

Geode Capital Management LP

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This Brochure provides information about the qualifications and business practices of Geode Capital Management LP. If you have any questions about the contents of this Brochure, please contact us at (800) 777-6757. 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.

Geode Capital Management LP is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

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

## Item 2 – Material Changes

Information about Geode Capital Management LP is provided in a narrative format in this Form ADV Part 2A brochure. Much of the disclosure in this brochure is substantially the same as corresponding disclosures in Geode Capital Management LP's most recent Part II brochure (updated March 31, 2011), except for the new solicitation disclosure in item 14. In addition, while no substantive changes are intended, we updated the description of the existing strategies.

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## Item 4 – Advisory Business

### Overview

Geode Capital Management LP ("GCMLP") is a limited partnership organized under the laws of the State of Delaware that specializes in quantitative and qualitative alternative investment strategies. GCMLP serves as the general partner and investment manager to various private investment companies and may provide investment advice to other institutional investors. The general partner and initial limited partner of GCMLP is Geode Capital Management, LLC ("GCMLLC"), a wholly owned subsidiary of Geode Capital Holdings, LLC. GCMLLC was started by Fidelity Investments in January 2001 and was spun-out of Fidelity as a separate company in August 2003. GCMLLC acts as sub-advisor to institutional clients with respect to various funds and sub-funds ("Funds"), including index and enhanced index mutual funds. As of February 29, 2012, GCMLP had discretionary assets under management of \$614,420,822 , and no non-discretionary assets under management.

### STRATEGIES

GCMLP's primary service is the design and management of portfolios that employ quantitative and qualitative alternative investment strategies. Currently, GCMLP provides advice with respect to the following strategies:

- *Statistical Arbitrage Strategy.*
- *Equity Market Neutral Strategy.*
- *Convertible Arbitrage Strategy.*
- *Special Opportunities Strategy.*
- *Global Relative Value Strategy.*
- *Diversified Strategy.*

GCMLP may from time to time add or discontinue investment strategies. Please see Item 8 for additional information.

### Types of Investments

The type of securities purchased by GCMLP will be contingent on the trading strategy it employs. In general, GCMLP will purchase and sell U.S. and foreign securities that include: equities and equity-related securities, including registered investment companies, U.S. government securities, corporate debt securities, convertible bonds, preferred stock, warrants, options, and high yield securities. GCMLP will also purchase and sell derivatives, including futures and credit default swaps or other instruments on individual issuers, indexes, currencies, commodities, and interest rates. GCMLP will also employ foreign currency transactions on a spot or forward basis, leverage, and short securities as part of its investment program. GCMLP may also invest in Master Limited Partnerships ("MLP"). An MLP is a limited partnership that is publicly traded on a securities exchange. It combines the tax benefits of a limited partnership with the liquidity of publicly traded securities.

## Item 5 – Fees and Compensation

GCMLP generally charges its private investment company clients a management fee of between 1-2% (annualized) of assets under management accrued on a daily basis and collected each month. GCMLP will also generally receive annual performance based incentive compensation at a rate of up to 20% (annualized) of net capital appreciation that may include an adjustment for benchmark performance.

Net capital depreciation must be recovered before incentive compensation is earned. Management fees or performance based incentive compensation may be waived, reduced, modified, or rebated with respect to certain investors.

GCMLP's compensation for separate accounts may generally be based on an annual percentage of assets under management and is calculated and payable monthly, in arrears, based on the total market value of the account (including cash, cash, equivalents and accrued interest). Under certain circumstances, GCMLP may also charge performance or incentive based fees. The exact fees charged by GCMLP are determined by the investment strategy of the account.

GCMLP's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties which may include, but not limited to fees charged by advisers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. (See the discussion under Item 12 for more information on brokerage.) Such charges, fees and commissions are exclusive of and in addition to GCMLP's fee, and GCMLP does not receive any of the foregoing commissions, fees, and costs.

Advisory contracts may generally be terminated by either party upon 90 days' written notice without the imposition of any penalty. Under certain circumstances, clients may terminate a contract upon 60 days' prior written notice. Where advisory fees are payable in arrears, no refund of advisory fees will be necessary. GCMLP and a client may determine to make GCMLP's fees payable in advance; upon termination of such an advisory contract, GCMLP will refund the pro rata, unearned portion of the prepaid advisory fees.

