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# Post Rock Advisors, LLC

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Brochure  
Part 2A of Form ADV  
March 22, 2016

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This brochure provides information about the qualifications and business practices of Post Rock Advisors, LLC ("Post Rock," the "Firm" or "we"). If you have any questions about the contents of this brochure, please contact us at (212) 838-7300. 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.

Post Rock is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training. Additional information about Post Rock is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2 – Material Changes

There have been no material changes to this brochure since the last annual update on March 23, 2015.

Post Rock has prepared this brochure according to the SEC’s current requirements. Pursuant to SEC rules, we will ensure that clients receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year. We may provide additional interim disclosures of material changes as necessary.

Our brochure may be requested by contacting Thomas A. Papa, Director of Operations and Chief Compliance Officer, at (212) 838-7300 and/or via electronic mail at [papa@postrockadvisors.com](mailto:papa@postrockadvisors.com).

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## Item 4 – Advisory Business

Post Rock is a privately-owned, independent investment advisory firm founded in 2005. The Firm was established to provide customized, conflict-free investment advisory services to a limited number of sophisticated institutional and family clients, each typically with assets in excess of \$100 million. Each client is advised on a non-discretionary basis and as a separate account.

Carol B. Einiger is the founder, President and principal owner of the Firm. As of December 31, 2015, Post Rock advised client assets of \$1,082.1 million; this amount includes Regulatory Assets of \$740.4 million advised on a continuous and regular basis, and \$341.7 million receiving investment consulting services on a periodic basis, including but not limited to reviews of client objectives, risk tolerance and asset allocation.

The Firm works closely with each client to develop a customized investment policy based on long- and short-term investment objectives, risk tolerance and cash flow needs, taking into account the client's pre-existing investments, portfolio liquidity, concentration, tax considerations, investment restrictions, charitable objectives and other matters. The investment policy incorporates a broad range of asset classes, investment strategies and geographies. Once the policy is agreed, Post Rock will conduct evaluations of existing managers and provide recommendations of independent, third-party investment management firms for approval by the client. The Firm may also structure customized portfolios of traditional equity and fixed income managers, hedge funds, private equity and venture capital funds, and real estate and real asset funds. Full implementation of an investment program may be a multi-year process.

The Firm's clients generally invest in private funds offered by investment managers or through separately managed accounts established with such managers. Through our work at Post Rock and over many years previously, we have developed extensive knowledge of all major asset classes and investment strategies. We believe our network of relationships with high quality investment managers provides us with insights and access to attractive investment opportunities that benefit our clients. The Firm follows both established and newer investment management firms. Before recommending an investment manager, we conduct an extensive research and due diligence process. We also monitor on an ongoing basis the performance and changes in strategy and organization, among other things, of the managers we recommend, as well as other investments in client portfolios. The Firm may recommend the same or different investment strategies and opportunities to its clients, subject to the particular investment objectives, risk tolerance, cash flow needs and investment history of each client.

Post Rock typically meets formally with clients on a quarterly basis and more frequently as needed. The Firm is accustomed to interacting with a broad range of client decision-makers. At an institution, these have included members of the investment committee and board of trustees, executives and financial staff, attorneys and other

service providers. In advising a family, we may work with family members, trustees, attorneys, accountants, tax advisors and other service providers.

Our business is focused on providing investment advisory services to our clients. From time to time, we have advised or may advise on related matters, including governance, spending policy, debt management and investment office structuring and staffing.

Post Rock offers no other services or pooled investment vehicles that have the potential to create conflicts of interest or the appearance of such conflicts, and the Firm's revenues come exclusively from client advisory fees. Post Rock offers no legal or tax advice. Post Rock is not affiliated with any bank, broker-dealer, investment manager or other organization.

## **Item 5 – Fees and Compensation**

Post Rock typically charges an annual advisory fee based upon a percentage of assets. All fees are negotiated individually and reflect a number of factors, including the size and level of complexity of the account. In addition and as appropriate, Post Rock bills each client its pro rata share of certain travel, legal and other out-of-pocket expenses incurred by Post Rock while performing its advisory services. Post Rock invoices clients directly, and advisory fees are payable quarterly in arrears based upon valuations obtained from third-party sources. If the advisory relationship is terminated prior to the end of the billing period, the fee is prorated through the termination date.

