

**Item 1 – Cover Page**

# **ALTAMAR SECONDARIES LLC**

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United States of America

March 29, 2017

**This Brochure provides information about the qualifications and business practices of Altamar Secondaries LLC. If you have any questions about the contents of this Brochure, please contact us at +1 (212) 257-5781 or GFlorio@orical.org. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.**

Altamar Secondaries LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

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

## **Item 2 – Material Changes**

Not Applicable.

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#### **Item 4 – Advisory Business**

Altamar Secondaries LLC (“AS”) is organized in the State of Delaware as a wholly-owned subsidiary of Altamar (US) Blocker LLC (“Blocker”), a Delaware limited liability company. Blocker is a wholly-owned subsidiary of Altamar Capital Partners SL (“ACP”), a Spanish limited company. AS’s principal business is to provide certain services to Altamar Private Equity SGIIC, SAU (“SGIIC”), a wholly-owned subsidiary of ACP and a registered private equity management company regulated and registered under the Comisión Nacional del Mercado de Valores (CNMV) in Spain.

AS provides investment sub-advisory services to SGIIC pursuant to an investment sub-advisory agreement. AS focuses on providing non-discretionary advice with respect to investing in interests in underlying private equity funds on a secondary basis and in companies on a co-investment basis alongside a private equity sponsor across a range of investment segments. AS’s services include the identification, evaluation and selection of investment opportunities; performance of due diligence in connection with such potential investments; negotiation of investment terms; and monitoring the performance of those investments.

On an indirect basis, AS’s services benefit the various private equity funds of funds managed by SGIIC (“Funds”). Those Funds generally focus on making primary and secondary investments in underlying, third-party private equity funds as well as co-investments alongside those funds. AS initially has been retained by SGIIC as a sub-adviser in respect of one private equity fund of funds managed by SGIIC. That fund’s investment policy is focused on investments in secondary investments and co-investments of the type to be sourced and evaluated by AS.

Subject always to the supervision and final investment decisions made by SGIIC and to the limits of its own mandate, AS is responsible under the sub-advisory agreement with SGIIC for sourcing opportunities for SGIIC with respect to the secondary investment and co-investment mandates of SGIIC’s Funds, and with providing ongoing and active oversight of any investments made on its recommendation. At the request of SGIIC, AS will also appoint a designee to serve on the investment committee(s) of one or more of the Funds. AS has no responsibility to consider the needs or interests of any particular Fund or any individual investor in any Fund, and does not consider any such Fund or person to be a client of AS. AS considers its sole client to be SGIIC.

Assets under management of the Funds for which AS has continuous and regular supervisory or management services is \$442,500,000 as of December 31, 2016, which it manages on a non-discretionary basis.

AS anticipates that it will receive operational and/or investment advisory support from its Spanish affiliates and will do so under what is sometimes called a “participating affiliate agreement.” Under applicable regulations, a participating affiliate agreement is generally entered into when personnel at a non-US affiliate of a US investment adviser are involved in providing advice or recommendations given for or on behalf of the adviser or have access to non-public information about such advice or recommendations. The non-US personnel are then subject to undertakings relating to recordkeeping and compliance protocols. The general roles and

responsibilities of any investment personnel who are made available to AS under such a participating affiliate agreement will be described in this Brochure from time to time.

Neither ACP nor SGIIC is authorized to provide investment advisory or other securities-related services in the United States or to U.S. persons. AS will use the services of ACP and, on occasion, ACP subsidiaries to assist it in delivering advisory services, under the terms of a participating affiliate agreement between AS and ACP.

Because SGIIC's role with respect to its Funds approximates that of a general partner, SGIIC is sometimes referred to in this Brochure as the "Fund GP."

### **Item 5 – Fees and Compensation**

AS is compensated by SGIIC for the advisory services provided by AS. The compensation to be received by AS is generally unrelated to the performance of the Funds. Instead, the compensation arrangements are generally based on a fixed annual retainer fee, plus reimbursements for expenses incurred in providing services.

AS does not charge advisory fees directly to any of the Funds. Fees and expenses borne by the Funds are described in their governing documents.

