

## **FIRM BROCHURE**

**EXIGENT CAPITAL MANAGEMENT LLC**  
**250 Park Ave**  
**New York, New York 10177**

March 31, 2011

This brochure provides information about the qualifications and business practices of Exigent Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at 646-506-9453 or [owner@exigentcap.com](mailto:owner@exigentcap.com). You can visit us at [www.exigentcap.com](http://www.exigentcap.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. Note that being a “registered investment adviser” does not imply a certain level of skill or training. Additional information about Exigent Capital Management LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Material Changes to Form ADV Part 2**

Since its last Form ADV Part 2 update on August 15, 2010, Exigent Capital Management LLC ("Exigent") has made the following material changes:

1. Exigent no longer advises with respect to TALF-eligible securities, because the TALF program has ended.
2. Exigent advises a new fund, SBA IO Series LLC, which invests in interest-only strips of SBA 7(a) loans.
3. Exigent advises a new fund, Exigent Bank Opportunities Fund LP, which focuses on and invests in small and medium sized publicly traded banks.
4. Exigent has hired a new member of Management, Oren Wener, who serves as Chief Compliance Officer.
5. Our related party, Exigent Asset Advisors Investments LLC, has changed its name to New Opportunities Holdings LLC.
6. A former related party, Exigent Asset Advisors LLC, is no longer an operating company.

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### **Advisory Business**

Since 2008 Exigent Capital Management LLC ("Exigent") has been providing investment advice with respect to unique opportunities created as a result of the credit crisis. Exigent searches for investment opportunities with attractive return potential relative to the observable risk. Exigent performs the following advisory services:

Investment supervisory services on a discretionary basis (70%) and non-discretionary basis (30%), including making and implementing investment decisions for the following Clients:

- SBA IO Series LLC ("IO Strip Fund"), which invests in interest-only strips ("IO Strips") of Small Business Administration ("SBA" ) 7(a) loans, that is related to Exigent through common majority ownership and control of the Managing Member of the IO Strip Fund.
- Exigent Bank Opportunities Fund LP ("Bank Fund"), which focuses on and invests in small and medium sized publicly traded banks, that is related to Exigent through overlapping ownership and control of the General Partner of the Bank Fund.
- Investment advisory accounts, by managing investments in IO Strips on a non-discretionary basis.

We tailor our investment advice to the needs of each Client, whether a related fund Client or a managed account Client. Our fund Clients (the IO Strip Fund and Bank Fund) have investment objectives, strategy and guidelines specified in their offering memoranda that we follow. Our managed account Clients approve each investment recommendation.

As of March 31 2011, the amount of client assets Exigent manages on a discretionary basis is \$17,016,657, and on a non-discretionary basis \$8,685,179.

Exigent is owned equally by Eliezer Brender and Eric Davis.

### **Fees and Compensation**

Exigent receives management fees as compensation for the above advisory services as follows:

- IO Strip Fund - An annual fee of 2% of total fund net asset value payable when distributions are made. Management fee rates can be found in the IO Strip Fund's Private Placement Memorandum.
- Bank Fund - An annual fee of 1.5% of total fund net asset value payable quarterly. Management fees rates can be found in the Bank Fund's Private Placement Memorandum.
- Managed Accounts – An annual fee based on a percentage of total fund net asset value, as independently negotiated with each Client payable when distributions are made.

Each fund Client has a third-party administrator that is unrelated to Exigent. This administrator calculates the fees to be paid to Exigent.

The following additional expenses are paid from Client accounts:

- Administration and fund accounting, including the fees charge by third party administrators
- Financial audit and preparation of tax returns
- Brokerage and transaction costs, if applicable
- Organizational costs, including legal fees and expenses

If an advisory contract with a Client is terminated before the end of a billing period, Exigent refunds any overpayment of fees.

