

Form ADV 2A: Firm Brochure

JCP INVESTMENT MANAGEMENT, LLC

1177 West Loop South, Suite 1320
Houston, TX 77027

James Pappas: (713) 333-5540
JCP@JCPINV.com
www.JCPINV.com

February 2018



This brochure provides information about the qualifications and business practices of JCP Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at (713) 333-5540 and/or mmm@jcpinv.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 JCP Investment Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

The last annual update of this brochure was in March 2017. The following material changes have occurred to our business since that update:

New Office:

We relocated to our current office in July 2017.

New Advisory Clients:

JCP now also advises separately managed accounts

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ITEM 4: ADVISORY BUSINESS

Advisory Firm Description

JCP Investment Management, LLC ("JCP" or the "Firm") has been in business since April 9, 2009. The principal owner is James Christopher Pappas.

Types of Advisory Services

Currently, JCP provides investment supervisory services on a discretionary basis to private investment limited partnerships ("the Funds") and separately managed accounts ("SMA").

The Funds

Investment supervisory services provided to the Funds include: (1) establishing the Funds' investment objectives; (2) buying or selling portfolio securities on behalf of the Funds and (3) periodically reporting to each of the investors in accordance with the limited partnership agreement. Refer to the Fund documents for more detailed information. This brochure is not a public offer for investment in the Funds.

Certain Funds are comprised of series ("Series A, B, C and Founder"), each of which has a specific investment strategy and fee structure. Each Fund's documents contain full descriptions of each series investment strategy, fees and risks.

SMA

Investment supervisory services provided to SMA clients include: (1) defining an investment strategy within the stated investment objectives; (2) buying or selling portfolio securities on behalf of the client and (3) reporting to each of the investors in accordance with the SMA agreement.

Tailored Advisory Services

The Firm tailors its advisory services in accordance with client needs and investment strategies as disclosed in the offering and SMA documents, which allow for investing in a broad array of securities.

There are no material limitations on the markets or instruments in which the Funds or SMA clients may invest or the strategies in which the Firm may employ. However, the Funds and SMA clients have a defined investment program which is disclosed in the Funds offering documents and SMA documents.

JCP does not participate in any wrap fee programs.

Client Assets Under Management

As of December 31, 2017, the Firm had approximately \$131,229,810 of discretionary assets under management.

ITEM 5: FEES AND COMPENSATION

The Funds

For its services to the Funds, JCP is entitled to management fees at an annual rate ranging from one percent (1.0%) to one and one-half percent (1.5%) of each limited partner's capital account balance, payable quarterly in advance, which is deducted from investors' capital account balances. The fee is not negotiable. Certain investors do not pay a management fee.

The General Partner is entitled to an annual performance-based profit allocation at the end of each year that ranges from twenty percent (20%) to twenty-five percent (25%) of the Funds' annual net profits attributable to a limited partner, but only to the extent that such profits exceed both (i) a "hurdle rate" which varies by Fund from five percent (5%) to fifteen percent (15%) of the year's performance and (ii) any losses carried forward from prior years, based on a "high water mark" formula. The "hurdle rate" is calculated net of management fees, but before the performance-based allocation is paid. Once the "hurdle rate" is achieved, the performance-based allocation is applied only to the net profits of a particular limited partner for the year in excess of the "hurdle rate." Net profit includes unrealized appreciation or depreciation of marketable positions but generally includes only realized amounts in the case of the Funds' non-marketable investments. Refer to the Private Placement Memorandum ("PPM") of each Fund for more details.

The Funds are generally open only to accredited investors, qualified clients and qualified purchasers. Accredited investors are partially defined as (i) a natural person with income exceeding \$200,000 in each of the two most recent years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year or (ii) a natural person who has individual net worth, or joint net worth with the person's spouse, that exceeds \$1.2 million at the time of the purchase, excluding the value of the primary residence of such person.

Qualified clients are partially defined as (i) a natural person with individual or joint net worth of \$2,100,000 (excluding primary residence) or (ii) a corporation, partnership, association, joint-stock company, trust or any organized group of persons that is not an Investment Entity and whose net worth as of the date hereof exceeds \$2,100,000 (iii) a client with at least \$1,000,000 under management with the Firm.

