

**Airlie Opportunity Capital Management, LP**  
**Part 2A of Form ADV**  
**The Firm Brochure**

**March 30, 2017**

This brochure provides information about the qualifications and business practices of Airlie Opportunity Capital Management, LP (the “Adviser” or “Airlie”). If you have any questions about the contents of this brochure, please contact Wes Seifer at (203) 661-6200 or via email at [wes@airliigroup.com](mailto:wes@airliigroup.com) . The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Airlie Opportunity Capital Management, LP also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration with the United States Securities and Exchange Commission (the “SEC”) or with any state securities authority does not imply a certain level of skill or training.

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**Item 2. Material Changes**

This Item is not applicable.

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#### **Item 4. Advisory Business**

##### General Description of Advisory Firm

Airlie Opportunity Capital Management, L.P. (the “Adviser” or “Airlie”) is an SEC registered investment adviser. The Adviser’s principal place of business is located at 115 East Putnam Avenue, Greenwich, CT 06830. The Adviser commenced operations as an investment adviser on February 1, 2003. The principal owner of the Adviser is the Cameron Family Partnership, LP of which Dort A. Cameron is the General Partner.

##### Description of Advisory Services

Airlie acts as the Investment Adviser for the Airlie Strategic Focus High Yield Fund (“UCITS”), a UCITS compliant bond fund domiciled in Luxembourg. In its role as Investment Adviser, Airlie provides investment advice and portfolio management recommendations on a non-discretionary basis to Andbank Asset Management Luxembourg, the UCITS fund’s management company.

The Adviser, through its affiliate Airlie CDO Capital Management, LP (“Airlie CDO”) is the portfolio manager of Airlie CLO 2006-II, Ltd (“CLO”). The CLO is currently past its reinvestment period and therefore no longer making new investments.

The Adviser provides advice to the CLO and UCITS fund, collectively the (“Funds”) based on specific investment objectives and strategies set forth in the Funds’ governing documents.

##### Availability of Tailored Services for Individual Clients

The Adviser does not currently provide tailored advisory services to the individual needs of clients.

##### Wrap Fee Programs

The Adviser does not currently participate in any wrap fee programs.

##### Client Assets Under Management

As of December 31, 2016 the Adviser managed approximately \$101,000,000 on a discretionary basis in the CLO and \$71,800,000 on a non-discretionary basis in the UCITS fund. The total Client Assets Under Management is approximately \$173,000,000.

## Item 5. Fees and Compensation

Clients are charged an annual management fee based upon the portfolio management strategy selected by the client. The Adviser's fee schedules for each strategy are set forth below:

### UCITS fees

The Adviser is entitled to an advisory fee of up to 0.40% per annum of the average assets of the fund during the relevant month payable monthly.

### CLO fees

The Adviser will be entitled to receive a fee, which will accrue quarterly in arrears, in an amount equal to the sum of (i) 0.15% per annum (calculated on the basis of a 360-day year consisting of twelve 30-day months) of the Assets Under Management at the beginning of the period (the "Base Management Fee"), (ii) 0.35% per annum (calculated on the basis of a 360-day year consisting of twelve 30-day months) of the Assets Under Management at the beginning of the period (the "Subordinated Management Fee"). The Subordinated Management Fee is paid if and to the extent funds are available for such purpose in accordance with the priority of payments.

### Additional Fees and Expenses

In addition to the Adviser's management fees described above, clients are responsible for the payment of other charges and fees that may be assessed by the custodians maintaining their accounts, the broker-dealers transacting for their accounts and/or by other third parties. These may include "bid-ask spreads" charged by broker-dealers on fixed income transactions (i.e., the difference between the prices for which a broker-dealer is willing to buy or sell a particular security), custodial fees, foreign currency hedging costs, where applicable, wire transfer and electronic fund transfer processing fees, and other fees charged by third parties.

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

The Adviser does not receive any performance-based compensation.

While there are currently no Side-By-Side Management issues given the different investment strategies of the UCITS fund and CLO, the Adviser has a fiduciary obligation to allocate investment opportunities among its clients in a manner that results in the fair and equitable treatment of client accounts. Moreover, the Adviser has policies in place to help ensure that clients' interests are placed first. The Adviser is responsible for overseeing investment opportunities and will generally review transactions for consistency with investment objectives, suitability and for ensuring that, over time, investment opportunities are fairly allocated among eligible client accounts.

The performance of similarly managed accounts will also be regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities generally require that similarly managed accounts participate in investment opportunities *pro rata* based on asset size and require that, to the extent orders are aggregated, the client orders are price-averaged. Finally, the Adviser's procedures require the objective allocation for limited opportunities to ensure fair and equitable allocation among accounts. These areas are monitored by the Adviser's Chief Compliance Officer. Further, the Adviser and its investment personnel will endeavor to devote such time to each client as they deem appropriate under the circumstances to perform their duties and obligations to each such client in accordance with applicable law and the Adviser's written agreement with each such client.

**Item 7. Types of Clients**

The Adviser provides investment management services to a pooled-investment vehicle and is the sub-adviser to a UCITS fund. The pooled-investment vehicle is not currently making new investments. Currently, the Adviser does not have any U.S. clients.

