

## **Arlon Advisor LLC**

767 Fifth Avenue  
New York, NY 10153-0028  
(212) 207-5200  
[www.arlongroup.com](http://www.arlongroup.com)

This brochure provides information about the qualifications and business practices of Arlon Advisor LLC and its financial affiliates. If you have any questions about the contents of this brochure, please contact us at (212) 207- 5200. 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. Registration with the Securities and Exchange Commission does not imply a certain level of skill or training. Additional information about Arlon Advisor LLC is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

Arlon has made no material changes to this Brochure since the previous version filed on June 28, 2016.

**Item 3: Table of Contents**

|  |    |
|--|----|
| Item 2: Material Changes .....   | 2  |
| Item 3: Table of Contents .....  | 3  |
| Item 5: Fees and Compensation .....  | 4  |
| Item 6: Performance Based Fees and Side-by-Side Management .....                                     | 5  |
| Item 7: Types of Clients .....   | 5  |
| Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....                            | 6  |
| Item 9: Disciplinary Information .....   | 7  |
| Item 10: Other Financial Industry Activities and Affiliations .....                                  | 7  |
| Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..... | 7  |
| Item 12: Brokerage Practices .....   | 8  |
| Item 13: Review of Accounts .....  | 8  |
| Item 14: Client Referrals and Other Compensation .....   | 9  |
| Item 15: Custody .....   | 9  |
| Item 16: Investment Discretion .....   | 9  |
| Item 17: Voting Client Securities .....  | 9  |
| Item 18: Financial Information .....   | 10 |

## Item 4: Advisory Business

Arlon Advisor LLC was organized as a limited liability company under the laws of the State of Delaware in September 2011 to act as an investment advisor and to hold the ownership interests of certain advisory affiliates. It is wholly owned and controlled by Continental Grain Company (“CGC”) which is owned by members of the Fribourg family.

The terms “Arlon” and the “Company” are used in this brochure to refer collectively to Arlon Advisor LLC and certain of its advisory affiliates. Arlon provides discretionary investment advisory services to private equity funds (the “PE Funds” or “Funds”) both directly and through investment advisory affiliates under its supervision and control. Advisory services are tailored to the specified investment mandates of each Fund as set forth in each Fund’s private placement or confidential offering memorandum and limited partnership agreements (“Offering Document”). Investment advice is not provided to the individual limited partners or investors (“Investors”) in the Funds.

The PE Funds make investments in companies that Arlon believes will yield attractive returns. As of March 31, 2016, Arlon managed approximately \$1,499,834,619 in assets on a discretionary basis.

## Item 5: Fees and Compensation

Certain Funds pay management fees and an incentive allocation for the provision of advisory services. Details concerning fees are set forth in each Fund’s Offering Documents.

Private Equity Funds – Non-employee Limited Partners of Arlon Food and Agriculture Partners LP (“AFAP”), Arlon Food and Agriculture Partners II LP and AFAP II Co-Invest LP (together, “AFAP II”) and the three Arlon Latin America Partners LP funds (“LatAm”) pay a management fee to an Arlon affiliate equaling (i) 2.0% per annum of such limited partner’s capital commitment during the investment period and (ii) thereafter, 2.0% per annum of such limited partner’s capital contributions in respect of portfolio investments that have not been disposed. The management fee for AFAP is subject to further reduction such that each sponsor limited partner bears its pro-rata share of the actual net operating expenses of the Arlon affiliate described above.

Each of Arlon Capital Partners LP, ContiCoffee, L.P. (Classes A and B), ContiCastleton Holdings LLC, Conti 767 Partners LP, Arlon BFG Investors LLC, and Arlon BFG Investors Fund LP do not pay a management fee. However, a newly created Class C of ContiCoffee, L.P. partnership interests pay a management fee of 2.0%.

In addition, the PE Funds may pay incentive based compensation (“Carried Interest”) to their general partners. The manner of calculation of the Carried Interest is disclosed in each of the PE Fund’s offering documents and in the case of the new ContiCoffee, L.P. partnership Class C, the subscription agreement and is only paid upon the realization of the PE Funds’ underlying investment, the timing of which is uncertain.

