

Fondren Management, LP

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(Item 1)

Fondren Management, LP is an investment advisor that is registered with the United States Securities and Exchange Commission. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Fondren Management, LP. If you have any questions about the contents of this brochure, please contact us at 713-482-2196. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Fondren Management, LP also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes (Item 2)

The last annual update of this brochure was in March 2019. There have been no material changes to our business since that update.

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ADVISORY BUSINESS (ITEM 4)

Advisory Firm Description

Fondren Management, LP (“Fondren Management” or the “Firm”) has been in business since January 1, 2005. Bradley L. Radoff is the principal owner of the Firm.

Types of Advisory Services

Fondren Management provides investment management and advisory services on a discretionary basis to a private investment limited partnership (the “Partnership”).

Investment management and advisory services provided to the Partnership include: (1) managing the Partnership’s portfolio according to its investment objectives; (2) buying or selling portfolio securities on behalf of the Partnership and (3) periodically reporting to each of the Partnership’s investors in accordance with the limited partnership agreement. This document is not a public offer for investment in the Partnership. Please refer to the Partnership offering documents for more detailed information.

Tailored Advisory Services

There are no material limitations on the markets or instruments in which the Partnership may invest or the strategies which the Firm may employ. However, the Partnership has a defined investment program which is disclosed in the Partnership offering documents.

Client Assets Under Management

Fondren Management does not participate in any wrap fee programs.

At December 31, 2019, the Firm had \$203,458,354 of discretionary assets under management. The Firm does not manage any client assets on a non-discretionary basis.

FEES AND COMPENSATION (ITEM 5)

Management Fee

For its services to the Partnership, Fondren Management receives a management fee at an annual rate of two percent (2.0%) of each limited partner’s capital account balance. The management fee is calculated quarterly based on the net asset value of the Partnership at the beginning of the calendar quarter and is paid quarterly in advance. Any capital contributions or withdrawals mid-quarter will be charged a prorated management fee. Certain limited partners are not charged a management fee, but the management fee is generally not negotiable.

Expenses

The Partnership bears the expenses of its organization and offering (including legal and accounting fees, “blue sky” filing fees and expenses and out-of-pocket expenses).

The Partnership also bears all costs and expenses related to its investment program and administration as further disclosed in the Partnership's offering documents.

Variation of Terms

The general partner and/or Fondren Management (as applicable) may agree with certain limited partners to a variation of the terms set forth in the Partnership's offering documents or establish additional classes of interests that have terms that differ from those described in the Partnership's offering documents, including a different management fee, performance allocations and withdrawal rights.

Performance Allocations

Performance-based allocations are charged to "qualified clients," which are investors that have (i) at least \$1 million in assets under management with an investment advisor or (ii) a net worth of \$2,100,000 million or more, excluding their primary residence.

Accredited investors are partially defined as (i) a natural person with income exceeding \$200,000 in each of the two most recent years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year or (ii) a natural person who has individual net worth, or joint net worth with the person's spouse, that exceeds \$1 million at the time of the purchase, excluding the value of the primary residence of such person.

Neither the Firm nor any of its principals or employees receives any compensation for the sale of securities or other investment products.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT (ITEM 6)

The general partner is entitled to a performance-based profit allocation at the end of each calendar year equal to 20% per annum of the amount by which the Partnership's net profits allocated to the limited partner's capital account for the current calendar year exceed the balance in such limited partner's loss carry forward account based on a "high water mark" formula. Net profit includes unrealized appreciation or depreciation of both marketable and non-marketable investments. The performance allocation may be waived at the discretion of the general partner. The Firm does not manage any clients that do not pay performance-based compensation.

TYPES OF CLIENTS (ITEM 7)

Fondren Management, LP provides investment advisory services to a private pooled investment vehicle. The Partnership relies on certain exclusions from the definition of "investment company" in the Investment Company Act of 1940, as amended. Accordingly, the Partnership is not registered as investment companies with the Securities and Exchange Commission.

The Firm has established a minimum dollar value of \$1,000,000 for investment in the Partnership; however, the general partner reserves the right to waive or lower this minimum.

This firm brochure is not an offer to invest in the Partnership.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS (ITEM 8)

Methods of Analysis

Fondren Management uses fundamental bottoms-up analysis in evaluating investments for the Partnership.

Investment Strategies

The investment objective of the Partnership is to generate strong risk-adjusted returns by opportunistically pursuing a valuation-driven, fundamental long/short investing strategy.

