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25 Capital Partners, LLC

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25 Capital Ventures LLC (relying adviser)

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This brochure provides information about the qualifications and business practices of 25 Capital Partners, LLC ("25 Capital") and 25 Capital Ventures LLC. If you have any questions about the contents of this brochure, please contact us at 704.426.8849. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about 25 Capital and Ventures is available on the SEC's website at www.adviserinfo.sec.gov.

Please note that registration with the SEC does not imply a certain level or skill or training for either 25 Capital or 25 Capital Ventures LLC.

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ADVISORY BUSINESS

25 Capital Partners

25 Capital Partners, LLC (“25 Capital”) was formed in April, 2011. We specialize in valuing, acquiring and managing performing and non-performing U.S. residential mortgage loans. Throughout our history we have been affiliated with the Tavistock Group of companies and its affiliates. Tavistock is an international private investment organization founded by Mr. Joseph C. Lewis.

In September 2012, RoundPoint Financial Group, Inc. sold all ownership interests in 25 Capital’s then-parent company, 25 Capital Holdings, LLC, to 25 Capital’s newly-created parent company, 25 Capital Holdings, Inc. 25 Capital Holdings, Inc. is owned wholly by Sadler Holdings, Inc. Sadler Holdings, Inc.’s shares are owned by Sterling East Ltd. as nominee for the Sadler Trust. The Sadler Trust’s beneficial owner and trustee is Mr. Joseph C. Lewis.

25 Capital provides investment advisory services primarily to investment partnerships that we seek to form with one or more clients in response to periodic opportunities to purchase mortgage loan portfolios or similar assets. We do not obtain clients for the investment partnerships via public solicitations. We advise each investment partnership to meet the partnership’s investment goals, not any individual client’s goals or needs. Investments in these partnerships are suitable for certain clients only and we typically require a minimum investment amount.

We do not provide legal, tax or accounting advice or services, and you should not assume we are providing you such services at any time.

We manage client assets on a discretionary basis only. We do not manage client assets on a non-discretionary basis, and our clients are unable to restrict our ability to implement particular investment strategies for an investment partnership.

As of September 1, 2012 we managed \$330 million in client assets.

25 Capital Ventures

In August 2012, 25 Capital Ventures (“Ventures”) was formed as a joint venture between:

- 25 Capital;
- Atlantic Asset Management L.L.C. (“Atlantic”), an investment adviser registered with the Securities and Exchange Commission (“SEC”) and otherwise unconnected to 25 Capital; and
- 25 Capital ACV, LLC, a company established to receive 25 Capital’s portion of the Carried Interest Distributions (see Performance-Based Compensation Fees and Side-by-Side Management section below) from private funds for which Ventures is the sponsor and investment manager. 25 Capital ACV, LLC is owned and controlled by 25 Capital and its affiliates.

Ventures sponsors, and is investment manager for, certain private funds focused primarily on buying and managing U.S. residential mortgages (“Private Funds”). When Ventures sponsors and Private Fund, Ventures delegates full investment advisory control to 25 Capital through a sub-investment management agreement. This agreement grants 25 Capital full control over Ventures’ investment advisory management and policies, meaning that 25 Capital’s employees perform all of Ventures’ advisory functions for the Private Fund.

Atlantic receives a portion of Ventures’ Management Fees (see Fees and Compensation section below) and Carried Interest Distributions (see Performance-Based Fees and Side-by-Side Management section below), as well as reimbursements from Ventures for certain marketing costs that lead to an investment in a Ventures-managed Private Fund. (see Client Referrals and Other Compensation section below). Although the joint venture agreement between 25 Capital, Atlantic and 25 Capital ACV, LLC enables revenue-sharing, the agreement’s terms grant 25 Capital full control over Ventures’ investment advisory management and policies.

Investments in Private Funds are suitable for certain qualified clients only. All Private Fund clients must:

- be “accredited investors” according to SEC requirements in effect when the Private Fund accepts investments;
- meet SEC “qualified client” requirements in effect when the Private Fund accepts investments; and
- typically invest more than \$1,000,000.

25 Capital may choose to accept lower minimum commitments on Ventures’ behalf (for example, from affiliated individuals, such as 25 Capital employees), and may reduce or raise the minimum commitment for future Private Funds.

