

# **S. Goldman Asset Management LLC**



## **Firm Brochure**

### **Form ADV, Part 2A**

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This brochure provides information about the qualifications and business practices of S Goldman Asset Management LLC.

If you have any questions about the contents of this brochure, please contact us at: +1.212.404.5740 or by email at: [gerry.jaeger@sgasset.com](mailto:gerry.jaeger@sgasset.com).

The Information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"), or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training.

Additional Information about S Goldman Asset Management LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## **Item 2 - Material Changes**

S Goldman Asset Management LLC filed an initial investment advisor registration as of February 14, 2012.

In 2010, The Securities and Exchange Commission ("SEC") adopted amendments to the original Part II of the Form ADV creating the new Part 2A ("Brochure"). The Brochure is a disclosure document that investment advisers provide to existing and prospective clients. There have been no material changes, as of March 21, 2017, since the last time the form was updated.

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## **Item 4 - Advisory Business**

### **The Company**

S Goldman Asset Management LLC ("SGAM") is a Delaware limited liability company that was formed in March of 2009. SGAM initially began operations in the second half of 2009. SGAM is jointly owned by The Goldman Group LLC (51%), and IRF US Investments, Inc. (49%).

SGAM provides investment advisory services to hedge funds, institutions, and high net worth individuals.

### **Advisory Services**

SGAM serves as the investment manager for SG Aurora Master Fund L.P. ("The Fund"), a limited partnership formed in the Cayman Islands.

SGAM is responsible for the investment and overall management of The Fund's portfolio and is responsible for administrative day-to-day activities.

SGAM has investment guidelines covering the Fund. These investment guidelines are described in The Fund's offering documents.

SGAM also provides investment advisory services to separately managed accounts ("SMA"). In the case of a discretionary separately managed account, the advisory account is managed according to the client's investment guidelines as they appear in the client's investment management agreement.

Clients with discretionary accounts have the ability to place investment restrictions on the management of their assets. The portfolio manager and Director of Risk Management are responsible for monitoring the account's activity to ensure that SGAM complies with the client's instructions.

### **Termination of Separately Managed Account Agreement**

An SMA client may terminate an investment management agreement at any time. Termination is effective after SGAM receives a written notice of termination or on the date set forth in the notice of termination. SGAM may also terminate an investment management agreement by notifying the client in writing at least 30 days in advance of the date of termination specified in the written notice.

### **Assets under Management**

As of December 31, 2017, SGAM had approximately \$37,028,000 in assets under management. The entire asset base is managed on a discretionary basis.

## **Item 5 - Fees and Compensation**

### **Funds**

SGAM charges SG Aurora Master Fund an annualized management fee of 1.25% of assets under management, and SGAM receives its management fees quarterly in advance.

SGAM's management fees for SMAs are negotiated with each client, and consequently fees will vary. Relevant factors in establishing any fee may include the complexity of the underlying investment program and the amount of assets to be managed for the account.

### **Funds - Deduction of Management Fees**

Management fees for all Funds and separately managed accounts are billed via invoice and are paid via wire to SGAM.

### **Funds - Other Fees or Expenses Charged to the Funds**

Broker-dealers executing client trades generally charge a brokerage commission on equity securities and a markup or markdown on fixed income securities. In addition, clients may pay custodian fees and financing fees.

### **Other Fees or Expenses Charged to Separately Managed Accounts**

SMAs are generally charged a brokerage commission or another form of transaction cost. For example, equity securities are generally charged a brokerage commission while fixed income securities incorporate a markup/markdown. In addition, clients may be subject to custodian fees, wire transfer fees, and transaction fees by third party custodians, and all such fees are reflected on the client's brokerage account statements. For additional information regarding brokerage, clients should review Item 12 - Brokerage Practices.

### **Additional Compensation**

Neither SGAM nor any of its employees are paid additional compensation such as commissions for purchasing or selling securities placed in a Fund or separately managed account portfolio.

## **Item 6 - Performance-Based Payment and Side by Side Management**

SGAM may receive incentive allocations from SG Aurora Master Fund L.P. based on performance. SGAM receives this incentive allocation, if due, annually. The receipt of such an allocation, in certain situations, may create a conflict of interest.

