

ADV Part 2A

Brochure

Dated May, 2018

Chatham Capital Management, LLC

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This Brochure provides information about the qualifications and business practices of Chatham Capital Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (770) 618-2100. 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 Chatham Capital Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT CHATHAM CAPITAL MANAGEMENT, LLC OR ANY OF THE PRINCIPALS OR EMPLOYEES OF CHATHAM CAPITAL MANAGEMENT, LLC POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY BUSINESS OR ANY OTHER BUSINESS.

Item 2 **Material Changes**

None

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Item 4 **Advisory Business**

A. **Advisory Firm and Principal Owners.**

Chatham Capital Management, LLC serves as investment adviser to the Funds (as defined below). Chatham Capital Management, LLC is a Delaware limited liability company. Chatham Capital Management, LLC was formed in 2017 and has been in business since April 19, 2018. The sole member of Chatham Capital Management, LLC is Chatham Credit Holdings, Inc. Brian Reynolds is the sole owner of Chatham Credit Holdings, Inc.

Brian Reynolds, Lin Wang and Cheryl Boyd are the majority owners of Chatham Carried Interest V, LLC, an affiliate of Chatham Capital Management, LLC. Chatham Carried Interest V, LLC receives performance based fees from the Funds but does not provide investment advisory services to the Funds. See Item 6 of this Brochure for a description of these performance based fees. Chatham Carried Interest V, LLC is a Delaware limited liability company. Chatham Carried Interest V, LLC was formed in 2017 and has been in business since April 2018.

A related person of Chatham Capital Management, LLC acts as the general partner of the Funds. References to Chatham Capital Management, LLC in this Brochure include, as the context requires, such related person.

Chatham Capital Management, LLC, Chatham Credit Holdings, Inc. and Chatham Carried Interest V, LLC have their principal offices in Atlanta, Georgia.

The Funds

Chatham Capital Management, LLC is the fund manager to the following private funds:

- Chatham Investment Fund V, L.P.
- Chatham Investment Fund V-A, L.P.

We refer to Chatham Investment Fund V, L.P. as the C1 Fund in this Brochure.

We refer to Chatham Investment Fund V-A, L.P. as the QP Fund in this Brochure.

We refer collectively to these funds as the Funds in this Brochure.

- B. Subject to certain regulatory or seasoning requirements, Chatham Capital Management, LLC intends to operate the Funds as a single source of financing for investments and to cause the Funds to participate jointly in all investments in proportion to each Fund's respective capital commitments, to the extent permissible under each Fund's applicable investment limitations. Please refer to Item 16 for a discussion of certain such limitations.
- C. **Advisory Services.** Chatham Capital Management, LLC manages the business and affairs of the Funds.

Chatham Capital Management, LLC provides administrative and investment management services to the Funds, such as:

- administration,

- location and origination of investments,
- business evaluation,
- transaction structuring,
- valuation,
- negotiation,
- documentation,
- continuing oversight of portfolio investments, and
- the other activities incidental to the operations of the Funds.

- D. **Advisory services are tailored to the needs of the Funds.** The advisory services offered by Chatham Capital Management, LLC are tailored to the needs of the Funds. See Item 8 and Item 13 of this Brochure for a discussion of these advisory services. See Item 16 of this Brochure for a discussion of the limits on the types of securities that Chatham Capital Management, LLC can cause the Funds to invest in without Board of Advisors approval.
- E. **No Wrap Fee Programs.** Chatham Capital Management, LLC does not participate in any wrap fee programs.
- F. **Assets under Management.** Chatham Capital Management, LLC manages the assets of the Funds. The first closing for the Funds took place on April 19, 2018. Subsequent closings will continued through the end of the offering period. The regulatory assets under management of the Funds as of April 19, 2018 was approximately \$57.2 million. Chatham Capital Management, LLC has discretionary authority over the assets of the Funds. See Item 16 of this Brochure

below for a discussion of the limits on the discretionary authority of Chatham Capital Management, LLC.

