

**Part 2A of Form ADV: Firm Brochure**

**Third Friday Management, LLC**

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This brochure provides information about the qualifications and business practices of Third Friday Management, LLC. If you have any questions about the contents of this brochure, please contact us at (561) 239-1510 or [mlewitt@thecreditstrategist.com](mailto:mlewitt@thecreditstrategist.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Third Friday Management, LLC also is 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

Third Friday Management, LLC (the “Company”) has been in business since May 2007 and is principally owned by Michael E. Lewitt. The Company serves as the investment adviser to The Third Friday Total Return Fund, L.P., a Delaware limited partnership (the “Master Fund”) and The Third Friday Total Return Fund International, Ltd., a Cayman Islands exempted company (the “Feeder Fund” and collectively with the Master Fund, the “Funds”). These Funds collectively operate as a mini-master structure with all trading being conducted by the Company at the Master Fund level.

The Company provides advisory services to the Funds and to separate accounts and owns and publishes *The Credit Strategist* newsletter.

In its capacity as investment adviser to the Funds, the Company seeks to realize profits by overlaying a disciplined strategy of selling straddles on the S&P 500 Index over a portfolio of income generating securities which include, but are not limited to, U.S. Treasury bills, corporate bonds, municipal bonds, ETFs, and other similar instruments.

The Company does not tailor its advice with respect to the Funds based on the individual needs of the investors in the Funds. The investment guidelines for the separate accounts are tailored to the individual needs of clients, and clients may impose restrictions on investing in certain types of securities in separate accounts.

The Company does not participate in wrap fee programs.

As of the date of this filing, the Company managed \$37,574,835 in regulatory client assets, all on a discretionary basis.

#### Item 5 Fees and Compensation

The Company receives from each Fund a management fee at an annual rate equal to (i) one percent (1%) of the capital account of each investor in the Master Fund, and (ii) one and one-quarter percent (1.25%) of the average net asset value of the Feeder Fund (which is based on the average net asset value of the Feeder Fund as of the last business day of each of the previous three (3) months of the prior quarter. The management fee is paid quarterly in arrears. The Company is also entitled to a performance-based fee at the Feeder Fund level and the Company’s affiliate, Third Friday GP, LLC, as general partner of the Master Fund (the “General Partner”) is entitled to a performance-based allocation at the Master Fund level, each as discussed in Item 6 herein. Fees for the Funds are generally not negotiable. However, the Company may, in its sole discretion, waive the management fee, by rebate or otherwise, with respect to any investor in the Funds including, without limitation, its affiliates and/or employees. The Company is also paid subscription fees for its investment newsletter *The Credit Strategist*.

The Company does not deduct fees from client assets with respect to the separate accounts; we bill clients for fees incurred. Management fees charged to the Funds are calculated and deducted directly by the administrator from the relevant Fund’s accounts on a quarterly basis.

The Company and any affiliates retained by the Company are reimbursed for certain expenses incurred on behalf of the Funds and the separate accounts. Each Fund is responsible for all ongoing costs and expenses associated with its administration and operation, including but not limited to government fees, if any; analysis software and other data service providers; research expenses; Fund administration; brokerage commissions; communications; investment related travel expenses (including conferences, etc.); investment related consultants and other service providers (affiliated or unaffiliated) expenses; the Feeder Fund's pro rata share of Master Fund's costs and expenses; insurance premiums (if any) of the Funds, the General Partner and/or the Company; printing costs; and all tax, accounting, audit, accounting related consultants, and legal fees, and similar ongoing operational expenses of each Fund. The expenses attributable to each separate account are set forth in the relevant account agreement.

See Item 12 herein for further details regarding the Company's brokerage practices.

Clients do not pay fees in advance. Investors in the Funds can withdraw or redeem their investments in the Funds, as applicable, on a quarterly (Master Fund) or monthly (Feeder Fund) basis. In the unlikely event that there is a withdrawal or redemption prior to the end of a month, or in the event that subscriptions are accepted other than at the beginning of a month, the management fee will be prorated based upon an investor's actual investment in the Fund.

Fees and terms with respect to the Funds are not negotiable except in limited circumstances in the Company's sole discretion. The Company and/or the General Partner, as applicable, reserve the right to reduce or waive fees and/or certain terms including but not limited to waiving performance-based compensation and waiving management fees. All separate account fees are negotiable based on the specific strategy being followed and the size of the account.

The Company does not receive compensation from the sale of securities or other investment products.

