

# Antares Capital Advisers LLC

## Part 2A of Form ADV

### The Brochure

Chicago, IL

March 2016

This brochure provides information about the qualifications and business practices of Antares Capital Advisers LLC, “Adviser”). If you have any questions about the contents of this brochure, please contact us at 203-229-1822. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration of an investment adviser does not imply any level of skill or training.

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

## **Item 2      Material Changes**

The Brochure has been updated to reflect that Adviser now has clients that are affiliates of Adviser.

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### **Item 4 Advisory Business**

Adviser was formed in November 2015. Adviser is a wholly-owned subsidiary of Antares Capital, LP, (“Antares Capital”), which is, in turn, a wholly-owned subsidiary of Antares Midco Inc. (“Midco”), which in turn is a wholly-owned subsidiary of Antares Holdings, LP, (“Holdings” and collectively, the “Antares Platform”). The ultimate owner of Adviser, Antares Capital, Midco and Holdings is the Canada Pension Plan Investment Board (“CPPIB”). The Antares Platform is a leading provider of financial solutions to middle market private equity sponsors in the U.S., offering a “one-stop” source for lending and other services to middle market private equity sponsors. Adviser provides, or intends to provide, investment management services on a discretionary and non-discretionary basis to private investment entities and affiliates of Adviser (each Client and collectively “Clients”) that invest primarily in secured loans and other financial instruments (“Investments”) sourced by Antares Platform.

Antares Capital’s Senior Leadership Team has an average of 25+ years of industry experience. Moreover, many of these individuals have worked together for 15+ years, and they have shown a long-standing, cohesive relationship and demonstrated an ability to successfully grow the platform through major economic cycles.

Adviser’s current clients are affiliates of Adviser. However, in the future, Clients are anticipated to generally consist of entities established in conjunction with structured finance transactions such as collateralized loan obligations, privately placed pooled investment vehicles, investment partnerships or separate investment accounts that primarily invest in Investments. Except as otherwise described herein, investments for a Client are managed in accordance with the Client’s particular investment objectives, strategies, restrictions and guidelines as outlined in the Client Agreements and are generally not tailored to the individualized needs of any particular investor of the Client. At inception, however, specific investment criteria may be established for a Client in

consultation with prospective investors (e.g., specific industry restrictions and concentrations, investment product type concentrations, geographic restrictions, investment size restrictions, etc.). Information about each Client, and the particular investment objectives, strategies, restrictions, guidelines and certain risks associated with an investment, will be described in private placement memoranda or other disclosure documents as well as the organizational documents of the particular Client (“Client Agreements”), which will be made available to investors only through us or another authorized party.

As of March 15, 2016, Adviser manages \$ 372,647,336 on a non-discretionary basis.

## **Item 5 Fees and Compensation**

As compensation for the services received, the Clients will generally pay a management fee based on the amount of the assets held by the Client, unaffected by accrued interest or general or specific loan loss reserves. All management fees are specifically negotiated with each Client. There are no set fee schedules. Management fees will generally be payable quarterly in arrears. Fees will be calculated in accordance with the Client Agreements.

Additional expenses that may be incurred include all of a Client’s respective ongoing administrative and operational expenses, including, among other things: fees, costs and expenses of a Trustee or custodian, certain administrative costs, any legal or auditing fees; all out-of-pocket fees, costs and expenses, if any, incurred in holding, developing, negotiating, structuring, and disposing of actual Investments, registration fees and expenses, and other investment costs actually incurred in connection with actual Client investments.

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

Adviser is presently not charging performance based fees.

## **Item 7 Types of Clients**

Clients will generally consist of entities established in conjunction with structured finance transactions such as collateralized loan obligations, privately placed pooled investment vehicles, investment partnerships or separate investment accounts that primarily invest in Loans. In addition, Adviser manages certain equity assets of affiliates (“Affiliate Clients”). Except as otherwise described herein, investments for a Client are managed in accordance with the Client’s particular investment objectives, strategies, restrictions and guidelines as outlined in the Client Agreements and are generally not tailored to the individualized needs of any particular investor of the Client. At inception, however, specific investment criteria may be established for a Client in consultation with prospective investors (e.g., specific industry restrictions and concentrations, investment product type concentrations, geographic restrictions, investment size restrictions, etc.). Investors in our Clients will generally consist of financial institutions, investment companies, insurance companies, corporate or public pension funds, foundations or family offices.

The minimum investment amount and other criteria for investments in our Clients are set forth in the Client’s offering and organizational documents. As a general matter, investors in our Clients are limited to (a) “accredited investors,” as defined in Regulation D of the U.S. Securities Act of

1933, as amended, and “qualified purchasers” for purposes of section 3(c)(7) of the Investment Company Act of 1940, as amended, or (b) persons who are not “U.S. persons” for purposes of Regulation S of the U.S. Securities Act of 1933.