### **Performance-Based Fees**

Exigent does not directly receive performance-based fees with respect to the IO Strip Fund or the Bank Fund. However, because these fund Clients are related to Exigent, it benefits from the following performance-based fees called Performance Distributions and Performance Allocations. Investors who acquire interests in a fund Client are subject to Performance Distributions/Allocations as follows:

- IO Strip Fund - New Opportunities Holdings LLC (related to Exigent) receives 20% of investor profit as a Performance Distribution, only after investor distributions exceed the total aggregate amount of capital invested by such investor.
- Bank Fund - BOF Partners LLC (related to Exigent) receives 20% of investor profit from investor capital accounts annually, subject to a high watermark (i.e., past losses must be made up before Performance Allocation can be taken).
- Managed Accounts - New Opportunities Holdings LLC (related to Exigent) receives a portion of investor profit as a Performance Allocation, as negotiated with each individual Client, only after investor distributions exceed the total aggregate amount of capital invested by such investor.

### **Types of Clients**

Our Clients fall into two categories:

- Pooled investment vehicles (also called fund Clients), of which the Managing Member and General Partner are related to Exigent; and
- Managed accounts for individuals or entities that are not related to Exigent.

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

It is important to note that investing in any securities involves risk of loss that investors should be prepared to bear. There can be no possibility of profit without risk of loss, including the risk of loss of one's entire investment. A summary of Exigent investment strategies and associated risks are described below. In addition, these matters are discussed in more detail in the Private Placement Memoranda for the IO Strip Fund and the Bank Fund.

#### ***IO Strip Fund and IO Strip Managed Accounts***

The IO Strips Exigent purchases on behalf of its Clients are a fixed portion of the interest payment due from a borrower on an SBA loan, regardless of whether the interest rate on the underlying loan is fixed or floating. The objective when purchasing IO Strips is to earn enough interest to recapture the original investment purchase price, plus a stated return. This is accomplished by purchasing the IO Strips at a discount to the expected future cash flows under varying prepayment assumptions. IO Strip prices are market-driven based on interest rates and expected prepayment rates.

SBA 7(a) loans are the largest component of the SBA's business loan programs, comprising more than 80% of all SBA lending. The name 7(a) comes from section 7(a) of the Small Business Act which authorizes the SBA to provide loans. Today, between 80% and 90% of each SBA 7(a) loan is government guaranteed and sold to investors as bonds and IO Strips.

As mentioned above, price is driven by interest and prepayment rates, with prepayments being the greatest risk to the investment. There are two types of prepayments:

1. Involuntary (default); and
2. Voluntary (refinance or prepayment)

Regardless of the type of prepayment, the impact on the investment return is the same. Because Exigent relies on the interest payments from borrowers for its cash flows should a borrower prepay (either voluntarily or involuntarily), the payments (and future cash flows) from such borrower will cease. Additional risks include, but are not limited to:

- Legislation – Changes to legislation governing SBA related activities are unknown and may adversely affect the SBA market, and as a result the investment in IO Strips;
- Accounting – Changes to FASB guidelines, including FASB 166, may affect the supply and demand in the IO Strip market;
- Government – If the U.S. Government ceases to guarantee the interest on SBA 7(a) loans borrower defaults may increase, leading to a partial or complete loss of capital. The ongoing credit worthiness of the U.S. Government is unknown and should be considered a risk-factor, as it acts as guarantor of principal and interest payments on SBA 7(a) loans; and

- Market Prices – Instrument prices can change without notice or warning. Economic and financial events may adversely affect the performance of the investment by making future purchases more expensive or by reducing the value of the IO Strips owned by Exigent Clients.

Exigent uses techniques and analysis to reduce the overall risk, including:

- Loan geographic diversification;
- Borrower business diversification;
- Investing in IO Strips only off of recent or newly issued SBA loans; and
- Investing in IO Strips with maturities ranging from 10 – 25 years, with an overweight of 25 year maturities (the longer maturity loans can produce higher long-term ROO and exhibit lower current prepayment rates).

### ***Bank Fund***

The Bank Fund's strategy is primarily to invest in select publicly traded U.S. bank equities, options and indices, with a particular focus on small and medium sized banks. It may also encompass supplementary strategies such as investment in Private Investment in Public Entities ("PIPEs") or debt designed to increase portfolio returns, and to employ certain hedging strategies aimed at reducing overall market exposure and portfolio volatility.