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

The Company receives performance-based compensation at the Feeder Fund level equal to 15% of the net realized and unrealized profits of the Master Fund, accrued annually and subject to a high-water mark. The General Partner receives a performance-based allocation at the Master Fund level equal to 15% of the net realized and unrealized profits of the Master Fund, accrued annually and subject to a high-water mark.

The opportunity to earn such compensation may create an incentive for the Company to favor accounts that pay such fees over accounts that do not pay such fees. We address such potential conflicts of interest by allocating all securities on a pro rata basis to all accounts under management to the extent that such securities are consistent with the investment guidelines of such accounts. In all cases, we act in a manner that treats all clients equally and do not place the interest of clients ahead of the interests of the Company.

## Item 7 Types of Clients

As noted in Item 4 above, the Company provides discretionary investment advisory services to the Funds and to various separate accounts. The Company's clients are private funds operating in a mini-master structure as described in Item 4 whereby the Feeder Fund invests its assets in the Master Fund. The Funds' strategies are effectuated by the Company at the Master Fund level. The Feeder Fund has a minimum initial investment requirement of \$1,000,000 and the Master Fund has a minimum initial investment requirement of \$250,000. The minimum initial investment amount may be waived at the discretion of the directors of the Feeder Fund and the General Partner of the Master Fund, as applicable. The Company's separate account clients include both individuals and institutions, including endowments, pension funds, trusts, investment companies, family offices, funds-of-funds, and other hedge funds. The minimum separate account size for individuals is \$1,000,000 and for institutions is \$5,000,000, although these minimums may be waived in certain circumstances by the Company.

Each investor in a Fund must, among other things, make certain representations and warranties in the Fund's subscription documents. Depending on the Fund and the location of the investor, investors must qualify as "accredited investors" under the Securities Act of 1933, as amended, and "qualified clients" as defined under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

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

### Methods of Analysis

In order to implement our investment strategy, we employ three different but interacting types of analysis with respect to all of our fundamental investment strategies (this discussion generally does not apply to market neutral investment strategies involving options or other systematic or non-fundamental investment strategies).

### Fundamental Investment Strategies

First, we engage in extensive macroeconomic analysis of global economic and geopolitical conditions in order to form a view of the current economic and market environment. This analysis involves a broad range of inputs from a broad range of sources. We also monitor a broad range of financial market data points from around the world that we believe serve as early warning signals that may alert us to impending market instability. The most important decision we make is what type of exposure we want to have to the markets. If we believe conditions are stable, we are likely to take more risk than when we believe markets are unstable. Further, when we believe conditions are unstable, we are likely to shorten portfolio duration, shift from fixed to floating rate interest rate exposure, increase cash positions, sell short or hedge our long positions. We believe it is very important to form a view on the stability and direction of markets at all times.

Once we have formed that view, we engage in the second type of analysis: fundamental financial analysis of each individual investment we make, whether it is a bond, loan, stock, master limited partnership, real estate investment trust, or a derivative thereof such as a credit

default swap. This analysis involves detailed and exhaustive analysis of a company's balance sheet, income statement and cash flow statement, its business and industry, its historical financial and business performance, its management, its ownership, and similar factors. Finally, we analyze how a particular company is affected by current and expected macroeconomic conditions.

Once we are comfortable with the credit quality of a particular company, we begin the third type of analysis: analysis of the specific security we intend to purchase or sell short. This analysis studies the pricing of the security, its legal structure (i.e. covenants) and whether we believe it offers the appropriate compensation for the risk involved in owning it. We evaluate both the upside and downside of each security we purchase, and establish target purchase and sale prices for each security we purchase.

All three of these types of analysis interact with each other to help us make a decision whether to make a particular investment.

Further, we try to overweight what we consider our "best ideas" in both our separate accounts and our funds. A "best idea" is an investment that we believe offers the highest potential return in terms of the risk involved in owning it. That does not necessarily mean it will be the investment that produces the highest absolute return, but the investment that we believe will produce the highest *risk-adjusted* return. Even with this overweighting, we maintain diversified portfolios to insure that no single investment can cause a disproportionately large loss if our analysis proves to be wrong. Separate accounts may have different position limitations. We do not employ leverage in our separate accounts unless expressly encouraged to do so by the client (who must also give consent in writing). Each Fund is authorized to borrow in order to enhance its investment leverage, and there are no restrictions on the borrowing capacity of the Funds other than limitations imposed by lenders and any applicable credit regulations

Separate accounts follow a variety of strategies investing in bonds, stocks and ETFs to generate yield income. The investment guidelines for separate accounts are established in discussions between the Company and the client and then documented in an investment management agreement. These guidelines are actively monitored for compliance.

