

## **BUSHIDO CAPITAL PARTNERS LLC**

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**March 30, 2011**

This brochure provides information about the qualification and business practices of BUSHIDO CAPITAL PARTNERS LLC. If you have any questions about the contents of this brochure, please contact BUSHIDO CAPITAL PARTNERS LLC. 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 BUSHIDO CAPITAL PARTNERS LLC is also available on the Internet at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## **Item 2 - Material Changes**

Recently, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the format and scope of the disclosure document that Bushido Capital Partners LLC provides to clients as required by SEC Rules. This Brochure dated March 30, 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 the previous brochure, dated February 15, 2008, did not require.

In the future, this Item 2 will identify and discuss only specific material changes that are made to the Brochure since the last annual update. It will also reference the date of Bushido Capital Partners’ last annual brochure update.

Bushido Capital Partners is the advisor for the Bushido Capital Fund LP. Each underlying investor, or potential investor, will receive a copy of this Brochure along with other Fund “Offering Documents” which will discuss in greater detail the Bushido Capital Fund’s strategy, risks, fees, etc. The “Offering Documents” include, but are not limited to, the Limited Liability Company Agreement, the Private Placement Memorandum and any supplements, Subscription Agreements and Executive Summary.

Bushido Capital Partners’ current brochure may be requested by contacting Kim Vinick, Chief Compliance Officer, at 202-828-6200 or [kimv@marshfieldinc.com](mailto:kimv@marshfieldinc.com). Additional information about Bushido Capital Partners is available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site additionally provides information about any persons affiliated with Bushido Capital Partners who are registered, or are required to be registered, as investment adviser representatives of Bushido Capital Partners.

### **Item 3 - Table of Contents**

Item 2 - Material Changes .....	2
Item 3 - Table of Contents .....	2
Item 4 - Advisory Business .....	4
Item 5 - Fees and Compensation .....	4
Item 6 - Performance-Based Fees and Side-By-Side Management.....	5
Item 7 - Types of Clients .....	5
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss .....	6
Item 9 - Disciplinary Information .....	7
Item 10 - Other Financial Industry Activities and Affiliations .....	7
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	9
Item 12 - Brokerage Practices .....	10
Item 13 - Review of Accounts .....	11
Item 14 - Client Referrals and Other Compensation .....	12
Item 15 - Custody .....	12
Item 16 - Investment Discretion .....	12
Item 17 - Voting Client Securities .....	13
Item 18 - Financial Information.....	13

## Item 4 - Advisory Business

### **The Advisor:**

Bushido Capital Partners LLC (“Bushido”) provides investment supervisory services to one client, Bushido Capital Fund LLC (the “Fund”).

- John Beatson and Christopher Niemczewski own more than 25%

### **The Client:**

Bushido Capital Fund LLC (the “Fund”)

### **The Managing Member:**

Fields End Capital LLC (“Fields End”)

- As an affiliate of Bushido, the principals and employees of Bushido are also members of Fields End.

### **Overview:**

Bushido will operate with a flexible investment mandate with the dual aims of outperforming the S&P 500 index and preserving capital over rolling 5 year periods. The Fund invests opportunistically across multiple asset classes with the ability to hedge against company, industry or country specific risks.

Bushido has full discretion over the Fund.

Assets under management (as of 12/31/10): approximately \$7.67 million.

The Fund is exempt from registration as an investment company under the Investment Company Act of 1940, as amended (“1940 Act”), pursuant to Section 3(c)(1).

## Item 5 - Fees and Compensation

**Management Fee:** Bushido receives a quarterly management fee paid in advance.

**Incentive Allocation:** a performance fee the Managing Member may be entitled to as of the last day of each calendar year.

The Funds offer investors a choice between two Management Fee and Incentive Allocation structures. Investors choose between these two structures in the Subscription Agreement of the Funds. Generally, Bushido anticipates, but need not, allowing an investor to switch structures only once during the term of his or her investment. Bushido may permit changes between structures more frequently or may reject a requested change, in its sole and absolute discretion.

### **Management Fee Options:**

**1. Standard Option:** Percent of the capital account balance as of the last day of the preceding quarter:

- Investors under \$5,000,000: 0.25% quarterly (1.0% per year)
- \$5,000,000 or more: 0.175% quarterly (0.70% per year)

### *The Incentive Allocation*

- 20% of the net gain in the capital account, subject to a “high water mark.”
- An investor would not be subject to an incentive fee in a year in which the relevant Fund’s performance was negative.