Item 5 **Fees and Compensation**

A. **Management Fee.**

All advisory clients (i.e., the Funds) are “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “Company Act”). Consequently, Chatham Capital Management, LLC is not required to include specific fee information in this Brochure relating to the Funds. These fees are provided for in the governing documents of the Funds and are not negotiable once the Funds have accepted commitments from investors.

- B. **Timing and Deduction of Management Fee.** The Management Fee is permitted to be paid, in advance, semi-annually on the first day of January and July, or more frequently as determined by Chatham Capital Management, LLC.
- The Management Fee is paid by the Funds.

C. **Other Expenses.**

Organizational Expenses. The organizational expenses of the Funds, which we refer to in this Brochure as the Formation Expenses, will be paid by the Funds from the initial capital contributions as described in the Funds’ respective governing documents. . Any placement fees paid by the Fund, will ultimately be borne by the Manager and/or its affiliates through offsetting reductions to the Management Fee.

Expenses Paid by the Manager

Chatham Capital Management, LLC will generally pay all of its ordinary administrative and overhead expenses, such as:

- the expenses of obtaining office space, supplies and its administrative activities; and
- compensation of its personnel.

Expenses Paid by the Funds

The Funds will generally pay the expenses incurred in connection with their activities, which we refer to in this Brochure as the Fund Expenses, such as:

- the Management Fee;
- legal, auditing, insurance, consulting, annual meeting, website, investor communication and accounting expenses;
- expenses associated with the preparation of the financial statements, tax returns and K-1s of the Funds;
- out-of-pocket expenses of investments not consummated;
- other expenses associated with acquiring, managing, holding, marketing and disposing of investments of the Funds, including extraordinary expenses (such as litigation, if any); and
- leverage costs and costs associated with a capital line facility or pledged assets facilities. (See Item 8 under Leverage).

Costs relating to an investment in which the Funds co-invest with other investment vehicles (other than costs associated with the use of leverage by the

other investment vehicles) are generally shared between the Funds and the other investment vehicles in proportion to each fund's participation in the investment.

From time to time, investors may be required to make capital contributions to the Funds for their share of any Fund Expenses if the Fund has insufficient cash on hand to pay these expenses. Investors are not required to make an additional capital contribution for Fund Expenses to the extent the contribution would exceed the unused portion of the investor's commitment except to the extent that these amounts constitute the return of distributions previously made to investors. A capital contribution by an investor to pay Fund Expenses (other than returned amounts) reduces that investor's commitment.

- D. **Advance Payment of Management Fee.** The Management Fee is payable in advance on the first day of each January and July, or more frequently as determined by Chatham Capital Management, LLC.

If the Funds do not have sufficient cash on hand to pay the Management Fee, the investors are required to contribute an amount equal to their pro rata share of the applicable Management Fee, which contributed amount is in addition to the commitment of that investor.

- E. **No Compensation For Sales of Securities.** None of Chatham Capital Management, LLC or any of its supervised persons accept compensation for the sale of securities or other investment products.

Item 6

Performance Based Fees and Side by Side Management

Chatham Carried Interest V, LLC, a related person of Chatham Capital Management, LLC, is entitled to a performance based fee under the documents governing the Funds.

Carried Interest

In general, Chatham Carried Interest V, LLC is entitled to an allocation of profits after an annualized preferred return to the investors and after the allocation of a catch-up amount to Chatham Carried Interest V, LLC is assessed.

We refer to this allocation of profits as the Carried Interest in the Brochure.

The following describes the Carried Interest in more detail.

The following terms are used in the more detailed description of the Carried Interest.

Available Amounts

Chatham Capital Management, LLC determines the cash (or other assets) available for distribution to investors after:

- paying or providing for the current obligations of the Funds; and
- setting aside reasonable reserves for anticipated obligations or losses of the Funds, for permitted reinvestment or for amounts due in respect of the Management Fee or Fund Expenses.

We refer to this cash (or other assets) as Available Amounts in this Brochure.

