

# **Rimrock Capital Management, LLC**

**27372 Calle Arroyo, Suite A  
San Juan Capistrano, California 92675-2746**

**Telephone: 949-276-7300  
Facsimile: 949-276-7320**

**[www.rimrockcapital.com](http://www.rimrockcapital.com)**

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

This brochure provides information about the qualifications and business practices of Rimrock Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 949-276-7300. 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 Rimrock Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Rimrock Capital Management, LLC is 120410.

Rimrock Capital Management, LLC 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 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, Rimrock Capital Management LLC will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

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## Item 4 Advisory Business

### Description of Services and Fees

Rimrock Capital Management, LLC is a registered investment adviser based in San Juan Capistrano, California. We are organized as a limited liability company under the laws of the State of California. We have been providing investment advisory services since 2006. David H. Edington, Stephen Foulke, Christopher Chester, Paul Westhead, and Santino Blumetti are our owners.

The following paragraphs describe our services and fees. As used in this brochure, the words "we", "our" and "us" refer to Rimrock Capital Management and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person or Investment Adviser Representative throughout this brochure. As used in this brochure, our Associated Persons or Investment Adviser Representatives are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### Private Investment Funds

Our firm has organized and serves as the General Partner and investment adviser to the private investment funds ("Funds") listed below:\*

- Rimrock High Income Plus (Master) Fund, Ltd.
- Rimrock High Income Plus Fund, LP
- Rimrock High Income Plus Fund, QP
- Rimrock High Income Plus (Cayman) Fund, Ltd.
- Rimrock Low Volatility (Master) Fund, Ltd.
- Rimrock Low Volatility Fund, LP
- Rimrock Low Volatility (Cayman) Fund, Ltd.
- High Quality ABS Opportunities (Master) Fund III, Ltd.
- High Quality ABS Opportunities Fund III LP
- High Quality ABS Opportunities (Cayman) Fund III, Ltd.
- Rimrock Low Volatility QP (Cayman) Fund, Ltd.
- Rimrock Low Volatility QP (Master) Fund, Ltd.
- Rimrock Low Volatility QP Fund LP

*\*The General Partners of the High Quality ABS Opportunities (Master) Fund III, Ltd are Paul Westhead and Stephen Foulke, Managing Directors of our firm.*

Our firm may sponsor or manage additional private investment funds. We restrict the number of investors and offer interests in the Funds only through non-public transactions in order to maintain the Funds' exclusion from "investment company" status under the Investment Company Act of 1940, as amended.

*The Funds' Confidential Private Placement Memorandum ("Memorandum") contains additional information about the Funds, including a discussion of certain significant risks of investing in the Funds. You should read the Memorandum carefully before investing.*

### Subscriptions and Fees

Generally, you must be an accredited investor (under the definition in the Investment Advisers Act of 1940, as amended) and eligible to enter into a performance fee arrangement to become an investor in one or more of our Funds. In addition, you are required to make representations concerning your sophistication as an investor and your ability to bear the risk of loss for your entire investment. Our firm may, at our discretion, waive all or part of any admission standard or requirement. Our minimum subscription is generally \$1,000,000. However, we may waive the minimum subscription requirement at our discretion on a case-by-case basis.

We receive a quarterly Performance Allocation up to 20% per year of the profits (including realized and unrealized gains and losses) allocated to the Capital Account of each of our Fund investors. At our discretion, we may waive all or a portion of the Performance Allocation or may agree to other changes to the Performance Allocation on an individual investor basis. The Funds will maintain a loss recovery account for each investor ("Loss Recovery Account"). Your Loss Recovery Account will be debited with any net capital depreciation (taking into account your share of the Management Fee) allocated to your Capital Account. Our firm will not receive any Performance Allocation regarding your Capital Account until you have recovered all amounts debited to its Loss Recovery Account (as adjusted for withdrawals of capital). Fees based on performance will meet all requirements for such fees as specified under Rule 205-3 of the Advisers Act.

We also receive an annual management fee of up to 1.50% of the Capital Account of each fund investor. The management fee will be paid monthly in advance. At our discretion, we may waive all or a portion of the management fee or may agree to other changes to the management fee on an individual investor basis.

### **Fee Comparison**

The Funds' expense, including our firm's Performance Allocation and Management Fee, may constitute a higher percentage of average net assets than would be found in other investment vehicles. The Performance Allocation may also create an incentive for us to make investments for the Funds that are riskier than we would otherwise make. In addition, since our Performance Allocation is calculated on a basis which includes unrealized appreciation of the Fund's assets, it may be greater than if such allocation were based solely on realized gains.

### **Termination**

You may terminate the relationship with us with prior written notice (generally 90 days). Penalty fees may be assessed according to the offering memorandums of the Fund(s). For any partial period, you will be charged prorated fees in arrears. Withdrawals from the Funds are governed by the Funds' offering documents. You may be subject to an early redemption fee if you withdraw from the Fund(s) prior to a full twelve month period. At our discretion, our firm may waive the early redemption fee.

