

FdG Associates LP
Part 2A of Form ADV
The Brochure

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This brochure provides information about the qualifications and business practices of FdG Associates LP. If you have any questions about the contents of this brochure, please contact us at (212) 940-6846. 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 FdG Associates LP is also available on the SEC's website at: www.adviserinfo.sec.gov.

Material Changes

FdG Associates LP's ("FdG" or the "Firm") last annual update was dated March 28, 2013. The Firm has not made any material changes to the brochure for this 2014 annual update.

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Advisory Business

FdG was established in 1995 to invest capital on behalf of two high net worth families in New York. In 1998, FdG institutionalized its activities by forming FdG Capital Partners LLC. In 2004, FdG formed its second fund, FdG Capital Partners II LP (FdG Capital Partners LLC and FdG Capital Partners II LP each a ("Fund") and together (the "Funds")). FdG registered with the SEC as an investment adviser in March 2012. FdG serves, directly or indirectly, as the manager and investment adviser to the Funds, as described herein. FdG is referred to as "we" or "us."

FdG is owned and controlled by David S. Gellman.

Our investment objective for the Funds is to achieve capital appreciation through primarily control-oriented, private equity and equity-related investments in a diversified portfolio of lower-middle-market companies based in North America. We may consider a broad range of transactions, including without limitation, management and leveraged buyouts, recapitalizations, privately negotiated control and minority investments, consolidations and roll-ups, spin-offs and carve-outs, and growth equity investments.

The Funds impose limits on certain types of investments as fully described in each Funds' operating agreement or limited partnership agreement, as applicable (the "Operating Agreements").

As of December 31, 2013, we had approximately \$273 million of assets under management on a discretionary basis and \$0 million of assets under management on a non-discretionary basis.

The Funds' investors may receive opportunities to co-invest in portfolio company investments of the Funds. In allocating co-investment opportunities to the Funds' investors, we will consider factors applicable to each such Fund, including but not limited to, capital available for investment by the Fund, other potential investments then being considered by the Fund, investment concentration with respect to the Fund, the liquidity needs and obligations of the Fund and the strategic value of the co-investor to the portfolio company. The decision to invite an investor to co-invest in a portfolio company is in our sole discretion.

We manage the assets of each Fund in accordance with its particular investment objective and mandate and the terms of the Operating Agreements of each Fund. Further details concerning each Fund's investment objective and mandate are set forth in the respective Fund's Operating Agreements. When providing these services to the Funds, we manage the investment of each Fund, and provide reports to investors, as described below under "Review of Accounts." Investment advice is provided directly to each Fund and not individually to the limited partners of the Funds.

Membership and limited partnership interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and the Funds are not registered under the Investment Company Act of 1940, as amended. Accordingly, interests in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements, either in private transactions within the United States or in offshore transactions.

We may also provide investment advisory services to persons other than the Funds.

Fees and Compensation

We receive compensation in the form of (i) management fees from Funds, (ii) carried interest allocations, and (iii) transaction, monitoring and other fees from Fund investments and/or other persons.

Management Fees - Funds

Management fees are payable quarterly in advance. For each Fund, prior to the termination of the commitment period, management fees are calculated based on a percentage of the Fund's aggregate capital commitments. Subsequent to the commitment period termination date, management fees are calculated based on a percentage of aggregate capital contributions to the Fund invested in the Fund's unrealized investments. Management fees paid by the Funds are reduced by a percentage of certain transaction, monitoring and other fees we receive from the Funds' investments (see Transaction, Monitoring and Other Fees, below). Certain investors may pay management fees at different rates. In some cases, the Funds' managing member or general partner, as applicable (the "General Partner"), and certain of its affiliates may pay no management fees. We may, in our discretion, waive all or a portion of the management fees in connection with certain Funds. Management fees are paid by a Fund directly to us, or indirectly through an intermediary management company pursuant to a sub-management agreement.

Details concerning management fee arrangements for each Fund are set forth in such Fund's Operating Agreement.

