

# **Glenville Capital Management, LLC**

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## **Form ADV Part 2A Brochure**

This brochure provides information about the qualifications and business practices of Glenville Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us by phone at 203-930-2685 or email at [adam@glenvillecapitalmanagement.com](mailto:adam@glenvillecapitalmanagement.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Glenville Capital Management, LLC is available at the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Glenville Capital Management, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

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

Since the filing of our last annual updating amendment dated February 16, 2016, we have the following material changes to report.

In January 2017, our firm transitioned from a state registered adviser to registration with the United States Securities and Exchange Commission.

Effective January 2017, our firm relocated from Greenwich, Connecticut to Scarsdale, New York.

In Items 5 and 6, we amended our description of the fees we receive to more closely align with the language describing fees in the Fund's offering documents.

The net worth requirement for "Qualified Clients" as referenced in Item 7 increased from \$2,000,000 to \$2,100,000 per SEC regulations.

In Item 8, we amended and described in greater detail the risks associated with Fund investments and strategies.

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## Item 4 Advisory Business

Glenville Capital Management, LLC is an independent investment adviser based in Scarsdale, New York. Adam D. Egelberg, CFA, is the principal owner and sole managing member of the firm. Glenville Capital Management, LLC commenced operations in April of 2007.

The following paragraphs describe our services and fees. As used in this brochure, the terms "GCM," "we" and "our" refer to Glenville Capital Management, LLC, and the words "you" and "your" refer to you as either an investor or prospective investor in Glenville Capital Partners L.P. ("GCP" or the "Fund") as discussed below. Investors in the Fund are also referred to herein as "Limited Partners".

GCM serves as General Partner of Glenville Capital Partners L.P., a concentrated long/short equity investment partnership. The Fund is a private pooled investment vehicle offered only by private placement memorandum and other offering documents to certain sophisticated investors meeting certain minimum financial requirements as summarized in Item 7 and described in detail in the Fund's offering documents.

In the role of general partner, GCM is responsible for all of the investment and operational decisions and duties regarding GCP. The assets of GCP are managed on a fully discretionary basis.

GCP's investment objective is to generate above average annual returns to investors, while limiting capital losses. The limited partnership interests of GCP are speculative and involve a high degree of risk. These interests are considered securities and have not been filed with or approved by the United States Securities and Exchange Commission or any other state or federal government agency or any national securities exchange. Investors and prospective investors should refer to the offering documents for the Fund for a detailed description of the Fund's investment objectives and other relevant information.

### Wrap Fee Programs

GCM does not participate in wrap fee programs.

### Types of Investments

We primarily invest in equity securities, options and corporate debt. Please refer to the *Methods of Analysis, Investment Strategies and Risk of Loss* below for additional disclosures on this topic.

### Assets Under Management

As of December 31, 2016 we provide continuous management services for \$34,582,557 in assets on a discretionary basis. This represents 100% of GCM's regulatory assets under management.

## Item 5 Fees and Compensation

GCM receives an annual management fee of 1.00%, which GCM will receive on quarterly basis, in an amount equal to one-quarter of one percent (0.25%) of the Fund's Beginning Value, as defined in the Fund's Limited Partnership Agreement, allocable to the Capital Accounts of the Limited Partners as consideration for management and administration services. GCM also receives a performance based fee as described in Item 6 below.

Limited Partners who invest in GCP in the middle of a quarter will be charged pro-rated fee when the funds are received by GCP. These fees are non-refundable.

GCP will also reimburse GCM for all expenses incurred in the operation of the Fund including legal, accounting, auditing, and administrative fees and expenses. GCM reserves the right to waive or reduce fees under various circumstances.

GCP imposes a penalty fee for early withdrawals from the Fund. Any Limited Partner who withdraws from GCP within 12 months after their first investment is made will be charged a fee in the amount of 2% of the amount of the withdrawal from such Limited Partner's Capital Account. After the first 12 months have passed, investors may make quarterly redemptions without any penalties. In its sole discretion, GCM may waive the withdrawal fee for any Limited Partner. Investors and prospective investors should refer to the offering documents for the Fund for a detailed description of the fees associated with investing in the Fund and requirements for withdrawals from the Fund.

