

**Part 2A of Form ADV: Firm Brochure (the "Brochure")**

**Item 1 – COVER PAGE**

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*This brochure provides information about the qualifications and business practices of Nitorum Capital, L.P. If you have any questions about the contents of this brochure, please contact us via email at [info@nitorumcapital.com](mailto:info@nitorumcapital.com) or call us at (212) 356-6300. 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 Nitorum Capital, L.P. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*Registration with the SEC does not imply a certain level of skill or training.*

## **Item 2 – MATERIAL CHANGES**

The Brochure should be read in its entirety. This Brochure has been amended since Nitorum Capital, L.P.'s previous filing dated November 14, 2014. We have not made any changes that we feel are material. In the future, material changes will be identified and discussed here.

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## Item 4 – ADVISORY BUSINESS

### Description of the Adviser

Nitorum Capital, L.P. (the “Adviser”), a Delaware limited partnership, was founded in July 2014 to provide discretionary investment advisory services to the private investment fund clients identified below. Seth Rosen is the principal owner of the Adviser and serves as its Managing Partner.

Nitorum GP, LLC (the “General Partner”) is an affiliate of the Adviser and acts as general partner to certain private investment fund clients that are organized as limited partnerships. Mr. Rosen is the Managing Member of the General Partner.

The Adviser’s private investment fund clients are referred to herein as a “Fund” or the “Funds”, as applicable and are listed below:

- Nitorum Fund, L.P., a Delaware limited partnership (the “Domestic Fund”);
- Nitorum Offshore Fund, Ltd., a Cayman Islands exempted corporation (the “Offshore Fund”);
- Nitorum Master Fund, L.P., a Cayman Islands exempted limited partnership (the “Master Fund”).

It should be noted that the Offshore Fund invests substantially all of its assets in the Master Fund. The Domestic Fund employs a similar strategy and invests its assets in the same manner as the Master Fund. As further described in this brochure, the Adviser seeks to invest the assets of the Master Fund and the Domestic Fund *pari passu* based on the equity in the respective Funds.

### Types of Advisory Services Offered

The investment objective of the Funds is to generate superior absolute and risk-adjusted returns over a long period of time while minimizing the risk of capital loss. **No assurance, however, can be given that the Funds’ investment objective will be achieved, and investment results may vary substantially on a monthly, quarterly, annual and/or other periodic basis.** The Adviser seeks to achieve the Funds’ objective by employing a classic bottom-up, fundamental research driven process primarily with respect to long and short investments in publicly traded equity securities across a variety of sectors both in the United States and internationally. The Adviser’s methods of analysis are further described in Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) below.

The particular investment objectives, strategies, fees and risks of each Fund are contained in the respective Fund’s confidential offering documents (each, a “Memorandum”).

### Availability of Services Tailored to Specific Client Needs

The Adviser has broad and flexible investment authority with respect to the Funds and its services are tailored to achieving the investment objectives as stated in each Fund’s Memorandum. The Adviser does not tailor its services to the individual needs of any investor in the Funds.

#### Wrap Fee Programs

The Adviser does not participate in wrap fee programs.

#### Client Assets Under Management

The Adviser's regulatory assets under management as of March 31, 2015 were approximately \$268,912,000, which were all managed on a fully discretionary basis on behalf of the Funds.

Please see Items 8 (Methods of Analysis, Investment Strategies and Risk of Loss), Item 10 (Other Financial Industry Activities and Affiliations) and Item 14 (Client Referrals and Other Compensation).

## Item 5 – FEES AND COMPENSATION

### Fees and Allocations

The Adviser receives compensation from the Funds in connection with providing discretionary investment advisory services in the form of a fixed management fee (the “Management Fee”) payable to the Adviser and based on the total value of the respective Fund. The General Partner, an affiliate of the Adviser, is entitled to a performance allocation (the “Performance Allocation”) based on the net gains (if any) earned by the Domestic Fund and the Master Fund. The Management Fee and the Performance Allocation are described in more detail below.

As more fully described in the respective Funds’ Memoranda, the Funds offer underlying investors 3 classes of interests (each referred to herein as a “Class”). Each Class is subject to different liquidity provisions and Management Fee and Performance Allocation rates. The rates associated with each Class are outlined here:

<u>Class</u>	<u>Management Fee Rate</u>	<u>Performance Allocation Rate</u>
Founders’ Class Interests	1.50%	17.5%
Class A Interests	1.50%	20.0%
Class B Interests	1.25%	15.0%

The Management Fees are paid to the Adviser by the Funds in advance at the beginning of each calendar quarter. The Management Fee is payable within ten days after the beginning of each quarter. The Performance Allocation is calculated annually, is subject to a traditional high watermark and takes the form of a reallocation of net gains to the capital account of the General Partner.

The Management Fee will be calculated after taking into account capital contributions as of the beginning of a calendar quarter and net of withdrawals as of the end of the prior calendar quarter. In addition, the Management Fee will be prorated for capital contributions and withdrawals during any calendar quarter based on the date such capital contribution or withdrawal is made (and, with respect to withdrawals, a prorated amount will be refunded by the Adviser to the Funds for the ultimate benefit of the withdrawing investor). Further, the Management Fee will be prorated for any calendar quarter during which the Adviser does not serve as the Adviser of the Funds for the entire calendar quarter.

As of the end of each fiscal year, increases in the Funds’ net worth allocated during such fiscal year to the capital account attributable to an investor shall be, subject to a high watermark, reallocated so that the General Partner’s capital account shall receive an allocation equal to the rates outlined above. If there is a reduction of an investor’s capital account as a result of a withdrawal of Interests prior to the end of a fiscal year, such allocations to the General Partner’s capital account will be made on a pro rata basis as though they were being made at the end of the fiscal year.

