

**Item 1 – Cover Page**

Ortelius Capital Partners, LLC

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This Brochure provides information about the qualifications and business practices of Ortelius Capital Partners, LLC (“Ortelius”). If you have any questions about the contents of this Brochure, please contact us at (917) 595-5010. 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.

Ortelius is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Ortelius also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Ortelius is 138284.

## Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 23, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Peter DeSorcy, one of Ortelius’ Managing Members, at (917) 595-5010. Additional information about Ortelius is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

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## **Item 4 – Advisory Business**

Ortelius, an alternative asset management group specializing in hedge funds, is majority-owned by H.R.H. Prince Pavlos of Greece, Managing Member and Peter DeSorcy, Managing Member/Chief Compliance Officer, and has been providing advisory services since 2002. As of December 31, 2010, Ortelius managed approximately \$185.6MM on a discretionary basis.

Ortelius provides investment supervisory services to one private pooled investment vehicle, Hudson Investors, Ltd. (hereinafter referred to as the "Fund"), which is incorporated under the laws of the British Virgin Islands, and is managed as a hedge fund of funds, meaning that the pooled investment vehicle invests primarily in other pooled investment vehicles ("Investment Vehicles"). The Fund is not required to register as an investment company under the Investment Company Act of 1940 in reliance upon an exemption available to funds whose securities are not publicly offered. Ortelius manages the Fund on a discretionary basis in accordance with the terms and conditions of the Fund's offering and organizational documents.

Ortelius may also invest the Fund directly, both long and short, in a wide range of securities and financial instruments (a "direct investment") when Ortelius believes that the net exposure of the underlying funds either under- or over-exposes the Fund to the overall financial markets. These transactions may include, without limitation, equity or debt investments, options, swaps, forwards, futures, credit derivatives, exchange-traded funds or other equity or credit derivative instruments.

## **Item 5 – Fees and Compensation**

Ortelius charges differing management fees to Fund investors, according to which share class an investor has invested in, as follows:

- Class A shareholders of the Fund pay Ortelius a management fee, in advance at the rate of 0.375% of the Fund's Net Asset Value attributable to Class A Shares on each quarterly Valuation Date (an annualized rate of 1.5% of average quarterly Net Asset Value of Class A Shares)
- Class B shareholders pay Ortelius a management fee, in advance at the rate of 0.3125% of the Fund's Net Asset Value attributable to Class B Shares on each

quarterly Valuation Date (an annualized rate of 1.25% of average quarterly Net Asset Value of Class B Shares)

- Class C shareholders pay Ortelius a management fee, in advance at the rate of 0.1875% of the Fund's Net Asset Value attributable to Class C Shares on each quarterly Valuation Date (an annualized rate of 0.75% of average quarterly Net Asset Value of Class C Shares) (the "Management Fee").

In respect to any amounts received on any day other than a quarterly Valuation Date, the Management Fee will be calculated on a pro rata basis for the remaining months in the calendar quarter. The Management Fee is generally remitted to Ortelius within ten days of the Fund's receipt of any such amounts.

Ortelius also receives a performance fee detailed in Item 6. Ortelius also has the discretion to negotiate a different fee, or waive all or part of the Management Fee and/or Performance Fee for any shareholder.

The Investment Management Agreement may be terminated by either the Fund or Ortelius without payment of any penalty on at least three months advance written notice, provided that termination by the Fund requires the approval of shareholders holding a majority in interest of the Shares of the Fund.

Ortelius does not typically invest Fund assets in mutual funds; however it may utilize mutual funds as a result of "cash sweeps" in the Fund. All fees paid to Ortelius for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees may include management fees, fund expenses, or distribution fees. Similarly, all fees paid to Ortelius for investment advisory services are separate and distinct from the fees and expenses charged by each of the money managers of the Investment Vehicles to which Ortelius allocates Fund assets. Each of these money managers charges management and/or performance-based fees, which are disclosed in the applicable Fund documents for such Vehicles.

Each of the Fund's Share Classes will reimburse Ortelius for certain out-of-pocket expenses incurred by Ortelius in connection with the performance of its obligations under the Investment Management Agreement.

In the sole discretion of Ortelius, Ortelius reserves the right to enter into side letter arrangements with certain investors providing modifications to the fee structures, liquidity provisions, lock-up periods and other terms and conditions of the Funds.