Within the banking sector recently, small and medium sized banks have been most shunned by investors as evidenced by significantly lower current valuations relative to their "too-big-to-fail" peers. Our investment thesis is that the small and medium sized banks are not only trading at the most compelling values, but they do not exhibit the very characteristics (changing regulatory environment and uncertain business outlook) driving lower valuations across the sector. In fact, the smaller and medium sized banks often exhibit the very opposite qualities – they operate in a more certain regulatory environment and in many cases have positive quantifiable growth prospects.

Our fundamental analysis includes looking to invest in banks with some of the following characteristics:

- Value – A "value" bank, for our purposes, typically has an overhang of issues that need to be carefully monitored on an ongoing basis, but whose performance metrics are showing consistent improvement over a number of consecutive quarters. We look to purchase value banks below tangible book value, while monitoring the following: asset quality improvement; conservative management; economic strength and a core customer and deposit base.
- Growth – We generally define "growth" banks as those that have weathered the financial crisis and emerged with strong balance sheets characterized by low non-performing assets and strong capital ratios in growth markets. The factors that we monitor with these banks include: strong asset quality; capital strength; opportunistic management and strong compliance and regulatory reviews.

The following are some of the risks involved with investing in the Bank Fund:

- Current volatility in economic conditions and financial markets;
- The Bank Fund invests primarily in a single industry and therefore will be impacted by events unique to the banking sector;
- Tax risks, including having a tax liability without receiving cash, interest penalties and receiving UBTI (unrelated business taxable income) for limited partners that are considered tax-exempt;
- It is difficult to predict what legislative and regulatory changes may develop and what changes may occur in the aftermath of the financial crisis; and
- The performance of the Bank Fund depends on the health and well-being of its managers.



### **Disciplinary Information**

There have been no disciplinary actions taken against Exigent or any members of its management team.

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

F.D.N. Lexington Management Ltd ("Lexington") is a related party that is wholly owned by one of the principals of Exigent. Lexington provides consulting and certain administrative services to Exigent with regards to its Clients.

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

Exigent has adopted a Code of Ethics, which includes a Personal Securities Transaction Policy and an Insider Trading Policy. Our Code of Ethics, which is available and will be furnished upon request, requires among other things that all employees:

- Act with integrity, competence, diligence and respect, and in an ethical manner with respect to the public, Clients, prospective Clients, employers, colleagues in the investment profession and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of Clients, and the interest of Exigent above one's own personal interest;
- Avoid any actual or potential conflict of interest;
- Maintain and improve professional competence and strive to maintain and improve the competence of other investment professionals; and
- Comply with applicable provisions of the federal securities laws.

Exigent's Personal Security Transaction Policy requires employees to:

- Pre-clear certain personal securities transactions;
- Report personal securities transactions on at least a quarterly basis; and
- Provide a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

### **Brokerage Practices**

A Prime Broker is selected through a due diligence process to ensure best execution for Fund Clients. Managed accounts will use the same Prime Broker as Fund Clients unless otherwise directed by the managed account.

### **Review of Accounts**

Exigent reviews Client accounts continuously. Formal account reviews are conducted at least quarterly to ensure compliance with Client investment objectives and any investment restrictions. The reviewer documents the date of the review, the accounts reviewed, and any irregularities or other issues identified. The Chief Compliance Officer works with investment personnel to determine whether any issues warrant changes to Exigent's policies or procedures.

On a monthly basis, Exigent will provide investors in our Clients with Investor Statements, and our Managed Accounts with valuation reports and custody holding reports.

### **Client Referrals and Other Compensation**

Exigent has a fee based arrangement with certain third parties that refer investors to Exigent, who receive a negotiated fixed-fee amount for such referrals.

### **Custody**

Exigent retains custody of Client accounts at a qualified custodian and the custodian delivers monthly custody reports to Exigent. Our third party administrator prepares financial statements that we compare to the custody statement. For managed accounts, we send a copy of the custody report and valuation report and urge those managed account Clients to compare the assets on both reports to validate the information.

### **Investment Discretion**

Exigent accepts discretionary authority to manage and execute transactions on behalf of Fund Clients. For Managed Accounts, Exigent does not accept discretionary authority, but makes recommendations and requires approval before any transactions are executed.