In addition, Class B Interests are subject to a 3 year soft lock-up provision. A Class B Interest may be withdrawn on the business day immediately preceding each one year anniversary during the lock-up period, subject to a fee equal to: (i) 5% of the amount withdrawn for withdrawals occurring on the last business day immediately preceding the 1 year anniversary of the establishment of the Class B Interest; and (ii) 3% of the amount withdrawn for withdrawals occurring on the last business day immediately preceding the 2 year anniversary of the establishment of the Class B Interest. Such withdrawal fees are

payable to the Fund from which the Class B Interest is withdrawn and allocated pro-rata to the remaining investors in such Fund.

If such Class B Interests are withdrawn prior to the expiration of the stated lock-up period, the Adviser is entitled to an additional Management Fee equal to the difference between the actual Management Fee paid and the Management Fee that would have been paid had such Class B Interest been subject to the Class A Management Fee. In addition, if such Class B Interests are withdrawn prior to the expiration of the stated lock-up period, the General Partner shall receive an additional Performance Allocation equal to the difference between the actual Performance Allocation and the total Performance Allocation that would have been charged had such Class B Interest been subject to the Class A Performance Allocation.

The Management Fee Rate and the Performance Allocation rate are generally not negotiable. However, the Adviser and the General Partner have the authority to waive, reduce or rebate the Management Fee and/or the Performance Allocation attributable to any investor, including without limitation, any employee, agent, or affiliate of the Adviser and/or the General Partner.

The Management Fee and the Performance Allocation are generally deducted from each Fund account upon the Adviser's instructions.

#### Expenses

The Adviser and the General Partner do not receive additional compensation from the Funds besides the Management Fee and the Performance Allocation described above. However, the Funds will incur their own operating and investment expenses. Operating expenses will include administration, accounting, tax and audit preparation expenses, legal fees, the Funds' compliance and regulatory expenses, a portion of Directors and Officers and/or Errors and Omissions insurance, fees for independent directors with respect to the Offshore Fund, and other expenses. Investment expenses will include brokerage commissions and other execution costs, regulatory commissions and fees, custodial fees, borrowing charges, interest expense and borrowing charges, certain research related expenses (but no travel related expenses) and other expenses directly related to the implementation of the Funds' investment program.

See Item 12 (Brokerage Practices) for a discussion of the Adviser's process for selecting broker-dealers and a description of how the Funds will incur brokerage and other transaction costs. Fund expenses are more fully described in the respective Funds' Memoranda.

Please see Items 6 (Performance-Based Compensation and Side By Side Management), Item 10 (Other Financial Industry Activities and Affiliations) and Item 12 (Brokerage Practices).

**It is critical that Fund investors and prospective investors refer to the respective Fund's Memorandum and other governing documents for a complete understanding of how the Adviser is compensated for its advisory services.**

## **Item 6 – PERFORMANCE-BASED COMPENSATION AND SIDE BY SIDE MANAGEMENT**

The Adviser manages the Funds, which are each subject to asset-based management fees and performance-based fees. See Item 5 (Fees and Compensation) of this Brochure for a detailed description of the Performance Allocation. The Performance Allocation may create an incentive for the General Partner to cause the Adviser to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such an arrangement. The Adviser does not currently manage any funds or other client accounts that are not subject to performance-based compensation. However, the Adviser may, in the future, manage additional funds or accounts with higher or lower fees, and different fee structures, than those applicable to the Funds. The Adviser recognizes that it is a fiduciary and, as such, must act in the best interests of its clients.



## **Item 7 – TYPES OF CLIENTS**

The Adviser provides investment advice to the Funds as more fully described in Item 4. The Funds are the sole clients of the Adviser. Investors in the Funds may consist of financial institutions, corporations, funds of hedge funds, endowments, foundations, high net worth individuals, trusts, estates, and pension or profit sharing plans.

In order to invest in the Funds, a prospective investor is required to make certain representations as to suitability and legal requirements of the respective Fund.

The minimum initial capital contribution required to purchase an interest in a Fund is \$1,000,000 (or such lesser amount as may be permitted by the General Partner or the Adviser, but not below \$100,000 in the case of the Offshore Fund). Thereafter, the minimum additional capital contribution required for interests will be \$250,000 (or such lesser amount as may be determined by the General Partner or the Adviser). Further, the General Partner and/or Adviser, may treat a withdrawal request from an investor that would result in the aggregate value of such withdrawing investor's account to be less than \$100,000 as a request for the full withdrawal of such investor's interest.

## Item 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### Methods of Analysis and Investment Strategies

Depending on conditions and trends in the securities markets and the economy in general, the Adviser may use other methods of analysis than those described below. There can be no assurance that the Adviser's methods of analysis will achieve profitable results.

The investment objective of the Funds is to generate superior absolute and risk-adjusted returns over a long period of time while minimizing the risk of capital loss. The Adviser seeks to achieve the Funds' objective by primarily making long and short investments in publicly traded equity securities across a variety of sectors both in the United States and internationally.

The Adviser seeks to identify equity securities that are misunderstood (positively or negatively) by the investment community at large, and therefore in its opinion, are mispriced. The Adviser will employ a classic bottom-up, fundamental research driven process including a deep financial analysis married with targeted field research in order to gauge the attractiveness of the risk/reward of any potential long or short investment. In addition, the Adviser intends to consider the perception of the equity security, the market sentiment, and macroeconomic factors, among other things. The Adviser intends to be opportunistic with a value bias and invest globally across a variety of sectors.