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

### Methods of Analysis and Investment Strategies

Adviser provides portfolio management services for its Clients, which, in the case of Clients that are not Affiliate Clients, will invest primarily in senior corporate loans and which, in the case of Affiliate Clients, invest in certain minority equity investments in companies to which Holdings makes loans in the ordinary course of its business. Adviser, through its Master Servicing Agreement with Antares, reviews information provided by Antares Capital, the borrower, private equity sponsor, investment bank or other source and conducts a due diligence review of each potential borrower that passes an initial screening process. In the case of loans managed on behalf of Clients that are not Affiliate Clients, depending on the particular loan and the related obligor, the due diligence review may include any of the following:

- On-site visits;
- Customer calls;
- Interviews with management;
- Phone interviews;
- Review of third party consulting reports; and
- Bank meetings.

After the initial due diligence is conducted, an analysis is performed including:

- A review of the obligor’s historical and prospective financial information;
- Transaction drivers;
- Key issues and risk factors; and
- A review and determination of the primary and alternative exit strategies.

Upon completion of the full due diligence review, the potential transaction is summarized and provided to the Investment Committee of Adviser for approval or recommendation for approval.

## Risks of Loss

Except as described in the last paragraph of this section, the assets typically held by Clients are known as “senior” loans. Senior loans hold a senior position in the capital structure of the borrower, are typically secured by specific collateral, and have a claim on the assets and/or stock of the borrower that is senior to that held by subordinated debtholders and stockholders of the borrower. While these protections can reduce risk, these assets still present significant credit risk, particularly if arising in connection with highly leveraged transactions such as leveraged buyouts, leveraged recapitalization loans, and other types of acquisition financing. Obligations in these types of transactions are subject to greater credit risk (including default and bankruptcy) than many other investments.

The value of these assets normally change in response to changes in interest rates and depends on the borrower’s credit quality, although assets with floating interest rates generally are less sensitive to interest rate changes, but may still decline in value if their interest rates do not rise as much as interest rates in general.

Lack of a market or restrictions on resale may limit the ability to sell the asset at an advantageous time or price. The terms of the loans may require that collateral be maintained to support payment of the obligation. However, the value of the collateral may decline and there is a risk that the value of the collateral may not be sufficient to cover the amount owed. Collateral securing a loan may be found to be invalid, may be used to pay other outstanding obligations of the borrower under applicable law, or may be difficult to sell. If a borrower defaults, access to the collateral may be limited by bankruptcy and other insolvency laws.

Additional information on the risks of investing in our Clients may also be found in the offering materials of the Clients, if applicable, including any private placement memorandum, if available.

Adviser also provides certain non-discretionary investment advisory services to Adviser Affiliates with respect to certain minority equity investments in companies to which Holdings makes loans in the ordinary course of its business.

## **Item 9      Disciplinary Information**

Adviser, Antares Capital and their employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client’s evaluation of the company or its personnel.

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

Adviser is an indirect wholly-owned subsidiary of CPPIB and as such has numerous industry affiliations through its relationship with its parent organization. However, as discussed previously, Adviser’s Clients have only entered into a contractual relationship with one affiliated entity, Antares Capital, for the sourcing and servicing of Client investments. Adviser sub-contracts all services from Antares Capital under its Master Servicing Agreement between Antares Capital and Adviser.

The Antares Platform is a global financing source to private equity firms for leveraged transactions including buyouts, acquisitions, growth funding, and recapitalizations. Products and services may include cash flow and asset-based financing, first and second lien senior loans, global cross-border funding, lease financing, structured equity, project financing, healthcare, technology and media finance.

As discussed above, our Clients (other than Affiliate Clients) invest primarily in secured loans of the type sourced by The Antares Platform. In addition, Holdings (and certain of its direct and indirect subsidiaries) invest in the same loans. Please see Item 11 below for a discussion of the potential conflicts of interests relating to these investments.

