

**Item 1 – Cover Page**

**Form ADV, Part 2A: Brochure**



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**RIMROCK**

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CAPITAL MANAGEMENT, LLC

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

**August 30, 2013**

This Form ADV, Part 2 (“Brochure”) provides information about the qualifications and business practices of Rimrock Capital Management, LLC (“we,” “us,” “our,” or “Rimrock”). If you have any questions about the contents of this brochure, please contact us at 949-381-7800. 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.

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.

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.

## **Item 2 – Material Changes**

This section is intended to discuss only material changes made to the Brochure and provide a summary of changes made since the most recent update. This Brochure, dated August 30, 2013, has been amended to include the following:

- No material changes made during this filing.

This Brochure is prepared according to the July 28, 2010, United States Securities and Exchange Commission (“SEC”) publication entitled “Amendments to Form ADV”. We urge prospective clients, clients and Investors to read this entire Brochure.

A complimentary copy of our Brochure may be requested by contacting Rimrock by telephone at 949-381-7800 or by submitting a written request to: 100 Innovation Dr. Suite 200, Irvine, California 92617-3040.

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#### **Item 4 – Advisory Business**

Rimrock Capital Management, LLC is a U.S. Securities and Exchange Commission (“SEC”) registered investment adviser, organized in 2001 as a limited liability company under the laws of the State of California, based in Irvine, California. The firm has five principal employee owners (“Principals”), specifically, David H. Edington, Stephen Foulke, Christopher Chester, Paul C. Westhead, and Santino Blumetti.

Rimrock provides discretionary investment management services to private funds established by Rimrock (“Rimrock Funds”) and private funds or separately managed accounts established by third parties (“Rimrock Managed Accounts”). Rimrock Funds and Rimrock Managed Accounts are referred to in this Brochure as “Funds” or “clients.” Rimrock has sole discretion to manage its Funds’ investment portfolios. Generally, Rimrock does not accept instructions from clients with respect to investments by or for their accounts. Rimrock Managed Accounts may impose restrictions in the form of account guidelines, return benchmarks and restricted transactions. Rimrock Managed Accounts can also negotiate other terms with Rimrock. Rimrock Managed Accounts restrictions are formalized in executed advisory agreements with Rimrock.

The Funds 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 applicable 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.

##### Rimrock Funds

The Rimrock Funds are private pooled investment vehicles formed by Rimrock to provide a means by which qualified, sophisticated investors may pursue alternative investment strategies. The Funds are not required to register under the Securities Act of 1933 or the Investment Company Act of 1940 in reliance upon certain exemptions available to issuers whose securities are not publicly offered. For each such strategy, Rimrock typically creates a master-feeder structure consisting of a master fund in the form of a Cayman Islands exempted company, and one or more feeder funds consisting of Cayman Islands exempted companies and California limited partnerships.

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, L.P.
- Rimrock High Income PLUS (QP) Fund, L.P.
- Rimrock High Income PLUS (Cayman) Fund, Ltd.
- Rimrock Low Volatility (Master) Fund, Ltd.
- Rimrock Low Volatility Fund, L.P.
- Rimrock Low Volatility (Cayman) Fund, Ltd.
- Rimrock Low Volatility (QP) (Master) Fund, Ltd.
- Rimrock Low Volatility (QP) Fund, L.P.
- Rimrock Low Volatility (QP) (Cayman) Fund, Ltd.
- Rimrock Low Volatility (QP) (JPY) Trust
- Rimrock Structured Product (Master) Fund, Ltd.
- Rimrock Structured Product Fund, L.P.
- Rimrock Structured Product (Cayman) Fund, Ltd.

### Rimrock Managed Accounts

The accounts are private domestic or foreign accounts or entities, each of which is typically managed by Rimrock for the benefit of one investor or group of investors.

In addition to the Funds and Managed Accounts described above, Rimrock's Principals have created Rimrock Capital Management Holdings, LLC ("RCM Holdings"). The purpose of RCM Holdings is to collectively invest the Principal's capital in various investment opportunities, including Rimrock Funds and other investments.

Our firm may sponsor or manage additional private investment funds in the future. 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.

As of June 30, 2013, Rimrock Capital Management, LLC had Regulatory Assets Under Management of \$3,932,073,119 in client assets on a discretionary basis, and Asset Under Management of \$2,696,168,889.36.

### **Item 5 – Fees and Compensation**

Rimrock is compensated for its advisory services based on a percentage of assets under management ("management fee" or "advisory fee"). Additionally, funds and separate accounts generally pay performance-based fees ("incentive fee").

In addition to management fees, Rimrock charges performance based fees for managing the Funds and Managed Accounts. 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. Managed Account performance fees are outlined through individually executed investment management agreements.

At the end of each calendar year, Rimrock will receive an annual performance fee up to 20% of the net profit allocated to each Fund investor's capital account (including net realized and unrealized gains and losses of net income). 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. Rimrock will not receive any Performance Fee 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 Investment Advisers Act.