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

Ortelius will also receive a performance fee detailed in Item 6, equal to five percent (5%) of the increase, if any, in the Net Asset Value of each series of Class B and C Shares (but only to the extent that such profits exceed a cumulative “high-water mark” (i.e., the previous highest Net Asset Value, calculated separately for each series class of Shares)) (the “Performance Fee”). The Performance Fee is payable at the end of each calendar year, or as of the date a shareholder redeems all or part of its Shares. Class A shareholders will not be subject to any Performance Fee.

In measuring an investor's net profits for the calculation of Performance Fees for the Fund, Ortelius will typically include both realized and unrealized gains and losses during the relevant period. The calculation and payment of the Performance Fees applicable to a particular interest in the Fund is described in detail in the applicable offering documents for such interest.

The Performance Fee may create an incentive for Ortelius to cause the Fund to make investments which may be riskier or more speculative than those which might be made under a different fee arrangement. The Investment Advisers Act of 1940 and certain state laws restrict the payment of performance-based fees, such as the Performance Fees, to investment advisers registered under such act.

However, SEC Rule 205-3 permits the payment of performance-based compensation to investment advisers provided that the clients (including investors in investment vehicles such as the Fund) meet certain financial qualifications.

The offering of interests in the Fund is structured to comply with this rule and accordingly the Fund will only accept subscriptions from investors who meet the qualifications set forth in Rule 205-3. Investors in the Fund are requested to refer to the Fund Private Placement Memorandum for complete information on the services offered, and corresponding fees charged, by Ortelius.

## **Item 7 – Types of Clients**

As indicated in Item 4, Ortelius provides investment advice solely to one hedge fund of funds, Hudson Investors, Ltd. Prospective investors should refer to the offering documents of the respective Fund for information on minimum investment requirements.

Typically Ortelius requires a minimum investment of \$1,000,000, although this is negotiable at Ortelius' discretion.

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

Within the Fund, Ortelius seeks investments primarily with underlying hedge funds (“Investment Vehicles” as defined below) which employ a research-intensive, fundamental-based investment philosophy in a variety of investment strategies including, but not limited to, long/short equity, distressed, capital structure arbitrage, special situations, and merger arbitrage. As part of its due diligence efforts, Ortelius applies qualitative and quantitative analyses to the business, strategy, and securities risks inherent with each Investment Vehicle.

While identifying Investment Vehicles with in-depth knowledge of their underlying investments, Ortelius further identifies Investment Vehicles which typically implement proactive and encompassing risk management processes seeking to mitigate macro-exogenous risk factors including, but not limited to, market, interest rate, credit, liquidity and spread risk. Ortelius allocates to approximately fifteen to twenty Investment Vehicles (however, Ortelius may allocate to more or less, based solely on the discretion of Ortelius) with exposures across a broad spectrum of styles and market capitalizations, including small-cap, mid-cap, large-cap, growth and value.

Ortelius utilizes a number of different strategies in its management of the Fund through investments in a variety of Investment Vehicles and direct investments, including:

- Capital Structure Arbitrage
- Convertible and Warrant Arbitrage
- Distressed
- Fixed-Income Arbitrage
- Long/Short Equities
- Merger Arbitrage
- Relative Value
- Special Situations
- Statistical Arbitrage

Strategies which may be pursued by Ortelius through its investments are described above, but these examples are not intended to be exhaustive and other strategies may also be employed by Ortelius and the Investment Vehicles in which the Fund is invested. Certain of

the Investment Vehicles in which Ortelius invests the Fund may be affiliated with each other by virtue of having the same or an affiliated investment adviser.

### **Risks Associated with Investment in the Fund**

#### **Investing in securities involves risk of loss that clients should be prepared to bear.**

Investment in the Fund involves risk factors and is suitable only for persons who can afford fluctuations in the value of their capital, who have limited need for liquidity in their investment and who meet certain conditions, as outlined in the Fund documents.

Our strategies are available only to qualified investors who have reviewed detailed information concerning investment terms and risks. These risks may include, but not be limited to, the following: Performance can be volatile, and an investor could lose a substantial amount of his or her investment. The strategy may use leverage. The investor does not retain any trading authority over assets placed with us. Our strategies are not intended to provide an investor with an investment program that is diversified or otherwise tailored to suit any investor's overall investment needs. An investor's account may not be liquid or transferable. Fees and expenses may offset trading profits. We may be subject to certain conflicts of interest.

#### **Specific Investment-Related Risks:**

Diversification: Although Ortelius seeks to obtain diversification within the Fund's investment portfolios by investing with a number of different Investment Vehicles with diverse strategies, it is possible that more than one Investment Vehicle may take positions in the same security or group of securities at the same time.