Carried Interest Allocation

In addition to benefiting from management fees paid by the Funds, certain of our advisory affiliates benefit from performance based fees in the form of carried interest allocations, generally equal to 20% of the profits realized on a Funds' investments, subject to an 8% minimum return on contributed capital ("Carried Interest"), that are paid by the Funds to the Funds' General Partners.

Transaction, Monitoring and Other Fees

We may receive transaction, monitoring and other fees (e.g., director or break up fees) from the Funds' portfolio company investments and/or other persons. Subject to certain limitations, generally 50% of fees received from a Fund's portfolio company investments offset the amount of management fees we receive from such Fund (see Management Fees – Funds, above).

Other Fees – Expenses

Certain of the Funds' organizational and operating expenses are paid by the Funds, as provided for in the Funds' Operating Agreements.

Performance Based Fees and Side-by-Side Management

All of the private funds we advise pay both management fees (see Management Fees – Funds, above) and Carried Interest (see Carried Interest Allocations, above) to us and certain of our advisory affiliates. The terms of the Funds' Operating Agreements provide that we cannot advise a new private fund until the earlier of (i) the time that a specific percentage of commitments by the Fund's investors to the previous Fund are invested or (ii) the period during which we are permitted to make new investments on behalf of the Fund (the "Commitment Period") has expired. As a result, we are effectively only investing in new platform companies through one Fund at a time, thereby eliminating any conflicts of interest with respect to the allocation of investment opportunities. Our employees receive overall compensation packages designed to incentivize appropriate allocations of time and attention among client investments.

Types of Clients

We provide advisory services to private funds, as described under "Advisory Business" above.

Each Fund operates as a pooled investment vehicle. The minimum capital commitment for an investor in a Fund is outlined in such Fund's offering memorandum. The General Partner of each Fund may waive the minimum at its discretion.

Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategy and Analysis

FdG makes primarily control-oriented private equity and equity-related investments in a diversified portfolio of lower-middle-market companies based in North America. FdG targets companies that operate in established industries and exhibit high margins, efficient use of capital, strong market positions with identifiable barriers to entry, and superior customer service cultures. FdG typically invests alongside high quality management teams in companies with substantial organic or acquisition-driven growth potential. FdG investment professionals seek to meaningfully impact growth and development of portfolio companies through active participation in business strategy, organizational structure and add-on acquisition programs.

Once a potential investment is identified, the due diligence process begins. FdG's due diligence process is characterized by a rigorous, careful and comprehensive industry and business analysis, and FdG will not consider investments in situations where it does not have sufficient time or information to properly evaluate the opportunity. The professional staff at FdG is responsible for managing all due diligence activities. This due diligence process includes a detailed study of the target company's management team, its financial and operating performance and prospects, and its industry and competitive environment, as well as accounting, tax, legal and environmental diligence. Furthermore, given FdG's focus on companies with superior customer service cultures, it will investigate a target company's customer, supplier and employee relationships. As appropriate, FdG supplements its own due diligence with the use of consultants, accountants, lawyers and other relevant resources.

FdG believes that portfolio company management is the single most important element to an investment's success and, as a result, devotes considerable time and effort to establishing strong personal and professional relationships with prospective management partners. FdG's due diligence process is a critical element of its investment discipline and also yields the groundwork for the development of a strategic business plan prior to closing, which is the joint work product of FdG and the management team.

Risk of Loss

Investments in the Funds involve a high degree of risk. There can be no assurance that any of the Funds' objectives will be achieved, or that the investors in the Funds will receive a profit or a return of capital. Accordingly, prospective investors should carefully consider the risk factors, fully described in each Fund's offering memorandum.

Disciplinary Information

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management by investors or prospective investors of our clients.

Other Financial Industry Activities and Affiliations

We have no financial industry activities or affiliations.

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

We have adopted a written Code of Ethics (the “Code”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the “Rule”).