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

### *Methods of Analysis*

The Adviser utilizes a variety of methods and strategies to make investment decisions and recommendations. The methods of analysis include but are not limited to: fundamental research, relative value and cyclical analysis.

#### *Fundamental Analysis*

The Adviser performs in-depth financial analysis to assess the credit worthiness of a company and its ability to service interest obligations. The analysis focuses on understanding an issuer's ability to manage its business within the current capital structure and within the specific sector where it operates. Key factors in the analysis are free cash flow generation, debt leverage (Debt/EBITDA), interest coverage (EBITDA/Interest), asset coverage, available liquidity and additional sources of capital (i.e. private equity sponsor or public equity).

#### *Relative Value*

The Adviser identifies relative and absolute value investment opportunities by comparing financial credit statistics of comparable issuers within a sector or ratings category to current trading levels and maturities of available securities. This exercise facilitates comparisons of credit risks and current market yields (current yield, yield-to-worst and yield-to-maturity) with similar return and risk characteristics.

#### *Cyclical Analysis*

The Adviser analyzes debt leverage, interest coverage, and trading levels (current yields and spreads) and compares those to historical market average prices, yields and spreads as well as U.S. Treasury rates to formulate an opinion on where current trading levels compare to historical levels within a credit cycle.

### *Investment Strategies*

#### *UCITS*

The Fund's investment objectives are to maximize total return and preserve capital through investment in a portfolio of non-investment grade U.S. corporate bonds which may include financially stressed companies.

The strategy includes a focus on small to mid-sized capitalized credits typically defined as issuer sizes at or below \$500M, issues trading half way through the maturity cycle of an issue and purchasing bonds trading at or below the call price.

#### *CLO*

The principal investment objective of the CLO is to provide contractually-agreed upon interest payments to its debt holders as well as providing returns to its equity holders through the parameters of a structured investment vehicle.

The CLO seeks to achieve its investment objectives by investing primarily in secured, first lien



and second lien loans to non-investment grade companies. Other investments may include, among other things, unsecured securities.

#### *Risk of Loss*

The Funds may lose their entire investment in a bond or loan and may be required to accept cash or securities with a value less than the Funds' investment and may be prohibited from exercising certain rights with respect to such investment. Potential Clients should review the applicable investment documents for more detailed discussion of the risks associated in high yield instruments.

The Funds' investments are considered non-investment grade securities, which means they are rated in the lower rating categories by the various credit rating agencies. Securities in the lower rating categories are typically subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is typically thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

The Funds may be deemed to be a speculative investment and are not intended as a complete investment program. They are designed only for sophisticated persons who are able to bear the risk of loss of their investment in the Funds.

*Principal Loss and Income:* High yield debt securities are subject to credit risk, which is the risk that the issuer of the security will be unable to make scheduled and contracted interest and principal payments within a specified time period. High yield debt securities are also subject to economic changes (such as expansions and contractions), interest rate fluctuations, political events, or specific events to an issuer of high yield debt securities, all of which could negatively affect the market value of such securities.

*Bank Loans Risk:* Investments in non-investment grade bank loans (the underlying asset in the CLO) are generally subject to the same risks as investments in other types of debt securities, including, in many cases, investment in high yield bonds. If the client account holds a bank loan through another financial institution, or relies on a financial institution to administer the loan, its receipt of principal and interest on the loan may be subject to the credit risk of that financial institution. It is possible that any collateral securing a loan may be insufficient or unavailable to the account, and that the account's rights to collateral may be limited by bankruptcy or insolvency laws. In addition, the secondary market for bank loans may be subject to irregular trading activity, wide bid/ask spreads, and extended trading settlement periods, which may cause the account to be unable to realize the full value of its investment in a bank loan

*Interest Rate Risk:* Changes in economic conditions may cause interest rates to shift, resulting in changing market values for fixed income securities that are not driven by the underlying fundamentals relating to a specific security in a portfolio. As a general rule, market values of debt securities decrease when interest rates increase, although the effect on the market values of high yield debt securities may not be directly correlated with changes in general levels of interest rates. However, any such increase in overall interest rates or in the interest rates that the market demands of high yield bonds in particular, may negatively affect the value of securities in a client's portfolio.

*Liquidity Risk:* At any time there may be a lack, or a limited number, of willing buyers for the lower-rated securities in which the Adviser will invest. In such event, we may have to sell such securities at lower prices or may not be able to sell them at all, both of which would negatively affect the performance of client accounts.

*Cyber Security Breaches and Identity Theft:*

Adviser information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Adviser has implemented various measures to protect the confidentiality of its internal data and to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Adviser may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Adviser's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data. Such a failure could harm the Adviser's reputation or subject it or its affiliates to legal claims and otherwise affect their business and financial performance. The Adviser will seek to notify affected clients of any known cybersecurity incident that may pose substantial risk of exposing confidential personal data about such clients to unintended parties.

**Item 9. Disciplinary Information**

This Item is not applicable.

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

This Item is not applicable.