Fondren Management intends to construct a portfolio designed to capture inefficiencies in the market where security prices diverge from what the Firm believes to be the intrinsic value of the underlying asset. These mispricings can occur for a variety of reasons, and the Firm has experience in identifying them and creating a portfolio that attempts to maximize the idiosyncratic nature of these opportunities. By nature, these opportunities are unique, although Fondren Management believes that inherent structures in the investing marketplace will continue to create future opportunities. Fondren Management believes that an opportunistic and permanent base of capital is the optimal investment structure to pursue these opportunities.

Risk of Loss

The Firm does not guarantee the future performance of the portfolio it manages or any specific level of performance, the success of any investment decision or strategy that the Firm may use, or the success of Fondren Management's overall management of the Partnership. Investors should understand that investment decisions made by the Firm are subject to various market, economic, political and business risks, and that those investment decisions will not always be profitable. Investors are reminded that investing in any security entails risk of loss which they should be willing to bear.

More specifically, these risks for the Partnership include, but are not limited to the following. Please refer to the Partnership documents for more detail regarding the risks of investing in the Partnership.

Illiquidity. The investments made by the Partnership may be very illiquid, and consequently the Partnership may not be able to sell such investments at prices that reflect the Firm's assessment of their value or the amount paid for such investments by the Partnership. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by the Partnership and other factors. Furthermore, the nature of the Partnership's investments may require a long holding period prior to profitability.

Short Sales. The Partnership may enter into transactions, known as "short sales," in which it sells a security it does not own in anticipation of a decline in the market value of the security. Short sales by the Partnership that are not made "against the box" theoretically involve unlimited loss potential since the market price of securities sold

short may continuously increase. The Partnership may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, the Partnership might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.

Derivatives. Derivative instruments, or “derivatives,” include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Partnership to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk.

Leverage. Subject to applicable margin and other limitations, the Partnership may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the Partnership’s portfolio would be amplified. Interest on borrowings will be a portfolio expense of the Partnership and will affect the operating results of the Partnership. Also, the Partnership could potentially create leverage via the use of instruments such as options and other derivative instruments.

In considering an investment in the Partnership, prospective investors should consult their independent legal, tax, financial and other advisors and should be aware of certain considerations and risk factors as listed above and in the Partnership offering documents. The Firm does not recommend primarily any single type of security.

DISCIPLINARY INFORMATION (ITEM 9)

There have been no disciplinary actions against Fondren Management or Mr. Radoff.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS (ITEM 10)

A related entity, BLRPart, LP, is the general partner of the Partnership.

Bradley L. Radoff, the owner of Fondren Management, is the sole partner of the Partnership’s general partner. This entity receives the performance allocation from the capital accounts, possibly incenting Mr. Radoff to adopt a investment strategy with more risk than he might otherwise. This conflict is mitigated by Fondren Management’s adherence to the investment strategy as outlined in the Partnership documents as well as Mr. Radoff’s significant investment in the Partnership.

Fondren Management does not recommend or select unaffiliated investment advisers for the Partnership, receive compensation directly or indirectly from unaffiliated advisers that create a material conflict of interest, or have other business relationships with them that create a material conflict of interest.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING (ITEM 11)

Code of Ethics

Fondren Management has adopted a Code of Ethics which describes the general standards of conduct that the Firm expects of all Firm personnel (collectively referred to as “employees”) and focuses on three specific areas where employee conduct has the potential to adversely affect the Partnership:

- Misuse of nonpublic information
- Personal securities trading
- Outside business activities

Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination with the Firm. Any client or prospective client may request a copy of the Firm’s Code of Ethics which will be provided at no cost.

The following basic principles guide all aspects of the Firm’s business and represent the minimum requirements to which the Firm expects employees to adhere:

- Clients’ interests come before employees’ personal interests and before the Firm’s interests.
- The Firm must fully disclose all material facts about conflicts of interest of which it is aware between itself and clients as well as between Firm employees and clients.
- Employees must operate on the Firm’s behalf and on their own behalf consistently with the Firm’s disclosures and to manage the impacts of those conflicts.
- The Firm and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- The Firm and its employees must always comply with all applicable securities laws.

Misuse of Nonpublic Information

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Firm. Employees may not convey nonpublic information nor depend upon it in placing personal or recommending clients’ securities trades.