### **Types of Investments**

The Fund will invest predominantly in mixed strategy fixed income securities. Including (but not limited to), mortgage backed, asset backed, corporate, term loans, treasuries and derivatives.

You should refer to the Fund's offering documents for detailed disclosure on the types of investments which may be purchased by the Fund. We reserve the right to purchase any other type of investment deemed appropriate based on the Fund's stated goals and objectives.

### **Assets Under Management**

As of December 31, 2011, we manage \$1,523,759,454 in client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

Please refer to the *Advisory Business* section in this brochure as well as the Fund's offering documents for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

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

We are entitled to receive performance based fees for managing the Fund. Please refer to *Advisory Business* section in this Brochure for information on our performance based fees. Investors and prospective investors in the Funds should refer to the private placement memorandum for the Funds for detailed information on fees associated with investing in the Fund.

We will not manage accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees ("side-by-side management"). Performance-based fees may create conflicts of interest, which we have identified and described in the following paragraphs.

Performance-based fees may create an incentive for our firm to make investments 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, a senior officer of our firm periodically reviews client accounts to ensure that investments are suitable and that the account is being managed according to the client's investment objectives and risk tolerance.

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

## Item 7 Types of Clients

We serve as the General Partner and investment adviser to various private investment funds ("Funds") that are available to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities that meet accredited investor definition (Investment Advisers Act of 1940, as amended) and are eligible to enter into a performance fee arrangement

### Conditions for Investment

We generally require a minimum of \$1,000,000 for you to become an investor in our private investment funds. You must also be an accredited investor (under Regulation D) and qualified to participate in a performance fee arrangement (under the California Corporate Securities Law of 1968 and/or the Investment Advisers Act of 1940, as amended) by having a net worth of more than \$1,500,000 or invest at least \$750,000 in the private investment fund. You will be required to make representations concerning your sophistication as an investor and your ability to bear the risk of loss of your entire investment under our management. At our firm's discretion, these minimums may be waived and we may admit a limited number of investors who do not satisfy these standards.

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

### Our Methods of Analysis and Investment Strategies

The investment objective of the Funds is to exploit structural and technical inefficiencies in the market and enhance returns through the use of hedging and modest leverage.

We may use one or more of the following methods of analysis or investment strategies :

- *Charting Analysis* - involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.
- *Fundamental Analysis* - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- *Technical Analysis* - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- *Cyclical Analysis* - a type of technical analysis that involves evaluating recurring price patterns and trends.

- *Long Term Purchases* - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- *Short Term Purchases* - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.
- *Short Sales* - a securities transaction in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price.
- *Margin Transactions* - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.
- *Option Writing* - a securities transaction that involves selling an option. An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The seller pays the buyer a premium (the market price of the option at a particular time) in exchange for writing the option.

#### *Risks of methods of analysis:*

*Charting and Technical Analysis* - The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

*Fundamental Analysis* - The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

*Cyclical Analysis* - Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

We may use investment strategies that involve buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses during a volatile market. However, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

#### **Risk of Loss**

The Funds' Confidential Private Placement Memorandum ("Memorandum") contains additional information about the Funds, including a discussion of certain significant risks of investing in the Funds. You should read the Memorandum carefully before investing

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate our clients from losses due to market corrections or declines. We cannot guarantee or provide assurance that the investment objective of

the Funds will be achieved. An investment in the Funds is subject to significant risks and conflicts of interest, as described in the Funds' Memorandum. Past performance is in no way an indication of future performance.

Prospective investors should carefully read Funds' Memorandum which contains a complete copy of the Funds' Limited Partnership Agreement and other important information. However, the Memorandum should not be considered to be legal or tax advice and prospective investors should consult with their own counsel and advisors as to all matters concerning an investment in the Funds.

## **Item 9 Disciplinary Information**

Our firm has been registered and providing investment advisory services since 2006. Neither our firm nor any of our associated persons has any reportable disciplinary information.

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

We have organized and serve as the general partner and/or investment adviser of private investment funds ("Funds"), as described under the "Advisory Business" section of this brochure. For Funds where we, or our associated persons, serve as manager, general partner, and/or investment adviser, our firm may make the Funds available to qualified clients whose investment strategies are consistent with the objectives of the Fund(s). Our firm does not advise you as to the appropriateness of investing in our Funds and will not receive any compensation for doing so except to the extent that we receive advisory and other fees from the Funds or for selling interests in the Funds.

However, because of the relationship between our firm and the Funds a conflict of interest may exist because we may have a financial incentive to recommend our Funds. While we believe that compensation charged by the Funds are competitive, such compensation may be higher than fees charged by other Funds providing the same or similar services. You are under no obligation to invest in the Funds and may obtain comparable services and/or lower fees through other firms.