Before accepting an investment in a Private Fund, 25 Capital will provide each potential client with a copy of the Private Fund’s Private Placement Memorandum (“PPM”) and related documents. Potential clients should review these documents carefully before investing in the Private Fund. If there is any inconsistency between these documents and this brochure, the documents’ terms will control.

Just as we do for our own investment partnerships, 25 Capital manages Ventures’ client assets on a discretionary basis only. 25 Capital does not manage Ventures’ client assets on a non-discretionary basis, and clients are unable to restrict 25 Capital’s ability to implement particular investment strategies on Ventures’ behalf.

Ventures has not yet invested any of the capital committed to a Private Fund it sponsors, and thus does not yet have any client assets under management.

FEES AND COMPENSATION

25 Capital Partners

For managing an investment partnership, 25 Capital Partners typically charges a management fee of 2.0% based on the client's capital contributions to the partnership. These fees may be billed to clients or deducted from clients' accounts, depending on the investment partnership's particular circumstances. We may negotiate your fee depending upon circumstances including, but not limited to, account composition and complexity, as well as other client, employee or family relationships, etc. These negotiations may result in us charging different fees to different clients. We may charge our employees and their family-related accounts a reduced fee, or no fee, for our services.

If we choose to bill clients for services, we bill fees quarterly in advance based on total capital contributed by a client at the previous quarter's end. If you receive an invoice, you are responsible for paying your fee to 25 Capital immediately upon receipt. The fees billed through an invoice exclude brokerage commissions or other fees or charges that may be associated with securities transactions implemented with or through a brokerage firm, mark-ups or mark-downs in principal transactions, deferred sales charges, exchange fees, wire transfer or related processing fees, transfer taxes or other charges mandated by law or regulation all of which will be charged to you in addition to our fee. We do not receive any portion of any of these expenses or fees. Please see the [Brokerage Practices](#) section below for more information on how we select or recommend brokerage firms for your securities transactions, as well as information related to that process.

25 Capital Ventures

Ventures will receive a 2.0% per year Management Fee based on a Private Fund's total capital commitments during the period when the Private Fund is able to require clients to contribute their capital commitments so that Ventures may invest that capital (the "Investment Period"). When the Investment Period ends, the management fee will be 2.0% per year of capital used for investments and expenses relating to investments.

The Management Fee is payable quarterly and in advance and is pro-rated for partial quarters. Ventures deducts Management Fees from client accounts and does not bill clients for Management Fees. Ventures may choose to reduce the Management Fee for certain clients, or waive the fee entirely. The joint venture agreement creating Ventures also determines how Ventures redistributes its Management Fees: 25 Capital receives 75% of Ventures' Management Fee and Atlantic receives the remaining 25%.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

25 Capital Partners

In addition to the Management Fee discussed above, 25 Capital typically receives a performance-based fee, to the extent allowed by law, and usually subject to us meeting certain goals for the investment partnership. We calculate this fee based on a share of capital gains or capital appreciation of the investment partnership's assets.

Because 25 Capital typically receives both a Management Fee (see the [Fees and Compensation](#) section above), and a performance-based fee for the same investment partnership, we do not face a conflict

caused by the temptation to favor performance-based investment opportunities over other opportunities. However, you should understand that a performance-based fee might create an incentive for us to recommend investments that may be riskier or more speculative than those we might recommend if we received a Management Fee only.

We seek to always put clients' interests first, so we take the following steps to address any potential conflicts caused by our fee arrangements:

- We disclose our compensation structure for a specific investment partnership to all potential clients before they invest; and
- We will provide appropriate training for our employees regarding our duties to clients, including treating all clients equitably, regardless of fee arrangement.

25 Capital Ventures

In addition to the Management Fee discussed above, under certain circumstances Ventures receives a 20.0% distribution, called a Carried Interest Distribution, from the Private Fund at least quarterly. The Private Fund pays the Carried Interest Distribution only if certain criteria, such as a return of client capital plus a preferred rate of return, are met. You should refer to the *Summary of Principal Terms* in the Private Fund's PPM for a full description of the criteria that must be satisfied before Ventures receives a Carried Interest Distribution.

