End.
<b>The Client:</b>	Bushido Capital Fund LLC (the “LLC Fund”)

#### Overview:

The LLC Fund operates with a flexible investment mandate with the dual aims of outperforming the S&P 500 Index and preserving capital over rolling 5 year periods. The LLC Fund invests opportunistically across multiple asset classes with the ability to hedge against company, industry or country specific risks. The Adviser has full discretion over the LLC Fund.

Assets under management (as of 12/31/16): approximately \$21.8 million.

The LLC Fund is exempt from registration as an investment company under the Investment Company Act of 1940, as amended (“1940 Act”), pursuant to Section 3(c)(1).

## Item 5 - Fees and Compensation

**Management Fee:** The Adviser receives a quarterly management fee paid in advance.

**Incentive Allocation:** The Managing Member may be entitled to a performance fee as of the last day of each calendar year.

The investors are offered a choice between two fee structures: Management Fee or Incentive Allocation. Investors choose between these two structures in the Subscription Document. Generally, the Adviser allows an investor to switch structures only once during the term of his or her investment. The Adviser may permit changes between structures more frequently in its sole discretion.

#### Management Fee Options:

**1. Standard Option:** Percent of the capital account balance as of the last day of the preceding quarter:

- Investors under \$5,000,000: 0.25% quarterly (1.0% per year)
- \$5,000,000 or more: 0.175% quarterly (0.70% per year)

*The Incentive Allocation*

- 10% of the net gain in the capital account, subject to a “high water mark.”
- An investor would not be subject to an incentive fee in a year in which the LLC Fund’s performance was negative.

2. **Index Option:** Management fee of 0.3125% quarterly (1.25% per year) of the capital account balance of the investor as of the last day of the preceding quarter.

*The Incentive Allocation*

- 20% of the amount by which the investor’s capital account outperforms the hypothetical performance of that investor’s capital account had the capital account’s assets been invested in the securities comprising the Standard & Poor’s 500 Index (“**S&P 500**”) (without reinvestment of dividends) for the entire calendar year (or since the date of the investment, if less than a calendar year), less (ii) any amount in the investor’s Capital Loss Account (as further defined in the LLC Fund’s Private Placement Memorandum).
- Under the Index Option, an investor may be subject to an incentive allocation even when the LLC Fund’s performance is negative, if the LLC Fund outperforms the S&P 500 Index for that year.

The Adviser or Managing Member may raise or lower the Management Fee or Incentive Allocation payable for new investors in the future or with respect to follow-on investments made by existing investors in its discretion. The Adviser or the Managing Member may also waive or reduce the Management Fee or Incentive Allocation, respectively, with respect to any investor, or may enter into separate arrangements with individual investors that differ from those generally applicable to investors. This includes investors of the LLC Fund who are employees of the Adviser and their friends and family.

## **Item 6 - Performance-Based Fees**

The Adviser has entered into incentive fee arrangements with each qualified investors in the LLC Fund who has the choice between two fee options both of which include an incentive portion. In some instances, performance fees are also charged by the Adviser’s-affiliated advisers (Please see Item 10 - Other Financial Industry Activities and Affiliations for additional information regarding these affiliated entities). The Adviser has procedures designed and implemented to ensure that all investors in the LLC Fund are treated fairly and equally.

Investors may be subject to an incentive allocation even when the LLC Fund’s performance is negative, if the LLC Fund nonetheless outperforms the S&P 500 Index for that year. For example, under the Index Option, an investor will be subject to an incentive allocation in a year in which the S&P 500 Index was down 10% and the LLC Fund was down only 5%. Under the Standard Option, an investor would not be subject to an incentive fee in a year in which the LLC Fund’s performance was negative. (The details of how each fee option is structured are discussed in greater detail in the offering documents).

## **Item 7 - Types of Clients**

Bushido Capital Partners LLC currently provides investment supervisory services to the Bushido Capital Fund LLC .

Investors in the LLC Fund must meet certain qualifications and minimum investment requirements. Each investor in the LLC Fund must be an “accredited investor,” as defined in the Securities Act of 1933, as amended (“1933 Act”)

- The minimum initial investment in the LLC Fund is currently \$250,000.
- Minimum follow-on investment by an existing investor is currently \$100,000.
- New or add-on investments can be made on the first business day of the month.
- An investor may withdraw from the LLC Fund by providing 90 days’ prior written notice to the Adviser before the last calendar day of the quarter in which the redemption is sought. (Please see the offering documents for more details).

The Adviser may waive, modify, increase or decrease the initial and follow-on minimum investment amounts from time to time, in its discretion.