Rimrock may also receive an annual aggregate profit fee up to 20% of the net profit in the Client's account (including net realized and unrealized gains and net investment income) for that period (or shorter period, with respect to withdrawn amounts), in excess of the Index (described below), subject to a reduction of that excess for prior losses that have not been previously offset against net profits.

Rimrock will maintain a contingent loss account for the Client (a "Contingent Loss Account"). The Contingent Loss Account will be debited with any net loss allocated to the Client's account. We will not be allocated any Profit Fee with respect to the Client's account until it has recovered all amounts debited to its Contingent Loss Account (as adjusted for any withdrawals or additions of capital). This Contingent Loss Account effectively imposes a "high water mark" on the Client's account so that Rimrock is not paid a Performance Fee for recovering past losses suffered by the Client.

### Rimrock Funds

With regard to Rimrock Funds, we receive an annual management fee of up to 1.50% of the net asset value. The management fee is 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.

#### Rimrock Managed Accounts

Generally, advisory fees for Rimrock Managed Accounts are based upon a percentage of assets under management and may vary depending upon the nature of the portfolio to be managed. Managed Account advisory fees generally range from 0.25% to 0.75% of client assets under management.

With regard to Rimrock Managed Accounts, we calculate management fees on a monthly basis and invoice the managed account clients on a quarterly basis, mainly in arrears. The managed account client must instruct and approve the payment from the custodial bank to pay Rimrock directly. Rimrock does not deduct fees directly from Rimrock managed accounts.

#### General Information

##### *Fee Comparison*

The Funds' expenses, including our firm's Performance Fee and Management Fee, may constitute a higher percentage of average net assets than would be found in other investment vehicles. In addition, since our Performance Fee, crystallized on an annual basis, 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.

##### *Different Fee Schedules*

Rimrock's Management Fee and the Performance Fee may be discounted or waived with respect to any investor for any particular period of time at the sole discretion of the firm (or the General Partner, as applicable). This discounted rate or waiver is not available to all or even most investors in the Funds.

##### *Other Fees and Expenses*

While it is not anticipated that mutual funds will be included in client portfolios, money market mutual funds may be used from time to time to 'sweep' unused cash balances until they can be appropriately invested. Investors should recognize that all fees paid to Rimrock for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees will generally include a management fee and other fund expenses.

In addition to fees paid to our firm (or the General Partner, as appropriate), Fund investors will also be responsible for the fees and expenses charged by custodians and imposed by any broker dealer or other counterparty with whom Rimrock effects transactions for the Funds. Please refer to Item 12 of this brochure for additional information regarding brokerage.

##### *Valuations*

Rimrock seeks to ensure that the appropriate valuation procedures are followed to price securities in Rimrock underlying client accounts. Rimrock strives for consistent pricing sources that accurately reflect current market activity prices. The Director of Operations and the Chief Risk Officer have the final responsibility to ensure the portfolio securities of Rimrock's client accounts are valued in accordance with Rimrock's Valuation Policy. In addition, Rimrock's Risk and Operations Committee is responsible for ensuring the price integrity of securities at month end. The Risk and Operations Committee is comprised of the Chief Risk Officer, Chief Compliance Officer, Director of Operations, and two senior Portfolio Managers.

Rimrock uses independent pricing sources to value client investments whenever these prices are deemed accurate. If market quotations are not available from third parties (including broker dealers), then securities and other financial assets are valued at "fair value." Fair value is defined as Rimrock's best efforts to estimate the value based on comparable securities or valuation models using sources and inputs Rimrock deems reliable such as Intex, Bond Studio, Bloomberg, and others depending on the particular security. This is determined in good faith by Rimrock. Fair valuation is the last option and utilized sparingly.

Rimrock has adopted the following set of valuation procedures to determine the prices to be used for securities held in client accounts. Client account Custodians serve as the primary provider of security prices. For Rimrock sponsored products, Northern Trust serves as Custodian. For all other Rimrock client accounts, the client selects the Custodian. In addition to Custodian provided pricing, Rimrock attempts to obtain prices from alternative sources. These include third party pricing sources and broker dealers known to be active in certain segments of the fixed income markets. All prices are aggregated at least monthly, custodian and select broker prices are reviewed daily.

#### *Termination*

A Fund investor may withdraw all or any part of its investment from a Fund as set forth in the applicable Fund's offering documents. Rimrock may in its sole discretion, waive or modify any of the terms of withdrawal. Rimrock seeks to treat all clients and investors in a fair and equitable manner. The decision to waive or modify any terms, permitted by offering documents, will be based on the facts and circumstances of the request and with consideration of the impact on other clients and investors.