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

### Code of Ethics and Personal Trading

To avoid any potential conflicts of interest involving personal trades, Adviser has adopted a Code of Ethics that includes formal policies and procedures with respect to personal and insider trading policies and procedures. Among other things, the policy requires that Access Persons act with integrity, place the interests of clients above their own, avoid actual and potential conflicts of interest and comply with applicable provisions of the federal securities laws. The policy also requires Access Persons to pre-clear certain personal securities transactions, report personal securities transactions on at least a quarterly basis and provide Adviser with a list of all personal brokerage accounts over which the Access Person has beneficial interest and/or control and holdings of reportable securities. Certain classes of securities have been designated as exempt from pre-clearance under the Code of Ethics, based upon a determination that investments in these securities would not be inconsistent with the best interests of the Clients. The Code of Ethics forbids any Supervised Person from engaging in any insider trading and from disclosing or using material non-public information in violation of applicable law. Personal trading is monitored by the Chief Compliance Officer pursuant to the Code of Ethics in order to reasonably prevent or address conflicts of interest among Adviser, “access persons” and the Clients.

A copy of Adviser’s Code of Ethics shall be provided to any Client or any investor in a Client upon request.

### Participation or Interest in Client Transactions

Various potential and actual conflicts of interest may arise from the overall investment activity of the Antares Platform. The Antares Platform originates and/or acquires for its own account, in the ordinary course of business, existing and new investments. It is possible that any of the Clients may be invested in the debt of a particular company in which the same or other parts of the capital structure are owned or provided by affiliates of Adviser, or other Clients. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts. Adviser may affect principal transactions where a Client may invest in Investments issued by companies in which the Antares Platform has a debt, equity or participation interest, in each case in accordance with applicable law. Adviser will provide disclosures to and obtain the consent and approval of the Client in accordance with Section 206(3) of the Advisers Act and any

applicable advisory contract for these principal transactions. The Antares Platform may invest, or have already invested, for its own account in investments that are senior or junior to or *pari passu* with investments of the same obligor that are held by our Clients. In addition, the Antares Platform may serve as a general partner, adviser, officer, director, sponsor or manager of other entities that invest in Investments. In such instances the Antares Platform may take action with respect to such Investments which may differ from the timing or nature of any action taken with respect to the investments of a Client. As a result of such actions, the prices and availability of investments in which a Client invests or may seek to invest, and the performance of the investment owned by a Client, may be materially adversely affected.

In order to operate more efficiently and effectively, the Antares Platform does not generally impose internal information barriers between investment teams for different Clients. As a result, the Antares Platform may from time to time come into possession of material nonpublic information that limits our ability to effect a transaction for a Client, and the Client's investments may be constrained as a consequence of our inability to effect transactions that otherwise may have been initiated on behalf of our Clients. Adviser may refrain from directing the purchase or sale hereunder of Loans issued by persons about whom the Antares Platform has information that they determine might prohibit them from trading such Loans in accordance with applicable law. In addition, the Antares Platform may elect not to receive material non-public information with respect to various obligors. As a result, the Antares Platform may not have access to information relating to obligors of Loans that is or may be known to other persons who are investing in the same Loan.

#### Allocation of Investment Opportunities

Adviser and the Antares Platform have policies and procedures in place with respect to the fair and equitable allocation of investment opportunities to our Clients and other third party accounts. The investment objectives and parameters of each of our Clients are different and may prevent a Client from being able to participate in all or a portion of an investment purchase or sale opportunity. A Client may also be prevented from being able to participate in all or a portion of an investment purchase or sale opportunity by regulatory, tax or legal requirements. A Client that retains the discretionary authority over investments will have the ability to approve or decline an investment opportunity presented to them. Investors should understand that delays in approving such an investment opportunity may result in an allocation not being available to a particular client.

Most Investments take the form of secured loans that are originated by the Antares Platform. The Antares Platform will generally retain a minimum amount of each Investment and may offer other lenders an opportunity to participate in the loan syndicates that the Antares Platform organizes to make such loans. Thus, Adviser may not have an opportunity to cause a Client to invest in a particular Investment if Antares Holdings and the other members of the loan syndicate have agreed to make the entire loan.

When the amount of aggregated demand from our Clients and other third party accounts for an investment opportunity offered by the Antares Platform exceeds the total amount available for allocation, Registrant and the Antares Platform believe that it is fair and equitable and in the long-term best interests of each Client and other third party account over time to allocate the specific



investment opportunity between Clients and other third party accounts (i) first, to meet any minimum allocation rights or other allocation requirements a Client may have under Client Agreements and (ii) second, equitably among our Clients and other third party accounts according to Registrant and the Antares Platform's policies and procedures. An investment opportunity may be allocated on a basis different than specified above if such deviation is determined to be fair and equitable to all of our Clients and third party accounts over time and the reasons for the deviation are documented and approved by our Chief Compliance Officer. Registrant's and the Antares Platform's policies and procedures strictly prohibit the allocation of an investment opportunity to a Client solely based on the expected returns of the investment opportunity, the amount or structure of the asset management fees, the existence of any performance fees, the direct or indirect participation of the Antares Platform in either of the foregoing or the Client itself, or whether the Client's investment entity is public or private, proprietary or third party.

