

**STURBRIDGE CAPITAL, LLC**  
**Form ADV Part 2A**

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This Brochure provides information about the qualifications and business practices of Sturbridge Capital, LLC (“Sturbridge” or the “Firm”). If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer (“CCO”) Shelagh C. Merenius, at (248) 593-5800 x114 or [shelagh@sturbridgecapital.com](mailto:shelagh@sturbridgecapital.com). Additional information about Sturbridge can be found on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). 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.

Registration of an investment adviser does not imply that Sturbridge Capital, LLC or any of our principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

**Item 2: Material Changes**

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The last update to the Sturbridge Capital, LLC Brochure was its annual update performed and submitted in March, 2014. There were no specific material changes that have been made to the Brochure since its last annual update.

You may request a copy of the most recent version of this Brochure free of charge by contacting Shelagh Merenius at (248) 593-5800 x114 or [shelagh@sturbridgecapital.com](mailto:shelagh@sturbridgecapital.com).

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#### Item 4: Advisory Business

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Sturbridge Capital, LLC (“**Sturbridge**”, “**we**”, “**us**”, “**our**” or the “**Firm**”), a Delaware limited liability company, commenced operations in 2011 with Salam N. Chaudhary as its sole member and owner.

Sturbridge is currently an investment adviser on a discretionary basis to Sturbridge Diversified Private Equity I, LLC (the “**Fund**”) and to high net worth families through a separately managed account arrangement (the “**Separately Managed Accounts**.” The Fund and the Separately Managed Accounts are herein referred to as the “**Clients Accounts**”). In the future we may advise additional client accounts or privately pooled investment vehicles.

Client Accounts are managed separately and only in accordance with their own characteristics. Sturbridge does not tailor advisory services to the individual needs of investors in the Fund. Clients are interviewed at the opening of the account as to their investment experience, liquidity requirements, risk tolerance, as well as for general financial information.

Prior to engaging Sturbridge to provide investment management services, Separately Managed Accounts will be required to enter into a formal investment management agreement with Sturbridge setting forth the terms and conditions under which Sturbridge shall manage the assets, and a separate custodial/clearing agreement with a designated broker-dealer/custodian. The investment management agreement between Sturbridge and the Client Account will continue in effect until terminated by either party by written notice in accordance with the terms of the investment management agreement. Generally, either Sturbridge or the client may terminate the investment management agreement upon seven (7) days prior written notice to the other party.

As of December 31, 2014, Sturbridge managed US \$94,736,219 in regulatory assets under management (“**RAUM**”), comprised of \$38,849,377 on a discretionary basis and \$133,585,596 on a non-discretionary basis.

#### Item 5: Fees and Compensation

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The Separately Managed Account Clients are charged a fee consisting of a management fee (payable monthly in arrears consisting of 1/12<sup>th</sup> of the agreed upon rate). The Fund compensates Sturbridge with a performance allocation consistent with the Fund operating agreement, payable quarterly subject to a loss carry forward provision.

Sturbridge is responsible for and will pay all overhead expenses of an ordinary and recurring nature such as rent, supplies, secretarial expenses, stationary, charges for furniture and fixtures, employee insurance, payroll taxes and compensation of employees.

The Fund will bear its own organizational and operating expenses including research related travel, legal, accounting (including third party accounting services), audit, and other professional fees and expenses, research expenses, expenses of third-party valuation agents (if any), investment expenses such as commissions, custodial fees, bank service fees, expenses of third-party trading services, fees and expenses of the administrator and other expenses related to the purchase, sale, preservation or transmittal of the Funds’ assets. The organizational and initial offering expenses of the Fund will either be expensed as incurred or, where permitted by applicable rules, amortized over a period not to exceed 60 months beginning at the commencement of the Fund’s operations. In addition, pursuant to the Operating Agreement

of the Fund, Sturbridge is limited to the amount of reimbursement of expenses that it is entitled to for purposes of our travel relating to sourcing, monitoring and management of Fund investments or in relation to fund raising activities.