Client assets are invested through third-party managers who charge management and/or performance fees. Clients also incur brokerage and other transaction costs imposed by custodians, brokers and other third parties. Post Rock typically contracts or arranges for each client to contract separately for the provision of independently verified performance reports by a third-party firm, which is paid by the client. These costs are in addition to the Firm's advisory fees.

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

Post Rock does not charge performance-based fees.

## **Item 7 – Types of Clients**

Post Rock offers investment advisory services to sophisticated institutional and family clients, each typically with assets in excess of \$100 million. Our clients are "accredited investors" under the Securities Act of 1933, as amended, and "qualified purchasers"

under the Investment Company Act of 1940, as amended. Post Rock may offer its services to individuals, families, trusts, endowments, foundations and pensions.

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

### **METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

The third-party investment management firms that Post Rock recommends to our clients invest in a broad range of asset classes, investment strategies and geographies. As part of our due diligence process, the Firm conducts qualitative and quantitative research on such investment management firms to determine whether (a) an investment manager possesses the integrity, knowledge and expertise, risk management capability and organizational strength that we seek; and (b) a particular investment strategy offers the opportunity, risk profile, structure and terms appropriate for inclusion in a client's portfolio. For both initial recommendations and ongoing monitoring of managers, we may rely on available data and records provided by the managers, such as audited financial statements, offering memoranda, holdings reports and past performance and attribution data, as well as manager meetings and reference and background checks. In developing investment policies for our clients, we may rely on qualitative judgments as well as quantitative analyses, including modeling of asset class performance based on historical experience and under various scenarios.

### **MATERIAL RISKS OF METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

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

Post Rock does not guarantee or represent that its recommendations as to a client's investment policy or third-party investment managers will achieve the client's investment objectives. The Firm's recommendations could result in losses for a client over short or long time periods. The following summarizes the material risks generally associated with the investment strategies and methods of analysis described above.

**Reliance on Third-Party Investment Managers.** Post Rock has no control over the operations or investment activities of the third-party managers it recommends. Their results, and hence a client's results, depend upon market risk as well as the risk that the managers will fail to execute successfully. Post Rock has no control over the managers' compliance with laws and regulations, and there can be no guarantee that such managers will not engage in fraudulent practices or misappropriate client assets.

**Limitations of Information.** Post Rock bases its recommendations on detailed information provided by managers prior to recommending them and on an ongoing basis; however, there are no guarantees that such information is accurate or complete.

**Multiple Third-Party Managers.** Because Post Rock recommends managers who make

their investment decisions independently of one another, it is possible that two or more such managers may take opposite positions, or compete with each other for the same or similar positions, at the same time.

**Concentration of Investments.** Although Post Rock generally recommends a number of third-party investment managers with different strategies to our clients, it is possible that two or more such managers may take substantial positions in the same security or groups of securities at the same time. This possible lack of diversification could subject client assets to more rapid changes in value than would be the case if the assets were more broadly diversified.

**Lack of Liquidity.** Many of the investments made by Post Rock clients are in private funds formed by third-party managers, including long equity, hedge funds, private equity and venture capital funds and real estate and real asset funds. An investment in a private fund is generally not transferable except with the manager's consent, which may be withheld at its sole discretion. Any withdrawal rights from a private fund may be subject to restrictions on the timing and amount of withdrawals, and such withdrawals may be suspended in whole or in part under certain circumstances. In addition, investments made by third-party investment managers may include securities and other financial instruments or obligations which are thinly-traded or for which no market exists, or which are restricted as to their transferability under applicable securities laws. Clients may not be able to liquidate their investments for an extended period of time and should therefore be prepared to bear the economic risk of an investment for an indefinite period.

**Use of Leverage.** Investments made by certain third-party investment managers recommended by Post Rock may involve the use of leverage, which can magnify both gains and losses. The use of leverage by a company in which a manager invests could magnify the impact of various operating, financial, refinancing, economic and other risks on the profitability or survival of such company, potentially causing the inability to service debt and a partial or total loss of capital invested in such company.

**Valuation.** Interests in private funds, as well as certain securities in which a third-party investment manager may invest, may not have a readily ascertainable market price and in certain cases are valued by such manager. A manager may face a conflict of interest in valuing such securities, as their value may affect the manager's compensation. Post Rock is not responsible for confirming the accuracy of valuations provided by managers. In addition, the net asset values or other valuation information received by Post Rock from an investment fund may be estimates and subject to revision at the end of the fund's annual audit.