**2. Index Option:** Management fee of 0.3125% quarterly (1.25% per year) of the capital account balance of the investor as of the last day of the preceding quarter.

*The Incentive Allocation*

- 35% of the amount by which the investor's capital account outperforms the hypothetical performance of that investor's capital account had the capital account's assets been invested in the securities comprising the Standard & Poor's 500 Index ("**S&P 500**") (without reinvestment of dividends) for the entire calendar year (or since the date of the investment, if less than a calendar year), less (ii) any amount in the investor's Capital Loss Account (as further defined in the Fund's PPM).
- Under the Index Option it is important to note that an investor may be subject to an incentive allocation even when the applicable Fund's performance is negative, if the Fund nonetheless outperforms the S&P 500 index for that year.

Bushido may raise or lower the Management Fee payable by new investors in the future or with respect to follow-on investments made by existing investors, in its discretion. The Managing Member may raise or lower the Incentive Allocation payable by new investors in the future or with respect to follow-on investments made by existing investors, in its discretion. Bushido may create additional fee and allocation options in the future, in its discretion.

Bushido or the Managing Member may also waive or reduce the Management Fee or Incentive Allocation, respectively, with respect to any investor, and may enter into separate arrangements with individual investors that differ from those generally applicable to investors in a Fund.

- This includes investors of the Fund who are employees of Bushido and their friends and family

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

Bushido has entered into incentive fee arrangements with qualified investors which are subject to individualized negotiation with such investors. In some instances, performance fees are charged by Bushido-affiliated advisors or in the limited liability companies formed by a Bushido-affiliated advisor for which a group of Bushido's owners serves as managing members. (Please see Item 10 - Other Financial Industry Activities and Affiliations for additional information regarding these affiliated entities). Any performance or incentive fee arrangements are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the "Advisers Act").

Investors may be subject to an incentive allocation even when the applicable Fund's performance is negative, if the Fund nonetheless outperforms the S&P 500 index for that year. For example, under the Index Option, an investor will be subject to an incentive allocation in a year in which the S&P 500 was down 10% and the Fund was down only 5%. Under the Standard Option, an investor would not be subject to an incentive fee in a year in which the relevant Fund's performance was negative. (The details of how each fee option is structured are discussed in greater detail in the offering documents).

Each investor in the Fund has the choice between two fee options both of which include an incentive portion. Bushido has procedures designed and implemented to ensure that all investors in the Fund are treated fairly and equally.

## **Item 7 - Types of Clients**

Bushido Capital Partners LLC (“Bushido”) currently provides investment supervisory services to one client, Bushido Capital Fund LLC (the “Fund”).

Investors in the Fund must meet certain qualifications and certain minimum investment requirements. Each investor in the Fund must be an “accredited investor,” as defined in the Securities Act of 1933, as amended (“1933 Act”) and must also be a “qualified client” as defined in the Advisers Act.

- The minimum initial investment in the Fund is currently \$250,000.
- Minimum follow-on investment by an existing investor is currently \$100,000.
- New or add-on investments can be made on the first business day of the month.
- An investor may withdraw from the Fund by providing 90 days’ prior written notice to Bushido before the last calendar day of the quarter in which the redemption is sought. (please see the offering documents for more details).

Bushido may waive, modify, increase or decrease the initial and follow-on minimum investment amounts from time to time, in its discretion.

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

### **Investment Objective**

The Fund’s primary objective is to outperform the S&P 500 over rolling five-year periods while focusing on the preservation of capital.

### **Investment Strategy**

Bushido seeks to achieve this objective by employing a flexible investment mandate that allows the Fund to exploit opportunities across asset classes, within capital structures and between similar securities.

### **Types of Investments:**

- 10-15 “long” investments in global securities that Bushido deems to be undervalued.
- 5-10 “short” investments in global publicly-traded securities.
- 3-5 pair trades (such as taking a long position in one security and a short position in another security in response to perceived valuation or operational discrepancies between different companies in the same sector.
- Derivatives:
  - Both equity and credit securities.
  - Used to hedge existing positions.
  - Risk-controlled open derivative positions will be used on individual securities.
- Direct private equity investments in operating companies.
- Foreign exchange positions to hedge currency risk for an individual security or broader market currency exposure.