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

### **Investment Objective**

The LLC Fund’s primary objective is to outperform the S&P 500 Index over rolling five-year periods while focusing on the preservation of capital.

### **Investment Strategy**

The Adviser seeks to achieve this objective by employing a flexible investment mandate that allows the LLC Fund to exploit opportunities across asset classes, within capital structures and between similar securities.

### **Types of Investments:**

- 20-40 “long” investments in global securities that the Adviser deems to be undervalued.
- 5-10 “short” investments in global publicly-traded securities or indices.
- 3-5 pair trades (such as taking a long position in one security and a short position in another security in response to perceived valuation or operational discrepancies between different companies in the same sector).
- Derivatives:
  - Both equity and credit securities.
  - Used to hedge existing positions.
  - Risk-controlled open derivative positions will be used on individual securities.
- Direct private equity investments.
- Foreign exchange positions to hedge currency risk for an individual security or broader market currency exposure.

***Investing in securities involves risks of loss that clients should be prepared to bear***

Investors in the LLC Fund must have the ability and willingness to accept the risks involved (for a more detailed account of the potential the risks involved, please refer to the LLC Fund's offering documents):

- The potentially illiquid nature of investments, particularly any private equity investments.
- Risk of potential total loss of capital resulting from an investment in securities in general and in the LLC Fund in particular.
- The potential uncertainty involved in valuing certain of the assets held in the LLC Fund and the potential that assets held in the LLC Fund will be illiquid or able to be sold (if at all) at prices significantly lower than the value assigned to them by the Adviser.

**The Adviser Attempts to Mitigate These Risks by:**

The LLC Fund employs several tools to manage individual security, sector, market, and country specific risks at different times, including:

- Put options on individual securities, sector specific ETFs, and broad market indices.
- Short positions in sector specific ETFs, broad market indices, and individual securities, including as part of a pair trade.
- Maximum draw down limits on positions.

**Investment Restrictions and Policies:**

*Pro Rata Investments:*

- The LLC Fund will make all investments on a pro rata basis to the extent possible.

*Leverage and Borrowing:*

- The Adviser does not use leverage in managing the LLC Fund's assets, but may cause the LLC Fund to borrow money in order to provide for redemptions when a sale of assets is impractical or undesirable.
- The Adviser will only use borrowing on behalf of the LLC Fund as a liquidity mechanism, and not to fund investments or to change the risk profile of the LLC Fund's investments.
- The LLC Fund will not borrow more than 10% of its net assets, calculated at the time of such borrowing, without first notifying investors.

## **Item 9 - Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Bushido Capital Partners or the integrity of management.

There is no information applicable to this Item.

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

The principals and employees of Bushido Capital Partners LLC are also the principals and employees of Marshfield Associates, Inc. ("Marshfield"), and Yogi Advisors ("Yogi" and together, the "Affiliated Advisers"). The Affiliated Adviser share office space, trading platforms, office supplies, equipment and the services of administrative employees to a limited extent. For additional information please refer to Parts I and II of their respective Form ADVs.

Marshfield provides advisory services to institutional and private investors in separately managed account as well as to a mutual fund and Yogi is the adviser to a limited liability company.

Affiliated funds to Bushido LLC:

- ❖ Marshfield Ursa Minor Fund, L.P. ("Ursa").
  - General Partner: Constellation Partners, LLC
  - Investment Adviser: Yogi Advisors, LLC
  - Investment: Remaining investment is a privately held company.
  
- ❖ Marshfield Concentrated Opportunity Fund (the "Mutual Fund")
  - Investment Adviser: Marshfield Associates, Inc.
  - Investment Manager: Elise Hoffmann / Chris Niemczewski
  - Investment: This is a mutual fund that is based on Marshfield Associates' Core Product, a concentrated, long-only value equity portfolio.

Apart from the above-described limited liability companies in which certain investors may own interests and invest exclusively at their own discretion, the Adviser does not provide any proprietary products for investment by clients.

**Procedures for side-by-side management of affiliates, the Mutual Fund and core accounts:**

- If affiliated accounts trade in the same securities as the Adviser's client, the trades will be done on an aggregated basis consistent with the Adviser's obligation of seeking best execution if doing so is in the best interest of all the affected clients.
- The affiliated account and the Adviser client account will share commission costs equally and receive securities at a total average price.
- Completed orders will be allocated as specified in the initial trade order.
- Partially filled orders will be allocated on a pro rata basis.