The joint venture agreement creating Ventures also determines how Ventures distributes its Carried Interest Distributions: 25 Capital ACV, LLC receives 75% of Ventures' Carried Interest Distributions and Atlantic receives the remaining 25%.

Because Ventures receives both a Management Fee (see the Fees and Compensation section above) and a Performance-based fee for each Private Fund, Ventures does not face a conflict caused by the temptation to favor performance-based investment opportunities over other opportunities. However, you should understand that a performance-based fee might create an incentive for 25 Capital to recommend investments that may be riskier or more speculative than those we might recommend if we received a Management Fee only.

25 Capital's employees are subject to the same policies and procedures outlined in the immediately preceding sub-section, regardless of whether the employees work on investment partnerships managed by 25 Capital directly, or work on Private Funds managed indirectly under the sub-investment management agreement with Ventures.

25 Capital seeks to always put clients' interests first, so it takes the following steps to address any potential conflicts caused by our fee arrangements:

- 25 Capital discloses Ventures' compensation structure for a Private Fund to all potential clients before they invest; and

- 25 Capital will provide appropriate training for employees regarding duties to clients, including treating all clients equitably, regardless of fee arrangement, for any Private Fund for which 25 Capital acts as sub-investment manager.

TYPES OF CLIENTS

25 Capital Partners

25 Capital provides services primarily to investment partnerships as described in the Advisory Business section above. 25 Capital will consider establishing client relationships with individuals, financial institutions, trusts, pension plans and other entities, depending on each potential investment opportunity's circumstances. As noted the Advisory Business section above, 25 Capital does not accept investments from all client types, and many of our investment opportunities are subject to restrictions such as minimum investment size.

25 Capital Ventures

Ventures provides services to Private Funds described in the Advisory Business section above. Ventures accepts investments from individuals, trusts, pension plans and other entities, however investment is not open to all investors. The most typical restrictions on investors are that they must:

- be "accredited investors" according to SEC requirements in effect when the Private Fund accepts investments;
- meet SEC "qualified client" requirements in effect when the Private Fund accepts investments; and
- typically invest more than \$1,000,000.

As noted in the Advisory Business section above, 25 Capital may choose to accept lower minimum commitments on Ventures' behalf (for example, from affiliated clients, such as 25 Capital employees), and may reduce or raise the minimum commitment for future Private Funds.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

25 Capital Partners and 25 Capital Ventures

When acquiring and managing both investment partnerships and Private Funds on Ventures' behalf, 25 Capital uses an analytical investment and portfolio management approach. Our investment strategy begins by identifying potentially high-yielding opportunities, followed by an asset-level due diligence process. Our Investment Committee must approve all purchases and sales. Our Asset Management Committee manages the assets using proprietary analytics and net present value models.

You should understand that no analytic method or investment strategy is riskless. Participation in an investment partnership or a Private Fund is speculative in nature. There is a high degree of risk and there is the possibility that you could lose your invested capital. There is also no guarantee that our investment strategy will succeed and be profitable for you.

Clients should understand that 25 Capital's business depends significantly on our personnel's skill and expertise. In particular, if Shaun Ahmad (President) or Scott Shultz (Managing Director) were to leave 25 Capital, your investment performance may be affected negatively. Ownership changes may also cause personnel changes. The Tavistock Group and its affiliates may decide that it is more profitable to sell any of their portfolio companies, including 25 Capital. If 25 Capital's ownership structure, described in the Advisory Business section above, changes, then there is a risk that some 25 Capital may choose to leave the company.

You should also understand the particular risks associated with investments in mortgages and other real estate-related strategies. Examples of risks in these strategies include, but are not limited to:

- house price fluctuations;
- mortgage borrower default;
- the mortgage could be invalid or unenforceable to pre-existing legal errors or other, more senior, liens;
- mortgage borrower bankruptcy; and
- changes in regulations by federal, state and local governments

These are just some of the risks associated with our investments. If you are considering an investment in a Private Fund, you should consult the Risk Factors section in the Private Fund's PPM for a fuller, but not exhaustive, description of risks. Before accepting you as a client in an investment partnership, 25 Capital will inform you of the risks associated with that particular partnership.