On the long side, the Adviser seeks high quality companies at a reasonable price with a value bias. These high quality companies generally have some "moat" or competitive advantage that allows them to sustainably earn above average returns on capital and generate strong cash flow. The Adviser also prefers long investments in companies led by strong management teams that are aligned with shareholders, with conservative accounting assumptions, balance sheets that offer optionality for change, and companies that are increasing in value.

On the short side, the Adviser seeks companies whereby the expected profitability or growth of the business is unsustainable and misunderstood. These companies usually have either aggressive accounting such that reported results do not represent economic reality, are in heightened competitive environments, are in structural decline, or have a history of destroying shareholder value. The Adviser intends to have a strong focus on accounting based shorts and prefers low quality companies with the exact opposite characteristics of the long investments.

### Certain Risk Factors

**Investing in securities involves significant risks. The Adviser's intended investment strategy on behalf of the Funds involves a substantial risk of loss of some or all of an investor's capital. The foregoing contains certain of the material risks involved in the Funds' investment strategies and does not purport to be complete. Investors should carefully review the applicable offering documents and consult with their own professional adviser(s) prior to making an investment.**

### Risk of Loss

An investment in the Funds is speculative and involves significant risk. The profitability of the Funds ultimately depends upon the Adviser correctly assessing the potential future price movements of the

securities, commodities and other financial instruments in which the Funds invest as well as the movement of interest rates. Such price movements may be volatile and are subject to numerous factors which are neither within the control of nor predictable by the Adviser. Accordingly, investors may incur substantial losses on their investments in the Funds, and it is possible that the Funds' performance will fluctuate substantially from period to period.

Competition. The securities industry, the various markets in which the Funds participate and the varied strategies and techniques engaged in by the Adviser are extremely competitive and each involves a high degree of risk. The Funds, the General Partner and the Adviser compete with firms, including, without limitation, many of the larger securities and investment banking firms, which have substantially greater financial resources, larger research staffs and more traders than the Adviser has or expects to have in the future, which may place the Funds at a competitive disadvantage.

Market Volatility. As a general matter, the prices of certain of the assets in which the Funds will invest have in the past exhibited high volatility in line with the heightened volatility and fluctuations of global capital markets. Price movements of these assets may be influenced by, among other things, interest rates, credit trends, changing supply and demand relationships, regulatory changes and fiscal and monetary programs and policies of governments. There can be no assurance that the Adviser will be successful in accurately predicting price and interest rate movements despite efforts to identify and, if applicable, hedge such risks.

Short Sales. The Funds will sell securities short. Selling securities short risks losing an amount greater than the proceeds received. Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. The Funds may be subject to losses if a security lender demands return of the lent securities and an alternative lending source cannot be found or if the Funds are otherwise unable to borrow securities which are necessary to cover positions. Although the Funds may utilize short selling as a hedging technique, short selling may also be used for speculative purposes.

Non-U.S. Investments. The Funds may invest a portion of their assets in non-U.S. securities and interests denominated in non-U.S. currencies and/or traded outside of the United States, including, without limitation, emerging market securities and interests. Such investments require consideration of certain risks not typically associated with investing in securities traded in the United States or other assets. Such risks include, among other things, unfavorable currency exchange rate developments, restrictions on repatriation of investment income and capital, imposition of exchange control regulation, confiscatory taxation and economic or political instability in foreign nations. In addition, there may be less publicly available information about certain non-U.S. companies than would be the case for comparable companies in the United States, and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies.

Failure of Brokerage Firms. U.S.-registered broker dealers which may carry the accounts of the Funds generally segregate all customer funds to be allocated to listed securities trading in compliance with SEC and FINRA regulations. If such assets were not so segregated, the Funds would be subject to the risk of the failure of the broker. Even given proper segregation, in the event of the insolvency of the broker, the Funds may be subject to a risk of loss of funds and may be able to recover only a pro rata share (together with all other securities customers of such broker) of assets, such as U.S. Treasury bills, specifically traceable to the Funds' accounts. In broker insolvencies, customers have, in fact, been

unable to recover from the broker's estate the full amount of their "customer" funds. In addition, under certain circumstances, such as the inability of another client of the broker or the broker itself to satisfy substantial deficiencies in such other client's account, a customer (including the Funds) may be subject to a risk of loss of funds on deposit with a broker dealer, even if such funds are properly segregated. In the case of any such bankruptcy or loss, the Funds might recover, even in respect of property specifically traceable to it, only a pro rata share of all property available for distribution to all of the broker's clients. The Funds may trade with or hold accounts at foreign broker dealers registered under the laws and regulations of other countries. Such brokers and/or dealers may not be subject to the same or similar customer fund regulations (including, without limitation, customer segregation requirements) as those existing in the United States. The financial failure of the parties with which the Funds trade in OTC markets could also result in substantial losses, as the Fund will deal with such persons as principal and there is no requirement that such parties segregate counterparty funds held by them in respect of such trading. Further, the Funds are subject to additional risks where it is a party to a securities lending arrangement and the counterparty to the arrangement becomes insolvent and/or defaults on its obligations, including, without limitation, the risk that collateral will not be returned and/or repurchased or the Funds will not be permitted to exercise remedies in accordance with the provisions of the relevant securities lending agreement.