**Other Conflicts between Affiliated Accounts:**

- Trading in the same security but on different sides of the transaction.
  - An example may be due to different investment strategies and/or risk management.
    - A buy in a client's account of an affiliated adviser to increase the holding to a new position size or the stock may be or come into buying price range for new accounts.
    - A sale of the same security is sold in an affiliated account as a risk management function because its designated position size grew due to the increase in value from its average cost basis.
- The Adviser and other Affiliated Advisers whose strategies allow for other types of investments vs. Marshfield's strategy as a long-only value equity manager, such as:
  - Pair Trades.
    - This means there is a long position in one security and a short position in another security within the same sector; the theory is that the companies are overvalued/undervalued relative to one another and eventually their prices will converge.
    - Occasionally, Marshfield might hold a long position in a stock for its clients that are believed to be somewhat overvalued that the Adviser shorts in a pair trade. It is not a conflict that Marshfield continues to



hold that security long because while somewhat (though not excessively) overvalued, it would not meet the requirements to sell for Marshfield (see Marshfield Associates ADV for more information).

- Short Sales.
  - Only under a pair trade scenario would the Adviser hold a security short that another affiliate holds long.

The Adviser will memorialize in their compliance files why the “conflict” situations were appropriate for all clients involved without being advantageous to one client over another.

Certain qualifying clients of Marshfield for whom such an investment would be suitable will be offered the opportunity to invest in the LLC Fund.

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

Bushido Capital Partners does not permit its personnel to purchase or sell securities before the securities are purchased or sold for the LLC Fund. Principals and other employees of the Adviser, in their individual capacities, may acquire securities of companies in which the LLC Fund invests in accordance with the policies and procedures of the Adviser.

The Adviser will provide a copy of its ADV or Code of Ethics to any client or prospective client upon request and in conjunction with the offering documents for the LLC Fund.

The Affiliated Advisers share a code of Ethics (“Code of Ethics”) that sets forth the standards of conduct expected of each of the Adviser, which includes, but is not limited to, the following:

- Where a conflict of interest may arise, the Affiliated Advisers shall place the interests of its clients ahead of its own interest and those of its principals at all times.
- The employees of the Affiliated Advisers shall act at all times in a manner that preserves and promotes their reputation for honesty, integrity and professionalism.
- The employees of the Affiliated Advisers shall not take improper advantage of their positions.
- The employees of the Affiliated Advisers shall conduct their personal securities transactions in such a way as to avoid any actual or potential conflict of interest with their clients and to avoid the abuse of such employee's position of trust and responsibility.
- The principals of The Adviser have invested as individual limited partners in the LLC Fund and all Key Employees, as defined in the Code of Ethics, are shareholders of The Mutual Fund.
- The employees of the Affiliated Advisers shall protect and hold confidential all information concerning the identity of clients, clients' securities holdings, and clients' personal and financial circumstances except when clients authorize disclosure.
- The employees of the Affiliated Advisers shall protect and maintain independence in the investment decision-making process.

#### **Personal Trading Policy**

The Adviser requires that client transactions take priority. This process is to avoid any conflicts of interest that may arise from employees of the Adviser participating in the same trades that the Adviser recommends to and effects on behalf of its clients, such as employees of the Adviser

obtaining a financial advantage from effecting a trade for themselves prior to effecting such trade on behalf of the Advisers' clients. The Affiliated Advisers address these conflicts of interest by adhering to the following standards:

- All purchases and sales of equity securities in a Key Employee's personal account shall take place the following trading day after transactions for clients are completed, if the order is the result of a new investment decision being made for a blocked client trade. Otherwise, Key Employee trades will be executed the same day after client transactions are completed or aggregated with client transactions as the situation warrants.
- All Principals will hold a meaningful position in each Product.
- All Access Persons are limited to the purchase and sale of the securities in Marshfield Core Product in accounts held at a firm designated custodian.
- All personal trades by Access Persons in non-restricted securities must be pre-cleared through Pre-Clearance Committee.

The Adviser will provide a copy of its Code of Ethics to any investor or prospective investor upon request by contacting Carmen Colt at 202-828-6200.

## **Item 12 - Brokerage Practices**

The Adviser makes investment decisions and arranges for the placement of buy and sell orders and the execution of portfolio transactions. In arranging for the execution of portfolio transactions, the Adviser seeks to obtain best execution. "Best execution" refers to the duty to seek the best overall qualitative execution for a client in a particular circumstance. "Best execution" is not synonymous with lowest brokerage commission. Consequently, in a particular transaction Bushido LLC may pay a brokerage commission in excess of that which another broker might have charged for executing the same transaction.

Factors Considered in Best Execution Include:

- Execution capability
- Best net price (after giving effect to brokerage commissions, and other transaction costs);
- Nature of the security being traded;
- Execution, clearance and settlement capabilities of the broker;
- Financial strength and stability of the broker

The Adviser does not generate "soft dollars".