Our firm is registered with the National Futures Association as a Commodity Trading Adviser and Commodity Pool Operator.

## **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 protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. 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 about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.



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

We serve as the investment adviser/general partner to the Funds named in the "Advisory Business" section of this brochure in which you may be solicited to invest. Persons associated with our firm may have significant investments in the Funds. If you are an investor in one or more of the Funds, please refer to the Funds' offering documents for detailed disclosures regarding the Funds. Additionally, individuals associated with our firm may buy or sell - for their personal account(s) - investment products identical to those purchased by the Funds. This practice may create a conflict of interest because we have the ability to trade ahead of the Funds and potentially receive more favorable prices than the Funds will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over the Funds in the purchase or sale of securities.

### **Agency Cross Transactions/Cross Transactions**

We may, when we consider the transaction to be appropriate for the Fund(s), instruct brokers to execute transactions where the broker acts as agent for both seller and buyer. In circumstances where the broker executes an agency cross, we undertake to confirm that the buyer and seller are not related parties and that the broker will execute the transactions at market price. Both the buyer and seller are charged an agency commission for such transaction. We will review all trades executed as an agency cross for compliance with our best execution policy. We do not directly or indirectly receive commissions or transaction-based compensation from cross trades. We will not execute a cross transaction between a client and a proprietary account, or an account that we have direct control over without pre-clearance from each participating client.

We may, when in the best interests of our clients, arrange cross transactions between clients where one client may buy or sell a security directly to or from another client. In cross transactions, we undertake to confirm that the buyer and seller are not related parties and that the broker has executed the transaction at market price. Both the buyer and seller are charged an agency commission by the broker-dealer executing the transaction; however, we do not receive any direct or indirect compensation resulting from cross trades.

Cross transactions may be used to maintain substantially similar weightings at the end of each trading day in each security across all of our clients within a specific investment style. We may also at times sell a security on behalf of all eligible clients within one of our investment styles and buy on behalf of all eligible clients within another investment style. By participating in these types of cross transactions, our firm can help reduce dealer spreads and brokerages commissions, as well as avoid any potential market impact that may occur in the open market as a result of executing those transactions in the open market.

### **Personal Trading Practices**

Please see the "Participation or Interest in Client Transactions" section above for our personal trading policy.

## **Item 12 Brokerage Practices**

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

We do not have any soft dollar arrangements.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research

### **Block Trades**

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine multiple orders for shares of the same securities purchased for advisory

accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

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

Funds are reviewed on a continuous basis, but no less than weekly. Managing directors, including portfolio managers and the Chief Compliance Officer participate in the weekly reviews. The weekly review evaluations each portfolio's risk, duration and leverage. Any developments affecting the portfolio structure or an existing holding will trigger a special review which may result in action being taken.

We will provide quarterly performance reports to our clients. As an investor in our Funds, you will receive an annual report including financial statements and a statement of your Capital Account as of the end of the fiscal year. In addition, you will receive trade confirmations, monthly or quarterly statements, and year-end tax statements from your account custodian(s).

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

Please refer to the "Brokerage Practices" section above for disclosures on research and other benefits we may receive resulting from our relationships with broker-dealers or custodians.

### **Item 15 Custody**

Custody of the assets of the Funds is maintained with a custodian (the "custodian") selected by us at our exclusive discretion, which selection may change from time to time. We will not maintain physical possession of the funds or securities of any private investment fund. In order to institute and maintain procedures such that we will not be deemed to have custody or possession of the funds or securities of the private investment funds for purposes of the Advisers Act, and consistent with the no-action letter Bennett Management Co., Inc. (publicly available February 26, 1990), each private investment fund will enter into an agreement ("Disbursement Procedures Agreement") with a bank and brokerage firm (each a "Custodian") that serves as custodian of the funds and/or securities of the private investment funds. Pursuant to each Disbursement Procedures Agreement, the Custodian will be restricted from making payments to us or our affiliates from any account maintained by the Custodian on behalf of the private investment fund unless certain requirements are met. We will acknowledge in writing and will agree to the terms of each Disbursement Procedures Agreement.

### **Item 16 Investment Discretion**

We have complete discretion over the selection and amount of securities to be bought or sold, the broker or dealer to be used and the commission rates to be paid regarding investments in the Fund without obtaining any investor's prior consent or approval.

You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or

restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.

## **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.

## **Item 18 Financial Information**

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

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, 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 Investment Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any non-affiliated 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, consultants, and attorneys. For example, our firm may share information collected about our clients with our independent auditors in the course of the annual audit of a private investment fund in which our clients have an investment. We may share this information with our firm's legal counsel as we deem appropriate and with regulators as required. Additionally, a copy of your tax Form K-1 is included in a private investment fund's tax return filed with the Internal Revenue Service.

We restrict internal access to nonpublic personal information about you to employees or affiliates, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

**Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

**Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.