Bushido is not reliant on a positive U.S. equity market environment to generate absolute returns.

***Investing in securities involves risks of loss that clients should be prepared to bear***

Investors in the Fund must have the ability and willingness to accept the risks involved (for a more detailed account of the potential the risks involved, please refer to the Fund's offering documents):

- The potentially illiquid nature of investments, particularly any private equity investments
- Risk of potential total loss of capital resulting from an investment in securities in general and in the Fund in particular
- The potential uncertainty involved in valuing certain of the assets held in the Fund and the potential that assets held in the Fund will be illiquid or able to be sold (if at all) at prices significantly lower than the value assigned to them by Bushido

**Bushido Attempts to Mitigate These Risks by:**

The fund employs several tools to manage individual security, sector, market and country specific risks at different times, including :

- Put options on individual securities, sector specific ETFs, and broad market indices
- Short positions in sector specific ETFs, broad market indices, and individual securities, including as part of a pair trade
- Maximum draw down limits on positions

**Investment Restrictions and Policies:**

*Pro Rata Investments:*

- The Fund will make all investments on a pro rata basis to the extent possible.

*Leverage and Borrowing:*

- Bushido does not use leverage in managing the Fund's assets, but may cause the Fund to borrow money in order to provide for redemptions when a sale of assets is impractical or undesirable.
- Bushido will only use borrowing on behalf of the Fund as a liquidity mechanism, and not to fund investments or to change the risk profile of the Fund's investments.
- The Fund will not borrow more than 10% of its net assets, calculated at the time of such borrowing, without first notifying investors.

## **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 Bushido Capital Partners or the integrity of Bushido's management.

Bushido has no information applicable to this Item.

## Item 10 - Other Financial Industry Activities and Affiliations

Bushido has two affiliated advisors; for additional information please refer to Parts I and II of their respective Form ADVs:

- ❖ Marshfield Associates, Inc
- ❖ Yogi Advisors, LLC

Many of the personnel of Bushido are also principals and employees of Marshfield Associates and Yogi Advisors, LLC. Bushido shares office space, trading platforms, office supplies and equipment with these affiliated advisors and will share the services of administrative employees to a limited extent.

There are several limited liability companies for which Marshfield – an affiliated advisor – or a group of its owners (which include members of Bushido) serves as managing members:

❖ Marshfield Insurance Investments, LLC ("Insurance Investments")

Managing Member: Marshfield Management LLC.  
Investment: Sole holding is an interest in Olympus Re Holdings, Ltd., a Bermuda-based reinsurance company.

❖ Marshfield Insurance II, LLC ("Insurance II")

Managing Member: Marshfield Management II.  
Investment: Invested in pre-IPO Symetra Financial Corporation, a life insurance and investment products business.

❖ Marshfield Insurance Investments A, LLC ("Insurance A")

Managing Member: Marshfield Management A, LLC.  
Investment: Sole holding is an interest in Olympus Re Holdings, Ltd., a Bermuda-based reinsurance company.

❖ Marshfield Ursa Minor Fund, L.P. ("Ursa").

General Partner: Constellation Partners, LLC  
Investment Advisor: Yogi Advisors, LLC  
Investment: Holds a mixture of publicly traded securities and interests in privately held companies. Typically holds investments long, but has participated in pair trades.

Apart from the above-described limited liability companies in which certain clients may own interests, and in which such clients invest exclusively at their own discretion, Bushido does not provide any proprietary products for investment by clients.

### Procedures for side-by-side management of affiliated and core accounts:

- If affiliated accounts trade in the same securities as Core client accounts, the trades will be done on an aggregated basis consistent with Bushido's obligation of seeking best execution.
- The affiliated account and Core client accounts will share commission costs equally and receive securities at a total average price.
- Completed orders will be allocated as specified in the initial trade order.
- Partially filled orders will be allocated on a pro rata basis.



