



## 50 SOUTH CAPITAL ADVISORS, LLC

Form ADV Part 2A  
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**FEBRUARY 29, 2016**

This brochure provides information about the qualifications and business practices of 50 South Capital Advisors, LLC ("50 South"). If you have any questions about the contents of this brochure, please contact your investment relationship manager or our corporate operator at (312) 630-6000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

50 South is a registered investment adviser under the Investment Advisers Act of 1940, as amended. SEC registration does not imply a certain level of skill or training.

Additional information about 50 South also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

This brochure does not constitute an offer or a solicitation of an offer to buy shares or interests in any investment fund that 50 South sponsors, manages, or advises. An offer of those funds can only be made to qualified investors by way of the approved offering materials for those funds and only in jurisdictions in which that offer will comply with applicable rules and regulations.

**Item 2 - Material Changes**

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There have been no material changes to the brochure since the last update.

**Item 3 - Table of Contents**

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## Item 4 - Advisory Business

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### Item 4A – Advisory Firm Description

50 South Capital Advisors, LLC ("**50 South**"), is a Delaware limited liability company and is registered with the SEC as an investment adviser. 50 South was formerly the Alternative Investment Group of Northern Trust Investments, Inc. ("**NTI**"), a registered investment adviser since 1988. 50 South was formed in January 2015 and is a wholly owned subsidiary of Northern Trust Corporation ("**NTC**"), a financial holding company and publicly held company that owns 100% of 50 South.

50 South is an alternatives asset management firm designed to meet the core strategic needs of investors seeking access to global alternative investments. Its highly experienced team works closely with a wide range of investors to fulfill specific investment objectives and create lasting relationships. The 50 South investment philosophy focuses on providing access to managers with unique and differentiated sources of return.

### Item 4B – Advisory Services Offered

50 South offers investment advisory services to U.S. and non-U.S. investors seeking multi-manager alternative solutions through various products including registered and unregistered single investor and commingled investment fund of funds (collectively "**50 South Funds**") and separately managed accounts ("**Managed Accounts**"). The following is a description of the investment advisory services we offer:

**Hedge Funds:** We provide discretionary investment advisory services to hedge fund of funds (the "**50 South Hedge Funds**"). The 50 South Hedge Funds invest in various third-party hedge sub-funds ("**sub-funds**") that invest directly in securities and financial instruments.

**Private Equity Funds:** We provide discretionary investment advisory services and serve as general partner and investment adviser to private equity fund of funds (the "**50 South Private Equity Funds**"). The 50 South Private Equity Fund primarily invests in various third-party private equity sub-funds that invest directly in portfolio companies. The 50 South Private Equity Funds also invest directly into portfolio companies.

The 50 South Funds are either exempt from registration as investment companies in reliance on Sections 3(c)(1) and 3(c)(7) of the Investment Company Act of 1940, as amended (the "**1940 Act**") or are "closed-end" registered investment companies under the 1940 Act and Subchapter M of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**").

The 50 South Funds are available to U.S. taxable and tax-exempt "**accredited investors**" as defined in Regulation D promulgated under the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "**Securities Act**") and/or "**qualified**

**purchasers"** (as such term is defined in Section 2(a)(51) of the 1940 Act), as well as to non-U.S. investors.

The 50 South Funds have different features, which include varying levels of fees, investment objectives and guidelines, business terms, dividend payments, investment minimums, investor qualification standards and liquidity terms. The 50 South Funds offer a combination of risk-adjusted return profiles and diversification.

**Managed Accounts:** 50 South provides discretionary and non-discretionary investment advice and recommendations and custom investment solutions to foreign or U.S. persons, institutions, corporations, unincorporated entities, foundations, endowments, public funds, Keoghs or pension or retirement plan investors on a broad range of hedge and private equity strategies. These strategies include (but are not limited to) to long-only equity, long-only fixed income, global macro, directional, event driven, private equity (buyout, venture capital, secondary) and real assets.

#### **Item 4C – Tailoring of Advisory Services**

Clients are able to provide guidelines and impose restrictions on their Managed Accounts. We tailor investment advice and recommendations to clients in Managed Accounts based upon the guidelines and any restrictions the client may have imposed for the account.

The co-mingled 50 South Funds have set investment objectives and investment guidelines and such investments are not tailored to the needs of individual investors.

#### **Item 4D - Wrap Programs**

50 South currently does not provide investment advisory services to wrap fee programs.

#### **Item 4E - Assets Under Management**

As of December 31, 2015, 50 South had assets under management of approximately \$3.3 billion.

#### **Item 5 - Fees and Compensation**

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##### **Item 5A-5D – Fee Schedule, Billing of Fees, Other Types of Fees or Expenses and Billing Method**

**50 South Hedge Funds:** Our investment advisory fees range from 1.00% to 1.25% per annum and are paid by the 50 South Hedge Funds. Our investment advisory fee for single investor 50 South Hedge Funds vary and are generally negotiable.

Investors in the 50 South Hedge Funds will be assessed an investment advisory fee on a pro rata basis in proportion to their investment. The fees are calculated as of the last business day of each calendar quarter. The 50 South Hedge Funds currently do not charge performance fees.

The 50 South Hedge Funds may be subject to additional fees including, but not limited to, transfer agent, organizational, line of credit, risk management, custody, audit, tax, brokerage and other transaction costs, administrative and other expenses. The 50 South Hedge Funds also incur sub-fund fees, which include investment advisory fees and performance fees.

Certain unregistered 50 South Hedge Funds fees can be negotiated in accordance with the fund's offering memorandum. Any such modification will cause some investors to pay fees that are different from the fees disclosed in the offering memorandum.