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

GCM is entitled to receive a performance based fee (also referred to as an "Incentive Allocation") as described below and in further detail in the Fund's offering documents.

At the end of each fiscal year, 20% of the Fund's net realized and net unrealized capital appreciation allocable to the capital accounts of the Limited Partners during such fiscal year will be allocated to GCM, as provided by the Fund's Partnership Agreement (the "Incentive Allocation"). Limited Partners investing or withdrawing capital from the Fund during a fiscal year will be assessed the Incentive Allocation only for the portion of the year that such capital was invested in the Fund. In its sole discretion, GCM may waive the imposition of all or any portion of the Incentive Allocation as to any Limited Partner.

The Incentive Allocation will be allocated so that it is made only on "new appreciation" in a Limited Partner's Capital Account. If there is no new net capital appreciation in a given fiscal year, there will be no Incentive Allocation allocated to GCM. If the Fund sustains net capital depreciation in any calendar quarter so that losses are allocated to a Limited Partner's capital account, no Incentive Allocation will be allocated until the loss is recouped; i.e., any losses allocated to a Limited Partner's Capital Account would have to be reduced to zero before it could be assessed any portion of the Incentive Allocation. In summary, if GCP has generated negative absolute performance as of the close of the calendar year, these losses will be carried forward to the next calendar year and must be earned back before any subsequent performance fee can be earned. This is commonly known as a high-water mark.

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, we monitor the Fund to ensure that investments are suitable and that the Fund is being managed according to its investment objectives.

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.

Side-by-side management refers to the practice of managing some accounts that are charged performance-based fees while at the same time managing other accounts that are not charged performance-based fees. GCM does not engage in this practice.

## **Item 7 Types of Clients**

GCM provides investment advice to GCP. Investors in GCP may be individuals, corporations, limited liability companies, partnerships, trusts or other entities.

Individuals who invest in GCP must be accredited investors (which means they must have either a net worth of at least \$1 million (not including the value of their primary residence) or earnings of at least \$200,000 in each of the last two years (\$300,000 with his or her spouse if married) and have the expectation to make the same amount this year). Corporations, Limited Liability Companies, Partnerships, Trusts and other entities must have total assets in excess of \$5,000,000 and each of their equity owners must be accredited investors. Investors must also be "Qualified Clients" (which means generally with respect to individuals, persons who have a net worth greater than \$2,100,000 (not including the value of their primary residence) or have at least \$1,000,000 invested in the Fund).

GCP requires a minimum investment of \$1,000,000. However, GCM has the right to waive this requirement, in its sole discretion.

Investors may make quarterly redemptions from GCP by giving written notice at least 30 days prior to the end of any quarter. As noted earlier in this brochure, any redemption made in the first 12 months after the initial investment will be subject to a 2% early withdrawal penalty.

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

GCM generally invests in a relatively limited number of securities and those are primarily common equity securities of US issuers. All equity securities investments involve certain risks as the value of such securities fluctuate depending on a myriad of factors, including among others, the performance of the subject company, the industry or industries in which the subject company participates, overall market performance and activity and/or the general domestic and/or international economic climate. The success of the Fund will depend largely on the ability of GCM to analyze subject companies and to predict general market fluctuations, as to which no assurance can be given

GCM also purchases options and corporate debt. Many of the risks applicable to trading the underlying securities are also applicable to trading options on securities. There are also a number of other risks associated with the trading of options. For example, the purchaser of an option runs the risk of the loss of his entire investment (the premium he pays). Similarly, the "uncovered writer" of an option who does not own the underlying security is subject to the risk of loss due to an adverse price movement in the underlying position. In addition, in the event the Fund were to write uncovered options as one part of a spread position and such options were exercised by the purchasing party, the Fund would be required to purchase and deliver the underlying security in accordance with the terms of the option. Finally, an options trader runs the risk of market illiquidity for offsetting positions for any particular option. Options markets are typically less liquid than the markets in the instruments underlying the options.

Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

The purchase of equity securities, options, and corporate debt involves significant risk of loss and investors should be prepared to bear these risks.

GCM uses a long-term strategy, with expected holding periods of at least two years, emphasizing the achievement of long term capital gains. Investments are selected based on in-depth fundamental and valuation analysis.