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

Under certain circumstances, GCMLP may charge a performance or incentive fee, *i.e.*, one that is based on a percentage of the client account's capital gains or capital appreciation, following individualized negotiation with the client. GCMLP will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (the "Advisers Act") and the available exemptions thereunder, including the exemption set forth in Rule 205-3. Such fee arrangements may create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. GCMLP has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

## **Item 7 – Types of Clients**

GCMLP primarily acts as adviser to private investment companies that are exempt from the Investment Company Act of 1940, as amended, and may act as adviser to certain other institutional investors.

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

GCMLP makes use of proprietary and third party quantitative research and trading programs that apply mathematical algorithms to analyze and measure fundamental and technical security and market and economic characteristics. GCMLP is engaged in quantitative and arbitrage investment strategies to achieve a return exceeding the risk-free rate with minimal market and currency exposure. The information utilized by GCMLP may include, among other things, current and historical stock prices; security reference information, including sector or industry identification; third party analyst estimates; bid-offer spreads; and risk management models. Models may not work as intended in all markets. Risk of loss may occur.

As with any investments, investing in securities involves risk of loss that clients should be prepared to bear. For more details on investment risk, including, but not limited to stock risk, foreign securities, and derivatives, please refer to the appropriate prospectus. Future returns are not guaranteed, and a loss of principal may occur. There is no guarantee that a particular portfolio will meet its investment objective.

#### **Investment Strategies:**

- *Statistical Arbitrage Strategy.* The strategy is designed to take advantage of short-term trends in investor sentiment. The factors include mean reversion, momentum, volume indicators, sentiment monitoring and exchange distributed data. The portfolio has equal dollar positions on the long and short sides and remains approximately neutral to beta, sector, and style.
- *Equity Market Neutral Strategy.* The strategy utilizes proprietary quantitative models based on fundamental factors to assess the relative attractiveness of developed market equity securities. The portfolios seek to have approximately equal dollar amounts invested in long and short positions and near-neutral exposure to country, sector, style and capitalization.

*Convertible Arbitrage Strategy.* The strategy utilizes a proprietary valuation methodology to identify convertible securities that are undervalued. The portfolio seeks to have approximately zero net equity market exposure while maintaining an acceptable level of issuer-specific credit and/or equity volatility exposure.

- *Special Opportunities/Event-Driven Strategy.* The strategy uses a combination of proprietary screens, valuation models and fundamental analysis to profit from cross-asset class and capital structure dislocations, corporate mergers and other catalyst events.
- *Global Relative Value Strategy.* The strategy is designed to capture risk premiums in the currency, commodity and index options markets. Long/short portfolios or option strategies are constructed in each asset class.
- *Diversified Strategy.* The strategy seeks to provide investors with attractive risk-adjusted returns that are uncorrelated to traditional equity and fixed income asset classes. The strategy is managed

to a low absolute level of volatility and leverage. A multi-strategy approach is used to accomplish these goals. Currently the strategy allocates to the following internally managed disciplines: Global Equity Market Neutral, Convertible Arbitrage, Special Opportunities, Statistical Arbitrage and Global Relative Value.

As with any investments, investing in securities involves risk of loss that clients should be prepared to bear. For more details on investment risk, including, but not limited to stock risk, foreign securities, and derivatives, please refer to the appropriate offering documents. Future returns are not guaranteed, and a loss of principal may occur. There is no guarantee that a particular portfolio will meet its investment objective.

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

GCMLP has no information applicable to this Item.

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

GCMLLC, a Delaware limited liability company, is the general partner and initial limited partner of GCMLP. GCMLLC is registered with the Securities and Exchange Commission as a registered investment adviser and with the Commodity Futures Trading Commission as a commodity pool operator and commodity trading adviser, as well as a member of the National Futures Association.

The executive officers listed in Schedule A in Form ADV Part 1 and certain other of GCMLLC's personnel provide various administrative, ministerial, systems, consulting, management, support, trading, compliance and other services to GCMLP pursuant to an Administrative, Consulting and Management Services Agreement between GCMLP and GCMLLC. Natural conflicts of interest (example - side by side trading) may arise, and are mitigated through the compliance program (Code of Ethics, Allocation Policy, Best Execution, Side-by-Side Trade monitoring, etc.)

### **Item 11 – Code of Ethics**

GCMLP is an SEC-registered adviser, and as such, has a code of ethics adopted pursuant to SEC rule 204A-1. GCMLP is not a broker-dealer and does not act as principal or broker in connection with client transactions. GCMLP and persons related to GCMLP, including officers, directors and employees, may buy, sell, or have a financial interest in securities recommended to clients. Such persons may buy, sell, or have a financial interest in such securities by investing directly in vehicles managed by GCMLP, or otherwise through independent transactions in personal accounts subject to GCMLP's Code of Ethics ("Code") and employee trading supervision described below. Potential conflicts of interest in connection with such transactions are generally disclosed to clients herein and otherwise.