### Market Neutral Strategies

The Master Fund sells at-the-money options straddles on the S&P 500 index on a 3-month rolling basis and hedges these positions with out-of-the-money puts and calls. Excess collateral is invested in portfolio of primarily income-generating securities. These strategies are not focused on the same type of fundamental securities analysis as the "Fundamental Investment Strategies" described above.

### Risk of Loss

Investing in securities involves the potential to lose money, and there can be no assurance that the strategies we employ will be successful. Some of our investments are made in bonds and loans issued by companies rated below investment grade by Moody's Investor Service and Standard & Poor's. As such, these bonds and loans are considered to have a higher risk of

default – which poses a higher risk of loss to investors – than higher rated, investment grade bonds and loans. High yield bonds generally decline in value if interest rates rise because they are fixed income securities whose value is reduced by higher interest rates. High yield bonds may also decline in periods when the equity markets decline because these bonds are considered to be hybrid debt/equity securities. In certain periods, such as 2008, below investment grade securities can suffer severe drops in value that can result in catastrophic losses for investors who are forced to sell. Accordingly, clients should be prepared to bear the risk of loss with respect to their investments with us.

### Risks of Derivatives

The Funds trade derivatives, including primarily exchange traded options. The risks posed by derivatives include (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risks (adverse movements in the price of a financial asset or commodity); (3) legal risks (an action by a court or by a regulatory or legislative body that could invalidate a financial contract); (4) operations risks (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risks (exposure to losses resulting from inadequate documentation); (6) liquidity risks (exposure to losses created by the inability to prematurely terminate a derivative); (7) systemic risks (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risks (exposure to losses from concentration of closely-related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risks (the risk that the Funds when they have performed its obligations under a contract but have not yet received value from its counterparty).

### Options Trading

The Funds sell call and put options on stock indexes. A stock index measures the movement of a certain group of stocks by assigning relative values to the common stocks included in the index. The selling of call and put options contains risks. In theory, the exposure to loss is potentially unlimited in the case of an uncovered call writer (i.e., a call writer who does not have and maintain during the term of the call an equivalent long position in the stock or other security underlying the call), but in practice the loss is limited by the term of existence of the call. The risk for a writer of an uncovered put option (i.e., a put option written by a writer that does not have and maintain an offsetting position in the underlying stock or other security) is that the price of the underlying security may fall below the exercise price. The effectiveness of purchasing or selling stock index options as a hedging technique may depend upon the extent to which price movements in investments are hedged to correlate with price movements of the stock index selected. Because the value of an index option depends upon movement in the level of the index rather than the price of a particular stock, whether a gain or loss will be realized from the purchase or writing of options on an index depends upon movements in the level of stock prices in the stock market generally, rather than movements in the price of a particular stock.

## Exchange Traded Funds

Exchange traded funds (“ETFs”) represent shares of ownership in either funds or unit investment trusts that hold portfolios of common stocks or bonds, which are designed to generally correspond to the price and yield performance of their underlying indexes, either broad stock market, stock industry sector, international stock or U.S. bond. ETF shareholders are subject to risks similar to those of holders of other diversified portfolios. A primary consideration is that the general level of stock or bond prices may decline, thus affecting the value of an equity or fixed income exchange traded fund, respectively. This is because an equity (or bond) ETF represents an interest in a portfolio of stocks (or bonds). When interest rates rise, bond prices will generally decline, adversely affecting the value of fixed income ETFs. Moreover, the overall depth and liquidity of the secondary market may also fluctuate. An exchange traded sector fund may also be adversely affected by the performance of that specific sector or group of industries on which it is based. International investments may involve risk of capital loss from unfavorable fluctuations in currency values, differences in generally accepted accounting principles, or economic or political instability in other nations. Although ETFs are designed to provide investment results that generally correspond to the price and yield performance of their respective underlying indexes, ETFs may not be able to exactly replicate the performance of the indexes because of their expenses and other factors.

## Currency and Exchange Rate Risks

The Funds may invest in securities denominated in currencies other than the U.S. dollar or in securities which are determined with references to currencies other than the U.S. dollar. The Funds, however, will generally value their assets in U.S. dollars. To the extent unhedged, the value of the Funds’ assets will fluctuate with U.S. dollar exchange rates as well as with price changes of their investments in the various local markets and currencies. Currency exchange rates may fluctuate significantly over short periods of time. They generally are determined by the forces of supply and demand in the respective markets and the relative merits of investments in different countries, actual or perceived changes in interest rates, and other complex factors, as seen from an international perspective. Currency exchange rates can also be affected unpredictably through intervention by governments or central banks (or the failure to intervene) or by currency controls or political developments. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which the Funds may make investments will reduce the effect of increases and magnify the U.S. dollar equivalent of the effect of decreases in the prices of the Funds’ securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of the Funds’ non-U.S. dollar securities. Forward currency contracts and options may be utilized on behalf of the Company to hedge against currency fluctuations, but the Company is not required to hedge and there can be no assurance that such hedging transactions, if undertaken, will be effective.