Investors in each Fund should refer to the appropriate Fund's organizational and offering documents for complete information regarding withdrawals of investments. Rimrock's Funds' have different share classes offering distinct termination provisions. Generally, Fund investors provide 45 days notification for a quarterly redemption after a one year soft lockup period or 120 days notification for annual quarterly redemption after a two year soft lockup period. Early redemptions, prior to the expiration of the lockup, may be considered by Rimrock subject to a 3% redemption fee. For any partial period, you will be charged prorated fees in arrears. Rimrock may limit the amount of redemptions on a quarterly basis to 25% of the Master Fund's net asset amount. If the 25% quarterly limit is reached, the redeeming investors will receive a pro rata portion of their requested amount.

Managed Account clients may terminate the relationship with us with prior written notice (generally 30 days).

#### *Side Arrangements*

Rimrock, as appropriate, has and may in the future, waive or modify certain terms of investment for certain investors, in side letters or otherwise, in its sole discretion.

Rimrock has no side pocketed assets.

#### *General*

Investors in the Funds and prospective investors in any new fund launched by Rimrock or its affiliates should refer to the appropriate offering and organizational documents for additional important information, terms, conditions and risks involved with investing in the Fund(s).

#### *Personal Investments in Funds*

Certain executive officers and/or other employees of Rimrock have invested or may invest a portion of their personal net worth in one or more of the Funds. Rimrock, as a firm, arose from the personal investment of the founding principal. Rimrock principals, officers and employees are encouraged to invest in Rimrock managed funds. In so doing, Rimrock believes that an alignment of interest exists between Rimrock and fund investors. This situation does give rise to circumstances where principals redeem, partially or in full from a given fund, in order to pay taxes or rebalance their personal investments. As discussed above, the discretion to waive or modify any of the terms of withdrawal granted by a Fund's offering documents will be based on the facts and circumstances of the request and with consideration of the impact on other clients and investors.

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

It is important for investors to note that 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.

Furthermore, since we also have clients that pay different performance-based fees, we have an inherent incentive to favor the Funds or other accounts that pay higher performance fees because compensation we receive from these clients is more meaningfully tied to the performance of their accounts. As a fiduciary, we endeavor at all times to put the interests of our clients first. To this end, we take the following steps to address this conflict of interests:

- We disclose to clients the existence of material conflicts of interest, including the potential for our firm to earn more compensation from advisory clients who pay higher performance-based fees;
- We have implemented policies and procedures for fair and consistent allocation of investment opportunities among all client accounts;
- We periodically compare holdings and performance of all accounts with similar strategies to identify significant performance disparities indicative of possible favorable treatment;
- We periodically review trading frequency and portfolio turnover rates to identify possible patterns of "window dressing," "portfolio churning," or any purposeful or unconscious attempts to manipulate trading to boost performance near the reporting period; and
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients and equitable treatment of all clients, regardless of the fee arrangement.

Performance-based fees will only be charged in accordance with the provisions of Rule 205-3 of the Investment Advisers Act of 1940.

**Fund investors must understand the performance-based fee method of compensation and its risks prior to subscribing to interests in any of the Funds.**

### **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, endowments, foundations, 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.

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.

#### *Conditions for Investment*

We generally require a minimum of \$1,000,000 (or higher for some funds) 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**

For each Fund, Rimrock pursues an investment strategy described in the applicable Fund's private placement memoranda, as summarized for each respective strategy below. Managed accounts may have a substantially similar mandate as the strategies described below or alternatively a sub-sector of one of the strategies, for example, only the mortgage sector. In each case, the following summaries are not intended to be complete statements of the investment strategies and related risks of the applicable Rimrock Funds. Investors should review the full private placement memorandum and other governing documents for a given Fund for a complete statement of the strategy and risks relating to such Fund. The terms of the Rimrock Funds' private placement memoranda and other governing documents supersede the disclosures contained in this Brochure.

### ***A. Method of Analysis***

Rimrock's investment process is built around an extensive fundamental, bottom-up analytical process. However, we do incorporate our view of the business cycle and credit cycle.

#### **Top-Down**

Rimrock performs an annual secular review where we attempt to identify the trends that may impact the global economy over a longer-term horizon. On a quarterly basis, we review and generate an outlook for the global economic cycle over the next 12 months, seeking to identify relative strengths and weaknesses within the major global economies. The quarterly review also involves relative value analysis across all asset classes, in an effort to identify anomalous pricing, both quantitatively and qualitatively. Rimrock also performs a fixed income sector analysis in order to identify sub-sector pricing and performance trends that may impact our security selection process.

#### **Bottom-Up**

Rimrock seeks to purchase securities with an eye towards holding until maturity, pay down or call. We do so by employing multiple models and stress tests to model risk, as well as gain a thorough understanding of any structural components. We look to identify undervalued securities that hold up to a wide range of economic outcomes, using conservative default and recovery assumptions. Our efforts combine technology and experience to identify bonds with preferred attributes from various bid lists and Dealer inventories.