**50 South Private Equity Funds:** 50 South Private Equity Funds' investment advisory fees range from .55% to 1.25% per annum and are paid by the respective 50 South Private Equity Fund. The fees are calculated quarterly in advance for our services as general partner, which includes investment advisory services. We receive our fee as an annual management fee from and including the effective date through the final distribution of the assets of the 50 South Private Equity Funds. The management fee is equal to the aggregate sum of the products of (1) each investor's initial investment (referred to as its commitment), multiplied by (2) the applicable percentage then in effect for the investor. The 50 South Private Equity Funds are required to pay annual management fees to 50 South based upon the entire amount of their commitments whether or not the 50 South Private Equity Funds are fully invested.

50 South Private Equity Funds fees depend on the commitment size and include a 10% carried interest fee on secondary investments. There is no carried interest fee on primary investments in sub-funds. The 50 South Private Equity Funds are subject to sub-fund fees, which include investment advisory fees and carried interest.

50 South Private Equity Funds fees are not generally negotiable, though they may be waived or changed in accordance with the offering memorandum. Any such modification will cause some investors to pay fees that are different from the fees disclosed in the offering memorandum.

The 50 South Private Equity Funds may also be subject to additional charges including, but not limited to, transfer agent, structuring, organizational, line of credit, custody, audit, tax, brokerage and other transaction costs, administrative and other expenses. All fees of the 50 South Private Equity Funds are disclosed in the offering memorandum of each fund.

**Managed Accounts:** 50 South negotiates fees directly with a client on a case-by-case basis. The fees are generally paid in arrears and are automatically deducted by the custodian from the client's assets.

Depending on the type of Managed Account, a client may be subject to additional fees such as custody, brokerage and other transaction costs.

If a client invests in a proprietary or sub-fund, there will be sub-fund fees in addition to our Managed Account level investment advisory fee. Clients should review the investment advisory agreement and offering memorandum for further information on fees incurred.

50 South reserves the right at its sole discretion, to negotiate agreements with different or modified fee arrangements than those described herein. Upon termination of any Managed Account, any unearned fees are promptly refunded to the client and any earned unpaid fees are due and payable.

50 South Funds may enter into agreements with certain clients (“Side Letters”) with respect to fee terms, liquidity or reporting. 50 South will not enter into a Side Letter if it would have an adverse impact on other clients.

#### **Item 5E – Compensation for Sale of Securities or Other Products**

50 South and its supervised persons do not accept direct compensation for the sale of securities or other investment products, including asset based sales charges or service fees from the sale of affiliated products.

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

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As mentioned in Item 5 “Fees and Compensation,” we may receive a 10% carried interest fee on secondary investments in underlying portfolios of the 50 South Private Equity Funds. This 10% carried interest fee could pose a conflict of interest for 50 South Capital in that we may favor the 50 South Private Equity Funds over the other investment products in which we do not receive a performance-based fee. This potential conflict of interest is mitigated by (i) the policies and procedures that have been established respecting the allocation of investment opportunities and (ii) review and approval of allocation determinations by oversight committees.

50 South may enter into performance-based fee arrangements with Managed Accounts. Generally, these fees are based on a share of capital gains or on capital appreciation of a Managed Account’s assets during a designated period. Certain Managed Accounts may also enter into incentive fee arrangements that provide for an asset-based management fee that is based on the market value of the Managed Account at specified periods, plus a performance fee based on the account’s return in excess of a specified benchmark. 50 South does not currently receive a performance-based fee for any of its Managed Accounts.

We do not currently receive a performance-based fee for the 50 South Hedge Funds.

We may have Managed Accounts and 50 South Funds that charge a performance-based fee as well as an asset-based fee. This could result in 50 South having a financial incentive to favor Managed Accounts or funds with performance-based fees because we have an opportunity to earn greater fees on such clients as compared to clients without performance-based fees. As a result, we may have an incentive to direct our best investment ideas to or allocate sequence trades in favor of a Managed Account or funds that pays a performance fee. We may also have an incentive to recommend investments that may be riskier or more speculative than those that we would recommend under a different fee arrangement.

“Side-by-Side Management” refers to our simultaneous management of multiple types of accounts. For example, we provide recommendations and advice to Managed Accounts and

make investments on behalf of the 50 South Funds at the same time. Managed Account clients and 50 South Funds may have different investment objectives, policies, strategies, limitations and restrictions. Some of our employees are dual officers of one or more of our affiliates and may have investment advisory responsibilities for the affiliates. A potential conflict of interest may arise when Managed Accounts and 50 South Funds are managed concurrently and particularly when dual officers are involved. Below we discuss potential conflicts of interest when engaging in side-by-side management and how we deal with such conflicts.

50 South and its affiliates perform investment advisory services for various clients. We may give advice and take action in the performance of our duties with respect to any one client, which may differ from the advice given, or the timing or nature of action taken, with respect to another client. We have no obligation to purchase or sell from a client any security or other property, which we purchase or sell from our own account or the account of any other client, if it is undesirable or impractical to take such action. We may give advice or take action in the performance of our duties with respect to any one client, which may differ from the advice given, or the timing or nature of action taken by our affiliates on behalf of their respective clients.

50 South selects sub-funds on behalf of the 50 South Funds to which it serves as either general partner or investment adviser. We also recommend sub-funds to Managed Accounts and affiliates. Certain 50 South Funds may have a limited capacity for new or subsequent investments. 50 South has adopted an allocation policy and related procedures for determining how to allocate the investment opportunities and redemptions equitably and fairly across Managed Accounts. The policy permits 50 South to consider criteria such as different liquidity needs, legal considerations, tax status, cash flows, and ERISA considerations. *de minimis* investment amounts, regulatory or client investment objectives, available capital, investment strategy, current investment portfolio, diversification requirements and other considerations that 50 South may deem appropriate. Because of these factors, the 50 South Funds and Managed Accounts may differ in composition and may not receive pro rata allocations or redemptions over a particular period. However, the objective of the allocation policy is to ensure that all Managed Accounts and 50 South Funds are treated equitably and fairly over time.