Current Net Revenue

Chatham Capital Management, LLC also determines the cash (or other assets) received by the Funds that:

- was received as interest, fees or other amounts;
- was not received as a return of principal or other return of capital to the Funds; or
- was allocated to revenue for the period in question.

Chatham Capital Management, LLC then deducts current expenses for the period in question.

We refer to this cash (or other assets) as Current Net Revenue in this Brochure.

Unreturned Contributed Capital

In this Brochure, we refer to the aggregate amount of capital that an investor has contributed to the Funds that has not previously been returned to that investor as the Unreturned Contributed Capital.

Item 7

Types of Clients

Chatham Capital Management, LLC provides investment advice solely to one or more pooled investment vehicles generally offered to accredited investors and qualified purchasers pursuant to Section 3(c)(1) or 3(c)(7) of the Company Act

Chatham Capital Management, LLC does not have any clients other than the Funds.

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

- A. **Methods of Analysis and Investment Strategies.** The Funds make opportunistic investments in lower and middle-market companies and selective purchases of syndicated loans.

The Funds invest in junior debt, as well as provide senior debt in the small and middle markets. The Funds also occasionally make opportunistic investments in syndicated debt in the primary and secondary markets. The portfolio of the Funds is comprised of senior and junior debt, but the Funds reserve the right to modify their investment strategies based on market conditions.

The investments the Funds have made and propose to make involve a risk of loss. The Funds, and investors in the Funds, should be prepared to bear that loss.

Investment Approach

Chatham Capital Management, LLC uses a disciplined underwriting approach to identify opportunities to produce an attractive risk/return profile on senior loans and on junior debt financing.

Chatham Capital Management, LLC emphasizes a user-friendly, adaptable approach in making its investments. Chatham Capital Management, LLC is flexible as to the form in which capital is invested, so long as the needs of the target Portfolio Companies can be met using our underwriting criteria.

In that context, Chatham Capital Management, LLC intends to be opportunistic. In certain cases, the Funds may invest in convertible debt, preferred stock or common equity.

The Funds will concentrate on private transactions, but in some circumstances could purchase public securities, such as bonds, distressed debt or private

investments in public equity, also known as PIPES transactions. Without the approval of the Board of Advisors (see Item 11D and Item 16 of this Brochure), the Funds will not be permitted to invest more than a certain percentage of its aggregate commitments in equity securities.

Investments may be made in:

- profitable companies,
- companies in operational turnaround,
- leveraged buy-outs,
- early-stage companies, and/or
- leveraged build-ups.

Portfolio Companies may be in any industry, but Chatham Capital Management, LLC intends to focus on proven management teams in the following niche-oriented business areas:

- manufacturing,
- distribution,
- technology,
- service,
- retail,
- restaurant, and
- healthcare.

The Funds anticipate that a substantial portion of their investments may include leveraged buy-outs or acquisition financing.

Investment Process.

Chatham Capital Management, LLC uses a disciplined underwriting process to perform credit underwriting, including financial modeling and comprehensive operational, industry and management analysis. Chatham Capital Management, LLC structures and documents investments taking this analysis into account.

Monitoring Investments.

Once an investment has been made, Chatham Capital Management, LLC monitors the performance of the Portfolio Companies of the Funds using techniques similar to those used by large financial institutions. Representatives of Chatham Capital Management, LLC receive and analyze detailed periodic financial reports, and conduct regular meetings and discussions regarding Portfolio Company financial and operating performance in the context of industry developments, as well as other factors such as the general state of the economy. Regular discussions with Portfolio Company management, as appropriate, also occur. In most cases, the transaction documentation contain financial covenant tests to provide an early warning of performance problems. Chatham Capital Management, LLC has audits and consultant reviews conducted where applicable.

Chatham Capital Management, LLC believes that this structuring methodology (including taking a secured position in most instances and having a comprehensive loan covenant package, including financial covenants) and these proactive portfolio monitoring procedures should result in enhanced recoveries in the event a Portfolio Company underperforms.