Electronic Trading Facilities. The Funds, in their trading activities, may, in the sole and absolute discretion of the Adviser, make use of electronic trading and/or communication networks. Most electronic trading facilities are supported by computer- (including, without limitation, internet-) based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Trading on an electronic trading system may differ not only from trading in an open-outcry market or telephonic market but also from trading on other electronic trading systems. The Funds, in undertaking transactions on an electronic trading system, will be exposed to risk associated with the system, including, without limitation the failure of hardware and software. The result of any system failure may be that a trade order is either not executed according to its instructions or is not executed at all. The Funds' ability to limit or recover certain losses may be subject to limits on liability imposed contractually or by, without limitation, foreign or domestic law or regulation, the Funds' own or their brokers' internet service provider, other systems providers, market factors, foreign or domestic banking or other market regulations and/or telephonic or other communications providers.

Leverage. The Funds retain the right to utilize leverage, and may do so through direct borrowing, short selling, options and other instruments (including, without limitation, derivatives) and arrangements with embedded leverage. While strategies, techniques and instruments that employ leverage increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. If the Funds use leverage with respect to a position, any losses would be more pronounced than if leverage were not used, and a relatively small price movement in a security or other financial instrument may result in immediate and substantial losses to the Funds, including, without limitation, losses in excess of the amount invested. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the operating results of the Funds. In addition, the lender or counterparty, as the case may be, may have a security interest in, or otherwise acquire, all or a portion of the Funds' assets. In the event that the Funds default under any such arrangement, such lender or counterparty may have the right to become or remain the owner of all or that portion of the Funds' assets secured pursuant to such arrangement. If such arrangement is terminated, the Funds' ability to meet their investment objective may be adversely impaired. The Funds will bear all of the costs and

expenses incurred in connection therewith, including, without limitation, any interest expense charged on funds borrowed or otherwise accessed.

In addition, certain securities, commodities and other financial instruments which the Funds acquire may incorporate a certain, and sometimes high, degree of embedded leverage. Accordingly, even if not leveraged in the sense of being acquired with borrowings, the Funds may have highly leveraged exposure to certain securities, commodities and other financial instruments it acquires.

Liquidity. Investments that are made by the Funds may lack liquidity or be thinly traded. This could present a problem in realizing the prices quoted and in effectively trading the position(s). The Funds may invest in less liquid investments which could result in significant loss in value should the Funds be forced to sell the less liquid investments as a result of rapidly changing market conditions or as a result of margin calls or other factors. In certain circumstances, the Funds may also be contractually prohibited from disposing of investments for a specified period of time. Accordingly, the Funds may be forced to sell their more liquid positions at a disadvantageous time, resulting in a greater percentage of the portfolio consisting of less liquid investments.

The disposition of less liquid investments often requires more time and results in higher transaction costs than the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

Accuracy of Public Information. The Adviser selects investments for the Funds, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Adviser by the issuers or through sources other than the issuers. Although the Adviser evaluates all such information and data and may seek independent corroboration when the Adviser considers it appropriate and reasonably available, the Adviser is not in a position to confirm the completeness, genuineness or accuracy of such information and data and, in some cases, complete and accurate information is not available.

Concentration of Holdings. At any given time, the Funds' assets may become highly concentrated within a particular company, industry, asset category, trading style or financial or economic market. In such event, the Funds' portfolios will be more susceptible to fluctuations in value resulting from adverse economic conditions affecting the performance of that particular company, industry, asset category, trading style or financial or economic market, than a less concentrated portfolio would be. As a result, if the Funds' investment portfolio becomes concentrated, their aggregate return may be volatile and may be affected substantially by the performance of only one or a few holdings. The Adviser is not obligated to hedge the Funds' positions.

Equity Securities. The Funds will invest in equities and equity derivatives. The value of these instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Funds may suffer losses if they invest in equity instruments of issuers whose performance diverges from the Adviser's expectations or if equity markets generally move in a single direction and the Funds have not hedged against such a general move. In equity derivatives, the Funds are exposed to risks that issuers will not fulfill their contractual obligations to the Funds, such as, for example, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Small Companies. The Funds may invest a portion of their assets in securities of small and/or unseasoned companies with small market capitalization. While smaller companies generally have

potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. Such companies may not be well-known to the investing public, may not have significant institutional ownership and may have cyclical, static or only moderate growth prospects. As a result, the securities of smaller companies may be subject to wider price fluctuations. When making large sales, the Funds may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the lower trading volume of smaller company securities.

Smaller capitalization securities may be followed by relatively few securities analysts with the result that there tends to be less publicly available information concerning these securities compared to what is available for exchange-listed or larger companies. The securities of these companies may have limited trading volumes and may be subject to more abrupt or erratic market movements than the securities of larger, more established companies or the market averages in general, and the Funds may be required to deal with only a few market makers when purchasing and selling these securities. Transaction costs in smaller capitalization stocks may be higher than those for larger-capitalized companies.

Material, Nonpublic Information. From time to time, certain personnel of the Adviser and its affiliates may come into possession of material, nonpublic information that would limit the ability of the Funds to buy and sell investments. The Funds' investment flexibility may be constrained as a consequence of the Adviser's inability to take certain actions because of such information. The Funds may experience losses if they are unable to sell an investment that they hold because certain personnel of the Adviser have obtained material, nonpublic information about such investment.

Options. The Adviser may utilize options in furtherance of its investment strategies. Option positions may include both long positions, where the Funds are holders of put or call options, as well as short positions, where the Funds are the sellers (writers) of an option. Although option techniques can increase investment return, they can also involve a higher level of risk compared with their underlying securities. For example, the expiration of unexercised long options effectively results in loss of the entire cost, or premium paid for the option. Conversely, the writing of an uncovered put or call option can involve, similar to short selling, a theoretically unlimited risk of an increase in the Funds' cost of selling or purchasing the underlying securities, commodities or other financial instruments in the event of exercise of the option.