Additional potential conflicts of interest that are not identified above may arise from time to time. As we become aware of any additional conflicts of interest, they will be discussed and resolved on a case-by-case basis taking into account the interests of the relevant parties and applicable laws. 50 South does not consider the client fee level when making allocation and redemption decisions.

To minimize the effects of the above inherent conflicts of interest, we have adopted and implemented a Code of Ethics and additional policies and procedures. We believe these policies and procedures are reasonably designed to mitigate the potential conflicts associated with managing portfolios for multiple clients and seek to ensure that no one client is intentionally favored over time at the expense of another.

#### **Item 7 - Types of Clients**

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##### **50 South Funds:**



The 50 South Hedge Funds are generally organized as U.S. limited liability companies or Cayman Island limited partnerships, exempted companies and unit series trusts.

The 50 South Private Equity Funds are organized as U.S. limited partnerships or Cayman Island limited partnerships.

Investors in the 50 South Funds must be accredited investors and/or qualified purchasers and include foreign or U.S. persons, institutions, corporations, unincorporated entities, foundations, endowments, public funds, Keoghs or pension plan or retirement investors. The initial minimum investment is generally from \$50,000 to \$250,000 in the 50 South Hedge Funds and \$250,000 to \$500,000 in the 50 South Private Equity Funds. The minimum investments amounts may be waived or reduced at the discretion of 50 South.

**Managed Accounts:** Our discretionary and non-discretionary Managed Accounts are generally set up for accredited and/or qualified purchasers and include foreign or U.S. persons, institutions, corporations, unincorporated entities, foundations, endowments, public funds, Keoghs or pension or retirement plan investors. The minimum account size is generally \$25 million.

50 South also manages various private equity employee co-investment vehicles that invest in the 50 South Private Equity Funds.

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

### **Item 8A - Methods of Analysis and Investment Strategies**

50 South employs a variety of analytic methods to select sub-funds and construct portfolios. The primary components are described below:

#### **50 South Hedge Funds and Hedge Fund Managed Account Methods of Analysis:**

50 South Capital seeks sub-funds that can produce attractive risk adjusted returns for client portfolios. Our process combines qualitative, quantitative, and operational due diligence assessments designed to identify skilled sub-fund managers. Qualitative assessment starts by finding skilled hedge fund managers with repeatable processes. Analysts start by defining the strategy and opportunity being captured and determine the return/risk characteristics of the sub-fund in order to isolate the manager's source of skill. Quantitative assessment involves seeking independent evidence to support or refute qualitative observations. We seek multiple viewpoints to build conviction in a sub-fund by forming insights into the manager's risk appetite and sources of return over time. Operational due diligence validates that the various sub-fund's operational infrastructure can support the strategy and business over time. We have an expectations based monitoring and review process.

50 South Capital builds diversified portfolios for clients that combine different strategies to meet the client's overall return and risk objectives. 50 South Capital's process evaluates each sub-manager strategy in the context of a forward-looking view on the outlook for a particular

strategy. Leaning into favorable environments while reducing more challenged strategies contributes to both return generation and risk mitigation. The sub-funds are chosen for their attractive risk-adjusted performance and for their ability to complement the other sub-funds in a fund or Managed Account. The 50 South Hedge Funds and Managed Accounts are constructed through a top-down and bottom-up process. The portfolio team employs multi-dimensional analysis to identify the combination of sub-funds to be employed in each asset class. The technique considers both returns-based and holdings-based analysis to ensure that the portfolio is consistent with stated market assumptions.

50 South intends to take risks that are appropriately compensated for and actively look to mitigate unwanted risks. In addition to close monitoring of each sub-fund manager, we look to mitigate risk through diversification. We size sub-funds according to their expected volatility. Sub-funds with more volatile mandates or investing styles typically have a smaller allocation. We further perform stress tests on the portfolio across multiple market scenarios to understand risk variability in different market environments. Portfolios are actively monitored and rebalanced to ensure they are operating within the overall risk objectives for a particular mandate.

The sub-funds have full discretion over all matters relating to the manner, method and timing of investments and trading, subject to the investment objectives, policies and restrictions set forth herein or those otherwise that we communicate to the manager.

#### **South Hedge Funds and Managed Accounts Investment Strategy:**

50 South Capital invests across a number of broad strategies employed by sub-funds. These strategies are listed below:

**Long/Short Equity Strategies**— invest their capital in equities both long, with an expectation a company's share price will go up, and short, with an expectation a company's share price will go down. Sub-funds can be geographically diversified or country or sector focused.

**Event Driven Strategies**— capitalize on specific events that can be corporate, legal, or regulatory in nature including bankruptcy, merger, and liquidation. Returns can be generated across the capital structure.

**Global Macro Strategies**— trade on top down trends effecting markets. Investments can be long and short positions in equities, foreign exchange, and interest rates of countries around the world.

**Relative Value Strategies** — use trading techniques that seek to capture value dislocation, or differences in price between similar securities. Exposures are typically structured to have little exposure to broader markets.

Please refer to the offering documents for additional information on strategies utilized.