Use of Leverage

The Funds use leverage to potentially enhance returns to investors. The Funds leverage their commitments by incurring indebtedness. The Funds have the ability from time to time to borrow or otherwise incur indebtedness.

Potential Types of Leverage

It is anticipated that the Funds will obtain leverage through the use of a variety of forms of indebtedness, such as:

- a facility secured by the investors' unfunded investor commitments, which we refer to as a Capital Line Facility in this Brochure. The Capital Line Facility will be provided by a financial institution and operate much like a traditional line of credit;
- a revolving credit line facility, warehouse facility and/or any other credit facility pursuant to which the Funds pledge their assets and investments, which we refer to collectively as the Pledged Assets Facilities in this Brochure; and/or

The Capital Line Facility and the Pledged Assets Facilities of the C1 Fund and the Capital Line Facility and the Pledged Assets Facilities of the QP Fund may be cross-defaulted and cross-collateralized.

At the first closing, the C1 and QP Funds entered into a capital call line of credit, which provided for a loan up to the amount of \$45 million plus an additional \$10 million of uncommitted capital. This loan is secured by rights to capital contributions.

In addition, it is anticipated that the Funds may, from time to time, pool their portfolio of loan obligations and securitize them as collateralized loan obligations to further enhance the Funds'

investment objectives. By using leverage, the investors will potentially receive enhanced return opportunities as they share in the spread between the borrowing cost from the lender and the targeted current yield without increasing paid-in-capital. The appropriate use of leverage creates opportunities for enhanced return, but does entail risks. See Items 8B and 8C of this Brochure.

Rollover Investments

A significant number of the Funds' investments may arise from relationships that the principals of Chatham Capital Management, LLC bring to the activities of the Funds, including those developed through previous investment vehicles that they have sponsored. As a result, the Funds may invest in companies or affiliates of companies that constitute portfolio companies of other investment vehicles sponsored by the principals of Chatham Capital Management, LLC. In addition, the Funds may refinance or replace investments by other investment vehicles sponsored by the principals of Chatham Capital Management, LLC. These investments may involve the Funds paying the "equity kickers" and other returns due with respect to investments by other investment vehicles sponsored by the principals of Chatham Capital Management, LLC.

The principals of Chatham Capital Management, LLC recognize the potential for conflicts of interest in these types of investments. To protect against conflicts, the Funds may not make these types of investments unless they have been approved by a majority of the members of the Board of Advisors or such investments are *pari passu* to the investment by such other investment vehicles. See Item 11 of this Brochure under Board of Advisors.

B. **Investment Strategy Risks.** The risks relating to the Funds, including risks relating to the investment strategy of the Funds, are explained in the Confidential Private Placement Memorandum dated April 2018.

C. **Specific Security Risks.** The risks relating to the Funds, including risks relating to securities proposed to be the investments of the Funds, are explained in the Confidential Private Placement Memorandum, dated April 2018.

Item 9 **Disciplinary Information**

There are no reportable events under this Item.

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

A. **No Broker-Dealer Registration.** None of Chatham Capital Management, LLC or any of its supervised persons are registered, or have an application pending to register, as a broker-dealer, or a registered representative of a broker-dealer.

B. **No CFTC Registration.** None of Chatham Capital Management, LLC or any of its supervised persons are registered, or have an application pending to register, as a futures commission merchant, a commodity pool operator, a commodity trading adviser, or an associated person of any of these entities.

C. **Relationships with Related Persons.** Affiliates of Chatham Capital Management, LLC are the sponsors of several other private investment vehicles. The Funds may invest in portfolio companies of these other investment vehicles. See Item 8 of this Brochure under Rollover Investments.

D. **No Recommendation of Other Advisors.** Chatham Capital Management, LLC does not recommend or select any other investment advisers for the Funds.