Hedging Transactions. Hedging involves special risks, including, without limitation, the possible default by the other party to the transaction, illiquidity and, to the extent the Adviser's view as to certain market movements is incorrect, the risk that the use of hedging could result in losses greater than if such investment strategies had not been used. The Adviser may utilize financial instruments for risk management purposes. The success of the hedging strategy of the Funds will be subject to the Adviser's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Because the characteristics of many assets change as markets change or time passes, the success of the Funds' hedging strategy will also be subject to the Adviser's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if they had not engaged in any such hedging transactions. For a variety of reasons, the Adviser may not seek to hedge certain portfolio holdings, or may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Moreover, the portfolio may be exposed to certain risks that cannot be hedged.

When conducted outside the United States, hedging may not be regulated as rigorously as in the United States, may not involve a clearing mechanism and related guarantees and will be subject to the risk of governmental actions affecting trading in, or the prices of, foreign securities, currencies, commodities and other financial instruments. The value of positions taken as part of non-U.S. hedging also could be adversely affected by (i) other complex foreign political, legal and economic factors; (ii) lesser availability of data on which to make trading decisions than in the United States; (iii) delays in the Funds' ability to act upon economic events occurring in foreign markets during non-business hours in the United States; (iv) the imposition of different exercise and settlement terms and procedures and margin requirements than in the United States; and (v) lower trading volume and liquidity.

Counterparty Creditworthiness and Risk. The Funds will engage in transactions in securities, commodities and/or other financial instruments that involve counterparties, and no counterparty exposure limits have been imposed on these transactions. Under certain conditions, a counterparty to a transaction could default or the market for certain securities, commodities and/or other financial instruments may become illiquid. In addition, the Funds could suffer losses if there were a default or bankruptcy by third parties, including, without limitation, brokerage firms and banks with which the Funds do business, or to which securities have been entrusted for custodial purposes.

The loan counterparties with which the Funds may effect transactions may not be subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, will not be available in connection with the Funds' lending activities. This exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus subjecting the Funds to suffer a possible loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds have concentrated their transactions with a single or small group of counterparties. The Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. The ability of the Funds to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds. The Funds intend to diversify and mitigate counterparty risk as appropriate.

Derivative Instruments. The Funds may invest capital with or through third parties through swaps, total return swaps and other derivative instruments. The Adviser may take advantage of opportunities with respect to certain other derivative instruments that are not currently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with their investment objectives and legally permissible. Special risks may apply to instruments that are invested in by the Funds in the future that cannot be determined at this time or until such instruments are developed or invested in by the Funds. Certain swaps, total return swaps and other derivative instruments may be subject to various types of risks, including, without limitation, market risk, liquidity risk, the risk of non-performance by the counterparty, including, without limitation, risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

Swap Agreements. The Funds may enter into swaps, total return swaps and other derivative instruments with or through third parties. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the Funds' exposure to long-

term or short-term interest rates (in the United States or abroad), non-U.S. currency values, corporate borrowing rates or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. The Funds are not limited to any particular form of swap agreement if consistent with the Funds' investment objective and policies. Swap agreements tend to shift the Funds' investment exposure from one type of investment to another. For example, if the Funds agree to exchange payments in dollars for payments in non-U.S. currency, the swap agreement would tend to decrease the Funds' exposure to U.S. interest rates and increase exposure to non-U.S. currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Funds' portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the Funds. If a swap agreement calls for payments by the Funds, the Funds must be prepared to make such payments when due. This is only true in default and not part of mark-to-market. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the Funds.

Other Derivative Instruments. The Funds may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the Funds and legally permissible. Special risks may apply to instruments that are invested in by the Funds in the future that cannot be determined at this time or until such instruments are developed or invested in by the Funds. Certain swaps, options and other derivative instruments may be subject to various types of risks, including, without limitation, market risk, liquidity risk, the risk of non-performance by the counterparty, including, without limitation, risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

Temporary Investments in Liquid Assets. The Funds may at times keep a portion of their assets in cash, cash equivalents or other liquid assets, including, without limitation, currencies, bank deposits, certificates of deposit, bankers acceptances, one or more short duration funds (including, without limitation, money market instruments or investments in shares or units of money market funds) and/or government securities (both short-term and long-term). Such investments may be financed by entering into repurchase agreements and/or reverse repurchase agreements with the Funds' brokers or by other means. Investors should be aware that such investments may produce a lower return than other investments contemplated by the Funds and, therefore, may impact the overall performance of the Funds. The fact that a portion of the Funds' assets are held in cash or cash equivalents should not be taken as an indication that the Funds have not fully invested all of their assets. Further, investors should not assume that an investment in the Funds is less risky due to the fact that the Funds may, from time to time, hold a significant portion of assets in cash and cash equivalents.

Market Dislocation and Illiquidity. Relatively recent events in the sub-prime mortgage market and other areas of the fixed income markets in the United States have caused significant dislocations, illiquidity and volatility in the structured credit, leveraged loan and high-yield bond markets. These events have had repercussions on the global financial markets, including, without limitation, the markets in which the Funds trade and invest, by restricting the availability of credit generally and reducing liquidity levels across virtually all markets globally. The foregoing events could lead to an overall weakening of the U.S. and global economies. Any resulting economic downturn could adversely affect certain of the Funds' investments. Such marketplace events also may restrict the ability of the Funds to sell or liquidate investments (including, without limitation, equity investments) at favorable times and/or for favorable



prices and/or cause the Funds to have limited access to credit. The Funds may be adversely affected by a decrease in market liquidity (e.g., by impairing the Funds' ability to adjust positions and risk in response to trading losses or other adverse developments). The size of the Funds' positions may magnify the effect of a decrease in market liquidity for the instruments traded. Changes in the overall market leverage (e.g., deleveraging or liquidations by other market participants of the same or similar positions) also may adversely affect the Funds' positions.