**Other Conflicts Between Core Accounts and Affiliated Accounts:**

- Trading in the same security but on different sides of the transaction.
  - An example may be due to different investment strategies and/or risk management
    - Research may direct a buy in Marshfield's Core Accounts to increase the holding to a new position size or the stock may be or come into buying price range for new accounts.
    - A sale of the same security is sold in an affiliated account as a risk management function because its designated position size grew due to the increase in value from its average cost basis.
- Bushido and other Affiliated Advisors whose strategies allow for other types of investments vs. Marshfield's strategy as a long-only value equity manager, such as:
  - Pair Trades.
    - This means there is a long position in one security and a short position in another security within the same sector; the theory is that the companies are overvalued/undervalued relative to one another and eventually their prices will converge.
    - Occasionally, Marshfield might hold a long position in a stock for its Core Product that is believed to be somewhat overvalued that Bushido shorts in a pair trade. It is not a conflict that Marshfield continues to hold that security long because while somewhat (though not excessively) overvalued, it would not meet the requirements to sell for Marshfield's Core Product (see Marshfield Associates ADV for more information). The theory of a pair trade is that the overvalued stock will decline and the undervalued security will appreciate in the *short term*.
  - Short Sales.
    - Only under a pair trade scenario would Bushido hold a security short that another affiliate or the Core Product holds long.

Bushido will memorialize in their compliance files why the "conflict" situations were appropriate for all clients involved without being advantageous to one client over another.

Certain qualifying clients of Marshfield for whom such an investment would be suitable will be offered the opportunity to invest in the Fund.

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

Bushido Capital Partners does not permit its personnel to purchase or sell securities before the securities are purchased or sold for the Fund. Principals and other employees of Bushido, in their individual capacities, may acquire securities of companies in which the Fund invests in accordance with the policies and procedures of Bushido.

Bushido will provide a copy of its ADV or Code of Ethics to any client or prospective client upon request and in conjunction with the offering documents for the Fund.

Because the personnel of Bushido Capital Partners LLC are also the principals and employees of Marshfield Associates, Bushido has adopted Marshfield's code of Ethics ("Code of Ethics") that sets forth the standards of conduct expected of each of Bushido and Marshfield's personnel, which includes, but is not limited to, the following:

- Where a conflict of interest may arise, Marshfield/Bushido shall place the interests of its clients ahead of its own interest and those of its principals at all times.
- The employees of Marshfield/Bushido shall act at all times in a manner that preserves and promotes their reputation for honesty, integrity and professionalism.
- The employees of Marshfield/Bushido shall not take improper advantage of their positions.
- The employees of Marshfield/Bushido shall conduct their personal securities transactions in such a way as to avoid any actual or potential conflict of interest with their clients and to avoid the abuse of such employee's position of trust and responsibility.
- The principals of Bushido have invested as individual limited partners in the Fund.
- The employees of Marshfield/Bushido shall protect and hold confidential all information concerning the identity of clients, clients' securities holdings, and clients' personal and financial circumstances except when clients authorize disclosure.
- The employees of Marshfield/Bushido shall protect and maintain independence in the investment decision-making process.

### **Personal Trading Policy**

Bushido requires that client transactions take priority. This process is to avoid any conflicts of interest that may arise from employees of Bushido participating in the same trades that Bushido recommends to and effects on behalf of its clients, such as employees of Marshfield/Bushido obtaining a financial advantage from effecting a trade for themselves prior to effecting such trade on behalf of Bushido's clients. Bushido addresses these conflicts of interest by not permitting its personnel to purchase or sell securities before the securities are purchased or sold for the Fund. Employees of Bushido may acquire securities of companies in which the Fund invests in accordance with the Code of Ethics of Marshfield Associates and Bushido.

After a transaction is completed for the Fund, the security will be available to employees the next trading day. All personal trades by Access Persons (as defined in Investment Advisers Rule 204A-1) in non-restricted securities must be pre-cleared through the Pre-Clearance Committee.

Bushido will provide a copy of its Code of Ethics to any investor or prospective investor upon request by contacting Kim Vinick at 202-828-6200.

## **Item 12 - Brokerage Practices**

Bushido makes investment decisions and arranges for the placement of buy and sell orders and the execution of portfolio transactions for the Fund. In arranging for the execution of portfolio transactions on behalf of the Fund, Bushido seeks to obtain best execution. “Best execution” refers to the duty to seek the best overall qualitative execution for a client in a particular circumstance. “Best execution” is not synonymous with lowest brokerage commission. Consequently, in a particular transaction the Fund may pay a brokerage commission in excess of that which another broker might have charged for executing the same transaction.