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

A. **Code of Ethics.** Chatham Capital Management, LLC has a Code of Ethics, which provides, among other things, that:

- Chatham Capital Management, LLC and its personnel comply with their fiduciary duties, and with applicable federal securities and other laws;
- the access persons of Chatham Capital Management, LLC report their transaction in, and holdings of, securities, as required by applicable regulations, and the Chief Compliance Officer of Chatham Capital Management, LLC will review these reports;
- the access persons obtain the approval of Chatham Capital Management, LLC before they directly or indirectly acquire beneficial ownership in any security in an initial public offering or in a limited offering; and
- the personnel of Chatham Capital Management, LLC will report any violations of the Code of Ethics to the Chief Compliance Officer of Chatham Capital Management, LLC.

The Funds have a copy of the Code of Ethics of Chatham Capital Management, LLC. The Code of Ethics is contained in the Compliance Manual for Chatham Capital Management, LLC. Chatham Capital Management, LLC and all advisers under common control with Chatham Capital Management, LLC have a single Compliance Manual.

B./C./D. **Conflicts of Interest.** Affiliates of Chatham Capital Management, LLC are engaged in a variety of activities within industries in which the Funds may invest.

These affiliates engage in activities in the ordinary course of their respective businesses which may conflict with the interests of the Funds.

These affiliates manage the activities of other investment vehicles they have sponsored, which includes significant involvement with the portfolio companies of those investment vehicles.

Restrictions on Future Funds

Neither Chatham Capital Management, LLC nor any of its affiliates will engage in, or cause or permit any other fund with a similar strategy organized by any of them to engage in, the business of the Funds before the earlier of:

- (i) the expiration of the Investment Period, or
- (ii) such earlier date upon which a certain percentage of the aggregate investor commitments have been invested in, expended for or committed or allocated to Portfolio Investments or prospective Portfolio Investments, applied to expenses of the Partnership or reserved for Additional Investments or expenses, liabilities and other obligations of the Partnership, including, without limitation, Management Fees, Organizational Expenses, Operating Expenses and the repayment of any borrowings and amounts due under any borrowing arrangements, including any obligations that may be incurred with potential for recourse to the aggregate Subscriptions.

This restriction does not apply to:

- one or more funds or investment vehicles with a primary purpose of making investments arising from or relating to real estate,

- investment vehicles already in existence,
- any one or more funds or investment vehicles with a primary purpose related to investments or operations of the Funds.

Board of Advisors

The Funds have a single board of advisors, which we refer to in this Brochure as the Board of Advisors, comprised of at least three individuals and made up of representatives of the Funds' investors. Chatham Capital Management, LLC may seek the approval of the Board of Advisors in connection with the following matters:

- The appropriateness of any action or inaction that may constitute or result in a conflict of interest between the Funds or a Portfolio Company on the one hand, and Chatham Capital Management, LLC and its affiliates, on the other, including rollover investments (see Item 8A of this Brochure under Rollover Investments), and
- Any other matter submitted to the Board of Advisors by Chatham Capital Management, LLC.

The Board of Advisors will act by a majority vote.

Determinations of the Board of Advisors will be binding upon the investors.

Any determination by the Board of Advisors with respect to a transaction involving a potential conflict of interest will need to be approved by a majority of the members of the Board of Advisors not having an interest in the transaction (other than their investment in the Funds).

Item 12 **Brokerage Practices**

- A. **No Broker Arrangements.** In general, Chatham Capital Management, LLC structures loan packages as investments by the Funds. However, the Funds and Chatham Capital Management, LLC occasionally use broker-dealers for syndicated loan trading. The Funds do not incur commissions or other payments to broker-dealers in connection with investments.
1. **No Soft Dollar Arrangements.** Chatham Capital Management, LLC does not receive research or other products, other than execution, from a broker-dealer or a third party in connection with securities transactions by the Funds.
 2. **No Brokerage for Client Referrals.** In selecting or recommending broker-dealers, none of Chatham Capital Management, LLC or any of its related parties receive client referrals from a broker-dealer or third party.
 3. **No Directed Brokerage.** Chatham Capital Management, LLC does not routinely recommend, request or require that the Funds execute transactions through a specified broker-dealer. Chatham Capital Management, LLC does not permit the Funds to direct brokerage.
- B. **Aggregation Practices.** Subject to certain regulatory or seasoning requirements, Chatham Capital Management, LLC intends to operate the Funds as a single source of financing for investments and to cause the Funds to participate jointly in all investments in proportion to each Fund's respective capital commitments, to the extent permissible under each Fund's applicable investment limitations. Please refer to Item 16 for a discussion of certain such limitations..