Personal Securities Trading

Fondren Management or individuals associated with the Firm may buy, sell or hold in their personal accounts the same securities the Firm recommends to its client. This creates a potential conflict of interest with the possibility of Firm personnel obtaining a

better price than clients obtain. To mitigate this conflict, these trades must occur on the same day at the same time receiving average pricing or after the Partnership with the Partnership receiving the same or better pricing. The Firm does not allow front running.

Employees are required to submit reports of personal securities trades on a quarterly basis, and securities holdings annually. These are reviewed by the Firm's Chief Compliance Officer to ensure compliance with the Firm's policies.

Outside Business Activities

Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with clients, these conflicts will be fully disclosed or the employee will be directed to cease this activity.

BROKERAGE PRACTICES (ITEM 12)

Selection of Brokers

The Firm recognizes its responsibility to attain best execution and recognizes that limiting its custodial relationships may affect its ability to provide best execution on a trade-by-trade basis. However, the Firm evaluates its entire custodial relationship in assessing best execution on a client-by-client basis.

The Firm uses a nationally recognized prime broker to hold the Partnership's securities. In determining which broker generally provides the most favorable execution, Fondren Management considers a variety of factors, including the broker's ability to efficiently execute difficult trades (such as those in illiquid markets or trades of substantial size), financial strength, integrity and stability, operational efficiency, reputation, access to markets, confidentiality, competitiveness of commission rates, responsiveness to Fondren Management and the value of research products and services provided by brokers.

Research and Other Soft-Dollar Benefits

Soft dollars are credits generated from client transactions with brokers or dealers which are made available to provide research or other services or products to Fondren Management. Any use of soft dollar credits requires approval within the Firm.

Fondren Management currently does not have formal soft-dollar arrangements, where specific products or services are paid for with soft dollars generated for the Firm by individual trades the Firm places in client accounts. However, the prime broker and/or custodian may provide the Firm with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934, as amended ("Exchange Act").

Brokerage for Client Referrals

The Firm does not receive referrals from a broker/dealer or third party providing service to Fondren Management.

The Firm's use of a prime broker may yield increased administrative ease and, therefore, increased profitability for the Firm.

Order Aggregation

Fondren Management aggregates brokerage orders. Trade allocations of aggregated orders are documented and are always allocated to favor the Partnership.

REVIEW OF ACCOUNTS (ITEM 13)

Mr. Radoff continuously reviews the Partnerships account. These reviews entail comparing the investment objective to the portfolio holdings and often discussion with investors.

The Partnership and/or the administrator provides monthly unaudited performance reports and the net asset value of the Partnership to each investor. The administrator provides each limited partner annual reports containing audited financial statements for the Partnership after the close of each year, and the IRS Schedule K-1.

CLIENT REFERRALS AND OTHER COMPENSATION (ITEM 14)

The Firm does not pay outside individuals or entities for referring clients.

CUSTODY (ITEM 15)

Custody is defined as having access to investors' securities or funds.

Since Fondren Management is affiliated with the general partner of the Partnership, Fondren Management is considered to have custody of the Partnership's assets, even though these assets are held by an outside custodian.

Fondren Management manages this risk by:

- Using a "qualified custodian" to custody the Partnership's assets.
- Using an outside administrator who monitors the Partnership's account.
- Engaging a PCAOB registered and inspected accounting firm to audit the Partnership's financial statements annually.
- Sending each investor a copy of the Partnership's audited financial statements each year within 120 days of the Partnership's fiscal year-end.

INVESTMENT DISCRETION (ITEM 16)

Fondren Management has complete investment and brokerage discretion for the Partnership in accordance with the limited partnership agreement of the Partnership. This investment discretion provides Fondren Management with the authority to determine, without obtaining specific prior consent, the selection and amount of securities bought or sold on behalf of the Partnership and when those transactions should occur.

VOTING CLIENT SECURITIES (ITEM 17)

Fondren Management votes proxies for securities held by the Partnership in a manner which in its judgment maximizes shareholder value. Investors in the Partnership may not direct the Firm's vote on any proxy. The Firm will provide its proxy voting policy as well as its historical records regarding proxy voting to limited partners upon request.

FINANCIAL INFORMATION (ITEM 18)

Fondren Management does not require nor does it solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

There is no financial condition that is reasonably likely to impair the Firm's ability to meet its contractual commitments to its clients.

The Firm has never been the subject of a bankruptcy petition.

The Partnership's general partner, which is under common control by Mr. Radoff, is considered to be the issuer of the Partnerships' securities. The general partner has not issued any other securities.