## Newly Created Securities; Initial Public Offerings

The Funds may invest in securities sold pursuant to initial public offerings or securities created as a result of spin-offs, split-offs, recapitalizations or other significant corporate events. Such securities

have no public market prior to their initial offering or creation and there is no assurance that (i) an active public market in such securities will develop or continue after commencement of trading or (ii) that the initial public offering price or initial trading level of such securities will be indicative of the market price for such securities on a "fully-distributed" basis.

*The foregoing list of risk factors does not purport to be an all-encompassing list or explanation of the risks attendant to the Company's investment program for the Funds and the separate accounts. In addition, as the Company's investment program for the Funds and the separate accounts develops and changes over time, the strategy may be subject to additional and different risks. A more comprehensive list of risks is included in the Funds' offering materials.*

#### Item 9 Disciplinary Information

There has been no disciplinary action against any management person of the Company.

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

Neither the Company nor any of its management persons is, or has an application to become, registered as a broker-dealer or a registered representative of a broker-dealer.

Neither the Company nor any of its management persons is, or has an application to become, registered as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associate person of the foregoing entities.

Neither the Company nor any of its management persons has any relationship or arrangement with a related person that is material to the Company's advisory business or to the Company's clients except as provided below:

As discussed in Item 5, the General Partner of the Master Fund is an affiliate of the Company. The General Partner is entitled to receive performance-based compensation from the Master Fund as discussed in Item 6. The relationship between the General Partner and the Company creates an incentive for the Company to make investments that are riskier or more speculative than would be the case if the General Partner did not receive incentive compensation from the Master Fund.

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

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

A. The Company has adopted a Code of Ethics that each of our employees must read and acknowledge in writing on an annual basis. This Code of Ethics not only sets forth the guiding ethical principles that govern the conduct of our business, but also encompasses the policies that govern the different aspects of our business, including personal trading, advertising and marketing, allocation of trading among client accounts, document and email retention policies, internal financial controls, proxy voting procedures and policies, and all other important policies and procedures. The Code of Ethics reminds employees that Section 206 of the Advisers Act makes it unlawful for any investment adviser and for its employees:

- to employ any device, scheme, or artifice to defraud a client or prospective client;
- to engage in any transaction, practice, or course of business which defrauds or deceives a client or prospective client;
- knowingly to sell any security to or purchase any security from a client when acting as principal for his or her own account, or knowingly to effect a purchase or sale of a security for a client's account when also acting as broker for the person on the other side of the transaction, without disclosing to the client in writing before the completion of the transaction the capacity in which the adviser is acting and obtaining the client's consent to the transaction; and
- to engage in fraudulent, deceptive or manipulative practices.

A copy of our Code of Ethics is available to clients and prospective clients upon request. The overriding principle expressed in our Code of Ethics is that the interests of our clients are paramount in our business and must be placed before the interests of any of the employees, shareholders or management personnel of the Company.

B. We recommend interests in the Funds in which our affiliate acts as the general partner and we act as the investment manager. In these roles, we (directly or indirectly) receive compensation and therefore have a material economic interest. In order to manage any conflict of interest this may create, we disclose our economic interest as well as all other information about these investments. Moreover, on an ongoing basis, we offer investors with full transparency with respect to the investments in these funds so they will always know what they own.

C/D. We discourage but do not forbid our employees from buying or selling the same securities that we invest in on behalf of our clients. To the extent our employees do invest in these securities, they must first seek approval from our Chief Compliance Office in writing. Further, they can only buy or sell a security on a day on which we are not buying or selling the same security in any client account, including our funds. Any violation of this policy may result in termination of employment. Employee personal trading and holdings reports are reviewed by the Chief Compliance Officer to ensure compliance with the Code of Ethics.