For further details on the Firm's brokerage practices refer to Item 12 of this Brochure.

The Separately Managed Accounts shall be responsible for all expenses related to trading the assets of the Account, including any initial and per trade fees, other brokerage or transactional fees, custodial fees, interest on margin borrowing and soft dollar expenses related to research.

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**Item 6: Fees and Performance-Based Allocation**

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As described in Item 5, the Fund compensates Sturbridge with a performance allocation consistent with the Fund operating agreement. The performance allocation is accrued and payable on a quarterly basis and subject to a loss carry forward provision.

Management fees charged to Separately Managed Accounts are generally paid to Sturbridge after we have provided the Client Account a monthly statement prepared by us that describes the fees that are due to us for our services. Upon approval by both parties, the Client Account pays Sturbridge directly.

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**Item 7: Types of Clients**

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As discussed in Item 4, we provide investment advisory services to the Fund and our Separately Managed Account clients. In the future, we may offer our services to other client accounts and/or private pooled investment vehicles.

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

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The primary focus of the Fund is to invest in secondary private equity. The Fund may also invest in a variety of other securities including, but not limited to, equities, fixed income, and direct private equity. For a complete enumeration of the investment strategy and the risks involved in making an investment in the Fund, a prospective investor should carefully review the Fund's offering memoranda.

In advising the Separately Managed Accounts we strive to create long term capital appreciation. Our investment approach is based on constructing, monitoring and advising portfolios of long equity related securities, bonds (convertible and nonconvertible), other fixed income investments, and derivative instruments such as options.

The investment management agreement for a Separately Managed Account shall impose any limits on the types of securities or other instruments in which a client account may invest, set any limits on the types of positions, the concentration of investments (whether by sector, industry, country, asset class or otherwise), the amount of leverage, or the number or nature of positions in a portfolio. Therefore, in pursuit of our investment objective, we may hold, sell, sell short, trade (on margin or otherwise), and otherwise deal in U.S. equity securities, foreign equity securities, fixed income products and other financial instruments.

We will not invest in futures contracts on behalf of any client accounts until we have registered with the U.S. Commodity Futures Trading Commission (the “**CFTC**”) or apply for an exemption from registration as a commodity trading adviser or commodity pool operator.

No assurances can be given, however, that we will achieve our objective, and results may vary substantially over time and from period to period.

### ***Risk of Loss Factors***

The following are certain of the material risks involved in our investment strategy. This list does not purport to be a complete enumeration or explanation of the risks involved in such strategy.

### ***Limited Operating History***

Our Firm has a limited operating history for prospective clients to evaluate prior to selecting us as an investment adviser.

### ***Operational Risk***

Operational risk is the potential for loss caused by a deficiency in information, communication, transaction processing and settlement and accounting systems. We (or our agents) maintain controls that include systems and procedures to record and reconcile transactions and positions, and to obtain necessary documentation for trading activities.

### ***Performance-Based Fee***

As described in Item 5, the Fund compensates Sturbridge with a periodic performance based allocation. A performance-based fee arrangement may create an incentive for Sturbridge to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. In order to address this potential conflict, we have adopted an allocation policy and implemented procedures designed to prevent this conflict from arising. Our allocation policy provides that transactions and investment opportunities shall be handled on a fair and equitable basis over time. Any investment opportunity is generally allocated pro-rata based on each Client Account’s size using the average price, with possible exceptions; such as, being unable to acquire the desired amount of a security or instrument, during efforts to rebalance or tax manage.

### ***Use of Leverage***

We may leverage investment positions by borrowing funds from broker-dealers, banks or others. While leverage presents opportunities for increasing the total return on an investment, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment by a client account would likely be magnified to the extent that it is leveraged.

### ***Non-Diversification***

In general, we are not subject to limitations on the percentage of assets we may invest in a particular security. Being concentrated in a small number of securities, options or futures, exposes a portfolio to the risk of adverse developments in or affecting a single issuer or industry to a greater extent than if the investments were diversified over a large number of issuers and industries.