Risks of Investment Strategies: The success of the Fund's investment activities will primarily depend on Ortelius' ability to identify Investment Vehicles that successfully exploit discrepancies in the capital markets. No assurance can be given that either Ortelius or an Investment Vehicle will be able to locate investment opportunities or to correctly exploit discrepancies in the capital markets. Depending upon the investment strategies employed and market conditions, an Investment Vehicle may be adversely affected by unforeseen events involving such matters as political crises, changes in currency exchange rates or interest rates, forced redemptions of securities or acquisition proposals. Because many Investment Vehicles' investments are actively managed, purchases and sales of investments may be frequent and may result in higher transaction costs. Certain of the investment strategies employed by Investment Vehicles are based on



historical relationships between prices. There can be no assurance that such historical relationships will continue and no representation is made by Ortelius as to what results the Investment Vehicle will or is likely to achieve based on such trends and relationships.

Independence of Investment Vehicles: It is likely that the Fund will not control any of the Investment Vehicles, their choice of investments and other investment decisions, all of which are totally within the control of such Investment Vehicles and their principals or advisers.

Illiquidity of Operating Fund Shares: Since the shares in the Fund may not be offered or sold in the United States or in any other jurisdiction where such registration may be required or to U.S. Persons (as defined herein), transfers of the Shares to or within certain jurisdictions will be subject to certain restrictions. There can be no assurance that a secondary market for the Shares will develop or that, if a secondary market develops, it will continue or provide a shareholder of Shares with liquidity.

Leverage: The use of leverage has attendant risks and can substantially increase the adverse impact to which the Fund's investment portfolio may be subject. In addition, the leverage used by the Fund will be subject to the risk that changes in the general level of interest rates may adversely affect expenses and operating results.

In general, the anticipated use of short-term margin borrowings results in certain additional risks to the Fund. For example, should securities pledged to brokers to secure the Fund's margin accounts decline in value, the Fund could be subject to a "margin call," pursuant to which the Fund must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to satisfy its margin debt.

Direct Investments: As discussed above, Ortelius may also invest directly both long and short in a wide range of securities and financial instruments on behalf of the Fund when Ortelius believes that the net exposure of the underlying funds either under- or over-exposes the Fund to the overall financial markets. These transactions may include, without limitation, equity or debt investments, options, swaps, forwards, futures, credit derivatives, exchange-traded funds or other equity or credit derivative instruments.

Short Sales: A short sale involves the sale of a security that an Investment Vehicle does not own. To make delivery to the buyer, the Investment Vehicle must borrow the security, and the Investment Vehicle is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the Investment Vehicle. When the

Investment Vehicle makes a short sale, it may be obligated to leave the proceeds thereof with the broker and also deposit with the broker an amount of cash or other securities (subject to requirements of applicable law) that is sufficient under any applicable margin or similar regulations to collateralize its obligation to replace the borrowed securities that have been sold.

If the price of the security sold short increases between the time of the short sale and the time the Investment Vehicle replaces the borrowed security, the Investment Vehicle will incur a loss; conversely, if the price declines, the Investment Vehicle will realize a short-term capital gain. Any gain will be decreased, and any loss will be increased, by the transaction costs described above. Although the Investment Vehicle's gain is limited to the price at which it sold the security short, its potential loss is theoretically unlimited because there is no limit on how much the price of a security may appreciate before the short position is closed out. In addition, the supply of securities which can be borrowed fluctuates from time to time. The Investment Vehicle may be subject to losses if a security lender demands return of the lent security and an alternative lending source cannot be found or if the Investment Vehicle is otherwise unable to borrow securities which are necessary to hedge its positions. In addition, purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. The extent to which the Investment Vehicle engages in short sales depends upon its investment strategy.

Investors in the Fund are requested to refer to the Fund Private Placement Memorandum for complete information on the strategies utilized by Ortelius, and the risks associated with each.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Ortelius or the integrity of Ortelius' management. Ortelius has no information applicable to this Item.

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

Peter DeSorcy and H.R.H. Prince Pavlos of Greece both sit on the Board of Directors of the Fund. Apart from this, neither of these individuals maintains any substantive outside activities.