The relevant private placement memoranda [allow for certain transaction and monitoring fees to be charged to certain PE Funds, subject to the requisite 80% offset in the case of AFAP and 100% for the](#)

other Funds where such fees are allowed. These fees include transaction fees, monitoring fees, break-up fees and other similar fees charged by the Advisor, the General Partner or their affiliates to Portfolio Companies, as discussed in more detail in the relevant private placement memoranda.

Other Fees and Expenses – In addition to the fees described above, Investors will bear indirectly certain other expenses charged to the Funds. Expenses will vary by Fund, but typically include interest expense, brokerage commissions, custodial fees, accounting and reporting expenses, organizational costs, withholding and transfer taxes, bank charges, insurance costs, blue sky fees, and initial and periodic legal, audit and other professional fees and expenses.

The PE Funds may also be responsible for “Broken Deal Expenses,” which include any fees and expenses for transactions not completed, including amounts payable to third parties, any travel and accommodation expenses, and all fees and expenses of any legal, financial, accounting, consulting, other advisors or lenders, investment banks and other financing sources in connection with arranging financing for transactions that are not consummated. The PE Funds generally pay the expenses associated with consummated deals but may be reimbursed for such costs by the associated portfolio companies. Additionally, the PE Funds may invest a portion of their assets in pooled investment vehicles managed by unaffiliated third parties. As such, the PE Funds will bear the costs associated with such investments, including any fees payable to the third-party manager. Each Investor in the PE Funds bears its pro rata share of those Broken Deal Expenses or other investment related operating expenses.

**A complete description of fees and expenses is outlined in each Fund’s Offering Documents or other applicable governing documents.**

## **Item 6: Performance Based Fees and Side-by-Side Management**

As detailed in the **Fees and Compensation** section above, the PE Funds or their GPs may receive carried interest, which is considered to be a performance based fee, which is based on the realized gains of the Fund’s investments. The fact that Arlon is compensated based on the success of investments held by the PE Funds may create an incentive for Arlon to make investments that are riskier or more speculative than would be the case in the absence of such compensation.

Performance fee arrangements could also create an incentive for Arlon to favor higher fee paying clients over others in the allocation of investment opportunities. However, Arlon has policies and procedures in place to ensure that all Funds are treated fairly and equally. When Arlon determines that it would be appropriate for one or more Funds to participate in an investment opportunity, Arlon will seek to allocate interests to all participating Funds on a fair and equitable basis.

All performance fees charged by Arlon will be in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended (“Advisers Act”).

## **Item 7: Types of Clients**

Arlon provides investment management services to certain foreign and domestic private investment funds organized as limited partnerships, limited liability companies, or other legal entities.

The Funds and the interests in the Funds are not registered under federal securities laws. All U.S. persons investing in a Fund must be “accredited investors” (as defined in Regulation D of the Securities Act of 1933, as amended). In addition, those persons who pay performance fees must be “qualified clients” as defined in Rule 205-3. Details concerning applicable Investor eligibility requirements are included in Fund Offering Documents and subscription materials, which are furnished to all Investors.

Investors must meet certain minimum initial investment thresholds, which vary by Fund. Investment amounts below the minimum required may be accepted at Arlon’s discretion.

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

### **Private Equity Funds**

The PE Funds generally make or have made direct investments in the following broad categories: (a) private companies, either as lead investor or as a co-investor alongside other long-term investors which may include Continental Grain Company; (b) private equity funds and hedge funds managed by unaffiliated managers; (c) capital for a stake in an affiliated manager’s management entity; and (d) other investments that Arlon believes will yield attractive returns.