Qualified purchasers are partially defined as (i) a natural person with individual or joint with at least \$5,000,000 in investments or (ii) an individual or entity which has at least \$25,000,000 in investments.

Each investor will be required to complete the Subscription Documents to enable JCP to determine the investor's eligibility. JCP will in certain circumstances accept an investor that is not a "qualified client" and in such instance JCP will waive any performance-based compensation.

Other Fund Fees

The Funds bear the expenses of its organization and offering (including legal and accounting fees, "blue sky" filing fees and expenses and out of pocket expenses). The Funds also bear all costs and expenses related to its investment program and administration as further disclosed in the Fund documents.

Withdrawal of Capital

Certain limited partners of certain Funds are permitted to make withdrawals of Series B Interests on one hundred and eighty (180) days prior notice at the close of each fiscal quarter; however, some Series B limited partners of other Funds are not permitted to withdraw. Limited Partners of certain funds Interest can withdraw more than fifty percent (50%) of the capital account balance attributable to its Series B Interest in any calendar year calculated as of the beginning of such calendar year. Certain limited partners are permitted to make withdrawals on forty-five (45) days prior notice at the close of each quarter. Certain limited partners are subject to a two-year lock-up.

Withdrawal requests may be subject to reserves for contingencies, hold-back pending audit and suspension restrictions, as discussed further in each Fund's PPM.

A withdrawing partner's allocable interest in any non-marketable investments made prior to the withdrawal date generally is settled as and when the investment is realized.

The General Partner and/or the Investment Manager (as applicable) in its sole discretion may agree with certain limited partners to a variation of the terms set forth in each Fund's PPM or establish additional classes of limited partner interests that have terms that differ from those described herein, including different management fees, performance allocations or withdrawal rights.

SMA

The Firm charges SMA clients a management fee that is 0.0175% of the net asset value of the managed account each calendar quarter in advance (0.07% annually) and will be deducted from the client's account by the custodian. Cash balances and accrued interest are also included in the base of the fee calculation.

Additional SMA Fees

SMA clients also pay expenses and fees that may be assessed by the custodian and/or broker-dealer. These additional fees include trade commissions or transaction fees, custodial fees, margin interest, wire fees, exchange fees, etc.

Account Termination

Either party has the right to cancel the Investment Advisory Agreement (“Agreement”) at any time by notifying the other in writing and stating the date of such termination (the “Termination Date”); such termination will be effective immediately on the Termination Date. If a client terminates the Agreement within five business days of signing the Agreement, the client is entitled to a waiver of any pro-rated fees due to the Firm. There is no penalty or termination fee for cancelling the Agreement at any time. The Firm’s authority under the Investment Advisory Agreement will remain in effect until the client changes or cancels it in writing.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The General Partner is entitled to an annual performance-based profit allocation which is fully described under Fees and Compensation.

JCP manages the Funds with a performance fee side by side with SMA clients not paying performance fees. This disparity may incent JCP to concentrate its efforts on managing the Funds. The Firm’s policies and procedures have been designed to ensure the fair and equitable treatment of all clients.

ITEM 7: TYPES OF CLIENTS

JCP provides investment advisory services to pooled investment vehicles and high net worth individuals.

The Firm has established a minimum dollar value of \$1,000,000 investments in the Funds and \$5,000,000 for SMA clients. The Firm reserves the right to waive or lower this minimum.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

JCP uses a combination of the following types of analysis in evaluating investments for client accounts:

- Fundamental—Analysis of financial attributes of a company, such as revenue growth, debt-to-equity ratio, inventory turnover, etc.
- Cyclical—Analysis based on business, industry, calendar or historical cycles

JCP uses the following sources of information in its analysis:

- Financial newspapers and magazines
- Inspections of corporate activities
- Research materials prepared by others
- Corporate rating services

- Annual reports, prospectuses and other filings with the Securities and Exchange Commission
- Company press releases and conference calls.