The Code is based on the principle that officers, directors and other personnel of GCMLP owe a fiduciary duty to GCMLP's clients and investors in the Funds and must place the interests of GCMLP's clients and investors above their own. Officers, directors and employees must be in compliance with federal securities laws, report code violations and acknowledge the code on a periodic basis.

The Code requires that all GCMLP personnel (except GCMLP's non-access directors, as described below) provide to GCMLP a complete report of such persons' securities holdings at the time such persons become employed by GCMLP and at least once a year thereafter. The Code also requires quarterly reports of all personal securities transactions by, and all gifts of securities to, GCMLP personnel (except GCMLP's non-access directors, as described below). Most types of securities are subject to these reporting requirements. GCMLP personnel are also generally required to maintain all personal securities accounts at a GCMLP-approved broker and must pre-clear most personal securities transactions with GCMLP and seek prior approval from GCMLP Compliance to invest in private placements. The Code requires GCMLP personnel to surrender profits from "short-swing" trading (purchase and sale of the same security or its equivalent within a 60-day period), subject to certain limited exceptions. The Code also contains restrictions or prohibitions which include, but are not limited to (1) trading in securities deemed restricted by GCMLP Compliance due to potential conflicts of interest involved in transacting in such securities; (2) initiating or maintaining short positions; (3) participating in initial public offerings; (4) participating in investment clubs; (5) investing in hedge funds; (6) transacting with any client's portfolio; (7) market timing; (8) serving as director of public or certain private companies. In the Code there are a number of other prohibitions and obligations to disclose potential conflicts of interest.

In addition to the requirements described above, GCMLP personnel with responsibility for making investment decisions for a client portfolio are also subject to "blackout periods" and, subject to certain limited exceptions, may not trade for a personal account within 7 days before or after a trade is executed in the same or equivalent security by any of the client portfolios that such person manages or for which such person is involved in the day-to-day management.

Non-access directors of GCMLP who are not involved in the day-to-day operations of either GCMLP or any of its clients' portfolios and who do not generally have access to nonpublic information regarding trading activities or portfolio holdings of GCMLP's clients or investment recommendations or decisions of GCMLP are not subject to the foregoing requirements. An independent non-access director must report personal securities transactions only in certain limited circumstances where the director obtains access to certain nonpublic information regarding trading activities in a client's portfolio.

The Code establishes sanctions if its requirements are violated, up to and including dismissal from employment.

The foregoing is only a summary of the provisions of the Code and is qualified in its entirety by the detailed provisions appearing in the full text of the Code, a copy of which is available upon request to any client or potential client of GCMLP. If you wish to request a copy of GCMLP's Code of Ethics, please call: (617) 392-8533.

## **Item 12 – Brokerage Practices**

GCMLP is obligated to seek to obtain best execution for its customers. Best execution generally means lowest transaction cost (lowest commission) for brokerage services rendered combined with best market price in order to minimize total purchase cost or maximize total sales proceeds. Other brokerage and trading services may also be considered in analyzing execution practices including but not limited to



the confidentiality, promptness of execution, clearance and settlement, order positioning, and financial stability.

GCMLP strives to execute securities transactions for clients in such a manner that the client's net cost or proceeds in each transaction is the most favorable under the circumstances. GCMLP's best execution policy applies to all transactions in all instruments, regardless of the fund or account.

In selecting a counterparty and market through which to effect a trade, and in determining whether a transaction represents the best execution, GCMLP considers a range of quantitative and qualitative factors, including but not limited to the following:

**Counterparty Considerations:**

- Size and type of transaction
- Access to liquidity
- Execution efficiency
- Capital utilization
- Clearance and settlement capabilities
- Reasonableness of commission rate or spread
- Financial responsibility

**Market Considerations:**

- Size and type of transaction
- Characteristics of the market(s) in which the security may be traded
- Nature of post-trade settlement, custody and foreign exchange structures

Geode has built a trading cost measurement function into its trading process whereby best execution and transaction costs are evaluated for trades. This evaluation occurs for all client accounts, and it includes an assessment of trading slippage, or the difference between benchmark costs and the actual trading expense, as well as, an examination of trading efficiency whereby hard costs and ticket charges are examined per trade and counterparty. The traders review these analyses on a regular basis.