25 Capital Ventures only

Ventures' Private Funds do not allow clients to withdraw their capital from the Private Fund, nor are clients allowed to sell their interests in the Private Fund. Once you commit capital to Ventures, that capital remains committed throughout the Private Fund's multi-year life, and there is no guarantee that Ventures will return any capital to you before the Private Fund is dissolved.

The joint venture agreement creating Ventures contains provisions allowing 25 Capital and Atlantic to terminate the agreement in certain limited circumstances. A termination might cause disruption to 25 Capital's investment management activities on Ventures' behalf and may impact the Private Fund's performance negatively.

The success of Private Funds sponsored by Ventures might depend partially on 25 Capital's ability to find mortgage loan portfolios to buy. 25 Capital faces competition from other purchasers such as banks, other investment advisors and institutional investors. This competition might result in increased purchase prices, which might in turn reduce the Private Fund's returns to clients.

Potential investors in a Private Fund should consult the Risk Factors section in the Private Fund's PPM a fuller, but not exhaustive, description of these and other potential risks.

DISCIPLINARY HISTORY

25 Capital Partners and 25 Capital Ventures

This section does not apply to either 25 Capital or Ventures.

OTHER FINANCIAL INDUSTRY AFFILIATIONS

25 Capital Partners

25 Capital uses RoundPoint Mortgage Servicing Corporation (“RoundPoint”), to service mortgage loans owned by our investment partnerships. Both 25 Capital and RoundPoint are separate portfolio companies of the Tavistock Group and its affiliates. Due to the affiliation between 25 Capital and RoundPoint, there is a risk that the decision to use RoundPoint’s services may not be made solely in clients’ best interests due to influence caused by the affiliation. Though 25 Capital will always attempt to engage RoundPoint on terms and conditions at least as favorable as those available from other mortgage servicers, our affiliated status means negotiations will not be at arms-length and may not be as favorable to clients as a servicing arrangement with an unaffiliated company. We will explain this affiliated relationship again before you enter into any investment partnership for which RoundPoint will provide services.

25 Capital Ventures

Ventures is a joint venture between 25 Capital, 25 Capital ACV, LLC and Atlantic. Atlantic receives a portion of Ventures’ Management Fees and Carried Interest Distributions, along with expense reimbursements for certain marketing costs from Ventures. However, the joint venture agreement’s terms do not permit Atlantic to exercise control over Ventures’ investment advisory management or policies.

Ventures’ Private Funds will likely use RoundPoint’s services for mortgage loans. Because of the common ownership of 25 Capital and RoundPoint, the servicing agreement for the Private Fund’s loans will not be negotiated at arms-length and may not be as favorable to the Private Fund as a servicing arrangement with a mortgage servicer unaffiliated with 25 Capital. RoundPoint’s fees are listed in the Private Fund’s PPM. Ventures may choose to appoint certain Private Fund client representatives to an Advisory Committee for that Private Fund. The Advisory Committee must approve any changes to the RoundPoint fees listed in that Private Fund’s PPM.

No RoundPoint or Tavistock Group representative will make, or participate in making, investment advisory decisions regarding any Private Fund. No RoundPoint or Tavistock Group employee or representative serves on 25 Capital’s Investment Committee or Asset Management Committee.

Potential Private Fund clients can find additional information relating to this potential conflict of interest in the PPM’s sections on Loan Servicer and Potential Conflicts of Interest.

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

25 Capital Partners and 25 Capital Ventures

25 Capital Partners has a written Code of Ethics that includes monitoring employees' personal securities transactions in order to seek to avoid conflicts of interest with our transactions on clients' behalf. Employees must submit quarterly reports about their personal securities transactions and an annual report of their personal securities holdings to us. Our Code of Ethics also contains policies and procedures intended to prevent misuse of material non-public information. A copy of our Code of Ethics is available to you upon request by contacting us through the contact information provided on this brochure's cover page.

A Private Fund's PPM may restrict 25 Capital and Ventures temporarily from creating or sponsoring an investment partnership or a Private Fund with a strategy similar to that used by an existing Private Fund. For example, the PPM may prevent 25 Capital and Ventures from pursuing a strategy similar to the Private Fund's strategy unless the Private Fund's Investment Period ends, or unless a certain percentage of the Private Fund's investors agree to waive the restriction. Please see the *Successor Funds* subsection in a Private Fund's PPM for more information.