### **Risk of Loss**

Investing in securities involves the risk of loss that Investors should be prepared to bear. It is not anticipated that there will be an active secondary market for Fund interests, and it is not expected that such a market will develop. Further, no guarantee or representation is made that a Fund’s investment objectives will be achieved and performance could be negatively impacted by a number of risks including, but not limited to, the following:

Risks Involving Transaction Decisions Based on Fundamental Analysis – Transaction decisions are based on fundamental, technical, and other analysis. Any factor that would lessen the prospect of major trends occurring in the future may reduce the prospect that a particular trading method or strategy will be profitable in the future.

Concentration Risk – Certain Funds do not have fixed guidelines for diversification. However, each of the AFAP, AFAP II and LatAm Funds will concentrate investments in the agricultural industry and can only invest a certain percentage of its capital commitments in a single portfolio investment. Such concentration may negatively impact a portfolio in the event of an adverse economic, political, regulatory, or environmental occurrence affecting the agricultural industry. In addition, certain Funds may also concentrate their investments in the agricultural industry and may invest in only a single underlying investment or through a fund of funds structure, depending on the guidelines of such Funds.

Valuation Risk– With respect to the PE Funds, there will generally be no readily available markets for a substantial number of the Funds’ investments. As such, many investments will be difficult to value.

Valuations of the portfolio investments will be determined by Arlon. Valuations are estimates of future results that are based upon assumptions made at the time that the valuations are developed. Therefore, there can be no assurance that the projected results will be obtained, and actual results may vary significantly from the valuations.

**International Investing** – The Funds may invest all or a portion of their assets in instruments denominated in currencies other than the U.S. dollar. Investing outside the United States may involve greater risks than investing in the United States. These risks include: (a) less publicly available information; (b) varying levels of governmental regulation and supervision; and (c) the difficulty of enforcing legal rights in a non-U.S. jurisdiction and uncertainties as to the status, interpretation, and application of laws. In addition, issuers may not be subject to uniform accounting and financial reporting standards and requirements comparable to those applicable to U.S. issuers. Further, exit opportunities for non-U.S. investments may be less profitable and/or less frequent than would be the case if such investments had been made in the United States.

**Investors should refer to Fund Offering Documents for a complete description of the risks involved in an investment in a Fund.**

## **Item 9: Disciplinary Information**

Arlon and its management persons have not been involved in any legal or disciplinary events in the past ten years that would be material to an Investor's evaluation of the Company's advisory business or the integrity of Arlon or its management persons.

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

The Funds are typically managed by Arlon and affiliated managing member or general partner entities ("GP Entities"). All of the GP Entities' investment advisory activities are subject to the Advisers Act and such entities are subject to examination by the SEC. In addition, employees and persons acting on behalf of the GP Entities are subject to Arlon's supervision and control.

Arlon sponsors a management development program designed to develop managers in the food and agriculture sector. The program offers the Arlon portfolio companies specialist staffing, on an eight month rotational basis. The Arlon portfolio companies are under no obligation to engage specialists from the program. The specialists are not employees of Arlon or CGC, however, the reimbursements for the staffing costs are paid through Arlon, but ultimately paid by the relevant portfolio company, and neither Arlon nor CGC profits from these arrangements.

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

### **Code of Ethics**

Arlon has adopted a Code of Ethics, which is predicated on the principal that Arlon owes a fiduciary duty to its clients. Accordingly, employees of Arlon must avoid or disclose activities, interests, and relationships that run contrary (or appear to run contrary) to the best interest of clients. A copy of the Company's Code of Ethics is available to any Investor or prospective Investor by calling Michael Mayberry, Chief Compliance Officer, at 212-207-2898 or by writing to the address listed on the cover page of this brochure.

**Personal Trading**

Arlon permits its employees to engage, on a monitored basis, in personal securities transactions. The Code of Ethics governs personal trading activities by employees and their immediate family members. Specifically, the Code of Ethics requires employees to pre-clear certain personal securities transactions, report personal trades on at least a quarterly basis, and provide initial and annual holdings reports. Employees' personal trading activity is monitored to ensure that transactions have been executed in accordance with the Code of Ethics and relevant rules and regulations.