SGAM's portfolio manager designates the particular client upon placing a trade order. In addition, SGAM's specific client funds would be located at different custodians, eliminating the possibility of moving a profitable or losing trade between accounts.

SGAM has in the past, but does not currently charge a client a flat fee for advisory services. SGAM does not charge a fee that is calculated based on hourly rates.

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

SGAM can have clients in the following categories: investment companies, business entities, high net worth individuals, foundations, and trusts. This list is not all inclusive, as other categories may be added as SGAM grows.

- The minimum investment for investors in Fund is \$1,000,000.
- The minimum investment for a SMA is \$25,000,000.
- SGAM may waive the minimum account size.

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

### **SGAM Investment Strategies**

#### **Fixed Income and Equity Strategies**

SGAM's approach is to capitalize on its strength, experience and expertise in analyzing investment opportunities across the capital structure, whether equity or debt.

SGAM's strategy for the Fund it manages is designed to invest in mispriced securities. Generally, these securities are out of favor, trading at a discount, or affected by other adverse factors. Investments may include securities issued by an issuer that is financially distressed, that may be headed toward bankruptcy or another financial reorganization, or emanate from industries that are suffering from a competitive dynamic that constrains profitability and balance sheets for a period or otherwise.

SGAM also looks to event-driven investing. This investment approach seeks to realize value through purchases of securities at a discount due to corporate or other events. These opportunities may be independent of any particular market trend and are often non-repetitive with respect to a particular company.

SGAM's strategy looks for specific events to improve a security's price or liquidity to make an investment. The strategy is designed to limit downside risk if the expected catalysts surrounding a particular investment do not materialize.

SGAM generally does not employ leverage in its investing strategy.

SGAM's equity strategy is to pursue absolute returns and achieve medium to long-term capital appreciation from equity investments issued by companies that SGAM regards as mispriced.

#### **Investment Risk**

SGAM, at times, employs a strategy of limited diversification, whether by company or industry. This may create greater volatility within the portfolio and could lead to greater returns and losses due to a change in

value of one position. In addition, when dealing with corporate events, bankrupt or distressed entities, it may be difficult to obtain information as to the true condition of such entities. It might also take a significant period of time for these investments to reflect their intrinsic value.

Debt securities may be subject to credit and interest rate risk. Credit risk refers to possible default in the payment of principal and/or interest by an issuer. Further, lack or inadequate collateral may affect a debt instruments credit risk.

SGAM is an active manager of risk and will use various techniques to lessen undesirable risk. Some, but not all, forms of risk may be hedged. A few forms of risk that may be hedged include interest rate risk, currency risk, and sector specific risk.

SGAM's fixed income strategy is to maintain a portfolio by position size, sector concentration, capital structure position, maturity, and rating. At times, SGAM may take large positions in certain investments where the investment payoff is particularly appealing or where hedges can be employed to lessen a significant portion of risk.

Equity securities movement may affect the value of the investments in SGAM's equity strategies. Issues such as interest rates, the United States and certain foreign countries' economic growth rates, and political events may also have an impact on equity markets.

### **Management Risk**

SGAM's opinion regarding the potential increase of a security's price may be incorrect and a security may not perform as anticipated. In addition, an individual security's value may change more than the stock market as a whole. It is possible that some of SGAM's estimates regarding a security's value may be wrong, or may take longer than planned to happen even if correct.

Investing with SGAM does not guarantee performance results for any of its products.

Clients must understand that investing in fixed and equity securities involves the risk of loss that clients should be prepared to bear.

### **Item 9 - Disciplinary Information**

SGAM, and all related employees and managers have not been involved in any disciplinary or legal actions.

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

Registered Individuals of a Broker-Dealer

SGAM has two employees that are registered with S Goldman Capital LLC and S Goldman Advisors LLC, affiliated broker-dealers. The positions the individuals serve in the respective broker-dealers are ownership, management and operational positions.

Neither SGAM nor its employees is registered with, nor does SGAM or its employees have a pending application to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor. In addition, neither SGAM nor its employees have any plans to register with any of the entities named above.

SGAM does not recommend or select investment advisers for its clients.