#### **Risks**

Rimrock's investment approach has risks. The portfolio will be subject to market volatility. The portfolio will follow an investment strategy that, if unsuccessful, could involve significant losses for investors. Although the approach has the flexibility to react to changing market conditions, changes in market conditions could nevertheless involve significant losses. An investment based on this strategy will not be highly liquid and is suitable only for persons who have no need for a return of any part of their investment for an extended period of time. An additional risk to fixed income relative value strategy is the appearance of a cheap bond may be deceptive and the pricing may continue to deteriorate.

### ***B. Investment Strategies***

Investment Strategy: Rimrock High Income PLUS (Master) Fund, Ltd.  
Rimrock High Income PLUS Fund, L.P.  
Rimrock High Income PLUS (QP) Fund, L.P.  
Rimrock High Income PLUS (Cayman) Fund, Ltd.

The Rimrock High Income PLUS Fund (the “HIP Fund”) is a multi-sector fixed income relative value fund. The HIP Fund’s strategy is to exploit structural and technical inefficiencies in the market, especially in the short-end of the yield curve, and to enhance returns through the use of hedging, modest leverage and select longer-term total return investments.

The HIP Fund’s focus on the short-end of the yield curve is the result of the portfolio management team’s extensive experience and research surrounding the efficacy of that part of the market. Empirical data going back to the 1950’s demonstrates the superior risk-adjusted return characteristics found in the short-end of the curve, where an investor buying securities with an average life between one and three years has been able to capture a higher rate of return for a less than commensurate increase in risk. Interestingly, the data includes extended periods of rising rates and even some inverted yield curves. While the historical data is compelling, it is important to understand the forces responsible for this relationship, and to determine its sustainability in the future.

First, the demand for money market instruments (those having a maturity of 13 months or less) continues to grow, as there are certain investors who are willing to pay a premium for the surety of price stability. The combination of the strong demand for money market instruments and the cost associated with not “breaking the buck” serve to reduce the offered return to investors. For those securities just beyond the 13 month mark, there is an exceptional increase in the potential risk-adjusted return for investors who are willing to move just beyond the “safety” of money markets.

After the money markets sector, another relatively efficient part of the fixed income market includes those bonds that comprise the Barclays Capital Aggregate Bond Index or other similar intermediate duration benchmarks that are popular with large pension funds, endowments and foundations for their long-only fixed income allocations. The number of sophisticated investment managers trafficking in this part of the yield curve serves to increase the efficiency of the market, and as a result, reduces the opportunity to purchase instruments with outstanding risk-adjusted return characteristics. Of course, bonds that start their life in the Barclays Capital Aggregate Bond Index, will ultimately exit the index as they “roll down” the yield curve on their march towards maturity, and will have to pass through the less trafficked short-end of the yield curve. While the shape of the yield curve will surely change, and the advantage found in the short-end may wax and wane over time, we expect the general relationship to hold going forward.

In addition to being able to take advantage of structural and technical inefficiencies in the market, our focus on the short-end of the yield curve has the benefit of limiting the Fund’s interest rate risk. As part of our investment process, we do not try to predict the direction or rate of change in interest rates, but we concentrate our efforts on identifying undervalued bonds. Therefore, we limit the overall duration of the portfolio between (-1) and +3 years, with the mid-point at +1 year, which ensures a muted impact on performance regardless of a change in rates. Lastly, as an investor in short-average life bonds, the Fund can be more reliant on maturity and return of principal as an exit strategy rather than having to sell a bond in order to capture a profit.

Overall, the Fund maintains a low-risk profile by adhering to a disciplined relative value approach, which seeks to achieve a diversified portfolio. The Fund has three strategic components, an Income Portfolio, which seeks to generate an attractive yield, select Total Return Strategies that serve to complement the Income Portfolio, and Hedging, which attempts to moderate specific risks in the Fund.

#### *Income Portfolio*

The Income Portfolio is a diversified portfolio that utilizes a broad investment charter and modest leverage to generate an attractive yield, which is designed to represent the majority of the Fund’s returns over time. Unlike some sector specific fixed income funds, the HIP Fund has the ability to seek value in all sectors of the fixed income universe, including mortgages, asset-backed securities, corporates (both investment grade and below investment grade), emerging markets and is able to employ all security types and structures in the construction of the Income Portfolio. We limit the notional leverage in the Income Portfolio to a maximum of three times equity (i.e. two dollars of borrow against one dollar of equity),

while our normal range has been approximately 1.2 to 1.4 times equity (i.e. 20 to 40 cents of borrow for every dollar of equity).

#### *Total Return Strategies*

In addition to the yield generated by the Income Portfolio, the portfolio management team is confident in their ability to identify a select number of opportunities that serve to enhance performance. Typically, these Total Return Strategies will complement, or hedge, the Income Portfolio and may include strategies ranging from relative value to fixed income arbitrage to more macro-oriented positions. Importantly, we typically limit the exposure of each individual Total Return position to an amount representing 2% to 3% loss for the Fund, with a maximum of 5%. Therefore, if we are wrong on each of the Total Return positions, it should not completely offset the return generated in the Income Portfolio.