#### **50 South Private Equity Funds and Private Equity Managed Account Methods of Analysis:**

50 South manages the 50 South Private Equity Funds and customizable Managed Accounts. The private equity program seeks to generate returns in excess of those provided by public equities by investing in top-tier private equity funds while reducing risk through sector and fund diversification.

50 South utilizes an ongoing due diligence process to ensure that the sub-funds have the best chance of generating strong risk-adjusted returns. Our investment team considers on an ongoing basis a number of factors, including, but not limited to: (i) the quality and stability of the fund's management group; (ii) the historical investment performance of the firm; (iii) the uniqueness of the fund's strategy and its competitive advantages; (iv) the fund's reputation; (v) the way the firm generated past returns (e.g., cash flow growth, multiple arbitrage or debt repayment); and (vi) the fund's fit within the overall portfolio. Our investment team completes numerous qualitative and quantitative analyses throughout the process and relies heavily on its proprietary network of lenders, co-investors and service providers established during its extensive experience in the private equity industry. We manage our clients' accounts according to the guidelines set by our oversight committees.

After making a commitment to a sub-fund, the investment team conducts a quarterly review. The review includes a check on the sub-fund's investments to assess performance, to determine whether the manager is adhering to its stated investment strategy and to confirm that the manager is investing the fund's capital at an appropriate pace. The investment team generally attends the scheduled annual meetings for each fund and discusses any issues facing the fund with the management group. The team also participates in periodic update calls held by fund managers and often meets with the managers one-on-one in their offices for periodic updates or when questions or issues arise.

**50 South Private Equity Funds and Managed Accounts Investment Strategy:** The 50 South Private Equity Funds make primary commitments to sub-funds that invest in various portfolio companies in two sectors of the private equity market: buyout and venture capital. The 50 South Private Equity Funds periodically invest in portfolio companies. Descriptions of each investment strategy are set forth in either the offering document or governing document. Strategy descriptions are subject to change over time. Securities received in-kind from sub-funds are typically be liquidated promptly.

The focus of the underlying buyout and venture capital sub-funds are as follows:

**Buyout Funds** – includes buyout funds generally and may include “for control” distressed debt funds, certain growth equity funds and, to a lesser extent, mezzanine debt funds. Other funds viewed by 50 South as consistent with the strategy and risk/return characteristics of a buyout fund may also be chosen for investment. While the investments in this sector will be comprised primarily of U.S.-based funds, 50 South may also make investments in sub-funds located in other countries or regions, including, but not limited to, Europe and Asia. In addition, while these sub-funds are expected to invest primarily in the region where their manager is located, a portion of each sub-fund's commitments may be invested in companies headquartered elsewhere. Within the sector, 50 South expects to commit the 50 South Private Equity Funds mostly to small- and

middle-market buyout funds, though the 50 South Private Equity Funds may have limited exposure to large-market companies through their sub-fund investments. 50 South believes that the market for investing in smaller companies is relatively inefficient compared to the large end of the market, and that private equity firms focused on this area have a greater potential to generate strong returns.

**Venture Capital Funds**– includes early-, expansion- and late-stage venture capital funds along with certain growth-oriented venture capital funds. While the 50 South Private Equity Fund investments in this sector will be comprised primarily of U.S.-based funds, we also make investments in the sub-funds located in other countries or regions, including, but not limited to, Israel, Europe and Asia. In addition, while these sub-funds are expected to invest primarily in the region where their manager is located, a portion of each sub-fund's commitments may be invested in companies headquartered elsewhere. We will seek to diversify the 50 South Private Equity Funds' commitments within the venture capital sector in several ways: by segment, including information technology funds and life sciences funds; by stage, including early-stage and late-stage funds; and by geography, including firms headquartered throughout the U.S. and other parts of the world. However, the investment team expects to make most of the 50 South Private Equity Funds' venture capital commitments to early-stage funds based in the U.S.

Certain of the 50 South Private Equity Funds invest exclusively in secondary investments of sub-funds, as opposed to primary investments. The 50 South Private Equity secondary funds seek to purchase existing interests ("secondary interests") in sub-funds or private equity structured vehicles. They may also make direct investments in private equity sub-funds or private equity structured vehicles. 50 South believes secondary investments potentially offer investors diversification across mature private equity funds as well as shorter investment holding periods compared to funds that focus on direct fund investments.

50 South's strategy is to invest our 50 South Private Equity Funds in a mix of holdings that may include buyout funds headquartered in the U.S. and Canada, buyout funds headquartered outside of the U.S. and Canada, and/or venture capital funds headquartered both in and outside of the U.S.

## **Item 8B –Material Risks**

The list of risk factors below is not a complete enumeration or explanation of the risks involved in 50 South Funds and Managed Accounts or the securities in those portfolios.

Please refer to the "Risk Factors" section in the offering documents for the 50 South Funds for a more detailed discussion of the risks.

## **50 South Hedge Funds Material Risks**

**Redemption Risks of Sub-Funds:** The 50 South Hedge Funds' redemption policies may allow tenders of units in a substantially shorter period than the redemption notice and any payment terms of sub-funds. As a result of the difference between the 50 South Hedge Funds'

redemption policies and the redemption policies of sub-funds, 50 South may be required to select sub-funds for liquidation based on the redemption policies of the sub-funds rather than other investment considerations. This may result in the remaining portfolio of sub-funds being less diverse in terms of investment strategies, number of managers or sub-funds, liquidity, or other investment considerations than would otherwise be the case. Redemption proceeds may be delayed if sub-funds restrict redemptions through the use of lock-ups, which delay the initial date of redemption or gates, which restrict the overall amount that can be redeemed.