**Participation or Interest in Client Transactions**

Arlon, its employees, and its affiliates may participate in a Fund's investment program by investing or agreeing to commit assets for investment. In addition, Arlon, its employees, and its affiliates may participate in transactions effected for clients. Any actual or potential conflicts of interest arising from such participation are disclosed in each Fund's Offering Documents. In addition, employees currently do and may in the future receive directors' fees for serving on the board of directors of a portfolio company, which may be retained in whole or in part by Arlon.

**Item 12: Brokerage Practices**

From time to time, the Funds may enter into currency transactions for the purposes of hedging non-U.S. investments. Neither Arlon nor any Fund typically participates in trading through broker-dealers. To the extent any Fund purchases public securities as part of a private equity transaction or acquires such securities as a result of a portfolio company going public, Arlon will cause such Fund to follow applicable SEC guidelines to seek best execution when implementing such transactions.

Arlon does not have formal soft dollar arrangements. However, Arlon may receive access to research made available through brokerage firms or investment banks. Arlon believes this research is available to all managers of similar size. Arlon does not direct transactions in lieu of payments for research or other services that do not benefit the Funds.

In addition, Arlon has policies and procedures in place to ensure that all Funds are treated fairly and equally. When Arlon determines that it would be appropriate for one or more Funds to participate in an investment opportunity, Arlon will seek to allocate interests to all participating Funds on a fair and equitable basis.

**Item 13: Review of Accounts**

All investments are carefully reviewed and approved by Arlon's investment personnel. Portfolio investments are reviewed on a continuous basis and investment personnel meet regularly to discuss investment ideas, economic developments, industry outlooks, and other issues related to current portfolio holdings and potential investment opportunities.

Arlon provides each Investor with the following reports in accordance with the terms of the applicable Offering Documents: (1) annual audited financial statements; (2) quarterly or semiannual Investor statements, and (3) annual tax information necessary to complete any applicable tax returns.

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

Arlon has entered into an arrangement with placement agents who are paid a fee based upon the capital raised in the PE Funds. In addition to being reimbursed for certain expenses, the placement agents are paid a set fee based upon capital raised.

Arlon has entered into an informal arrangement with Mr. Lars Bergman. Mr. Bergman will be paid, on an informal basis, for introductions outside of the United States to potential non-US investors in certain PE Funds. Mr. Bergman will be compensated by the management company of the relevant PE Fund for those introductions that lead to a commitment of capital by such investors. Neither the PE Funds nor the investors' capital accounts will be charged in relation to any such payment to Mr. Bergman.

## **Item 15: Custody**

Fund assets are held in custody by unaffiliated broker-dealers or banks. However, Arlon generally is deemed to have custody of Fund assets because it or an affiliate serves as the general partner or managing member of the Fund. Accordingly, the Funds generally are subject to annual audits, and audited financial statements are distributed to each Investor. In such instances, audited financial statements are prepared in accordance with generally accepted accounting principles and distributed within 120 days of each Fund's fiscal year end.

## **Item 16: Investment Discretion**

Pursuant to the governing documents of each Fund, Arlon has full discretionary authority to determine, without obtaining specific Investor consent, the investments to be bought or sold on behalf of the Funds and to perform the day-to-day investment operations of the Funds.

## **Item 17: Voting Client Securities**

Arlon only votes proxies with respect to investments made on behalf of the Funds when Arlon determines its vote may have a significant or material impact on a Fund. In such situations, the

appropriate investment personnel shall determine the manner in which to vote the proxy. In the event Arlon determines that a conflict of interest exists with respect to a proxy, the Company's Chief Compliance Officer will be consulted to determine how to best mitigate the conflict which may include, depending upon the nature of the conflict, Arlon electing to engage, at its own expense, an outside proxy voting service or consultant to determine the appropriate manner in which to vote the proxy.

Investors may obtain a copy of the Company's Proxy Voting Policies and Procedures as well as a record of proxy votes by calling Michael Mayberry, Chief Compliance Officer, at 212-207-2898 or by writing to the address listed on the cover page of this brochure.

## **Item 18: Financial Information**

Arlon has not filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.