### **Voting Client Securities**

Exigent votes Client proxies when it has discretionary authority over the account, to maximize client value. Consideration is given to both the short and long term implications of the proposal when voting. When necessary, Exigent monitors for potential conflicts of interest between the Client's interest and its own within the proxy voting process.

Exigent's complete proxy voting policy and procedures are memorialized in writing and are available for review upon request. In addition, Exigent's complete proxy voting record for the past twelve months is available to Clients and investors upon request. For further information, contact Exigent at the phone number listed on the front of this brochure.

Should Exigent inadvertently receive proxy information for a security held in a Client's account for which Exigent does not have authority to vote proxies, Exigent will immediately forward such information to the Client, and will not take any further action with respect to such proxy voting. In case of termination of its Agreement with a Client, Exigent shall make a good faith and reasonable attempt to forward proxy information inadvertently received by Exigent on behalf of the Client to the forwarding address provided by the Client to Exigent.

### **Financial Information**

Exigent is not required to include financial statements in this brochure.

Exigent has discretionary authority and custody of certain Client funds or securities. However, Exigent does not foresee any conditions that would impair its ability to meet its contractual commitments.

**Part 2B of Form ADV: Brochure Supplement 1**

**Eliezer Brender**

**Exigent Capital Management LLC**

**250 Park Ave**

**New York, New York 10177**

**Tel. 646-506-9495**

**March 31, 2011**

**This brochure supplement provides information about Eliezer Brender that supplements the Exigent Capital Management LLC ("Exigent") brochure. You should have received a copy of that brochure. Please contact Oren Wener, Exigent's Chief Compliance Officer, if you did not receive Exigent's brochure or if you have any questions about the contents of this supplement.**

### **Educational Background and Business Experience**

#### **Eliezer Brender**

Year of Birth: 1977  
Education: Yeshiva University Sy Syms School of Business, 1995-1999  
Business Experience: Exigent Capital Management LLC, Principal and Chief Investment Officer  
Poal Capital Partners (private equity firm), Director  
Elite Hosts Inc., Owner  
JP Morgan, spot-fx

### **Disciplinary Information**

There have been no disciplinary actions taken against Eliezer Brender.

### **Other Business Activities**

F.D.N Lexington Management LTD ("Lexington") is a related party that is wholly owned by Eliezer Brender. Lexington provides consulting and certain administrative services to Exigent with regards to its Clients.

### **Supervision**

All Supervised Persons are held at the same standard as any other employee at Exigent. They must comply with all policies and procedures as indicated in Exigent's compliance manual. In addition, all advisory activities are monitored by the Executive Committee, which is comprised of Eric Davis, Chief Operating Officer, Eliezer Brender, Chief Investment Officer and Oren Wener, Chief Compliance Officer.

**Part 2B of Form ADV: Brochure Supplement 2**

**Eric Davis**

**Exigent Capital Management LLC**

**250 Park Ave**

**New York, New York 10177**

**Tel. 646-506-9472**

**March 31, 2011**

**This brochure supplement provides information about Eric Davis that supplements the Exigent Capital Management LLC (“Exigent”) brochure. You should have received a copy of that brochure. Please contact Oren Wener, Exigent’s Chief Compliance Officer, if you did not receive Exigent’s brochure or if you have any questions about the contents of this supplement.**

### **Educational Background and Business Experience**

**Eric Davis**

Year of Birth: 1970  
Education: Yeshiva University, 1987-1991  
Rutgers University School of Law, 1991-1994  
Business Experience: Exigent Capital Management LLC, Principal and Chief Operating Officer  
Outside Counsel Solutions Inc.  
Paul Hastings Janofsky & Walker LLP

### **Disciplinary Information**

There have been no disciplinary actions taken against Eric Davis.

### **Other Business Activities**

Not Applicable.

### **Supervision**

All Supervised Persons are held at the same standard as any other employee at Exigent. They must comply with all policies and procedures as indicated in Exigent's compliance manual. In addition, all advisory activities are monitored by the Executive Committee, which is comprised of Eric Davis, Chief Operating Officer, Eliezer Brender, Chief Investment Officer and Oren Wener, Chief Compliance Officer.