**Valuation Risk:** In determining the fair value of each sub-fund investment on each valuation date, the underlying manager or its delegates will take into account the estimated net asset value of such sub-fund investment provided to the 50 South Hedge Funds by the sub-fund itself, as well as any other considerations that may, in the manager's or its delegate's judgment, increase or decrease such estimated value. Although the 50 South Hedge Funds will conduct due diligence with respect to each underlying manager and sub-fund in which the 50 South Hedge Funds invests, there are risks that such sub-funds and underlying managers could have inadequate valuation procedures or could issue false reports or engage in other misconduct, all without the 50 South Hedge Funds' knowledge. Any such occurrences could distort the manager's or its delegate's valuation of such sub-fund investments and the net asset value of the 50 South Hedge Fund.

#### **50 South Private Equity Funds Material Risks:**

**Illiquidity; Lack of Current Distributions:** An investment in the 50 South Private Equity Funds should be viewed as illiquid. This results from the absence of an established market for investments (which market is not expected to develop) as well as from legal and contractual restrictions on transfer. Except with our consent (which may be withheld in our sole discretion), investors may not sell, transfer, exchange, assign, pledge, hypothecate or otherwise dispose of their interest in the 50 South Private Equity Funds (or any portion thereof) nor may they withdraw from the 50 South Private Equity Funds (except in very limited circumstances). It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. The expenses of operating the 50 South Private Equity Funds (including the management fee payable to us) may exceed its income, thereby requiring that the difference be paid from capital, including without limitation, unfunded commitments.

**Carried Interest:** The fact that 50 South Private Equity Funds' carried interest fee is based on a percentage of net profits with respect to secondary investments, it may create an incentive for us to cause the 50 South Private Equity Funds to make riskier or more speculative secondary investments than would otherwise be the case.

**Limited Transferability of 50 South Private Equity Funds Interests:** There will be no public market for the 50 South Private Equity Funds interests, and none is expected to develop. There are substantial restrictions upon the transferability of interests under the offering documents and

applicable securities laws. In general, withdrawals of interests are not permitted. In addition, interests are not redeemable.

**Restricted Nature of Investment Positions:** Generally, there will be no readily available market for the 50 South Private Equity Funds investments, and hence, most of the investments will be difficult to value. Certain investments may be distributed in kind to the investors.

**No Management Control:** Investors will have no right or power to participate in the management or control of the business of the 50 South Capital Private Equity Funds and, thus, will depend solely upon our ability with respect to making, monitoring and realizing investments. Once the 50 South Capital Private Equity Funds make an investment, it will likely be an investor in the sub-fund with no management authority (or, in the case of a co-investment, an investor in a company with no management authority). Neither the 50 South Private Equity Funds nor we will have the opportunity to evaluate specific portfolio company investments made indirectly through the 50 South Private Equity Funds investments. Generally, the 50 South Private Equity Funds will be relying on the management skills of the sub-funds' general partners or similar governing bodies (or, in the case of a co-investment in a company, such company's management). The 50 South Private Equity Funds may make investments in investment funds (a) with short investment histories, (b) that rely on a few key principals, and (c) that invest in companies with (i) short operating histories, (ii) that rely on a few key managers, (iii) that are organized and/or operated outside of the United States, (iv) that are highly leveraged and/or (v) that operate in rapidly changing markets.

**Lack of Sufficient Investment Opportunities:** The success of the 50 South Private Equity Funds depend upon our ability to identify, select and consummate fund investments that it believes offer the potential for superior returns. The availability of such opportunities will depend, in part, upon general market conditions. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty, which will affect the portfolio company investments made by the fund investments. Furthermore, a change in market conditions could lead to substantially fewer investment funds being raised, thereby reducing the number of opportunities available to the 50 South Private Equity Funds to make 50 South Private Equity Funds investments. Even if we identify attractive opportunities for 50 South Private Equity Funds investments, there can be no assurance that the 50 South Private Equity Funds will be permitted to invest in such opportunities. As a result, it is possible that the 50 South Private Equity Funds will never be fully invested. However, investors will be required to pay management fees based on the entire amount of their commitments throughout the duration of the fund.

**General Risks:** The risks set forth below represent a general summary of the material risks involved in both the 50 South Hedge Funds and 50 South Private Equity Funds:

**Dependence on Underlying Sub-Funds:** Sub-fund risk encompasses the possibility of loss due to sub-fund fraud or inadvertent deviations from a predefined investment strategy. The 50 South Funds will not have control over the assets of the sub-funds. 50 South selects the underlying advisers who are granted full discretion over all matters relating to the manner, method and timing of investment and trading transactions with



respect to the fund's assets allocated to the advisers. The underlying advisers are subject to the investment objectives, policies and restrictions that we communicate to them.

**Market Risk:** The value of securities owned in the sub-funds may decline, at times sharply and unpredictably, because of economic changes or other events that affect individual issuers or large portions of the market. Neither 50 South, nor the sub-funds have any ability to control or predict such market conditions.

**Revolving Bank Credit Agreement:** Some of the 50 South Funds have entered into revolving bank credit agreements to borrow money to make investments, to pay redemptions, to settle currency forwards and cash management purposes. As a result, the lender will charge interest on borrowings and annual commitment fees on the unused portions of the credit lines. In the event the lender terminates a credit agreement, it could result in the 50 South Funds being unable to enter into another lending arrangement in a timely manner and it could affect the 50 South Funds' liquidity. Certain terms of credit facilities may impose constraints on investment programs.

**Non-U.S. Currency Denominated Classes:** A class may issue shares denominated in non-U.S. currencies while the class investment will be denominated in U.S. dollars. The class may enter into hedging transactions to attempt to offset the risk of exchange rate fluctuations between the U.S. dollar and those other currencies. There can be no guarantee that hedging transactions will be successful.