Factors Considered in Best Execution Include:

- Execution capability
- Best net price (after giving effect to brokerage commissions, and other transaction costs);
- Nature of the security being traded;
- Execution, clearance and settlement capabilities of the broker;
- Financial strength and stability of the broker

Bushido does not generate “soft dollars” with respect to certain of the Fund’s trades.

Currently, Fidelity Investments is the custodian to the Fund. Fidelity will clear and settle the Fund's orders and orders executed by other brokers (on the basis of payment against delivery).

The Prime Broker may enter into off-exchange contracts with a Fund as principal. The Prime Broker will also provide the Fund with short selling facilities. Bushido, on behalf of the Fund, has authorized the custodian to lend portfolio securities. The risks of securities lending, as with other extensions of credit, consist of possible delays in recovery of the securities or possible loss of rights in securities or other collateral should the borrower fail financially.

### **Bushido’s Aggregation Policy**

It is Bushido’s practice, where feasible, to aggregate orders for the Fund with Core Account clients, any of the unregistered investment funds managed by an affiliate, or with proprietary, including employee, trades where the Adviser’s best execution and personal trading policies will allow. Aggregating orders enables Bushido and its affiliates to treat all clients in a fair and equitable manner over time and will only be effected when to do so will be in the best interests of the affected clients.

In general, and to the extent possible, all orders for execution of the same security will be aggregated during the same trading period. Once the total number of shares required is derived, each participating client receives/sells its allotted shares at the average share price unless the order is not filled in its entirety then it will be allocated pro-rata among all participating clients. Transaction costs are shared pro-rata based on each client’s participation in the transaction.

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

The portfolio manager responsible for the investment activities of the Fund, John H. Beatson, will continually monitor the Fund's holdings and performance.

The Fund provides investors quarterly account statements accompanied by commentary from Bushido regarding the applicable Fund's performance and overall market conditions. Investors are also provided with the Fund's annual audited financials.

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

Bushido may enter into arrangements with third parties whereby it pays third parties who introduce clients to Bushido a portion of the fees received by Bushido or its affiliates from such clients. Such arrangements would be fully disclosed to clients in accordance with, and otherwise complied with, Rule 206(4)-3 under the Advisers Act and would not increase the fees paid to the investment advisor.

### **Item 15 - Custody**

Bushido has only one client, the Fund, which is a limited partnership. Bushido has custody because Fields End, the General Partner of the Fund, is a related person of Bushido. Fields End has custody of the Fund's assets because, as the general partner, it has legal ownership of and access to the Fund's assets. However, the Fund's assets are physically held by a qualified custodian. The Fund's assets are verified by actual examination at least once a calendar year and the Fund's audited financial statements are distributed to all limited partners within 120 days of the end of its fiscal year.

Bushido receives monthly statements from the qualified custodian that holds and maintains the Fund's assets. Bushido has hired a third party administrator to carefully review such statements and compare such official custodial records to Bushido's internal records from which the limited partner's statements are generated.

Bushido's records may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 - Investment Discretion**

Bushido makes investment decisions and arranges for the placement of buy and sell orders and the execution of portfolio transactions for the Fund.

Investors in the Fund fill out subscription documents in order to participate in the fund which appoints Bushido Capital Partners as the advisor and Fields End as the general partner.

## **Item 17 - Voting Client Securities**

Bushido Capital Partners has adopted policies and procedures regarding the voting of proxies as required under Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). These policies and procedures are designed to ensure that proxies received with respect to securities in the Fund's account where Bushido exercises voting discretion are voted in the best interests of the Fund and that Bushido maintains a record of its proxy voting in compliance with the Advisers Act.

Bushido reserves the right to refrain from voting proxies unless otherwise instructed by the Fund or required to do so by law or regulation.

Bushido will vote client proxies consistent with general guidelines that Bushido has adopted and which Bushido believes reflect the best interests of the Fund, after taking into consideration all relevant facts and circumstances at the time of the vote.

Bushido will provide at no cost a copy of these voting policies and procedures and information regarding how such client's proxies have been voted in the past. Clients wishing to receive this information should contact Bushido at 202-828-6200 during normal business hours.

## **Item 18 - Financial Information**

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

Bushido 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.