In accordance with the Rule, our Code:

- Sets forth a standard of business conduct that we require of our employees in connection with and support of our fiduciary obligation to the Funds,
- Requires our employees to comply with applicable federal securities laws,
- Provides reporting requirements and procedures around security accounts, holdings and transactions by all of our access persons,
- Requires our employees to pre-clear investments in private offerings and IPOs with the chief compliance officer,
- Requires employees to promptly report any violations of our Code to the chief compliance officer, and
- Requires us to provide our employees with a copy of the Code, including amendments, if any, and requires our employees to provide written acknowledgement of their receipt of such Code, including amendments, if any.

Upon request, a copy of our Code will be provided to any investor or prospective investor of our clients.

We serve as the manager and investment adviser to the Funds. Employees of FdG may have material interests in the investments held by our Funds through their participation in Carried Interest paid by the Funds to the Funds’ General Partners, as well as through funded interests in limited partners of the Funds. Therefore, we are considered to participate in transactions effected for the Funds. We do not believe this arrangement presents any material conflicts of interest because our interests and the interests of our employees are aligned with the interest of investors in such Funds.

We may also provide investment advisory services to persons other than the Funds. In addition, during the period of time when the Funds are closed to new platform investments and FdG is only permitted to make follow-on investments in existing Fund portfolio company holdings, FdG may become aware of investment opportunities that are not suitable for the Funds as follow-on investments and may pursue such investments with other sources of capital outside of the Funds. To mitigate any potential conflicts, when an investment opportunity is offered to FdG the Company first will determine in good faith whether the opportunity is suitable as a follow-on investment for one of the Funds’ existing portfolio companies and FdG and/or its employees will only directly pursue such investment opportunities that have been deemed unsuitable as follow-on investments for any of the Funds' portfolio companies.

Brokerage Practices

FdG advises private funds in private securities transactions. We engage investment bankers on occasion to assist in the acquisition and disposition of private securities. We generally seek investment banking services at competitive fees but will not necessarily pay the lowest fee, rather choosing the investment banker for each transaction that we believe has the best knowledge and experience to maximize the value of the transaction to the Fund.

While the Funds are permitted to hold public securities, we do not typically engage in public securities transactions. If the Funds were to invest in public securities, we would select a broker based upon the broker's ability to provide best execution for the applicable Funds.

We do not participate in any soft dollar arrangements outside of receiving research available to other institutional investors. Research services received from investment bankers supplement our own research efforts. To the best of our knowledge, these services are generally made available to all institutional investors doing comparable business with such investment banker. Research services furnished by investment bankers may include: written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; and discussion with research personnel.

Review of Accounts

Investments held by the Funds are managed and reviewed on a regular and continuous basis by our investment team. The investment team meets regularly to discuss the progress of the Funds' investments, economic developments, current events, and other issues related to current investments and potential investment opportunities.

We provide investors of the Funds with audited annual financial reports and semi-annual reviews of the portfolio company investments. For certain Funds, investors may also receive unaudited quarterly financial reports.

Client Referrals and Other Compensation

Not Applicable.

Custody

Not Applicable.

Investment Discretion

The Funds' Operating Agreements provide that the Funds' General Partner has exclusive and complete authority and discretion in managing the business and affairs of such Fund, subject to certain investment limitations imposed by such agreements. The Funds' General Partner has assigned certain day to day operating decisions of the Funds to FdG as the manager of the Funds, either directly or indirectly through a sub-management arrangement. Investment decisions remain with the General Partner, subject to the approval by an investment committee as provided for in the operating agreements of the General Partner.

Voting Client Securities

The Funds generally do not hold public securities or securities that are subject to proxy-type votes. FdG typically has significant control, via board membership, in the portfolio company investments of the Funds and ensures that all board decisions are in the best interests of all of the shareholders of such portfolio company, including the Funds. To the extent any proxy-type vote arises, FdG will vote in accordance with its fiduciary duty and will maintain documentation to show how proxies are voted.

Clients and prospective clients may request a copy of our proxy voting policy by contacting us at the address or telephone number listed on the first page of this brochure.

Financial Information

FdG has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.