## Item 12. Brokerage Practices

Generally, in choosing brokers and dealers, the Company will seek the best combination of research services, brokerage expenses and execution quality but the Company is not required to select the broker or dealer that charges the lowest transaction cost. We utilize brokers who provide us with best execution. Best execution involves not only price but also the ability to buy or sell a particular security in markets that are not always liquid. With respect to stocks and ETFs, best execution primarily relates to price. With respect to bonds, bank loans and credit default swaps, best execution is primarily related to who can access a particular security since these markets are not always liquid. With respect to options, there are a variety of factors that contribute to best execution including but not limited to price, commissions and reliability.

The Company does not utilize soft dollars and does not mark up securities or charge brokerage commissions.

We do not ask clients to direct us to direct trades to specific brokers. There are cases where a separate account client custodies assets at a specific broker and requires us to execute all trades through that broker. The Funds use Morgan Stanley to execute all of its options trades, and Morgan Stanley is the primary custodian of the assets of the Funds.

#### Item 13. Review of Accounts

The client accounts are reviewed frequently by the Company's senior management. The review includes the consideration of positions held, risk exposure and proper settlement. Investors in the Funds generally receive annual audited financial statements and all investors receive monthly estimated performance reports which are prepared by the administrator of the Funds and the custodians of the separate accounts. All such reports are written.

#### Item 14 Client Referrals and Other Compensation

The Company does not receive compensation or other economic benefit from anyone who is not a client for providing investment advice or other advisory services to its clients.

The Company may compensate third parties in possession of the required securities licenses for client referrals. Such parties must follow all applicable disclosure rules in order to inform clients that they are being compensated and therefore may have a conflict of interest in recommending our services because they will be compensated if the client invests with us. In general, such persons are paid a percentage of the total compensation we receive from clients that are referred to the Company. Such compensation will not increase the amount of fees charged by the Company to such investors. Every client who is referred to us by a third party who receives compensation for that referral must sign a disclosure statement that describes the compensation paid to the third party. Clients do not pay higher fees when we compensate someone who referred them.

#### Item 15 Custody

The Company is deemed to have direct custody of client funds and securities, and indirect custody of client funds and securities as a result of the General Partner being an affiliate of the Company. Client funds are held in custody at a bank or brokerage firm over which we have trading and signature authority. The Funds' funds and securities are custodied at Morgan Stanley. We do not take custody of assets in separate accounts. Separate account assets are held by a qualified custodian of the client's choice. Custodians of separate accounts and administrators of our funds send monthly statements directly to clients and partners. Clients should carefully review these statements for accuracy and call us if they have any questions or believe these statements contain any errors or inaccuracies.

#### Item 16 Investment Discretion

We are given discretionary authority to manage securities on behalf of our clients pursuant to written instructions given to custodians of separate accounts or pursuant to the governing agreements and offering documents of the Funds (specifically the investment management

agreement entered into by the Funds and the Company). Separate account clients establish specific investment guidelines that are set forth in the investment management agreement that is signed by the Company and the client at the time the account is established.

The Company is authorized to make the following determinations in accordance with each client's objectives and restrictions without obtaining prior consent from any client or investor: (1) which securities or instruments to buy or sell; (2) total amount of securities or instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

#### Item 17 Voting Client Securities

The Company has authority to vote all client securities. The Company has adopted a Proxy Voting Policy in accordance with Rule 206(4)-6 of the Advisers Act that is available to clients upon request. The Company does not allow investors in the Funds to direct how the Company votes in any particular solicitation. Proxies, when voted, will always be voted in the best interest of the Company's clients. The Company shall consider all relevant factors and without undue influence from individuals or groups who may have an economic interest in the outcome of a proxy vote. The Company has a proxy voting member (the "Proxy Voting Member") that is responsible for deciding how the Company will vote a proxy. The Proxy Voting Member, along with the Company's Chief Compliance Officer, shall resolve all material conflicts of interest issues prior to voting. The Company has established a Proxy Voting Worksheet that enables its personnel to determine if a conflict of interest exists. In the event of a conflict of interest, the Chief Compliance Officer may determine that the Proxy Voting Member (who has the conflict of interest) is to be recused from the deliberations as to how to vote a proxy on a case-by-case basis. In such case, the Chief Financial Officer will serve in the place of the Proxy Voting Member or will appoint a member of the Company to serve in the place of the proxy Voting Member. A copy of the Company's proxy voting policies and procedures and information on how the Company has voted proxies are available upon request from the Company's Chief Compliance Officer.

#### Item 18 Financial Information

- A. We do not require or solicit prepayment of any fees from clients at any time.
- B. We do not have any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients.
- C. Neither the company nor any executive or member of management has been the subject of a bankruptcy petition at any time in their history.

#### Item 19 Requirements for State-Registered Advisers

Not applicable