**Layering of Fees; Performance Fee Arrangements with Managers.** In addition to the advisory fees charged by Post Rock, clients will bear management and/or performance-based compensation and other fees charged by third-party investment managers. This will result in higher expenses, and lower returns on client assets, than if

clients had invested with such third-party investment managers without paying Post Rock's advisory fees.

The performance-based compensation payable to a third-party investment manager may create an incentive for that manager to make investments that are riskier or more speculative than those it might have made in the absence of such compensation arrangement. In addition, a client may be required to pay performance-based compensation to one or more managers who make a profit for the client in a particular fiscal year, even though the client may incur a net loss in the aggregate for such fiscal year.

**Risks of Various Types of Investments.** Post Rock does not generally recommend or transact in individual securities for our clients. The material risks of the investment strategy and method of analysis of each manager recommended by Post Rock are described in the manager's Form ADV and/or private fund offering document made available to clients. Our clients rely on us to review and consider such risks in evaluating and recommending an investment opportunity. The following summarizes certain material risks associated with investments that may be made by managers recommended by Post Rock.

**Equity Securities.** Any investments in equity securities (including preferred or common stocks, warrants or similar equity securities) will be subject to normal market risks and will fluctuate in value based on market conditions. In addition, the value of an equity security could be substantially reduced or lost in its entirety in a bankruptcy proceeding or corporate restructuring.

**Debt Securities.** Debt securities are subject to interest rate, duration, credit, refinancing and other risks that could render a borrower unwilling or unable to make timely principal and interest payments or otherwise honor its obligations. Certain third-party investment managers may acquire unrated or low-grade debt securities, which are subject to greater risk of loss than higher-rated debt securities, or invest in debt securities that are unsecured, rank junior to other outstanding securities and obligations of the issuer or are not protected by financial covenants or limitations on additional indebtedness.

**Less Developed Markets.** Investments in less developed countries may involve additional risks beyond those found in more developed markets such as the U.S., Western Europe and certain Asian countries. Financial markets may not be as developed or efficient, and investments in these markets may have less liquidity and more price volatility. In addition to business uncertainties, these investments may be affected by greater political, social and economic uncertainty affecting their particular country or region. Financial accounting and reporting standards and practices may not be uniform, robust or reliable, and there may be less publicly available information about companies. In addition, the legal and regulatory framework in these countries may be less developed and less favorable to investors, particularly as to bankruptcy and reorganization.

**Small Capitalization Companies.** The stocks of small capitalization companies may have less liquid markets, and it may sometimes be difficult to obtain price quotes, bids or offers in sufficient size for such stocks. Investments in small capitalization companies typically involve a higher degree of business and financial risk and may result in substantial losses due to these risk factors.

**Private Equity and Venture Capital Investments.** Certain investments made by private equity and venture capital funds may involve a high degree of business and financial risk. Underlying portfolio companies may be startups, may be operating at a loss or have significant variations in operating results, may be engaged in rapidly changing businesses with products subject to substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Private equity funds may make investments in underlying portfolio companies using leverage, and the underlying portfolio companies themselves may be highly leveraged. As described in "Use of Leverage" above, leverage may subject a company to additional risks. Interests in private equity and venture capital funds generally must be held for an extended period of time and are not readily transferable.

**Real Estate and Real Asset Investments.** Certain investments made by funds investing in real estate or commodity-related assets or companies may involve a high degree of business and financial risk. Such investments may be affected by changes in general economic and market conditions, including interest rate levels, the availability of debt financing, commodity prices and exchange rates. They also may be affected by a number of other factors, such as oversupply or reduced demand, competition, attractiveness and location of assets, zoning, taxes, as well as changing environmental and other governmental laws and regulations. As described in "Use of Leverage" above, leverage may subject an investment to additional risks. Interests in real estate and real asset funds generally must be held for an extended period of time and are not readily transferable.

**Foreign Currency.** The value of investments made in currencies other than a client's base currency may be adversely affected by changes in currency exchange rates, costs of conversion and exchange control regulations. These investments, as well as currency trading and hedging strategies, are subject to the risk that exchange rates may fluctuate significantly over short periods of time. They may also be affected by the intervention, or failure to intervene, in currency markets by governments or central banks, or by currency controls or political developments.

**Derivatives.** Derivatives, such as options, swaps and other custom derivative or synthetic instruments, may be used to hedge against specific securities or broader markets, as well as for opportunistic investing. Such derivatives may



involve leverage, which may significantly increase investment risk and the possibility of complete loss. Other risks of derivatives may include illiquidity as well as risk of default by a counterparty to a derivatives contract.