With the exception of the restriction just mentioned, nothing prevents 25 Capital and from providing investment advisory services to additional investment partnerships or Private Funds, entering into other investment advisory relationships, or engaging in other business activities. Despite this lack of restriction, we recognize that such activities may compete with activities or services in which we are engaged currently or may involve substantial time and resources of ours. Such activities could be viewed potentially as creating a conflict of interest, but we will seek to allocate our resources appropriately between all of our services and activities.

BROKERAGE PRACTICES

25 Capital Partners and 25 Capital Ventures

If applicable, 25 Capital Partners will consider the following factors in selecting or recommending brokers for clients' transactions and in determining the reasonableness of the compensation or other payment to the brokerage firms:

- quality of support services and technology provided;
- trade implementation costs;
- value of research and related information provided;
- market liquidity provided;
- confidentiality of trading intentions;
- investment styles (compatibility between us and the broker);
- financial stability;
- ability to execute difficult trades; and
- other factors we may identify periodically.

As deemed appropriate, we will evaluate our brokerage practices periodically and the reasonableness of compensation or other payment paid to brokerage firms and monitor our efforts to seek best execution of client transactions.

REVIEW OF ACCOUNTS

25 Capital Partners and 25 Capital Ventures

25 Capital's Asset Management Committee reviews clients' accounts periodically. Our Asset Management Committee consists of our: President; Managing Director of Capital Markets; Vice Presidents of Capital Markets; and Collateral Analysts.

25 Capital Partners does not, as a general policy, provide investment partnership clients with regular or periodic reports concerning accounts. However, upon request, we will provide clients with certain reports that may include such account and/or market-related information.

Private Fund clients may receive written reports from the Fund Administrator directly, as described in the Custody section below.

CLIENT REFERRALS AND OTHER COMPENSATION

25 Capital Partners

We may enter into written agreements occasionally with other persons or companies who refer potential clients or clients to us in exchange for a referral or solicitor fee. That referral or solicitor fee is typically a percentage of the fee we receive from the referred client or investor for our services, including services we provide to investment partnerships as described above. This means the persons, who may be licensed investment adviser representatives or broker-dealer registered representatives, or the companies who refer potential clients to us as described, will have a financial interest in your selecting us to provide you services. If you are referred to us through an arrangement like this, you will receive a written document disclosing: our arrangement with the solicitor; any affiliation between the solicitor and us; and a description of the compensation we will pay the solicitor if you establish an account with us. These referral arrangements will not increase the fee we charge you for our services.

We may also compensate our employees who refer potential clients or investors to us for our services. Thus, the employee might have a financial interest in your selection of us for investment management services.

Please refer to the Brokerage Practices section for information on other economic benefits we may receive for providing services to you.

25 Capital Ventures

As noted in the Advisory Business section, Atlantic receives Management Fee and Carried Interest Distributions from Private Funds for which Ventures is the investment manager. Ventures will also reimburse Atlantic for certain expenses incurred by Atlantic with regard to marketing efforts that lead to an investment in a Ventures-managed Private Fund.

CUSTODY

25 Capital Partners

25 Capital Partners may be deemed to have custody of client assets as a result of our relationship to the investment partnerships. Depending on the investment partnership's circumstances and client requests, we may send account information as described above in the [Review of Accounts](#) section.

25 Capital Ventures

Clients will receive account statements from the Private Fund's administrator directly on at least a quarterly basis. You should review these statements carefully and compare them to statements you may receive from us for any discrepancies. You should also remember that the statements you receive from the administrator are the official record of your accounts and assets for tax purposes.

INVESTMENT DISCRETION

25 Capital Partners and 25 Capital Ventures

25 Capital will have discretionary investment authority over your investments. Private Fund clients will execute a power of attorney granting Ventures and 25 Capital the authority to make investments on the clients' behalf.

VOTING CLIENT SECURITIES

25 Capital Partners and 25 Capital Ventures

This section does not apply to 25 Capital or Ventures due to the nature of the investments we will manage on our clients' behalf.

FINANCIAL INFORMATION

25 Capital Partners and 25 Capital Ventures

This section does not apply to 25 Capital or Ventures, because neither has ever filed for bankruptcy nor is subject to any financial conditions that could impair our ability to meet obligations to clients.