### **Item 11 - Code of Ethics**

SGAM has a code of ethics (the "Code") that outlines its policies regarding personal trading and various other conflicts of interest that may arise while servicing a client's account. The Code also requires all employees to disclose all brokerage accounts in which they have a beneficial interest (this

includes accounts of immediate family). All employees are required to pre-clear their personal securities transactions through the SGAM's Chief Compliance Officer or his designee. Employees are required to pre-clear their trades before an order for a personal security transaction is placed with an executing broker-dealer.

All employees that maintain brokerage accounts are required to instruct their respective brokerage firms to provide SGAM with duplicate brokerage account statements and trade confirmations. SGAM's pre-clearance officer is required to review these documents to determine if an employee has violated any provision of the Code.

A section of the Code addresses SGAM's fiduciary duties, including placing the client first and the handling of confidential information. The Code also contains a gift policy that requires all employees to report to the Chief Compliance Officer all gifts accepted or given. Employees are not permitted to accept or give gifts that exceed a certain nominal value. In addition, the Code requires certain employees to advise the Chief Compliance Officer when they entertain or are being entertained by individuals or entities conducting business or seeking to conduct business with SGAM. Finally, the Code discusses the sanctions that may be imposed if an employee fails to comply with the Code's guidance.

SGAM will provide a copy of the Code to any client upon request. Such requests should be directed to S Goldman Asset Management LLC, 825 Third Avenue, 34<sup>th</sup> Floor, New York, New York 10022, to the attention of Mr. Gerald Jaeger, Chief Compliance Officer.

## **Item 12 - Brokerage Practices**

SGAM uses broker-dealer proprietary research to assist with its investment decision making process. SGAM may pay a higher brokerage commissions to obtain the broker-dealer proprietary research. Brokerage commissions paid to the firms that do not provide investment research are generally lower than the broker-dealers that do provide proprietary research. By using proprietary research, SGAM is receiving benefits that it does not have to produce internally.

In addition to unsolicited proprietary research, certain broker-dealers may offer SGAM's employees the option to participate in conferences and meetings with members of issuers' management teams.

SGAM does not use its commission dollars to obtain research products, soft dollar benefits and other services through third party vendors.

### **Brokerage for Client Referrals**

SGAM does not use its client's brokerage commissions to pay for referrals.

### **Directed Brokerage**

SGAM does not have any directed brokerage arrangements.

### **Brokerage Allocation**

SGAM may have potential conflicts of interest in connection with the allocation of investments or transaction decisions for the Fund and SMAs. SGAM may manage accounts that have investment objectives that are similar and/or that may seek to make investments in the same securities. This may create potential conflicts of interest and potential differences among the accounts, particularly where there is limited availability or limited liquidity for those investments. SGAM has developed allocation policies and procedures that describe how the firm will allocate investment opportunities in a manner it considers to be reasonable and equitable over time.

SGAM may allocate investment opportunities based on relative size of an order, investment objectives and guidelines, risk tolerance, availability of other investment opportunities, and available cash for investment. Although allocating orders among accounts may create potential conflicts,

SGAM will not make investment allocation decisions based on the allocation that generates higher fees.

SGAM may determine that an investment opportunity or purchases or sales are appropriate for one or more SMAs, but not for a particular Fund. SGAM may also decide that an investment is good for a Fund but in different sizes, terms, or timing than is appropriate for another account.

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

SGAM's Chief Investment Officer reviews the security positions in The Fund and SMAs that SGAM manages on a daily basis. The individual responsible for account reviews are primarily investment professionals at the chief investment officer level.

If an SMA client places additional investment restrictions (or places investment restrictions on the account for the first time), SGAM will review the account to determine if and how the new restrictions impact the account. In addition, SMA clients receive monthly performance statements from SGAM, which are reconciled to the securities held in the client's portfolio. SMA clients also receive monthly statements from their custodian. SMA clients should compare the information appearing in the two documents.

SGAM's Chief Compliance Officer conducts periodic reviews of the security positions in The Fund that SGAM manages.

SGAM provides a written monthly reconciliation to SMAs, reflecting the Net Asset Value of the account. SGAM provides the Fund it manages with monthly reports through the Fund's administrator. The report provides the net asset value and profitability of the Fund.