Item 13 **Review of Accounts**

- A. **Review of Investments.** Each principal of Chatham Capital Management, LLC is responsible for communication with and monitoring of a specific number of Portfolio Companies.

Chatham Capital Management, LLC reviews the investments of the Funds on a weekly basis. All principals of Chatham Capital Management, LLC participate in these regular reviews.

- B. **Review of Specific Investments.** Chatham Capital Management, LLC conducts a rigorous review of Portfolio Companies once a month and spends significantly more time on under-performing investments. Chatham Capital Management, LLC reviews variances in cash flow, components of working capital and other items, and takes follow on actions as appropriate, including onsite meetings with Portfolio Company management and other measures.

- C. **Reports to Investors.** The Funds provide investors in the Funds audited annual financial statements of the Funds within 120 days after the end of each fiscal year and quarterly investor reports within 45 days after the end of each quarter. These reports are provided in writing, in paper format and/or electronic format, in accordance with each investor's instructions.

Item 14 **Client Referrals and Other Compensation**

- A. Chatham Capital Management, LLC does not receive economic benefits from someone who is not a client for providing investment advice to the Funds.
- B. Chatham Capital Management, LLC does not indirectly compensate any person who is not a supervised person of Chatham Capital Management, LLC for client referrals.

Item 15

Custody

The Funds do not distribute notices identifying qualified custodians or send custodial account statements to limited partners as the Funds are limited partnerships subject to annual audits which distribute audited financials within 120 days of the end of their fiscal year. These audited financials are prepared in accordance with generally accepted accounting principles (GAAP). The Funds' independent auditor is registered with, and is subject to regular inspection by, the Public Accounting Oversight Board in accordance with its rules. Upon liquidation, the Funds will distribute audited financials, prepared in accordance with GAAP, promptly after the completion of such audit to all limited partners.

Investment Discretion

In general, Chatham Capital Management, LLC has discretionary authority over the assets of the Funds. However, in some cases, this discretionary authority is subject to limitations.

Except to the extent approved by the Board of Advisors, the Funds cannot:

- (i) invest more than a certain percentage of the aggregate investor commitments in any single Portfolio Company;
- (ii) invest more than a certain percentage of the aggregate investor commitments in equity securities provided that this limitation does not apply to: 1) convertible debt, warrants, options or other equity interests acquired as additional return on a debt instrument 2) any equity or equity related securities acquired in connection with a reorganization, bankruptcy or similar proceeding, or any restructuring, work-out or similar event involving a portfolio investment or 3) any equity or equity related securities acquired in connection with the Partnership's investment in or ownership of an entity holding debt investments (e.g., a CLO) shall not be included for purposes of calculating this investment limitation; or
- (iii) invest in any private investment fund or similar blind pool investment vehicle in respect of which the Partnership would pay the sponsor of such fund or vehicle an investment management or investment advisory fee or carried interest.

In addition, some types of transactions that present conflicts of interest cannot be carried out by the Funds without approval by the Board of Advisors. See Item 11 of this Brochure under Board of Advisors.

Item 17 **Voting Client Securities**

- A. Chatham Capital Management, LLC expects that most of the securities held by the Funds will not be voting securities. Where the investments held by the Funds are voting securities, Chatham Capital Management, LLC will vote them in a manner it believes is in the best interests of the Funds.

The Funds have been provided with a copy of the voting policy of Chatham Capital Management, LLC.

- B. Not applicable.

Item 18 **Financial Information**

- A. Not applicable.
- B. Chatham Capital Management, LLC is not aware of any financial condition that is reasonably likely to impair its ability to meet their contractual commitments to the Funds.
- C. Not applicable.