Currently, the equity assets managed by Adviser are allocated exclusively to Affiliate Clients.

## **Item 12 Brokerage Practices**

Adviser has the exclusive responsibility for selecting the loans to be purchased or sold for its Clients. There are no limitations or restrictions other than what is disclosed in each Client Agreement, or otherwise imposed in writing by Adviser.

Adviser's business is to focus on selecting qualified, corporate loans on behalf of non-affiliated Clients and on providing certain non-discretionary investment advisory services to Affiliate Clients with respect to certain minority equity investments in companies to which Holdings makes loans in the ordinary course of its business. Accordingly, Adviser does not trade in public securities and, therefore, as a general matter does not select broker-dealers for Client transactions. Adviser does not receive research or other products or services from a broker-dealer or a third party in connection with Client securities transactions.

As discussed in Item 11 above, if more than one Client purchases or sells the same security, such orders will generally be aggregated in a single transaction, unless Adviser determines that it is not the best interests of the Client.

## **Item 13 Review of Accounts**

Adviser has established policies and procedures to monitor and manage the individual investments in, and the overall investment objectives of, each Client. Policies and procedures related to the review of individual Investments are described in Item 8, "Methods of Analysis, Investment Strategies and Risk of Loss". The overall investment objectives of each Client are generally managed and monitored by the completion of periodic tests, performed by asset management to ensure compliance with the investment objectives and requirements outlined in the Client Agreements. For certain Clients, a trustee acting on behalf of the Client will run periodic tests to ensure compliance with the investment objectives and requirements outlined in the Client Agreements. These tests are generally performed when a new investment is made by the Client and on required reporting dates outlined in the Client Agreements. The Client Agreements also outline our specific reporting requirements, which may consist of monthly and/or quarterly written reports to the Client describing, among other items, the current characteristics of the assets owned

by the Client, a summary of compliance requirements and cash distributions made by or on behalf of the Client. Adviser has developed policies and procedures and appropriate systems and controls to ensure that we are able to meet the specific reporting requirements outlined in the Client Agreements. In addition, the Antares Platform's testing and monitoring function will periodically review a sample of the completed tests for timely completion and accuracy.

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

Adviser does not compensate any person or entity for the referral of clients. Adviser does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

## **Item 15 Custody**

Certain client funds and assets will be held in custody through a related person. As such, Adviser will have custody of certain client assets for purposes of the SEC's custody rule for investment advisers. Except as permitted by the Advisers Act, such cash and securities are maintained in accounts established with qualified custodians, as defined in Rule 206(4)-2 of the Advisers Act (each, a "Qualified Custodian"). Each such account is either a separate account in the name of the Client or an account that contains only Clients' funds and securities in the name of Adviser as agent or trustee for the Clients, as applicable.

Clients that are limited partnerships, limited liability companies or other pooled investment vehicles will be audited in accordance with Generally Accepted Accounting Principles on an annual basis. Such Client's audited financial statements will be distributed to each investor within 120 days of the Client's fiscal year end.

## **Item 16 Investment Discretion**

Adviser expects that it will generally have decision making authority for each client in accordance with Client Agreements. However, Adviser does not have discretionary authority with respect to Affiliate Clients. As discussed above, investments for a Client are managed in accordance with the Client's particular investment objectives, strategies, restrictions and guidelines as outlined in the Client Agreements.

## **Item 17 Voting Client Securities**

As previously mentioned, Investments generally consist of secured loans. However, a Client may, from time to time, own securities in which it has the right to vote. The Client Agreements may provide Adviser the authority to vote on behalf of the Client. Antares' general policy is to vote in a manner that serves the best economic interest of the Client we manage, as Adviser determines in our discretion, taking into account relevant factors, including the impact on the value of the returns of the Client and industry and business practices. The Proxy Voting Policies and Procedures are designed to identify conflicts or potential conflicts that could arise between our interests and those of the Client. If it is determined that any such conflict or potential conflict is not material, Adviser may vote notwithstanding the existence of the conflict. If the conflict of

interest or potential conflict of interest is determined to be material, one or more methods may be used to resolve the conflict, including (i) disclosing the conflict to the Client and obtaining their consent as outlined in the Client Agreements before voting, (ii) engaging a third party to recommend a vote with respect to the proxy or (iii) such other method as is deemed reasonable under the circumstances. Adviser will provide a copy of our Proxy Voting Policies and Procedures and of our Client voting records to any Client upon request. Such request should be made to our Chief Compliance Officer using the contact information provided on the Cover Page.

## **Item 18    Financial Information**

Adviser has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage Client accounts.