**Short Sales.** The making of short sales exposes the seller to the risk of liability for the market value of the security that is sold, and to unlimited risk due to the lack of an upper limit on the price to which a security may rise. In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase.

**Futures Contracts.** Futures trading involves trading in contracts for future delivery of particular assets and are typically traded on margin. An open margin position must be marked-to-market daily, requiring an additional margin deposit if the position reflects a loss that reduces the equity position below the level required to be maintained. The level of margin that must be maintained for a given position may be subject to increase, requiring additional cash deposits.

## Item 9 – Disciplinary Information

Post Rock is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of our advisory business or the integrity of our management. Post Rock has no legal or disciplinary events to report.

## Item 10 – Other Financial Industry Activities and Affiliations

Post Rock has no financial industry activities, affiliations, relationships or material arrangements that require disclosure under this section.

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

Post Rock has adopted a Code of Ethics (the "Code") setting forth the policies and procedures governing the conduct of all Firm personnel. Among other things, the Code requires employees to:

- Act as fiduciaries, placing the interests of clients above those of the Firm and its employees;
- Comply with all applicable laws and regulations;
- Avoid and fully disclose any actual or potential conflicts of interest;
- Periodically report personal securities transactions, and obtain preapproval from the Chief Compliance Officer or his or her designee before personally trading or investing in certain types of securities;

- Follow certain guidelines with respect to gifts;
- Safeguard confidential information; and
- Promptly report any suspected violation of the Code or law to the Firm's Chief Compliance Officer or President.

The Firm will not recommend to a client any third-party investment management firm in which the Firm, an employee or related person has a material financial interest. Post Rock employees and related persons may from time to time seek to invest in, or withdraw from, one or more of the same third-party investment managers that the Firm recommends to clients. Any such investment or withdrawal must be preapproved by the Firm's Chief Compliance Officer or his or her designee, who will not grant approval until making a determination that such investment or withdrawal is not expected to disadvantage our clients.

The Code was adopted by Post Rock pursuant to SEC Rule 204A-1. On an annual basis, Post Rock provides all personnel with a copy of the Code and requires them to provide written acknowledgement of their receipt of the Code, their understanding of its requirements and their compliance therewith. An existing or prospective client may obtain a copy of the Code by contacting Thomas A. Papa, Director of Operations and Chief Compliance Officer, at (212) 838-7300 and/or via electronic mail at [papa@postrockadvisors.com](mailto:papa@postrockadvisors.com).

## **Item 12 – Brokerage Practices**

Post Rock recommends third-party managers and funds managed by third-party managers to clients. We do not generally recommend broker-dealers to our clients. We do not participate in any soft dollar or other compensation arrangements with broker-dealers.

## **Item 13 – Review of Accounts**

Post Rock conducts client account reviews on a regular basis. Typically, these reviews are conducted at least quarterly by the President and the other officers of the Firm, and a written report, presenting the client's asset allocation, investment returns and other portfolio and market information, is provided. Additional communication takes place between quarterly meetings as needed. A client's investment policy is generally reviewed every 12-24 months, or more often as needed to reflect changes in investment opportunities or in client needs and objectives.

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

Post Rock does not receive compensation or other economic benefits from non-clients. Post Rock does not compensate any parties for client referrals.

## **Item 15 – Custody**

Post Rock does not have custody of client assets.

## **Item 16 – Investment Discretion**

Post Rock does not have discretionary authority with respect to client accounts. Post Rock recommends third-party managers and funds managed by third-party managers to clients on a non-discretionary basis. Should a client agree to such a recommendation, Post Rock will arrange, under a limited power of attorney granted by the client, for the establishment of an account for the client with the recommended third-party manager or otherwise arrange for investment by the client in privately-offered funds managed by the third-party manager.

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

Post Rock does not vote proxies on behalf of advisory clients. Such voting is delegated by the Firm's clients to third-party investment managers with respect to the publicly traded assets they manage and retained by our clients with respect to any material investment matters where a vote is sought by the private funds in which they invest. Under a client limited power of attorney, Post Rock may vote on private fund amendments that are ministerial in nature and ordinary course.

## **Item 18 – Financial Information**

Post Rock does not require or solicit prepayment of any fees from any clients. Post Rock does not have discretionary authority or custody of client funds or securities. Post Rock has never been the subject of a bankruptcy proceeding.