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

The Adviser recognizes that it is a fiduciary and therefore must serve the interests of its clients. The Adviser further recognizes that it must adhere to the highest standard of care and diligence in conducting its business activities as is required by law, and must be particularly sensitive to situations in which the interests of its advisory clients may be directly or indirectly in conflict with those of the Adviser. Compliance obligations are a priority of the Adviser and, as such, the Adviser has adopted written policies and procedures (“Code of Conduct”) in accordance with those standards.

In addition, and as part of the Code of Conduct, the Adviser has adopted a Code of Ethics (“Code of Ethics”), intended to limit conflicts of interest in cases where the Adviser, or any of the Adviser's supervised persons (collectively, “Covered Persons”), buy or sell securities held by the Funds.

The Code of Ethics is based on the notion that the Adviser's Covered Persons must act in the best interest of the Funds and should avoid engaging in business activities, including personal investments, that create or appear to create a conflict of interest, and is intended to prevent and detect such conflicts or potential conflicts of interest. The Code of Ethics provides that no Covered Person may purchase or sell in a personal account any security which is under consideration for purchase or sale for one of the Funds or which the Adviser is researching, analyzing or considering purchasing or selling for one of the Funds, absent the prior approval of the Adviser's Chief Compliance Officer (the “CCO”). The CCO will base their decision to approve or disapprove a clearance request on the timing of the proposed transaction in relation to transactions or contemplated transactions for the Funds, on federal and state laws, rules, and regulations, on the general policies set forth in the Code of Ethics, and on whether the proposed transaction is likely to have any adverse impact on the Funds or their underlying investors. The CCO will be responsible for reviewing trade confirmations, brokerage statements and holdings and comparing the information against transactions for the Funds.

All employees are required to certify annually that they have read, understand and agree to abide by the Code and all policies and procedures set forth therein.

A copy of the Code of Ethics is available upon request to clients or prospective clients.

## Item 12. Brokerage Practices

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and error resolution, offering to the Adviser on-line access to computerized data regarding a client's accounts. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate.

The Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self regulatory organization such as comparison services, electronic confirms or trade affirmations.

In some instances, the Adviser may receive a product or service that may be used only partially for functions within Section 28(e). In such instances, the Adviser will make a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting the Adviser in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by the Adviser from its own resources.

Research and brokerage services obtained by the use of commissions arising from a client's portfolio transactions may be used by the Adviser in its other investment activities and thus, a client account may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided.

Although the Adviser will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. When the Adviser uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser's Chief Compliance Officer and portfolio managers review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services.

**Item 13. Review of Accounts**

All accounts managed by the Adviser are reviewed on an ongoing basis, typically daily, weekly and monthly, by, or at the direction of the CCO to assure compliance with client objectives and guidelines.

Airlie's CCO will review transactions executed for its clients which includes but is not limited to, best execution, and post execution price versus prior day mark review. Due to the small volume of trades of these clients, performance of reviews are done collectively.



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

The Adviser may use independent, third-party solicitors to refer Clients to the Adviser. As compensation, such solicitors and placement agents may receive a portion of the Adviser's fees related to Clients they refer or investors they introduce. Currently there are no client referral agreements in place.

**Item 15. Custody**

This Item is not applicable.

**Item 16. Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis to the CLO and a non-discretionary basis to the UCITS fund.

Regarding the CLO, the Adviser has authority to determine, without obtaining specific client consent, which securities to be bought and sold and the amount of securities to be bought and sold.

## Item 17. Voting Client Securities

The Adviser's policy is to comply with Rule 206(4)-6 of the Advisers Act and act solely in the best interest of the Portfolio when exercising its voting authority. The Adviser determines whether and how to vote corporate actions and proxies on a case-by-case basis and will apply the following guidelines, as applicable:

- The Adviser will attempt to consider all aspects of the vote that could affect the value of the issuer or that of the Portfolio;
- The Adviser will vote in a manner that it believes is consistent with the Portfolio's stated objectives; and
- The Adviser will generally vote in accordance with the recommendation of the issuing company's management on routine and administrative matters, unless the Adviser has a particular reason to vote to the contrary.

The CCO will identify any conflicts that exist between the interests of the Adviser and its clients. This examination will include a review of the relationship of the Adviser and its affiliates with the issuer of each security and any of the issuer's affiliates to determine if the issuer is a client of the Adviser or an affiliate of the Adviser or has some other relationship with the Adviser or a client of the Adviser.

If a material conflict exists, the Adviser may retain a third party to vote proxies with respect to client securities. If so, the CCO will monitor the third party to assure that all proxies are being properly voted and appropriate records are being retained. The Adviser will also determine whether it is appropriate to disclose the conflict to the affected clients and, except in the case of clients that are subject to the Employee Retirement Income Security Act of 1974, as amended, give the clients the opportunity to vote their proxies themselves.

In the event of a material conflict, the Adviser may vote proxies subject to the prior written approval of the CCO who, under such circumstances, will draft a memorandum detailing the nature of the conflict, how the Adviser voted and why the Adviser voted as such.

**Item 18. Financial Information**

This Item is not applicable.