Currency Risk. The Adviser generally may or may not cause the Funds to enter into arrangements in an attempt to hedge the Funds' exposure to significant currency fluctuations between the U.S. Dollar and other currencies. Therefore, the Funds may be exposed to fluctuations in currency and interest rates to the extent the movement in such rates affects the Funds' portfolio. Price movements of currencies and interest rates are difficult to predict accurately because they are influenced by, among other things, changing supply and demand relationships; governmental, trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; and changes in interest rates. Governments from time to time intervene in certain markets in order to influence prices directly. The Adviser cannot guarantee that the Funds' portfolios will not be effected substantially by currency price and interest rate movements and the Funds may suffer significant losses as a result thereof.

Inflation Risk. Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if the Funds purchase a 5-year bond in which it can realize a coupon rate of five percent (5%), but the rate of inflation is six percent (6%), then the purchasing power of the cash flow has declined. For all but inflation linked bonds, adjustable bonds or floating rate bonds, the Funds, if they were to invest in bonds, would be exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security. To the extent that interest rates reflect the expected inflation rate, floating rate bonds have a lower level of inflation risk.

Some countries in which the Funds may invest have experienced substantial rates of inflation in recent years. Inflation and rapid fluctuations in inflation rates have had, and may in the future have, negative effects on the economies and securities markets of certain emerging economies. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on the Funds' investments in these countries or the Funds' returns from such investments.

Systemic Risk. World events and/or the activities of one or more large participants in the financial markets and/or other events or activities of others could result in a temporary systemic breakdown in the normal operation of financial markets. Such events could result in the Funds losing substantial value caused predominantly by liquidity and counterparty issues, which could result in the Funds incurring substantial losses.

General Economic Conditions. The success of any investment activity is affected by general economic conditions, which include the level and volatility of interest rates, credit spreads and equity valuations and the extent and timing of investor participation in the markets for both equities and interest-sensitive instruments. Unexpected volatility or illiquidity in the markets in which the Funds hold positions could cause the Funds to incur losses.

Please see Items 4 (Advisory Business), Item 10 (Other Financial Industry Activities and Affiliations), Item 11 (Code of Ethics, Participation in Client Transactions and Personal Trading) and Item 12 (Brokerage Practices).

## **Item 9 – DISCIPLINARY INFORMATION**

There are no disciplinary or legal matters that are material to a client's or a prospective client's evaluation of the Adviser or the integrity of its management.

## **Item 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As discussed in Item 4 (Advisory Business), Mr. Rosen is the principal owner and the Managing Partner of the Adviser, and is the Managing Member of the General Partner.

The Adviser and its management persons are not registered and do not have any applications pending registration as a broker-dealer or as a registered representative of a broker-dealer.

The Adviser and its management persons are not registered and do not have any applications pending registration as a futures commission merchant, commodity pool operator (“CPO”), a commodity trading adviser (“CTA”), or an associated person of the foregoing entities. The Adviser is exempt from registration as a CPO under CFTC Rule 4.13(a)(3) with respect to the Funds and exempt from registration as a CTA under CFTC Rule 4.14(a)(8). The General Partner is also exempt from registration as a CPO under CFTC Rule 4.13(a)(3) with respect to the Master Fund and the Domestic Fund. Such notice filings have been made with the National Futures Association.

The Adviser and its affiliates may, in the future, manage other investment vehicles and accounts for which they are compensated. Certain of such investment vehicles and accounts may have investment objectives and utilize strategies similar to the investment objective and strategies of the Funds. In addition, the Adviser and its affiliates may participate in or invest in other business ventures of any kind, including, without limitation, the management of or investment in other investment entities or securities. Some of these activities may be conducted on behalf of certain clients of the Adviser and/or its affiliates.

The Adviser serves as the investment manager to the Funds. The Adviser, its principals and employees also invest directly in the Funds. Investments in the Funds made by such parties, generally, are not subject to the Management Fee or Performance Allocation described in Item 5 above.

As previously noted in Item 4 above, the General Partner is the general partner of the Domestic Fund and the Master Fund. Seth Rosen, serves as a director of the Offshore Fund.

The Adviser does not recommend or select other investment advisers for its clients.

Please see Items 4 (Advisory Business), Item 5 (Fees and Compensation), Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss), Item 11 (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading) and Item 12 (Brokerage Practices).

## **Item 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### Code of Ethics

The Adviser and any officer, director, employee or principal of the Adviser (“Supervised Persons”) have a fiduciary duty to the Funds. That fiduciary duty requires that the Adviser implement and enforce certain standards of conduct that are applicable to all of its Supervised Persons in order to protect the confidentiality of material, nonpublic information held by the Company, to govern such employees’ personal securities trading activities. To that end, and in accordance with Rule 204A-1 under the Advisers Act, the Company has adopted a code of ethics (the “Code of Ethics”).

Supervised Persons are required to carefully read the Code of Ethics. Upon hire and generally on an annual basis thereafter, each Supervised Person must sign, date, and return a certification indicating they have read, understand and will adhere to the Code of Ethics to the Chief Compliance Officer. Each Supervised Person must keep a copy of the Code of Ethics for reference.