The Funds incur operating, brokerage and transaction-related costs (see Item 12, Brokerage Practices) which may be advanced by the Fund GPs and subsequently reimbursed by the Funds, either from fund assets or from amounts called from investors.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

The Funds generally are subject to a performance-based fee ("carried interest"), which typically is paid to SGIIC and/or the members of the investment committee of the relevant Fund. While AS does not receive any performance-based compensation, some of its supervised persons may participate in the carried interest arrangements for a Fund. Such participation may create an incentive for AS to recommend riskier or more speculative investments by the Fund than would be the case in the absence of this arrangement. However, the fact that sole discretionary authority over all Fund assets rests with SGIIC and is subject to SGIIC's procedures governing the allocation of investment opportunities may mitigate this risk. SGIIC's commitment of capital to the Funds also may provide additional risk mitigation.

Because AS has only a single client (SGIIC) it also is not subject to the typical conflicts of interest associated with allocating its time and investment opportunities across multiple client accounts. AS may face that issue indirectly in that its advice may be for the ultimate benefit of multiple Funds. However, sole discretionary authority over all Fund assets rests with SGIIC and is subject to SGIIC's procedures governing the allocation of investment opportunities.

## **Item 7 – Types of Clients**

AS's only client is SGIIC, and AS does not have any advisory or other direct relationship with the Funds or investors in the Funds.

As the management company of the Funds, SGIIC has power and authority to manage the business and affairs of the Funds. The Funds are private pooled investment vehicles, with investors including corporate pension plans, public employee retirement plans, insurance companies, high net worth individuals, universities, foundations, and other non-U.S. institutional investors. Generally, substantial minimum capital commitments apply for an investor in a Fund.

To the extent that co-investment opportunities with a Fund are provided to investors, the relevant Fund GP generally selects which investors are permitted to co-invest based on various factors, including the ability of an investor to fund and complete the investment on a timely basis, historically expressed interest in co-investments, alignment of management interests, and strategic or other considerations as set forth in the applicable Fund's governing documents. The relevant Fund GP may grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments or otherwise to have priority in co-investment opportunities.

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

### **Methods of Analysis and Investment Strategies**

The investment objective of the Funds is generally to achieve long-term capital appreciation primarily by investing, either directly or indirectly through other entities, in privately negotiated investments in the primary and/or secondary private equity fund market worldwide. These investment opportunities are largely either in purchases of interests in underlying funds or of private equity investments alongside the sponsors leading such investments, acquiring pre-existing or minority interests in these investments.

For investments that are the subject of AS's advisory services to SGIIC, AS performs a detailed investment analysis. It applies an intensive "bottom-up" approach to its analysis of potential secondary investments and co-investments and conducts:

- a review of the potential return in relation to the potential risks associated with such potential return
- an analysis of the underlying portfolio companies, their historical operating and financial performance, and the estimated performance going forward
- a review of fund portfolio construction and diversification
- an analysis of the impact of terms and conditions on net return
- an assessment of future liquidity events

### **Risk Analysis and Evaluation of Potential Loss**

Secondary investments and co-investments involve a substantial degree of risk and the potential to achieve a significant loss. Any investor or potential investor in such an investment opportunity

should be capable of evaluating the merits and risks of an investment and of bearing the risk of loss of its entire investment. The following points are some investment considerations and risks facing investors given AS's focus on secondary investments and co-investments (each an "Investment" and together, "Investments"):

- Any Investment involves a significant degree of risk. There can be no assurance that any targeted returns will be achieved or that there will not be a loss of capital. Therefore, an investor should only invest in the Investments if the investor can withstand a total loss of its investment.
- Investments will incur their own direct expenses and management costs, as well as their *pro rata* shares of the expenses and costs incurred by the underlying funds or companies. This will result in greater expense than if investors would invest directly in those underlying funds or companies.
- There is no established market for Investments, nor is a liquid market expected to develop. What market there is has been evolving and is likely to continue to do so.
- The activity of identifying and completing attractive Investments is highly competitive and involves a high degree of uncertainty.
- In some cases, there may be an opportunity to acquire Investments as a portfolio of interests from a secondary seller on an "all or nothing" basis, and in such cases it may not be possible to carve out those interests that are less attractive than others in the portfolio.
- Specific individuals at AS manage and recommend the Investments. As a result, returns may be particularly dependent on those individuals, and the loss of any such individuals could have a materially adverse effect on the performance of the Investments.
- Investments do not grant any interest in the control of the management of the underlying funds or companies, and so returns will depend on the performance of those persons unrelated to AS managing the operations of the underlying funds or companies.
- Investment decisions of underlying funds are made by such funds' managers independently of each other. Consequently, at any particular time such underlying funds may be taking similar or concurrent positions regarding certain interests, which may result in additional risk due to the concentration of such interests. Conversely, one underlying fund may be purchasing interests that are at the same time being sold by another underlying fund, and investing by the underlying funds in this manner could incur certain transaction costs without accomplishing any net investment result.
- There can be no assurance of selling or otherwise disposing of an Investment at a time that will be economically advantageous.
- If an Investment has entitled its investor to one or more distributions from an interest in a private equity fund, or the seller of such Investment has received such distributions, that private equity fund may recall one or more of those distributions, obliging the return of monies equal to such distributions.