#### *Hedging*

The portfolio managers use a variety of hedging techniques to reduce certain risks inherent in a fixed income portfolio, such as duration (a measure of a bond's interest rate sensitivity), convexity (a measure of sensitivity of a bond's duration to a change in interest rates), volatility (a measure of variation in price), and spread widening (a measure of price impact due to changes in credit spreads). Our approach to hedging emphasizes identifying cost effective strategies, however more importantly we attempt to utilize liquid instruments, such that we may have the opportunity to monetize the hedging strategies, should the environment warrant such a transaction.

Investment Strategy:    Rimrock Low Volatility (Master) Fund, Ltd.  
                                     Rimrock Low Volatility (QP) (Master) Ltd.  
                                     Rimrock Low Volatility Fund, L.P.  
                                     Rimrock Low Volatility (QP) Fund, L.P.  
                                     Rimrock Low Volatility (Cayman) Fund, Ltd.  
                                     Rimrock Low Volatility (QP) (Cayman) Fund, Ltd.  
                                     Rimrock Low Volatility (QP) (JPY) Trust

The Rimrock Low Volatility Funds (the Low Vol. Funds) are multi-strategy fixed income funds. The Low Vol. Funds will seek to generate returns through the exploitation of structural and technical inefficiencies in the market, especially in the short-end of the yield curve, and through careful security selection, modest leverage, and active hedging.

Please refer to the paragraphs above describing our investment approach for Rimrock's High Income PLUS Fund. The Low Vol. Funds employ the same investment approach, except for the Total Return Strategies, which are excluded.

Overall, the strategy maintains a low-risk profile by adhering to a disciplined relative value approach, which results in a diversified portfolio with near market-neutral characteristics. The Low Vol. Funds have the ability to seek value in all sectors of the fixed income universe, including mortgages, asset-backed securities, corporates (both investment grade and below investment grade), emerging markets and is able to employ all security types and structures in the construction of the portfolio. We limit the notional leverage in the Income Portfolio to a maximum of five times equity.

The portfolio managers use a variety of hedging techniques to reduce certain risks inherent in a fixed income portfolio, such as duration (a measure of a bond's interest rate sensitivity), convexity (a measure of sensitivity of a bond's duration to a change in interest rates), volatility (a measure of variation in price), and spread widening (a measure of price impact due to changes in credit spreads). Our approach to hedging emphasizes identifying cost effective strategies, however more importantly we attempt to utilize liquid instruments, such that we may have the opportunity to monetize the hedging strategies, should the environment warrant such a transaction.

Investment Strategy:    Rimrock Structured Product (Master) Fund, Ltd.  
                                     Rimrock Structured Product Fund, L.P.  
                                     Rimrock Structured Product (Cayman) Fund, Ltd.

The Rimrock Structured Product Fund (the “SPF Fund”) is a fixed income relative value fund. The SPF Fund’s strategy is to exploit structural and technical inefficiencies in the market, especially in the mortgage-backed securities (“MBS”), asset-backed securities (“ABS”), commercial mortgage-backed securities (“CMBS”) and other structured product sectors of the fixed income market.

The SPF Fund will focus the exposure of the Fund in structured product securities that have a relatively short average-life, between one and three years, and which also demonstrate attractive risk and reward characteristics. In addition, Rimrock will have the ability to use modest leverage and hedging strategies in an effort to generate attractive rates of return with commensurate performance volatility.

Given the relatively inefficient nature of the structured product sector of the fixed income market, including MBS, ABS, and CMBS, Rimrock believes it can apply its long experience in the structured product sector in order to identify securities that offer attractive risk-adjusted returns. In addition, many institutional investors incorporate a limit on the amount of non-rated or below investment-grade securities in their fixed income portfolio, which limits the number of participants in this space and can create an advantageous supply and demand dynamic for the SPF Fund.

Next, due to the large number of complex variables that are incorporated into Rimrock’s evaluation of structured product securities, including a detailed analysis of both the underlying collateral and the legal structure of the security, Rimrock believes its long experience will be beneficial to the Funds in its ability to identify undervalued or mispriced securities. The SPF Fund will also have the ability to utilize modest financial leverage, primarily through the use of term and rolling repurchase financing agreements. Rimrock will mitigate the funding risk through the use of multiple counterparties, the maintenance of a cash reserve, a reserve of alternative securities that can be financed, and target of a minimum level of liquidity in the underlying portfolio.

The portfolio managers use a variety of hedging techniques to reduce certain risks inherent in a fixed income portfolio, such as duration (a measure of a bond’s interest rate sensitivity), convexity (a measure of sensitivity of a bond’s duration to a change in interest rates), volatility (a measure of variation in price), and spread widening (a measure of price impact due to changes in credit spreads). Our approach to hedging emphasizes identifying cost effective strategies, however more importantly we attempt to utilize liquid instruments, such that we may have the opportunity to monetize the hedging strategies, should the environment warrant such a transaction.