As an investment adviser, the Adviser recognizes that it stands in a position of trust and confidence. The Adviser’s reputation is sacrosanct and as such, its Supervised Persons are held to the highest ethical standards.

The Code of Ethics requires compliance with all applicable laws and sets forth our policies and procedures for Supervised Persons (and their respective personal accounts) on (i) personal securities trading, (ii) gifts and entertainment, and (iii) service on boards of directors and other outside activities.

All Supervised Persons receive training with respect to the Code of Ethics and the Adviser’s compliance manual periodically, including with respect to the prohibitions on trading on material, nonpublic information.

Investors or prospective investors may obtain a copy of the Code of Ethics by contacting the Adviser at the address or phone number listed on the Cover Page of the Brochure.

Supervised Persons found to be in violation of the Adviser’s Code of Ethics may be subject to discipline up to and including termination of employment with the Adviser.

### Personal Trading

Consistent with the Adviser’s fiduciary responsibilities, the Adviser has set forth policies that require Supervised Persons to give priority on all investment opportunities to the Funds. In order to effectively address conflicts of interest with our clients that may arise as a result of personal trading activities, the Code of Ethics generally prohibits Supervised Persons from investing in publicly traded equity securities.

A Supervised Person that has open positions in a personal trading account established prior to their employment with the Adviser may liquidate those positions subject to pre-approval by the Chief Compliance Officer. In addition and always subject to pre-approval, Supervised Persons may be permitted to buy and sell positions in private companies, other private investment funds, exchange-traded funds (ETFs) and certain fixed income securities. Transactions in private companies and other

private investment funds (other than the Funds) will generally be limited to three per year. Transactions in positions established prior to employment, transactions in ETFs and transactions in fixed income securities will generally be limited to three per month. Such three transaction limits do not include an approved trade executed in multiple lots. Supervised Persons are required to have all information relating to personal securities accounts sent to the Chief Compliance Officer including holdings information and transaction information.

It should be noted that the Adviser's personal trading policies will extend to Supervised Persons' spouses, domestic partners, minor children and other immediate family members that share a residence with such Supervised Person (and over whose purchases, sales, or other trading activities the Supervised Person exercises control or investment discretion) or to whom the Supervised Person provides material financial support.

#### Participation or Interest in Client Transactions

Supervised Persons do not purchase or sell securities from or to the Funds for personal accounts. As noted in Item 4 above, the Master Fund and the Domestic Fund are generally managed *pari passu* and the Adviser seeks to maintain the respective Funds' securities exposure in balance based on the equity in each Fund. In order to manage material subscriptions and redemptions as of the start or end of a particular month, the Adviser may engage in rebalancing transactions (or cross transactions) between the Master Fund and the Domestic Fund in an effort to maintain security exposures in parallel.

Supervised Persons and their family members are permitted and encouraged to invest in the Funds managed by the Adviser to the extent they satisfy eligibility requirements. In certain circumstances, the collective interests of such persons may be material to the overall equity of the Funds. As disclosed in the Memorandum to each Fund, these investments are generally not subject to a Management Fee or Performance Allocation.

Please see Items 10 (Other Financial Industry Activities and Affiliations) and Item 12 (Brokerage Practices).

## **Item 12 – BROKERAGE PRACTICES**

### Selection of Brokers

As noted in Item 4 above, the Adviser has full discretionary authority in managing the investments of the Funds. This discretion includes the authority to make decisions with respect to which securities are bought and sold, the quantity and price of those securities, the broker-dealers used to effect such transactions and commissions and other transaction costs to be incurred.

In selecting a broker for each specific Fund transaction, the Adviser will use its best judgment to choose the broker-dealers most capable of providing “best execution” on an overall basis. As a matter of policy, broker-dealers will not be selected by the Adviser solely on the basis of price, but will be selected on the basis of an evaluation by the Adviser of the overall value and quality of the brokerage services provided by such firms to the Funds. Consideration of all relevant factors, including certain intangibles, ranging from “soft dollars” to a broker’s customer service is essential in considering and evaluating best execution. Applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple brokers or dealers capable of effecting the transaction.

### Soft Dollars and Commission Sharing Arrangements

Section 28(e) of the Exchange Act provides a “safe harbor” to investment managers who use commission dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the manager in the performance of investment decision-making responsibilities. Conduct outside of the safe harbor afforded by Section 28(e) is subject to the traditional standards of fiduciary duty under state and U.S. federal law. Notwithstanding a good faith determination that the amount of commissions paid is reasonable in relation to the value of brokerage research services provided, to the extent that the Adviser determines to use commission dollars to pay for products and services that provide administrative or other non-research assistance to the Adviser and/or its affiliates, such payments will fall within the safe harbor of Section 28(e).

The Adviser anticipates receiving certain research products and services directly from brokers and other third parties including written reports and analyses concerning specific securities, companies or sectors, access to company management teams, industry consultants, industry experts, analytical software, newswire and market data services and other products and services. The Adviser is of the view that such products and services provide the Adviser with lawful and appropriate assistance in the performance of its investment-decision making responsibilities.

The use of soft dollars to obtain research and other services by the Adviser may present a potential conflict of interest. While the Adviser is confident that the Fund (or Funds) that are generating “soft” or commission dollars will benefit from most of the services obtained with soft dollars, such Fund (or Funds) may not benefit exclusively. When the Adviser uses Fund brokerage commissions to obtain research or other products or services, the Adviser and/or its affiliates may also derive direct or indirect benefits from some or all of these services because the Adviser does not have to produce or pay for the research, products or services. The Adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than in the interest of the Funds obtaining best execution.