- In most cases, Investments will be long-term in nature, preventing any distribution prior to dissolution and creating the possibility that an Investment will not be able to be advantageously disposed of prior to the date of dissolution of the Fund or be suitable for in-kind distribution.
- The tax considerations of an Investment are complex and uncertain, depending on a number of factors, including the particular Investment, the jurisdiction in which Investment income may be subject to tax, the jurisdiction where an investor is subject to tax, and the applicable laws of any relevant jurisdictions.
- Investments may be in existing investment funds that will have been formed to meet the requirements of the original investors to such funds. These funds may be organized such that, as a result of the organizing documents of such fund or due to regulatory, tax or ERISA limitations applicable to such fund, an Investment is not allowed or is otherwise restricted. Applicable regulatory, tax or ERISA limitations may prevent certain Investments or exclude certain investment vehicles from the transaction or require any Investment to be structured in a certain way.

## **Item 9 – Disciplinary Information**

Neither AS nor its management persons have been the subject of any material legal or disciplinary events.

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

None of AS or its management persons

- is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, or
- is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

AS's affiliates SGIIC, Altamar Global Investments Agencia de Valores SAU ("AGIAV") and Altan Capital SGIIC SAU ("Altan") are investment advisers registered with the CNMV in Spain. None of AS's affiliates—i.e., ACP, SGIIC, AGIAV, Altan, Altamar Advisory Partners S.L. ("AAP"), Altamar Infraestructuras S.L. ("AI") and Galdana Ventures S.L. ("Galdana")—are authorized to provide investment advisory or other securities-related services in the United States or to U.S. persons.

Fund GPs, SGIIC, AAP, AGIAV, AI, Altan, Galdana and AS may have conflicts of interest with respect to particular Funds, as described in the following paragraphs.

SGIIC, its affiliates (including AS) and their respective employees, as well as other companies, partnerships, or vehicles from time to time advised by or affiliated with SGIIC or its affiliates, may co-invest alongside a Fund and may consummate an investment in an investment opportunity suitable for a Fund where the Fund is unable to do so under the terms of its governing documents.



SGIIC and its affiliates (including AS) may have or develop relationships with representatives of portfolio companies in which a Fund has or makes an investment. Such relationships may include serving as a member of the board of directors of a portfolio company, seeking a buyer or equity investor on behalf of a portfolio company, or advising a portfolio company as to appropriate candidates, other than a Fund, for an acquisition or investment.

SGIIC and its affiliates may advise, manage, or operate other investment vehicles in addition to the Funds with respect to investments similar to those sought by the Funds. In such cases, co-investment opportunities will be proposed to the relevant Fund or Funds in a manner permitted by the applicable agreements and other documents and based on a good faith determination by the relevant Fund GP.

In some instances where a Fund invests in a subsidiary or affiliate of a portfolio company, or directly into a portfolio company of another Fund, particular conflicts of interest may arise. Any such conflicts will be resolved in the good faith judgment of the Fund GP.

SGIIC or its affiliates (including AS) may form, act as manager of or investment adviser to, or serve as a material source of transactions for, a Fund that may compete with another Fund with respect to an investment opportunity. Generally, where SGIIC or its affiliates form a Fund as a successor to another Fund, both Funds will co-invest in investment opportunities in accordance with their relative capital commitments and on comparable terms. Such investments may involve particular risks, including the possibility that one Fund may have economic or business interests or objectives that are inconsistent with those of the other Fund. Either Fund may be in a position to take (or block) action in a manner contrary to the other Fund's interests or objectives.

Generally, except for transactions explicitly provided for or approved in accordance with the Fund's relevant governing documents, a Fund will not engage in transactions with the Fund GP or its affiliates acting in their own name and for their own account, and the Fund GP and its affiliates will not buy or sell investments to or from the Fund or to or from a portfolio company.

SGIIC or its affiliates (including AS) may recommend other investment advisers for the Funds, but do not receive compensation directly or indirectly from those advisers that would create a material conflict of interest.