Finally, the SPF Fund will have the ability to enter into select Total Return Strategies that are designed to exploit specific mispricing or relative value relationships in the structured product sector of the market, or the basis between certain securities within the sector. While Rimrock expects these Total Return Strategies to be more capital appreciation oriented, we also believe these strategies can be additive to the overall performance of the SPF Fund and may serve to reduce the Fund’s performance volatility over time.

### ***C. Risks of Loss***

The Rimrock funds are be subject to swings in value. The Funds follow an investment strategy that, if unsuccessful, could involve significant losses for Investors. Although the Funds have the flexibility to react to changing market conditions, or changes in an investment, either could result in significant losses. An investment in the Funds will not be highly liquid and is suitable only for persons who have no need for a return of any part of their investment for an extended period of time. Neither the Funds, nor Rimrock, makes any guarantee that the Funds’ investment objectives will be achieved. An investment in any of the Funds is subject to significant risk.

There is risk associated with the reliance on Rimrock and the following is a partial list of the types of risks, one may assume:

- Investment selection where one depends on Rimrock’s skill;
- Possible changes in investment strategies and policies;

- Payment of a portion of the net profits to Rimrock may create an incentive to take riskier positions;
- Investors will not have direct input into the management of the Fund;
- Lack of regulatory oversight where the funds are not covered by the Investment Company Act;
- Limited access to Fund information except periodic reports;
- Valuation of Fund investments; and
- Conflicts of interest, such as competing time pressure, challenges of allocating investment opportunities, and potential exposure to non-public information.

In addition to the material but generic examples listed above, Rimrock Funds may expose an investor to the following non-exhaustive list of specific security related risks:

- Exposure to a wide variety of complex securities and derivatives;
- Leveraged capital structures with financial risk;
- Risks associated with debt securities such as interest rate risk and credit or default risk;
- Investment grade and non-investment grade securities subject to rating changes;
- Restructurings, divestitures and spin-offs;
- Stub securities with less liquidity;
- Bankruptcy reorganizations and distressed situations with uncertain and illiquid outcomes;
- Emerging markets securities with various risk such as social, political and economic instability;
- Currency risks;
- Derivatives with risks such as pricing, counter parties default risk and illiquidity; as well as
- Leverage, short sales, and basis risk in hedging.

#### *Hedging*

Rimrock will not attempt to hedge all market and other risks inherent in the Funds' positions. Rimrock may partially hedge certain risks. This will result in various directional market risks remaining unhedged. Rimrock may rely on diversification to control such risks to the extent that Rimrock believes it is desirable to do so.

Refer to the Private Placement Memorandum for a more expansive list and description of risks associated with Rimrock fund investments.

### **Item 9 – Disciplinary Information**

Investment advisers registered with the SEC are required to disclose all material facts regarding any legal or disciplinary events that could be important to a client's evaluation of Rimrock or the integrity of Rimrock's management. Rimrock has been registered and in the business of 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**

#### ***A. Broker Dealer Affiliations***

Rimrock is not registered as a broker dealer nor does Rimrock currently have a pending application to register as a broker dealer.

Rimrock has entered into a services agreement with DLX Financial Group, LLC ("DLX"). DLX is a registered broker dealer established for the purpose of providing marketing and distribution of both private and public funds. DLX does not trade securities nor provide pricing services to Rimrock. DLX is not owned by Rimrock. Several Rimrock employees are registered representatives of DLX, given their focus on marketing Rimrock's Funds, which is appropriate given our understanding of FINRA's regulations pertaining to the sale of securities. DLX is compensated by Rimrock through a fee sharing

arrangement from fees generated by clients introduced to Rimrock by Registered Representatives of DLX.

Rimrock has entered into a services agreement with Ueda Yagi Securities Co., Ltd, ("Ueda Yagi") a Japanese registered financial services firm located in Tokyo, Japan. Ueda Yagi and Rimrock entered into the agreement in order for Ueda Yagi to perform services such as consulting about business development, translating documents and presentations, as well as arranging meetings with potential Japanese investors for Rimrock Funds. The compensation for Ueda Yagi's services is paid through a fee sharing arrangement from assets raised in Japan. Rimrock has created an additional feeder fund, Rimrock Low Volatility (QP) (JPY) Trust, a Yen denominated feeder fund for Japanese investors.

### ***B. CPO or CTA Registrations***

Rimrock is a National Futures Association ("NFA") approved member. Rimrock has filed the master and feeder funds under CFTC Rule 4.7 pool exemption. This exemption limits eligible Fund investors to Qualified Eligible Persons ("QEP"). Rimrock is registered as a Commodity Trading Advisor ("CTA").

### ***C. Other Financial Industry 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 is 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.