Investment Strategies

The investment strategies JCP uses to implement investment advice include:

- Long-term purchases (securities held at least a year)
- Short-term purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Short sales
- Margin transactions
- Option writing, including covered options, uncovered options or spreading strategies

Risk of Loss

JCP does not guarantee the future performance of the Funds or any specific level of performance, the success of any investment decision or strategy that the Firm may use, or the success of the Firm's overall management of the Funds. The investor understands that investment decisions made for the Funds by the Firm are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable. Investors are reminded that investing in any security entails risk of loss which they should be willing to bear.

More specifically, these risks include, but are not limited to:

- *Diversification*. As JCP anticipates that certain Fund portfolios will not necessarily be widely diversified, the investment portfolio of a Fund may be subject to more rapid changes in value than would be the case if a Fund were required to maintain a wide diversification among companies, securities and types of securities.
- *Event-Driven Trading Risk*: The Funds invest in positions whose profitability depends on the result of, or success following, some significant corporate event (such as a merger, a corporate restructuring, changes in management, a sale of assets, etc.). The risk of non-consummation of a significant corporate event, and the risk of a significant corporate event failing to yield the expected results, can be high, and unexpected outcomes can lead to substantial losses.
- *Use of Hedging Strategies*:
 - The Funds' portfolio composition will commonly result in various directional market risks remaining unhedged. While JCP may rely on diversification to control such risks to the extent that it is desirable to do so, the Funds are not subject to any formal diversification policies.

- JCP enters into hedging transactions with the intention of reducing or controlling risk. Even if successful in doing so, the hedging will reduce the Funds' returns. Furthermore, it is possible that hedging strategies will not be effective in controlling risk due to unexpected non-correlation (or even positive correlation) between the hedging instrument and the position being hedged, increasing rather than reducing both risk and losses.
- The success of JCP's hedging strategies will depend on the investment manager's ability to implement such strategies efficiently and cost-effectively, as well as on the accuracy of the investment manager's ongoing judgments concerning the hedging positions to be acquired by the Funds.
- Short-Selling: Short-selling is subject to a theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. There can be no assurance that the securities necessary to cover the short position will be available for purchase by the Funds.
- Investment Judgment; Market Risk: The profitability of a significant portion of the Fund's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the Investment Manager will be able to predict accurately these price movements. With respect to the investment strategy utilized by the Funds', there is always some, and occasionally a significant, degree of market risk.
- Derivatives. Derivative instruments, or "derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose a Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom a Fund contracts for the purpose of making derivative investments (the "**Counterparty**"). In the event of the Counterparty's default, a Fund will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive.

- **Leverage.** Subject to applicable margin and other limitations, a Fund may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the Partnership's portfolio would be amplified. Interest on borrowings will be a portfolio expense of the Funds and will affect the operating results of the Funds. Also, the Funds could potentially create leverage via the use of instruments such as options and other derivative instruments.
- **Options.** Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

In considering an investment in the Funds, prospective investors should consult their independent legal, tax, financial and other advisors and should be aware of certain considerations and risk factors as listed in the Fund documents. Please contact JCP for further information regarding the specifics of its offerings. This document is not a public offer for investment in the Funds.

ITEM 9: DISCIPLINARY INFORMATION

There have been no disciplinary actions against JCP Investment Management, LLC or Mr. Pappas.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A related entity, JCP Investment Partners, LP, is the general partner of the Funds.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

JCP has adopted a Code of Ethics which describes the general standards of conduct that the Firm expects of all Firm personnel (collectively referred to as "employees") and focuses on three specific areas where employee conduct has the potential to adversely affect the client:

- Misuse of nonpublic information
- Personal securities trading
- Outside business activities

Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination with the Firm. Any investor or prospective investor may request a copy of the Firm's Code of Ethics which will be provided at no cost.

The following basic principles guide all aspects of the Firm's business and represent the minimum requirements to which the Firm expects employees to adhere:

- Investors' interests come before employees' personal interests and before the Firm's interests.
- The Firm must fully disclose all material facts about conflicts of interest of which it is aware between itself and investors as well as between Firm employees and investors.
- Employees must operate on the Firm's behalf and on their own behalf consistently with the Firm's disclosures and to manage the impacts of those conflicts.
- The Firm and its employees must not take inappropriate advantage of their positions of trust with or responsibility to investors.
- The Firm and its employees must always comply with all applicable securities laws.