**Management Risk:** A strategy selected by the investment team may fail to produce the intended results.

**Issuer Risk:** The value of a security held in a sub-fund or direct portfolio company may decline for a number of reasons, which directly relate to the issuer, such as management performance, financial advantage and reduced demand for the issuer's products or services.

**Market Sector Risk:** An investment strategy may result in significantly over or under exposure to certain industry or market sectors, which may cause a portfolio's performance to be more or less sensitive to developments affecting those industries or sectors.

**Allocation Risk:** Asset classes in which the strategy seeks investment exposure can perform differently from each other at any given time so the strategy will be affected by its allocation among the various asset classes. If the strategy favors exposure to an asset class during a period when that class underperforms, performance may be hurt.

**Derivative Risk:** A small investment in derivatives could have a potentially large impact on the strategy's performance. The use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid and difficult to value, and there is the risk that

changes in the value of a derivative held by the strategy will not correlate with the underlying instruments or the strategies of other investments.

**Dodd Frank Risk:** The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “**Dodd-Frank Act**”), enacted into law in July 2010, is comprehensive and far-reaching financial services legislation that will have a significant impact on the activities of financial services firms conducting business in the U.S. Section 619 of the Dodd-Frank Act (the “**Volcker Rule**”) places limitations on, among other things, the ability of banking entities such as NTC, The Northern Trust Company (“**TNTC**”), NTI and 50 South to sponsor or invest in private investment funds. The Volcker Rule became effective July 2012, subject to a two-year conformance period to allow affected banking entities to bring their activities into compliance with the Volcker Rule. The federal financial regulatory agencies that are charged with administering the Volcker Rule subsequently adopted final rules implementing the Volcker Rule, which became effective on April 1, 2014, and with a conformance period adopted by the Federal Reserve that ends in July 2015. There is now a conformance period until July 2017 to bring private fund sponsorship and investment activities that occurred prior to January 1, 2014, into full compliance with the Volcker Rule and the implementing regulations. For private fund activities that occurred on or after January 1, 2014, affected banking organizations will have until July 2015 to bring their activities into compliance with the Volcker Rule and the implementing regulations. These conformance period provisions will apply to NTC and its affiliates and subsidiaries. 50 South currently believe that the Volcker Rule will not otherwise have a material impact on the overall investment activities and strategies of the 50 South Funds. 50 South intends to take appropriate actions so that the 50 South Funds qualify as a permitted “organized and offered” activity in accordance with the requirements of this exemption. Based on the requirements of the final Volcker Rule regulations, these actions include making certain changes to the 50 South Fund’s operations prior to July 2017, imposing limitations on employee investments in the 50 South Funds, and managing additional material limitations on financial transactions and relationships between NTC, TNTC, NTI and 50 South.

#### **Item 8C - Material Risks for a Particular Type of Security**

50 South Funds are alternative investment funds, including hedge funds and private equity funds that involve a high degree of risk and are not suitable for all clients. They are intended for accredited investors or qualified purchasers and sophisticated investors who are willing to bear the economic risk of the investments. These investments often engage in aggressive investment strategies that may increase the risk of investment loss. The 50 South Funds can be highly illiquid, may not be required to provide periodic pricing or valuation to investors, and may involve complex tax structures and delays in distribution of important tax information. They often are not subject to the same regulatory requirements; charge higher fees and may have limited opportunity for early redemption or transference of interests. Each investor should consult with their own advisors regarding the legal, tax, and financial suitability of the 50 South Funds. The 50 South Funds are available only to investors who meet certain financial criteria described in the private placement memorandum for each such fund. An investment in a 50 South



Fund involves a high degree or risk and clients could lose all or a substantial part of their investment. Past performance is not indicative of future performance. Each 50 South Funds' offering memorandum will contain the applicable risk disclosures.

**Item 9 - Disciplinary Information**

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There are no material legal/compliance disciplinary events involving 50 South or any of its management personnel.

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

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### **Item 10A - Broker-Dealer Registrations**

50 South is not registered as a broker-dealer nor does it have an application pending to register as a broker-dealer. Certain 50 South personnel are registered representatives of an affiliated broker-dealer.

### **Item 10B – Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor and Non-U.S. Registrations**

50 South is registered with the U.S. Commodities and Futures Trading Commission as a Commodity Pool Operator (“CPO”) Association, Commodity Trading Advisor (“CTA”) and Swap approved firm. 50 South is a member of the National Futures Association, which is the self-regulatory organization for the futures industry. Certain 50 South employees are principals and associated persons of the CPO. 50 South has also claimed registration exemptions from certain Canadian provinces.

### **Item 10C - Related Persons and Nature of Conflicts**

As set forth above, 50 South is controlled by NTC, a financial holding company and publicly held company. NTC is a global organization that provides through its affiliates a comprehensive array of financial services including, but not limited to, investment advisory, trust, custody, administration and securities lending. As a result, 50 South may have relationships with its related persons and affiliates that are material to our business. Such related persons and affiliate, and the nature of the conflicts includes the following:

**Broker-Dealer:** 50 South and Northern Trust Securities Inc. (“NTSI”), a broker-dealer registered under the Securities Exchange Act of 1934, are under common control. Certain management personnel of 50 South are registered as representatives with NTSI. NTSI may receive compensation by executing trades on an agency basis as directed by clients of 50 South.

**Investment Company or Other Commingled Investment Funds:** 50 South serves as the investment adviser to investment companies registered under the 1940 Act and investment adviser, general partner and managing member to unregistered private funds, including the 50 South Funds. The clients of affiliates may be solicited to invest in the 50 South Funds. 50 South may receive additional fees in connection with the management, administration, transfer agent, custody and accounting services provided to these funds.