### **Bushido's Aggregation Policy**

It is the Adviser's practice, where feasible, to aggregate orders with affiliated advisers' clients or with proprietary, including employee, trades where the Adviser's best execution and personal trading policies will allow. Aggregating orders enables the Adviser and its affiliates to treat all clients in a fair and equitable manner over time and will only be effected when to do so will be in the best interests of the affected clients.

In general, and to the extent possible, all orders for execution of the same security will be aggregated during the same trading period. Once the total number of shares required is derived, each participating client receives/sells its allotted shares at the average share price unless the

order is not filled in its entirety then it will be allocated pro-rata among all participating clients. Transaction costs are shared pro-rata based on each client's participation in the transaction.

### **Qualified Custodian**

Currently, Goldman Sachs is the custodian to the LLC Fund who clears and settles the LLC Fund's orders and orders executed by other brokers (on the basis of payment against delivery). Wells Fargo is the Prime Broker to the LLC Fund.

The Prime Broker may enter into off-exchange contracts with the LLC Fund as principal. The Prime Broker will also provide the LLC Fund with short selling facilities. The risks of securities lending, as with other extensions of credit, consist of possible delays in recovery of the securities or possible loss of rights in securities or other collateral should the borrower fail financially.

## **Item 13 - Review of Accounts**

The portfolio manager responsible for the investment activities of the LLC Fund, John H. Beatson, will continually monitor the LLC Fund's holdings and performance.

The LLC Fund provides investors quarterly account statements accompanied by commentary from the Adviser regarding the applicable LLC Fund's performance and overall market conditions. Investors are also provided with the LLC Fund's annual audited financials. The LLC Fund is reconciled monthly by its third party administrator, Cohen & Associates, LLC, whose reports are then reviewed by the Adviser.

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

The Adviser may enter into arrangements with third parties whereby it pays third parties who:

- Introduce clients to the Adviser and would receive a portion of the fees received by the Adviser or its affiliates from such clients. Such arrangements would be fully disclosed to clients in accordance with, and otherwise complied with, Rule 206(4)-3 under the Advisers Act and would not increase the fees paid to the investment adviser. Bushido does not currently have any such arrangements.

## **Item 15 - Custody**

Fields End, the General Partner of the LLC Fund, is a related entity of the Adviser. Fields End has custody of the LLC Fund's assets because, as the general partner, it has legal ownership of and access to the LLC Fund's assets. However, The LLC Fund's assets are physically held by a qualified custodian. The LLC Fund's assets are audited annually by a certified public accountant, Fulvio & Associates, and the LLC Fund's audited financial statements are distributed to all limited partners within 120 days of the end of its fiscal year.

The Adviser receives monthly statements from the qualified custodian that holds and maintains the LLC Fund's assets. The Adviser has hired a third party administrator to review and reconcile the custodial records to the adviser's records from which the limited partner's statements are generated.

The Adviser's records may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 - Investment Discretion**

The Adviser makes investment decisions and arranges for the placement of buy and sell orders and the execution of portfolio transactions for the LLC Fund.

Investors in the LLC Fund fill out subscription documents in order to participate in the LLC Fund which appoints Bushido Capital Partners as the adviser and Fields End as the general partner.

## **Item 17 - Voting Client Securities**

Bushido Capital Partners has adopted policies and procedures regarding the voting of proxies as required under Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). These policies and procedures are designed to ensure that proxies received with respect to securities in the LLC Fund's account where the Adviser exercises voting discretion are voted in the best interests of the LLC Fund and that the Adviser maintains a record of its proxy voting in compliance with the Advisers Act.

The Adviser reserves the right to refrain from voting proxies unless required to do so by law or regulation.

The Adviser will vote client proxies consistent with general guidelines that the Adviser has adopted and which the Adviser believes reflect the best interests of the LLC Fund, after taking into consideration all relevant facts and circumstances at the time of the vote.

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 Voting Conflicts of Interest**

1. If there is a conflicted vote, the Voting Manager will either vote the proxy in accordance with the recommendation from Institutional Shareholder Services, Inc., or abstain from voting the proxy, after determining what is in the best interest of the client.
2. If no recommendation is available, the Managing Manager (or Proxy Voting Coordinator, as directed by the Managing Manager) will refer the conflict of interest to the CCO to discuss the proxy vote.

The Adviser will provide to any client, at no cost, a copy of its full proxy voting policies and procedures and information regarding how such client's proxies have been voted in the past.

Clients wishing to receive this information should contact the Adviser at 202-828-6200 during normal business hours.

#### **Class Action Lawsuits**

It is not the Adviser's policy to file on behalf of its clients for class action lawsuits.

### **Item 18 - Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the Adviser's financial condition.

The Adviser 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.