Additionally, the firm's Investment and Operations Committees review trading costs and best execution on a monthly, quarterly and annual basis. In addition to internal trading cost analysis, Geode utilizes an independent third-party trading cost analysis application.

GCMLP currently trades for the benefit of its clients through prime brokerage arrangements that are designed to allow trading with multiple brokers while centralizing clearance and custody through prime brokers. Under these arrangements, GCMLP places trades through accounts with different executing brokers in the name of one of its prime brokers for the benefit of GCMLP and its clients. GCMLP directs delivery of funds or securities to a prime broker, who is responsible for custody, clearance, and settlement services including matching trades with executing brokers and delivering account confirms and statements to GCMLP.

Further, prime brokers may, as an incident to their services (and not for any additional compensation), sponsor conferences or seminars or provide so-called "capital introduction services" in which

consultants and prospective institutional investors may be introduced to GCMLP or limited partnerships managed by GCMLP, consistent with applicable private offering restrictions.

GCMLP may execute portfolio transactions with broker-dealers that, in connection with the execution of such transactions, provide brokerage or research services, consistent with Section 28(e) of the Securities Exchange Act of 1934. Currently, GCMLP does not enter into traditional soft dollar arrangements in which it uses client brokerage to obtain research or other services from broker-dealers where there is an explicit target or ratio linked to GCMLP's commission business with such broker-dealers. GCMLP may, however, receive research and electronic trading, order routing, algorithmic trading and risk monitoring services from broker-dealers including prime brokers as an incident of doing business with these broker-dealers, but only where (1) there is no formalized arrangement with an explicit target or ratio linked to GCMLP's commission business with such broker-dealers; and (2) GCMLP does not "pay up" for these items in the form of higher commissions on similarly situated client trades except where GCMLP determines that any higher commission is reasonable in relation to the value of any brokerage or research services received, viewed in terms of the particular transaction or GCMLP's responsibilities with respect to accounts for which it exercises investment discretion. Soft dollar benefits are not limited to those clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular clients or groups of clients.

### **Trade Allocation Policies**

Due to the nature of the investment strategies employed by GCMLP, trade orders for the various accounts are typically time sensitive and trade type specific. Consequently, orders for the accounts are not typically combined or "blocked." However, GCMLP may, when feasible and when consistent with the fair and equitable treatment of all accounts and best execution, block orders of various accounts, including those of its clients, for order entry and execution. The benefits (*e.g.*, more advantageous net price), if any, obtained by such blocking are generally allocated pro-rata among the accounts that participated in the blocked trade. GCMLP's policies seek to assure that each account is treated fairly and that no account in the aggregate is disadvantaged by the policies. GCMLP's allocation policies are summarized below.

GCMLP has established allocation policies for its various accounts to ensure allocations are appropriate given its clients' differing investment objectives and other considerations. When the supply/demand is insufficient to satisfy all outstanding trade orders, generally the amount executed is distributed among participating accounts based on account asset size (for purchases and short sales), and security position size (for sales and covers), or otherwise subject to the considerations noted below. These policies are also applicable to initial public and secondary offerings, where appropriate. Generally, allocations are determined by traders, independent of portfolio managers, in accordance with these policies. Allocations are determined and documented on trade date.

GCMLP's trade allocation policies identify circumstances under which it is appropriate to deviate from the general allocation criteria and describe the alternative procedures. For example, if a standard allocation would result in an account receiving a very small allocation (*e.g.*, because of its small asset size), the account may receive an increased allocation to achieve a more meaningful allocation, or the account may receive no allocation. Generally, any exceptions to GCMLP's policies (*i.e.*, special allocations) must be approved by senior investment or trading personnel, reviewed by the compliance department and documented.

To identify and mitigate the various potential conflicts between private investment companies managed by GCMLP and other accounts including instances when trades of each type are not blocked together when trading the same security, GCMLP monitors trading by the private investment companies and the other accounts to ensure that trading is conducted in a fair manner.

### **Item 13 – Review of Accounts**

On a continuous basis, portfolio managers review the GCMLP client accounts for which they are responsible for appropriateness of holdings and transactions in light of the account's strategy. Compliance and senior management also take an active role in reviewing the portfolio holdings. The President oversees portfolio managers and their accounts, including the number of accounts assigned to each portfolio manager. GCMLP may also provide investment advisory services on a discretionary and/or non-discretionary basis to other entities, or clients of other entities, related or unrelated to GCMLP. These entities, or their clients, may review the activities of GCMLP's portfolio managers and other investment professionals.