GCM also engages in short selling as part of its investment strategy. Short selling, or the sale of securities not owned by the Fund, necessarily involves certain additional risks. Such transactions expose the Fund to the risk of loss in an amount greater than the initial investment and such losses

can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Fund in connection with the short sale would need to be returned to the securities lender on short notice. If such request for the return of securities occurs at a time when the other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Fund might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases in the open market, possibly at prices significantly in excess of the proceeds received earlier. GCM will use leverage in connection with its short selling activities. The use of leverage, which exposes the borrower to changes in price at a ratio higher than 1:1 in reference to the amount invested, magnifies both the favorable and the unfavorable effects of price movements in the investments made by the Fund. The use of leverage increases the volatility of the Fund's performance and makes it possible for the Fund to suffer losses in any open position in excess of the assets allocated to such position as margin.

In rare circumstances we may purchase securities on margin. When purchasing securities on margin the Fund borrows money to purchase a security, in which case the security serves as collateral on the loan. In a margin account, the Fund must maintain a minimum balance before our broker will force the Fund to deposit more funds or sell stock to pay down the margin loan (known as a margin call). If for any reason the Fund were to be unable to meet a margin call, the brokerage firm has the right to sell securities without consulting our firm. In a margin account, the Fund could potentially lose more money than it has invested.

GCM's investing philosophy can be summarized as follows:

1. Invest in a limited number of securities at any given time so that capital is concentrated in the best opportunities available.
2. Risk should be measured on a security by security basis and determined based on the likelihood of losing money in each investment.
3. Risk should not be measured based on how much a security's price goes up or down over a period of days, weeks or months. Such price volatility is considered to be an opportunity rather than a risk.
4. Never borrow money to enhance returns because adding leverage adds to the risk of losing money.

GCM emphasizes valuation in its investment process. We are primarily interested in securities where the underlying cash flows and earnings represent a high percentage ratio relative to current market prices. We typically have two general types of long investments:

1. High quality companies that are out of favor; and
2. Corporate restructurings

We define high quality companies as those with very little debt on their balance sheets, extensive business operating histories and high returns on invested capital. We believe the value of these underlying business franchises will be ultimately recognized in the market over time as they continue to successfully operate their businesses.

With corporate restructurings, we look to specific catalysts such as new management or changes in strategic direction which will result in asset values and cash flows being unleashed to the benefit of common shareholders.

For those investments where we are looking to profit from a security price decline, we focus on the identification of material competitive deficiencies, accounting irregularities, onerous government regulations, or very poor capital allocation decisions.

GCM does not invest in start-up companies.

Investment opportunities are found from reading newspapers, journals, trade publications and other web-based news sources. In addition, GCM subscribes to a stock screening tool provided by FactSet Research Systems which produces a limited set of securities that meet various valuation criteria.

Once a potential investment opportunity is identified, the decision to invest or not invest is determined by valuation as well as a deep fundamental analysis which includes:

1. In-depth review of the financial history of the company across economic cycles;
2. Review of the company's industry and its relative competitive position within that industry;
3. Analysis of the regulatory environment;
4. Analysis of management's track record in reinvesting the company's cash flows;
5. Analysis of management's success in meeting their own operational and financial targets; this analysis is supported by a review of transcribed comments made by various members of the management team at presentations going back as far as 10 years into the past; and
6. Analysis and valuation of hidden assets not reflected in the market price of the security.

GCM's definition of risk is the permanent loss of capital over at least a 2-year holding period rather than some measure of short-term price changes. We manage that risk by maintaining the discipline to make investments only in securities that are dramatically undervalued and demonstrate both strong financial solvency and strong operating characteristics. As we do our research, we analyze various possible adverse outcomes over the expected holding period to determine if there is a high likelihood of losing money in the investment.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate investors from losses due to market corrections or declines. We cannot offer any guarantees or promises that Fund goals and objectives will be met. Past performance is in no way an indication of future performance.

Investors and prospective investors should refer to the offering documents of the Fund for a detailed description of the methods of analysis, investment strategies and risks associated with investing in the Fund.

## **Item 9 Disciplinary Information**

There have been no disciplinary events of any kind involving GCM or its key management person.



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

We serve as the General Partner to Glenville Capital Partners L.P., as discussed above.