Boston Ventures IV-A SPHI Investment Corporation owns 15% of Ortelius Capital Partners, LLC. Boston Ventures IV-A SPHI Investment Corporation is indirectly owned by Robert W. Miller, who was a founding partner in Duty Free Shoppers, and is founder and Chairman of Search Investment Group, established to manage his personal investments and those of his family.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

As a fund of hedge funds manager, employees of Ortelius may potentially own the same securities as those held by the money managers to whom Ortelius allocates Fund assets, or direct investments made by Ortelius on behalf of the Fund. However, Ortelius and its Managing Members are never in the position of having prior knowledge of the specific investment decisions made by the money managers to which it allocates Fund assets, and as such cannot benefit from any investment decisions made by Ortelius.

Ortelius has adopted a Code of Ethics that sets forth high ethical standards of business conduct that Ortelius requires of its employees, including compliance with applicable federal securities laws. Ortelius' Code of Ethics also includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by Ortelius' covered persons.

Among other things, Ortelius' Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Ortelius' code also includes oversight, enforcement and recordkeeping provisions. A copy of Ortelius' Code of Ethics is available to Ortelius' advisory clients upon request to the Chief Compliance Officer at Ortelius' principal office address.

## **Item 12 – Brokerage Practices**

Ortelius is provided with written authority to determine which Investment Vehicles to whom the Fund's assets are to be allocated, and the amounts of such allocations.

As the Fund's assets are predominantly allocated to Investment Vehicles, Ortelius does not have the ability to determine which securities and the amounts of securities that are bought or sold by the money managers of such Vehicles, nor will Ortelius be able to determine the broker-dealer to be used and the commission rates to be paid. However, in those situations where Ortelius decides to utilize a Hedge Overlay or makes a direct

investment as discussed above, Ortelius will take discretion to determine the broker-dealer to be used and the commission rates to be paid. Ortelius will endeavor to select those brokers which will provide the best execution at competitive rates. In placing Hedge Overlay or direct investments for the Fund, Ortelius typically considers a number of factors in selecting appropriate brokers, including, among others: the overall costs of a trade (i.e., net price paid or received) including commissions, mark-ups, mark-downs or spreads in the context of Ortelius' knowledge of negotiated commission rates currently available and other current transaction costs; quality and consistency of market access and of execution including accurate and timely execution, clearance and error/dispute resolution. Ortelius does not place transactions on a soft dollar basis.

### **Item 13 – Review of Accounts**

#### Reviews:

The Investment Vehicles to which Ortelius allocates Fund assets are periodically monitored and reviewed by Ortelius' investment team. The investment team reviews the Fund in the context of its stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the market, political or economic environment.

#### Reports:

Investors in the Fund are provided monthly unaudited return estimates. Return estimates are prepared internally. The Fund Administrator provides monthly unaudited NAV statements to investors in the Fund. Investors are also provided annual audited financial information. Ortelius may also prepare and deliver to such investors additional information Ortelius deems pertinent.

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

Ortelius may from time to time engage placement agents, solicitation agents or finders for the interests of the funds ("Solicitation Agents"). Ortelius may pay Solicitation Agents a portion of the fees paid to Ortelius or other compensation.

Such compensation is paid in a manner intended to comply with SEC Rule 206(4)-3, which regulates the payment of solicitation fees by registered investment advisers, as well as applicable regulations under the Securities Act of 1934.

## **Item 15 – Custody**

Ortelius maintains compliance with Rule 206(4)-2 of the Investment Advisers Act of 1940 by ensuring that:

- The Fund is audited on an annual basis by an independent accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board in accordance with its rules.
- It distributes audited financial statements prepared in accordance with generally accepted accounting principles to all members (or other beneficial owners) of the Fund within 180 days of the end of its fiscal year.

## **Item 16 – Investment Discretion**

Ortelius manages the Fund on a discretionary basis in accordance with the terms and conditions of the Fund's offering and organizational documents.

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

When Ortelius invests Fund assets in Investment Vehicles as identified above, proxy voting responsibilities are typically retained by the money managers of each Investment Vehicle selected by Ortelius. However, Ortelius will vote proxies where and when applicable with respect to any direct investments owned by the Fund. Ortelius votes proxies in the interest of maximizing value for its clients. To that end, Ortelius endeavors to vote proxies in the manner that it determines in good faith will be the most likely to cause investments to increase the most or decline the least in value.

Consideration is given to both the short- and long-term implications of the proposal to be voted on when considering the optimal vote. Ortelius is responsible for voting the proxies in the best interest of its clients and submitting the proxies promptly and properly. Our complete proxy voting policy and procedures are available for investors to review upon written request to Ortelius' Chief Compliance Officer.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Ortelius' financial condition. Ortelius 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.