GCMLP communicates regularly (monthly, quarterly) with its clients to discuss all aspects of its portfolios to which GCMLP provides investment advisory services. GCMLP provides periodic reports about clients' accounts and portfolios. Investors in private investment vehicles managed by GCMLP will receive periodic reports (performance, market information, etc.) from the private investment vehicles in accordance with the past practices of such vehicles.

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

GCMLP has entered into a solicitation arrangement with a broker-dealer (the "Solicitor") where the Solicitor agrees to provide to GCMLP certain solicitation services in accordance with Rule 206(4)-3 under the Investment Advisers Act of 1940 (the "Advisers Act").

The Solicitor will solicit advisory clients for GCMLP by introducing GCMLP to potential clients and facilitating GCMLP's presentation of proposals to provide investment advisory services to them. GCMLP has not increased its fees to facilitate its payment of compensation to the Solicitor, although GCMLP may negotiate lower fees with other clients for similar investment strategies where GCMLP believes the size of the account or the nature of the services merit lower fees.

### **Item 15 – Custody**

Not applicable

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

GCMLP's fiduciary duty requires it to give investment advice that is suitable and appropriate to a particular client, and to have an adequate basis in fact for its investment recommendations. It is required to provide a certain amount of individualized treatment to its clients. GCMLP's discretionary authority is limited to the purchase and sale of investments, selection of brokers, negotiation of commission rates, and is further limited by client investment objectives and investment policy restrictions. The portfolio composition within the same investment objective may, at any given time,

differ as to stocks, industries, and cash levels. As a result, the performance of an account within a particular investment objective may differ from other accounts within that same investment objective. Clients should not expect that the performance of their portfolios will be identical to that of the average for that investment objective.

GCMLP, in its role as investment adviser, has investment management and trading discretion for accounts that it manages and provides advice and trade execution services for certain other accounts. GCMLP recognizes that it has a fiduciary duty to all of the accounts that it manages. GCMLP further recognizes that this duty requires fair, equitable and ethical treatment of all of the accounts so that they share in the expertise and benefits of collective management and trading that fully considers the individual investment objectives, policies, limitations and other requirements of each account. GCMLP employs trading policies to provide guidance to its investment professionals as to the fulfillment of GCMLP's fiduciary duties and to establish procedural safeguards for the management and resolution of actual or potential conflicts among accounts when they arise.

GCMLP reviews each contract to ensure that it complies with applicable law. GCMLP also is responsible for ensuring that the contract is not inconsistent with disclosures in its Form ADV. Prior to opening a managed account for a client, GCMLP, contracting with a third-party, will determine whether the client appears on any list of known or suspected terrorists or terrorist organizations issued by any Federal government agency and designated as such by Treasury in consultation with the Federal functional regulators.

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

##### Proxy Voting

GCMLP's authority is initially established by advisory contracts or comparable documents. Generally, GCMLP does not intend to vote investment proxies on behalf of the private investment companies it manages or their investors, although GCMLP may do so in limited circumstances where GCMLP believes that voting is likely to result in an enhancement of the value of the investment. Because this is a quantitative investment strategy, which is not a fundamental based strategy (and the turnover rate is expected to be relatively high), it was determined, in general, that benefits derived from voting proxies are outweighed by the cost of such proxy voting.

Clients may contact GCMLP directly to obtain a copy of its proxy voting policies.

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

GCMLP 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.

Addendum  
Privacy

GCMLP considers privacy our utmost concern. GCMLP does not share any client information with non-affiliated third parties, except such information may be disclosed as necessary to process a transaction an investor has requested, to service providers who are obligated to limit their use of such information, and to the extent required or specifically permitted by law or reasonably necessary to prevent fraud, unauthorized transactions or liability.

When GCMLP discloses non-public personal information of clients to a non-affiliated third party that provides services to GCMLP, GCMLP shall:

- notify investors of the possibility of such disclosure; and
- (i) notify the third party that such party is prohibited from disclosing or using the investors' information other than to carry out the purposes for which the information was disclosed to it or (ii) enter into a confidentiality agreement with the third party.

In particular, GCMLP may enter, in compliance with the above conditions, into an agreement with a non-affiliated third party to store the records of GCMLP clients and investors in the funds it manages, including electronic and e-mail records.

GCMLP restricts access to non-public personal investor information to those employees and agents of GCMLP who need to know such information in order to provide services to investors. GCMLP maintain[s] physical, electronic and procedural safeguards in order to ensure the security and confidentiality of investor information and to prevent unauthorized disclosure of such information.

For more information about GCMLP's privacy policies call: (617) 392-8533.