GCM has an ongoing business relationship with Daniel A. Ogden, President of Dock Street Asset Management, an investment advisory firm registered with the United States Securities and Exchange Commission. Mr. Ogden has made a personal investment in GCM in the form of cash and shared services, the latter of which include rent, technology support, utilities, and administrative staff. Mr. Ogden, in his personal capacity, will receive a share of the performance fee charged by GCM as a return on his investment.

The Managing Member of GCM, Adam D. Egelberg, participates as a member of Dock Street's investment committee. He receives no compensation for his participation on this committee.

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

### **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 demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing. All of our Associated Persons are expected to adhere strictly to these guidelines. 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.

Our Code of Ethics is available to you upon request by contacting us at the telephone number of the cover page of this Brochure.

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

Adam D. Egelberg, CFA has made a personal investment in the Fund. Given our status as General Partner to the Fund, we have an incentive to recommend the Fund as an investment. We will only recommend the Fund if suitable for investors who meet certain financial requirements.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities for our own account's (or for accounts we control) as those purchased for the Fund. A conflict of interest exists in such cases because we have the ability to trade ahead of the Fund and potentially receive more favorable prices than the Fund will receive. To mitigate this conflict of interest, it is our policy that neither our Associated Persons nor our firm shall have priority over the Fund in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

GCM has entered into a custody and trading relationship with Goldman Sachs and Wells Fargo Prime Services. The trading agreement with Wells Fargo was effective January 2013, while the custody relationship with Goldman Sachs was effective October 2015.

Goldman Sachs and Wells Fargo Prime Services are providing asset custody services, electronic trading platforms, and access to sales traders.

We believe that the brokers we use provide quality execution services at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided, including the value of research provided, the broker's reputation, execution capabilities, commission rates, and responsiveness. In recognition of the value of research services and additional brokerage products and services the broker provides, the Fund may pay higher commissions and/or trading costs than those that may be available elsewhere.

GCM does not engage in any soft-dollar relationships.

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

GCM engages in a continual review of GCP, including daily reviews by Adam D. Egelberg, CFA of all securities positions, cash accounts, and transactions. GCM provides a quarterly letter discussing performance and other investing-related topics to investors. These letters, along with a statement of capital position generated by SS&C Technologies, are delivered to the limited partners of GCP via email, US postal service or notification of their posting on a password-protected website.

All limited partners of GCP receive an annual audit of the Fund prepared by an independent public accounting firm. The name of the independent accounting firm is Knight, Rolleri, Sheppard CPAS LLP, Fairfield, Connecticut.

We strongly urge all of our limited partners to carefully compare the year-end statement of capital with the annual audited results.

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

We do not receive any compensation from any third party in connection with providing investment advice nor do we compensate any individual or firm for investor referrals.

### **Item 15 Custody**

As a result of our status as General Partner to GCP, our firm will have access to the Fund's cash and securities, and as such we are deemed to have custody over the Fund's assets. We will provide each investor in the Fund with annual audited financial statements within 120 days of fiscal year end.

### **Item 16 Investment Discretion**

GCM has full investment discretion to manage the assets of GCP. Before granting this authority, all prospective investors receive copies of an offering memorandum, limited partnership agreement, and the ADV Part 2A brochure. The limited partnership agreement must be signed and notarized.

The allocation of new issues is determined by each limited partner upon initial investment in Glenville Capital Partners. New issues are defined as securities with no prior public trading history such as initial public offerings of stock.

Although we are required by our regulators to include the new issue disclosure in GCP's subscription documents, we have never invested in a new issue and we do not anticipate investing in new issues in the future.

## **Item 17 Voting Client Securities**

We will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for GCP. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's Board of Directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will be cast against proposals having the opposite effect.

Conflicts of interest between the Fund and our firm, or a principal of our firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will take the necessary steps to resolve the conflict before voting the proxies. For example, we may abstain from voting or, we will take other necessary steps designed to ensure that a decision to vote is in the Fund's best interest and was not the product of the conflict.

Investors and prospective investors may obtain information on how we voted proxies and/or obtain a full copy of our proxy voting policies and procedures by making a written or oral request to our firm.

## **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you.

## **Item 19 Requirements for State Registered Advisers**

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