The Advisor may also utilize Commission Sharing Arrangements (“CSAs”). CSAs work similarly to traditional soft dollar arrangements in that the Funds will accrue credits on commissions paid to an executing broker and utilize those credits to pay a separate broker for research and/or brokerage services. CSAs will allow the Advisor to limit the number of trading counterparties with whom the Funds transact while providing the Advisor with broad access to research services.

Soft dollar and CSA payments are reviewed by the Chief Compliance Officer to ensure such payments are consistent with the Adviser’s policies and comply with the safe harbor afforded by Section 28(e).

#### Brokerage for Client Referrals and Directed Brokerage

Certain personnel of the Adviser may participate in events offered by brokers including the Funds’ prime brokers. The Adviser does not compensate or otherwise reward brokers for client referrals.

As previously noted, the Adviser has full discretion in selecting brokers to effect the Funds’ securities transactions. The Adviser does not allow investors in the Funds to direct brokerage to a particular broker-dealer.

#### Trade Aggregation and Allocation Policies

As previously disclosed throughout this brochure, the Master Fund and the Domestic Fund are managed by the Adviser *pari passu*. The Adviser will generally execute all purchase and sale orders on an aggregated basis. In general, such aggregation provides for an overall economic benefit to the Funds by executing at relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. Aggregated orders will generally be allocated (i) pro-rata between the Master Fund and the Domestic Fund in proportion to their respective equity amounts; or (ii) based upon a target percentage holding across the Funds. The Adviser may determine that allocation of such order in the manner described above is inappropriate for one of the accounts because of tax, legal, or regulatory considerations. To the extent the Adviser departs from prescribed allocation methods described herein, the Adviser will take steps to ensure such other allocation methodology is reasonable, employed in good faith and does not result in an unfair or inequitable disadvantage to any of the Funds.

Please see Item 10 (Other Financial Industry Activities and Affiliations).

## **Item 13 – REVIEW OF ACCOUNTS**

The Adviser performs daily reviews of each Fund's portfolio. Such reviews are conducted by the Adviser's Managing Partner, Chief Financial Officer, Controller and Trader and include a review of portfolio composition and trading activity, trade allocations, cash management, margin availability and counterparty exposure.

Morgan Stanley Fund Services USA LLC and certain affiliates ("MSFS") serves as the Funds' administrator. MSFS performs a daily reconciliation of portfolio positions, cash balances and total equity between the Adviser's records and those of the Funds' prime brokers and other counterparties. The Adviser reviews such reconciliations, conducts its own reconciliations on a daily basis and addresses discrepancies as soon as identified.

Investors in the Funds will receive the following written reports:

- On a monthly basis, investors in the Funds will receive an unaudited statement of their account from MSFS which includes beginning and ending capital account balances, any subscription and redemption activity and Fund performance.
- On an annual basis, investors in the Funds will receive a Schedule K-1 (for those investors in the Domestic Fund) and audited financial statements.
- The Adviser will also provide periodic performance updates and market and portfolio commentary.

The Adviser's Director of Investor Relations can be reached at the address and phone number listed on the cover page of this Brochure.



## **Item 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

The Adviser does not compensate any third parties in connection with the referral of investors to the Funds or for any client referrals.

The Adviser does not receive any economic benefits from third parties in connection with the provision of investment advisory services or with respect to investments made by the Funds other than Section 28(e) eligible research and brokerage services as described in Item 12 above.

## **Item 15 – CUSTODY**

The Adviser, through certain of its affiliates, is deemed to have custody of client funds and securities because it has authority to instruct payments from the Funds' accounts (for example, by deducting Management Fees). The Adviser relies on an exemption from Rule 206(4)-2 by maintaining the assets of the Funds with qualified custodians and by preparing and distributing audited financial statements to the Funds' investors on an annual basis within 120 days of the fiscal year-end.

## **Item 16 – INVESTMENT DISCRETION**

As noted in Item 4 above, the Adviser invests the assets of the Funds on a discretionary basis. The Adviser has been granted this authority pursuant to an investment management agreement between the Adviser and each of the Funds. For more information, please see Item 4 (Advisory Business).

## **Item 17 – VOTING CLIENT SECURITIES**

The Adviser has discretionary authority to vote securities held by the Funds, which are the Adviser's only clients. Pursuant to Rule 206(4)-6 of the Advisers Act, the Adviser has adopted written policies and procedures designed to ensure that proxies are voted in the best interests of the Funds.

The Adviser considers each proxy issue on a case-by-case basis. The Adviser's key consideration in determining how best to vote a proxy is the maximization of value to the Funds. Consistent with its fiduciary duty to its clients, the Adviser will seek to avoid any conflicts of interest in connection with any proxy vote on behalf of the Funds. The Adviser's proxy voting policy includes procedures for identifying and resolving any such conflicts so as to place the Funds' interests ahead of those of the Adviser.

The Adviser may abstain from voting (which generally requires submission of the proxy voting card) or decide not to vote if the Adviser determines that abstaining or not voting is in the best interests of the Funds.

As of the date of this Brochure, investors in the Funds are not allowed to direct a vote in any proxy solicitation.

Investors or prospective investors may obtain a copy of the Adviser's proxy voting policies and information on how the Adviser voted their securities by contacting the Adviser at the address or phone number listed on the Cover Page of this Brochure.

## **Item 18 – FINANCIAL INFORMATION**

The Adviser does not require or solicit prepayment of Advisory fees 6 months or more in advance.

The Adviser is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.

The Adviser has not been the subject of a bankruptcy petition at any time during the past 10 years.

## **Item 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

This item is not applicable.