Misuse of Nonpublic Information

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Firm. Employees may not convey nonpublic information nor depend upon it in placing personal or the client's securities trades.

Personal Securities Trading

Employee securities transactions in non S&P 500 ETFs, initial public offerings and private placements must be pre-approved by the firm's chief compliance officer and/or Mr. Pappas. JCP does not allow front running trades for clients.

Gifts received from vendors are to be of nominal value.

Outside Business Activities

Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with investors, such conflicts will be fully disclosed or the employee will be directed to cease this activity.

ITEM 12: BROKERAGE PRACTICES**Selection of Brokers**

The Firm has complete investment and brokerage discretion for the Funds through a limited power of attorney. In placing portfolio transactions, the Firm seeks to obtain best execution for the Funds, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the brokerage firm's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying the Firm's other selection criteria.

Research and Other Soft-Dollar Benefits

Although the Firm has no formal soft-dollar arrangements in place, it receives access to proprietary account management and data transmission services provided by the prime broker to enable the Firm to trade the client's accounts electronically.

However, the Firm is authorized to pay higher prices for the purchase of securities or to accept lower prices for the sale of securities through brokerage firms that provide it with investment and research information or to pay higher commissions to such firms if the Firm determines such prices or commissions are reasonable in relation to the overall services provided. Research services furnished by brokers, including the Firm's prime broker, are likely to include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants.

Brokerage for Investor Referrals

The Firm does not receive referrals from a broker/dealer or third party providing service to JCP.

ITEM 13: REVIEW OF ACCOUNTS

James Pappas, Managing Member, analyzes the portfolios on a continuous basis for asset allocation, cash positions and securities holdings. Additional reviews may be triggered by events such as a change in a company or fund's management, unusual market or economic circumstances or other unforeseen events. Such reviews entail looking at the Funds' and SMA portfolios and cash flows in consideration of the Funds' and SMA strategies.

JCP provides investors with annual written audited financial statements and periodic written performance reports based on unaudited numbers.

SMA clients receive quarterly statements from the Firm.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

The Firm does not pay outside individuals or entities for referring investors or clients.

ITEM 15: CUSTODY

The Funds

Custody is defined as having access to investors' securities or funds. Since JCP is affiliated with the general partner of the Funds, JCP is considered to have custody of the Funds' assets, even though these assets are held by an outside custodian.

JCP manages this risk by:

- Using a qualified custodian which provides the general partner with at least quarterly statements.
- Using an outside administrator who monitors the Funds' accounts on a daily basis.
- Engaging a PCAOB registered and inspected accounting firm to audit the Funds' financial statements annually.
- Sending each investor a copy of the audited financial statements each year within 120 days of the Funds' fiscal year-end.

SMA

JCP generally has the authority to instruct the account custodian to deduct the investment management fee directly from the SMAs; JCP is considered to have "custody" of SMA clients' assets. This limited access is monitored by each client through receipt of account statements directly from the custodian. The qualified custodian provides its clients with at least quarterly statements showing the deduction of management fees within the list of all transactions occurring during the reporting period. JCP may direct the movement of funds from one account in the client's name to another account in the client's name at the same custodian but has no other access to funds or securities in the SMAs except for the deduction of investment advisory fees. No SMA has Standing Letters of Authorization allowing JCP to move assets to accounts at other custodians or to third parties.

ITEM 16: INVESTMENT DISCRETION

JCP has complete investment and brokerage discretion for the Funds and SMA clients. JCP has the authority to determine, without obtaining specific investor consent, the selection, timing and amount of securities bought or sold.

ITEM 17: VOTING CLIENT SECURITIES

The Firm votes proxies for securities held by the Funds in a manner which in its judgment maximizes shareholder value. The Firm will provide its proxy voting policy as well as its historical records regarding proxy voting to investors upon request. JCP, on occasion, acts as an activist investor and makes concerted efforts to change management of certain investments by securing a seat on the board.

JCP does not vote proxies for SMAs.

ITEM 18: FINANCIAL INFORMATION

There is no financial condition that is reasonably likely to impair JCP's ability to meet its contractual commitments to its investors.