50 South employees serve on the Board of Directors of the Cayman Islands 50 South Hedge Funds. Employees do not receive compensation for their service as directors to these 50 South Hedge Funds.

**Investment Adviser:** NTI, Northern Trust Global Investments, Ltd. (“NTGIL”) and NTSI are affiliated investment advisers of 50 South. NTI, NTGIL and NTSI are registered under the Investment Advisers Act of 1940, as amended and are subsidiaries of NTC. NT Global

Advisors, Inc. (“**NTGA**”), a Canadian investment adviser, is a subsidiary of TNTC and an affiliate of 50 South. 50 South may obtain from, and provide investment advice to, these affiliates. Advice given to one or more clients may differ from and may conflict with advice from these investment advisers. 50 South’s employees are required to act in the best interest of their clients and generally without knowledge of trading positions or other operations of its advisory affiliates.

**Banking Institution:** TNTC, an Illinois state bank and NTI, an Illinois state bank and registered investment adviser under the Investment Adviser’s Act of 1940, as amended, are affiliates of 50 South through common control. 50 South may act as an investment adviser to its clients or as an investment adviser to the registered or unregistered funds in which their clients may invest.

#### **Item 10C - Other Material Affiliated Relationships**

50 South may have common management and officers with some of its affiliates. We share facilities with affiliates and rely on affiliates for various administrative support, including information technology, human resources, business continuity, legal, compliance, insurance, finance, marketing, enterprise risk management and internal audit.

The above noted affiliations may create potential conflicts of interest. 50 South seeks to mitigate the potential conflict to favor certain clients and manage the portfolios fairly and within client and regulatory guidelines through regular peer reviews attended by portfolio management, compliance and members of senior management. In addition, we seek to mitigate potential conflicts of interest through an oversight committee governance structure and by maintaining policies and procedures that include, but are not limited to, personal and portfolio trading and custody.

In addition, the 50 South Funds’ sub-funds may use one or more of our affiliated entities for its banking, trust, custody, administration, investment advisory, brokerage, underwriting, and related services. We mitigate this potential conflict of interest by 50 South not choosing sub-funds based upon their use of our affiliated entities.

50 South provides an employee co-investment program to certain private equity senior management personnel that aligns their interests of private equity with the 50 South Private Equity Funds they manage.

50 South serves as the tax matters partner of the 50 South Funds. As such, in the event that a 50 South Fund is subject to an income tax audit by any U.S. federal, state or local authority, 50 South is authorized to act on behalf of the 50 South Funds.

Given the interrelationships among 50 South and its affiliates, there may be other or different potential conflicts of interest that arise in the future that are not included in this section.

#### **Item 10D – Compensation for Selection of Other Investment Advisers**

50 SOUTH CAPITAL ADVISORS, LLC  
FORM ADV PART 2A  
FEBRUARY 29, 2016

50 South does not receive compensation from other investment advisers that are recommended or selected for 50 South clients.

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

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**Code of Ethics:** 50 South has adopted a Code of Ethics that provides its employees with the framework and sets the expectations for business conduct. The Code of Ethics is designed to reinforce our reputation for integrity by avoiding even the appearance of impropriety and to ensure compliance with applicable laws in the conduct of our business. The Code of Ethics sets forth procedures and limitations that govern the personal securities transactions of our employees in accounts held in their own names as well as accounts in which they have indirect ownership. We, and our related persons and employees, may, under certain circumstances and consistent with the Code of Ethics, purchase or sell for our own accounts securities that we also recommend to clients.

All of the 50 South employees are subject to the Code of Ethics. Compliance with the 50 South's Code of Ethics is a condition of employment and requires annual affirmation by all employees. In general, the Code of Ethics contains various reporting, disclosure and approval requirements regarding an employee's personal securities transactions based on the nature of their business activities for 50 South. All employees are required to report their personal securities transactions. Employees are also prohibited from participating in initial public offerings and must obtain approval before purchasing any privately offered securities. The Code of Ethics requires employees who have access to certain information to pre-clear personal securities transactions and imposes certain limitations on the timing of such transactions. To facilitate the monitoring of employee personal transactions, employees are required to maintain personal brokerage accounts at designated brokers and to disclose these accounts. The Code of Ethics provides for the imposition of sanctions against employees who violate the Code. Compliance personnel oversee the Code of Ethics' operation and review.

Clients may obtain a copy of the Code of Ethics by contacting 50 South at the address noted in this brochure.

**Interest in Client Transactions:** While the transactions discussed below may present conflicts of interest for us, we manage our accounts consistent with applicable law, and we follow procedures that we believe are reasonably designed to treat our clients fairly and to prevent any client or group of clients from being systematically favored or disadvantaged.

50 South may recommend that clients invest in the 50 South Funds in which 50 South serves as investment manager or general partner and receives fees or other direct or indirect benefits. Such investments may present a conflict of interest because 50 South or a related person has a financial interest in the transaction. 50 South maintains policies, procedures and controls, which it believes are reasonably designed to ensure such conflicts are addressed. 50 South provides advice and makes investment decisions for client accounts that it believes are consistent with each client's stated investment objectives. Advice given to clients or investment decisions made for these clients may differ from, or may conflict with, advice given or investment decisions made for an advisory or bank affiliate or another Fund or client. Action taken with respect to affiliates may adversely affect client accounts, and actions taken by client accounts may benefit affiliates. In addition, we may invest in the same securities that our affiliates or we recommend to clients. Such interests are generally unknown to 50 South.

When our affiliates or we hold for our own benefit the same securities as a client, we could be viewed as having a potential conflict of interest.