***Illiquid Portfolio Investments***

Certain investments may be very illiquid, and may not be able to be sold at prices that reflect our assessment of their value. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale and other factors. Furthermore, the nature of certain investments, especially those in financially distressed companies, may require a long holding period prior to profitability.

***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, including liquidity risk and counterparty risk.

***Short Selling Increases Risk of Capital Losses***

Although we generally make long only investments, at times, for hedging or speculative purposes, we may make short sales. Short selling, or the sale of securities not owned by the Account, involves certain additional risks. Such transactions may expose a client to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a “short squeeze” can occur, wherein we may be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

***Non-U.S. Investments***

Investment in non-U.S. issuers or securities principally traded outside the U.S. will likely involve certain special risks due to economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities. Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive accounting reporting and disclosure requirements than domestic issuers. The securities of some foreign governments and companies and foreign securities markets are less liquid and at times more volatile than comparable U.S. securities and securities markets.

***Item 9: Disciplinary Information***

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Neither Sturbridge nor any of our management personnel or employees are subject to, or have in the past been subject to, any criminal or civil action in any domestic or foreign court,

nor have we been subject to any administrative proceedings before the SEC or any other state, federal or foreign financial regulatory authority.

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**Item 10: Other Financial Industry Activities and Affiliations**

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As discussed, we provide investment management services to the Fund and the Separately Managed Accounts. We may in the future provide such services to other clients. Sturbridge and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

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**Item 11: Code of Ethics, Participation and Employee Investment Policy**

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***Code of Ethics and Employee Investment Policy***

Pursuant to Rule 204A-1 of the Advisers Act, we have adopted a Code of Ethics and Employee Investment Policy that establishes various procedures with respect to investment transactions in accounts in which employees of Sturbridge or related persons (such as members of their immediate household) have a beneficial interest or accounts over which an employee has investment discretion.

The foundation of the Code of Ethics is based on the underlying principles that:

- Employees must at all times place the interests of our Clients first;
- Employees must make sure that all personal securities transactions are conducted consistent with the Code of Ethics; and
- Employees should not take inappropriate advantage of their position at Sturbridge.

All Sturbridge employees are deemed to be “Access Persons” and are required to adhere to a comprehensive Code of Ethics and Employee Investment Policy, which covers the duty of confidentiality as well as personal trading. All employees are required to certify their adherence to the Code of Ethics and Employee Investment Policy.

In addition, employees may not acquire securities for their own account in an initial public offering. Employees must also obtain pre-approval from the CCO before engaging in any outside business activities or private placements.

All of our employees must provide their duplicate brokerage statements to the CCO. These records are used to monitor compliance with the foregoing policies. These policies apply to any personal transactions involving equity, debt, options, or futures. This policy does not apply to transactions involving government securities, open-end mutual funds, money market funds or other instruments which afford the investor no discretion over individual securities

Sturbridge’s Code of Ethics and Employee Investment Policy are available to Clients upon request.

***Privacy Policy***

We are committed to maintaining the confidentiality, integrity and security of our client’s personal information. It is our policy to collect only information necessary or relevant to our

management business and to use only legitimate means to collect such information. Without client consent we do not disclose any non-public personal information about our clients or former clients to anyone except for servicing and processing transactions and as required by law. We restrict access to non-public personal information about our clients to those employees with a legitimate business need for the information. Sturbridge maintains security practices, physical, electronic, and procedural safeguards to guard Investor's non-public personal information.

Upon request, we will provide our Clients with a copy of our privacy policy.

## **Item 12: Brokerage Practices**

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We have discretionary authority to manage the Client Accounts and most likely future client accounts, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and the commissions paid. Our authority is governed by the terms of the investment management agreement with the Client Account.