Rimrock's Principals formed RCM Holdings for the purpose of making collective personal investments, both in Rimrock Funds, as well as select external investments. One such external investment is a minority interest in MacFarlane Advisors, LLC, General Partner to the MacFarlane High Income Real Estate Fund, L.P. ("The MacFarlane Fund"), where RCM Holdings is also a limited partner. The MacFarlane Fund is managed according to a different strategy than the Rimrock Funds and it is expected that the MacFarlane Fund will generally invest in ownership interests in multifamily real estate outside of the investment mandate and liquidity profile of the Rimrock Funds.

## **Item 11 – Code of Ethics**

### ***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 or to benefit from the market effect of the Fund's later trades. 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.

#### *Personal Trading Practices*

Rimrock recognizes that the personal investment transactions of its Employees and members of their immediate families demand the application of a strict code of ethics. Consequently, Rimrock requires that all personal investment transactions be carried out in a manner that will not endanger the interest of any client or create any apparent or actual conflict of interest between Rimrock and its Employees, on the one hand, and the client, on the other hand. Thus, Rimrock has adopted the procedures set forth below. All trades for Personal Accounts must be consistent with recommendations and actions that Rimrock has taken or will take on behalf of its clients and Rimrock's Trade Allocation Policy. The client's interests take precedence over the personal interests of Rimrock and its Employees. If a potential conflict arises, Rimrock and the Employee must resolve the matter in the client's favor. All trades for Personal Accounts must be done in compliance with Rimrock's Restricted List and pre-clearance requirements as described below. These restrictions are intended to protect both Rimrock and its Employees from even the appearance of impropriety with respect to any transactions or securities in an Employee's Personal Account.

### **Item 12 – Brokerage Practices**

Rimrock has been granted the authority to select the broker or dealer through which to place trades on behalf of the Funds through each Fund's organizational documents and client agreements. When executing transactions, we endeavor to select those brokers, dealers or other counterparties which will provide the best services at the lowest prices and, when applicable, commission rates, under the circumstances. The reasonableness of prices and commissions is based on the broker's ability to provide professional services, competitive commission rates, research and other services which will help us in providing investment management services to clients.

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

We currently do not have any soft dollar arrangements, nor do we plan on entering into soft dollar arrangements.

#### *Brokerage for Client Referrals*

Rimrock does not consider in the selection of broker-dealers whether or not Rimrock or a related person receives client referrals from the broker-dealer or a third party.

#### *Block Trades*

Transactions for each client generally will be aggregated, unless Rimrock decides to purchase or sell a position for only one client. The Firm will, within the constraints of client investment guidelines, combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading").

As a matter of general Firm policy, clients participating in any such block trade will receive an average security price and transaction costs will be shared equally and on a pro-rata basis.

In the event transactions for Rimrock, its employees or principals (“proprietary accounts”) are aggregated with client transactions, conflicts arise and special policies and procedures must be adopted to disclose and address these conflicts. Presently, other than to the extent that Rimrock employees and principals are investors in the Funds, employees and principals do not aggregate orders with clients.

#### *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.

#### *Principal Transactions*

Rimrock does not currently execute principal transactions nor do we plan on participating in principal transactions.

### **Item 13 – Review of Accounts**

Rimrock has a Chief Risk Officer seated on the trading desk and the firm has developed proprietary analytical tools and uses commercially-licensed computer systems in order to monitor portfolios. Measures such as duration, spread duration, credit quality, convexity, option adjusted spread, counterparty exposure, leverage, and liquidity are monitored throughout the trading day and reviewed weekly in a risk meetings. The weekly research meeting is conducted by the Chief Risk Officer with the Chief Investment Officer, Portfolio Managers, Analysts, Traders, as well as members of the Marketing and Client Relations team. Significant market volatility, material position level changes, or changes on top down outlook could trigger a review.

As an investor in the Rimrock Funds, the custodian provides a monthly account statement, an annual report including financial statements and a statement of your Capital Account as of the end of the fiscal year. In addition, investors may request to receive a monthly performance report, risk report and other detailed portfolio information. The Funds have independent administrators involved in the monitoring of portfolios and reconciliation of cash and positions. Rimrock also uses an independent public accounting firm to conduct annual audits.

Rimrock Managed Accounts receive reports directly from their custodians as well as a monthly risk report from Rimrock. Rimrock monitors and reviews market risks for the Managed Accounts in the same manner as the Funds, described above. The custodians for the Managed Accounts are engaged directly by the client and not by Rimrock.

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

#### ***A. Compensation to Rimrock***

Rimrock’s sole source of revenues is derived from management fees and performance fees generated through managing Rimrock Funds and separately managed accounts. Rimrock does not receive economic benefits from anyone who is not a client.

#### ***B. Compensation by Rimrock***

As part of our efforts to market the interests of the Funds, we have entered into arrangements to compensate certain third party placement agents or others for referring prospective investors to the Funds as set forth below. We reserve the right to enter into additional, similar arrangements in the future.