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

SGAM does not enter into arrangements with unaffiliated third parties to obtain client referrals. SGAM does not enter into arrangements with unaffiliated third parties to assist with the placement of units of the Funds.

### **Item 15 - Custody**

SGAM does not provide custodial services to clients. Client assets are held with different qualified custodians.

With regard to SMAs, client assets are held by qualified custodians such as banks and registered broker-dealers. Clients receive statements at least quarterly from the custodians, and such statements should be reviewed carefully by clients. Clients also receive monthly performance reports from SGAM. Clients should compare information in the reports provided by SGAM to the statements provided by the clients' custodian.

### **Item 16 - Investment Discretion**

SGAM manages all of its Funds and SMA assets on a discretionary basis.

For the Fund, SGAM observes the investment guidelines and restrictions contained within the offering documents.

For SMAs where SGAM exercises investment discretion ("Discretionary SMAs"), the firm enters into an investment management agreement with the client, which agreement authorizes SGAM to exercise investment discretion with respect to the SMA. Clients with Discretionary SMAs have the ability to place investment restrictions on the management of their SMA. The most common investment restriction placed on SGAM prohibits SGAM from purchasing specific types of securities. SGAM abides by investment restrictions placed on the management of the SMAs. SGAM's employees will periodically



have conversations with SMA clients to provide and obtain information regarding the SMA and any investment restrictions.

#### **Item 17 - Proxy**

SGAM has been granted authorization to vote its Fund clients' proxies when received from transfer agents or custodians. SGAM does not use third party vendors to assist with the proxy voting process. SGAM's objective when voting proxies is to provide the maximum value to the security held in the portfolio.

SGAM votes proxies according to its established guidelines. However, SGAM may vote a proxy in a manner different from the established guidelines if circumstances warrant.

Upon request, SGAM will provide a copy of its proxy voting policies and procedures as well as information on how a particular proxy was voted. Investors may direct requests for information concerning SGAM's proxy voting policies and procedures to S Goldman Asset Management LLC,

825 Third Avenue, 34<sup>th</sup> Floor, New York, New York 10022, to the attention of Mr. Gerald Jaeger, Chief Compliance Officer.

Proxy voting guidelines are required by Rule 206(4)-6 of the Investment Advisors Act of 1940. In accordance with the requirements of the rule, SGAM's proxy voting policy is as follows:

##### **Proxy Voting Guidelines: Corporate Governance**

SGAM would vote as recommended by a board if the proposal is reasonable and not for the purpose of management entrenchment. Industry standards are to be considered; with an over-riding standard of fairness.

The following type of proposals SGAM would vote in favor of, including the election of directors in a non-contested election, the selection of auditors, stock splits, changing annual meeting date or location, company name changes, changing terms and amounts of authorized stock, and changing the state of incorporation.

##### **Proxy Voting Guidelines: Voting, Board Composition and Control Issues**

SGAM will vote for proposals considered reasonable by industry standards that improve shareholder democracy, reduce management entrenchment, reduce management conflict of interest and help management be more responsive to shareholder concerns.

The following type of proposals SGAM would vote in favor of, including independent compensation committees, independent audit committees, cumulative voting, and confidential voting.

The following type of proposals SGAM would vote against, including poison pills, preemptive rights, supermajority voting requirements and proposals limiting shareholder rights to call meetings and limiting shareholder rights to act by written consent.



#### Proxy Voting Guidelines: Compensation Issues

SGAM would vote in favor of proposals that generally relate management compensation to long-term performance, including stock option plans, restricted stock bonus plans, director compensation proposals, director stock ownership proposals, and executive compensation proposals. SGAM would vote against re-pricing of currently worthless options.

#### Proxy Voting Guidelines: Social Issues

SGAM would vote in favor of equal employment opportunity proposals. SGAM would vote against all forms of discrimination.

#### Proxy Voting Guidelines: Conflicts of Interest

SGAM will document any material conflict that arises in the voting of proxies. The conflict of interest will be disclosed to the clients, and the clients will have the option of voting the proxy themselves.

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

Certain registered investment advisers are required to provide financial information to investors if the investment advisor requires or solicits prepayment of more than \$1,200 in fees per client six months or more in advance. SGAM does not require any fees in advance and as a result, is not required to provide its balance sheet to investors.