In selecting an appropriate broker-dealer to affect a Client trade, we seek to obtain "best execution," meaning generally the execution of a securities transaction for a client in such a manner that a client's total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking best execution, we take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealer's full range and quality of services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (e.g., research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

### ***Soft Dollar Usage***

We have entered into a "soft dollar" arrangement with a particular broker. We will limit the use of "soft dollars" to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended. Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; data services (including services providing market data, company financial data and economic data).

### ***Aggregation of Orders***

We generally aggregate trade orders for multiple Client Accounts in order to achieve more efficient execution or to provide for equitable treatment among the accounts. The clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

### ***Allocation***

Our policy prohibits any allocation of trades in a manner that favors our proprietary accounts, affiliated accounts, or any particular client(s) or group of clients over other Client Accounts.

We have adopted a policy for the fair and equitable allocation of transactions that generally analyses each trade and/or investee fund subscription and redemption on an investment by investment basis, taking into consideration the specifics of each trade and the characteristics of each Client Account. To the extent that multiple Client Accounts participate in a particular transaction such transaction will generally be allocated pro-rata among such client accounts, unless facts specific to the transaction and the trade warrant an alternative allocation methodology.

**Trade Errors**

As a fiduciary, we have the responsibility to effect orders correctly, promptly and in the best interests of the Client Accounts. In the event any error occurs in the handling of any transactions due to Sturbridge's actions, or inaction, or the actions of others, our policy is to assess each trade error on a case-by-case basis.

**Item 13: Review of Accounts**

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**Review of Accounts**

The Client Accounts are reviewed on a continual basis by Mr. Salam N. Chaudhary, CEO to assure conformity with investment objectives and guidelines.

We engage in active management for the Client Accounts and, accordingly, review our transactions, positions and cash balances on a daily basis.

**Item 14: Client Referrals and Other Compensation**

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We do not currently utilize any third party marketers or solicitors.

**Item 15: Custody**

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The Fund:

While it is Sturbridge's practice not to accept or maintain physical possession of any of the Funds' assets (and our Funds' assets are in the custody of one or more prime brokers and or banks), we are deemed to have custody of their assets under Rule 206(4)-2 of the Advisers Act because we have the authority to access Funds and deduct fees and expenses from the Funds' accounts.

In order to comply with Rule 206(4)-2, we utilize the services of a bank or qualified custodian (as defined under Rule 206(4)-2) to hold all assets of the Fund, except those assets (such as bank debt or other private investments) that are not capable of being held by a custodian. We also confirm that the qualified custodian maintains these assets in accounts bearing the Fund's name that contain only assets of the Fund, including our name as agent for the Fund.

While Rule 206(4)-2 generally requires an investment adviser to provide for a qualified custodian to send account statements to all of its Clients whose assets the custodian holds at least quarterly, we are not subject to such requirement because our Fund is subject to an audit at least annually by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. We distribute audited financial statements to all investors in the Fund on an annual basis.

Separately Managed Accounts:

We do not custody the assets of the Separately Managed Accounts. The Separately Managed Accounts receive account statements directly from its custodian and should review them carefully. The Separately Managed Accounts should compare the account statements it receives from its custodian with any reports that we provide it.

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**Item 16: Investment Discretion**

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We generally have discretionary authority to determine, without obtaining specific consent, securities to be bought or sold, the amount of securities to be bought or sold, the broker-dealer to be used and the commission rates paid. Any limitation on our authority is included in the investment management agreement between Sturbridge and the Client Account.

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**Item 17: Voting Client Securities**

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***Proxy Voting Policy***

To the extent Sturbridge has been delegated proxy voting authority on behalf of its Clients, Sturbridge complies with its proxy voting policies and procedures that are designed to ensure that in cases where Sturbridge votes proxies with respect to Client securities, such proxies are voted in the best interest of the Client Accounts. The beneficial owners in the Client Account may not direct voting of proxies.

Upon request, we will provide our Clients with a copy of our proxy voting policies and procedures and/or a record of all proxy votes cast for such Client.

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**Item 18: Financial Information**

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Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Sturbridge has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.