In general, we will not, as principal, buy securities for ourselves from, or sell securities we own to, any client. We are a part of a large diversified financial organization, which includes banks and broker dealers.

50 South has established certain restrictions, procedures and disclosures designed to address conflicts of interest that may arise between its employees and clients as well as between clients and 50 South itself or its affiliates. 50 South employees must act in the best interests of its advisory clients and generally do not have knowledge of proprietary trading positions or certain other operations of 50 South or its personnel. 50 South employees may benefit from educational events that service providers such as law firms, audit firms and other professional firms sponsor. Additionally, employees may serve on sub-fund or portfolio companies advisory boards.

#### **Item 12 - Brokerage Practices**

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50 South completes subscription documents for the 50 South Funds regarding their respective investments in sub-funds. Each sub-fund invests directly in portfolio securities and/or other investments. Generally, 50 South does not affect the purchase or sale of individual securities and instruments for its client accounts. 50 South may receive in-kind distributions from sub-funds that it may need to liquidate through a broker.

50 South does not select or recommend broker-dealers in return for client referrals, accept directed brokerage instructions or receive soft dollar benefits in connection with any transactions.

#### **Item 13 - Review of Accounts**

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Decisions regarding the investment allocations to the sub-funds for 50 South Private Equity Funds and 50 South Hedge Funds are reviewed by our investment oversight committees. In making these decisions, 50 South generally considers whether each selected investment is appropriate for the Managed Account or 50 South Fund based on criteria germane to the investment objective, which includes, but is not limited to overall fund objectives, regulatory and other considerations, such as the Managed Accounts' or 50 South Funds' investment objective, available capital, risk considerations, investment strategy, current investment portfolio, diversification requirements, legal and tax considerations. Investment guideline violations are promptly reported to Compliance.

Annually, the independent Board of Trustees of the registered 50 South Hedge Funds and an oversight committee of 50 South review the nature, quality and extent of the services provided by its service providers, including affiliates of 50 South. In addition, 50 South's oversight committees review the quality and services provided to non-registered 50 South Hedge Funds including services provided by affiliates of 50 South.

Clients also receive a quarterly status report that includes information regarding the account holdings, fees and the account performance during the immediately preceding quarter. The information is generally sent electronically or mailed to the client. Reports for Managed Accounts can be customized to the client's requirements.

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

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50 South selects or recommends third-party managers and sub-funds for Managed Accounts and the 50 South Funds. These third-party managers or sub-funds do not compensate 50 South. Further, 50 South does not receive an economic benefit from non-clients for providing investment advice or services to our Managed Account or 50 South Funds. 50 South does not have any agreements to compensate solicitors to refer clients. Advisory or bank affiliates may receive indirect compensation for the referral of certain clients as discussed in Item 10 "Other Financial Industry Activities and Affiliations."

#### **Item 15 - Custody**

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Generally, 50 South does not maintain custody of client assets. However, under Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended, due to 50 South's relationship to the 50 South Funds and to its affiliate, TNTC, we are deemed to have custody.

50 South's Managed Account clients are responsible for selecting the qualified custodian at which their assets will be maintained. All clients for whom 50 South is deemed to have custody receive quarterly account statements directly from the qualified custodian. Clients should compare the information in 50 South's quarterly client statement with the information in the custodian account statement and contact us if the statements do not match.

The 50 South Funds offered to investors are audited annually by an independent public accountant that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board. The audited financial statements are distributed to investors annually.

Our affiliate, TNTC, has custody of certain of 50 South's client funds or securities. Our clients, regardless of their advisory relationship, are under no obligation to use TNTC or any other affiliate as custodian of their assets.

50 South reviews the effectiveness of its custody controls on an ongoing basis.

#### **Item 16 - Investment Discretion**

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We exercise full investment discretion for all of the 50 South Funds.

Generally, we do not have discretionary authority for our Managed Accounts. This means we only recommend the hedge fund or private equity fund to be subscribed to or redeemed from.

We do not invest in sub-funds on a client's behalf. We may have discretionary authority over a Managed Account. We consider the investment objectives and guidelines for the particular client account in our recommendations to the client.

In those instances where 50 South provides non-discretionary services, such arrangements and limitations are outlined in the investment advisory agreement at the outset of an advisory relationship. When recommending third party and proprietary funds, 50 South observes the investment guidelines, limitations, recommendations and restrictions of the clients for which it advises. Clients must deliver their investment guidelines, objectives and restrictions to us in writing and we will adhere to such guidelines and restrictions when making investment decisions.

#### **Item 17 - Voting Client Securities**

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50 South has adopted proxy voting policies and procedures (the "**Proxy Voting Policy**") for the voting of proxies on behalf of client accounts for which 50 South has voting discretion. Under the proxy voting policy, 50 South must vote the shares to reflect its clients' best interests. As the 50 South Funds are fund of funds and rarely engage in direct trading of equities, proxy voting is infrequent. Further, to address certain Investment Company Act requirements regarding affiliated transactions, 50 South Hedge Funds may enter into contractual arrangements with sub-funds to waive some or all voting rights.

The proxy voting policies, procedures, guidelines and information on how we voted proxies may be obtained by contacting:

50 South Capital Advisors, LLC  
Attn: Compliance, MB16  
50 South LaSalle Street  
Chicago, Illinois 60603

#### **Item 18 - Financial Information**

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50 South has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.

##### **Item 18A - Balance Sheet**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance so are not required to submit a balance sheet.

##### **Item 18B - Financial Condition**

We are not aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.



**Item 18C – Bankruptcy Proceeding**

We have not been the subject of a bankruptcy proceeding.