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

In accordance with Rule 204A-1 adopted by the SEC under the Advisers Act, AS maintains a Code of Ethics. The Code of Ethics sets forth a standard of conduct expected of all supervised persons (including employees of ACP and other affiliated entities that may be involved in the sub-advisory services provided by AS to SGIIC, or related services provided by or to affiliated entities). It addresses a range of relevant matters, including the misuse of non-public information, insider trading, personal securities trading, political contributions, and gifts and entertainment.

The Code of Ethics requires personnel to report their personal securities transactions and prohibits AS's personnel's direct or indirect acquisition of beneficial ownership of securities in an initial

public offering or in a limited offering, in each case without first obtaining approval from AS's Chief Compliance Officer. Similarly, the Code of Ethics requires advance approval from AS's Chief Compliance Officer in respect of personal investments in private funds or companies. Supervised persons are required to provide information concerning their personal securities trading activities. This information is reviewed by AS and its affiliates to determine if any personal securities trades are inconsistent with the duties of the supervised person to AS or the relevant affiliate or with the interests of the Funds.

The Code of Ethics reminds supervised persons of their obligations to clients and the requirement to comply with Federal securities laws. Each supervised person is required to acknowledge receipt of the Code of Ethics in writing and to certify compliance on an annual basis.

Any client or prospective client may obtain a copy of the Code of Ethics upon request.

### **Item 12 – Brokerage Practices**

The investments of the Funds are generally interests in other private investment funds or private companies, and transactions in such investments do not typically involve a broker. While distributions received from these investments will typically be in the form of cash, non-cash ("in specie") distributions will be received from time to time in the form of public shares. Other exceptional circumstances may also result in Funds acquiring or selling securities through brokers.

For investments that are the subject of AS's sub-advisory services to SGIIC, AS may recommend a choice of brokers to SGIIC. SGIIC has discretionary authority with respect to the selection of brokers. A broker is typically selected on the basis of

- a recommendation by the private investment fund or company making an in specie distribution, and
- the broker's experience and performance in selling blocks of securities distributed in specie from private investment funds or companies.

Standard brokerage commissions will be paid. There are no other financial arrangements between SGIIC and its affiliates (including AS), on the one hand, and any brokers used by the Funds, on the other hand.

AS currently does not engage in soft dollar transactions. To the extent that it engages in such transactions in the future, it would do so in accordance with the limitations of Section 28(e) of the Securities Exchange Act of 1934, as amended.

### **Item 13 – Review of Accounts**

Investment professionals at AS actively monitor investments that are the subject of AS's advisory services to SGIIC and have regular contact with the managers or investment advisers of the private investment funds held by the Funds. However, responsibility for the overall review of Fund accounts rests with SGIIC.

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

SGIIC and its affiliates (including AS) may enter into compensation arrangements with unaffiliated placement agents or other third parties for introducing investors to a Fund. Any fees payable under such arrangements (typically based on a percentage of the capital committed by an investor to a fund) will be payable by SGIIC or its relevant affiliate. Such fees will not be payable by or passed on to the Funds or to introduced investors.

#### **Item 15 – Custody**

AS does not maintain custody of any client funds or securities.

#### **Item 16 – Investment Discretion**

AS provides non-discretionary sub-advisory services in respect of investments to SGIIC.

Discretionary authority over all client assets rests solely with SGIIC, which determines whether and when a Fund purchases or sells any investment, including the type and amount of the investment and the price and other terms on which a transaction will be effected. Any limitation on SGIIC's authority with respect to managing or making investment decisions for a particular Fund is set forth in the governing documents of the Fund.

#### **Item 17 – Voting Client Securities**

AS will have no authority to vote in respect of client securities. With respect to investments that are the subject of AS's advisory services to SGIIC, however, AS may recommend to SGIIC how to vote regarding particular client securities.

In the exercise of its discretionary authority over client assets, SGIIC votes all proxies for securities in the best interest of the relevant Fund or Funds. A Fund cannot direct any vote in a particular way. SGIIC generally votes all proxies from or with respect to a single issuer in the same way for all relevant Funds, unless there are particular circumstances where it is in a Fund's best interest to vote differently with respect to the matter in question. In the event of a conflict between SGIIC and a Fund, proxies will be voted in a manner that puts the interest of the Fund first. In some instances, SGIIC may determine that it is in a Fund's best interest for the Fund to abstain from voting or not to vote at all, and will do so accordingly.

#### **Item 18 – Financial Information**

AS does not require or solicit prepayment of management fees six months or more in advance, does not have discretionary authority over, or custody of, client funds and does not have any other

events requiring disclosure under this item. AS believes it is appropriately resourced to provide its services.