Although common, such referral arrangements do create a potential conflict of interest because, in theory, the referrer may be motivated, at least partially, by financial gain and not because the Funds are the most suitable to the prospective investor's needs.

As discussed at Item 10 of this Brochure, Rimrock has entered into a services agreement with DLX Financial Group, LLC ("DLX"). DLX is a registered broker dealer established for the purpose of providing marketing and distribution of both private and public funds. DLX does not trade securities nor provide pricing services to Rimrock. DLX is not owned by Rimrock. Several Rimrock employees provide services for DLX. DLX is compensated by Rimrock a flat fee and through a fee sharing arrangement from fees generated by clients introduced to Rimrock by registered representatives of DLX.

Rimrock has entered into a services agreement with Ueda Yagi Securities Co., Ltd, ("Ueda Yagi") a Japanese registered financial services firm located in Tokyo, Japan. Ueda Yagi and Rimrock entered into the agreement in order for Ueda Yagi to perform services such as consulting about business development, translating documents and presentations, as well as arranging meetings with potential Japanese investors for Rimrock Funds. The compensation for Ueda Yagi's services is paid through a fee sharing arrangement from assets raised in Japan. Rimrock has created an additional feeder fund, Rimrock Low Volatility (QP) (JPY) Trust, a Yen denominated feeder fund for Japanese investors.

### **Item 15 – Custody**

An investment adviser who has custody of client funds or securities is subject to significant reporting and regulatory requirements that are not applicable to an investment adviser who does not have custody. An investment adviser has custody of client funds or securities when it holds "directly or indirectly, client funds or securities or has any authority to obtain possession of them." Under Rule 206(4)-2, an investment adviser will be deemed to have custody of a client's funds and securities if the client is a partnership for which the investment adviser serves as the client's general partner. Because currently many of the advisory clients of Rimrock are private investment funds formed as partnerships in which Rimrock serves as the general partner, Rimrock is deemed to have custody of each such client's funds and securities.

Under Rule 206(4)-2, an investment adviser has custody of a client's funds and securities if the investment adviser has any arrangement under which the investment adviser is authorized or permitted to withdraw client funds or securities (including its fees) directly from the client's account. Rimrock's standard investment management agreement and in any third-party forms used by Rimrock, the Company allows each client to choose whether to authorize direct billing or to pay for services separately pursuant to invoices provided by Rimrock. In each case where Rimrock bills a client's account directly, through the client's custodian or representative, Rimrock follows established procedures.

Custody of the assets of the Funds is maintained with a qualified custodian selected by Rimrock at our discretion, which selection may change from time to time. The custodian directly provides clients with monthly statements reflecting capital account balances. Additionally, an independent auditor provides an annual audit that is distributed to clients. We do not maintain physical possession of the funds or securities of any private investment fund. The custodian is 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.

In the case of Rimrock Managed Accounts, the client hires a custodian for the account. The qualified custodian then provides the client with monthly account statements.

### **Item 16 – Investment Discretion**

Rimrock has sole discretion to manage its clients' investment portfolios, except with respect to certain Rimrock Managed Accounts. Generally, Rimrock does not accept instructions from clients with respect to investments by or for their accounts. Rimrock Managed Accounts can impose restrictions on investing

in certain securities or types of securities. Rimrock Managed Accounts can also negotiate other terms with Rimrock. Rimrock Managed Account restrictions and terms are formalized in advisory agreements with Rimrock. Clients' investment guidelines and restrictions must be provided to and agreed with Rimrock in writing, in the form of an Investment Management Agreement.

### **Item 17 – Voting Client Securities**

#### *Proxy Voting*

Rimrock acts as discretionary investment adviser for hedge funds and other various clients. Rimrock's current investment strategies are heavily focused on fixed income securities. Rimrock purchases very few equity securities, but holding any equity positions may result in proxy vote and Rimrock has adopted a policy and procedures to address this eventuality.

Rimrock's authority to vote proxies or act with respect to other shareholder actions is established through the delegation of discretionary authority under our investment advisory contracts. Therefore, unless a client specifically reserves the right, in writing, to vote its own proxies or to take shareholder action with respect to other corporate actions requiring shareholder actions, Rimrock will vote all proxies and act on all other actions in a timely manner as part of its full discretionary authority over client assets in accordance with these Policies and Procedures. Corporate actions may include, for example and without limitation, tender offers or exchanges, bankruptcy proceedings, and class actions. When voting proxies or acting with respect to corporate actions for clients, Rimrock's utmost concern is that all decisions be made solely in the best interest of the client. Rimrock will act in a prudent and diligent manner intended to enhance the economic value of the assets of the client's account.

Rimrock's will provide to any Client or investor in a Client Account at no cost a copy of its proxy policy and information about the way in which proxies, if any, have been voted.

### **Item 18 – Financial Information**

Rimrock, as a registered investment adviser is required to provide investors with certain financial information or disclosures about Rimrock's financial condition. Rimrock 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.

### **Additional Items**

#### *Privacy Policy*

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.